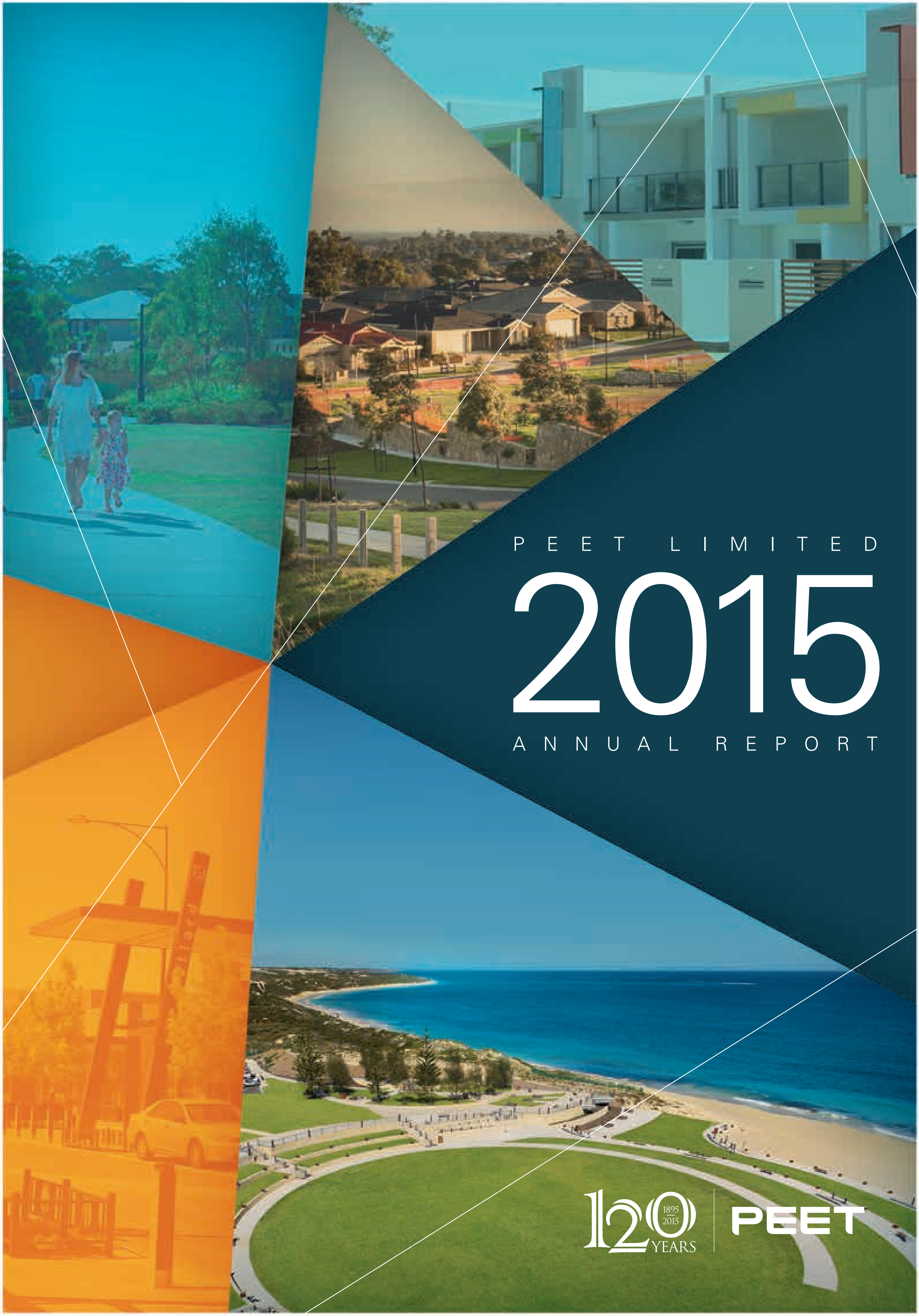


PEET LIMITED

2015

ANNUAL REPORT

120 YEARS 1895 2015

PEET

THE PEET GROUP

has a diversified land portfolio and the capacity to expand its investment in existing and new projects.

Golden Bay, WA

CONTENTS

PEET VALUES

Yanchep Golf Estate, WA

INTEGRITY

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

ADAPTABILITY

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

TEAMWORK

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

RESPECT

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

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.

BUSINESS OVERVIEW

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

Our activities also include adding value to our communities with the delivery of medium-density housing, and the delivery and/or facilitation of shopping centres, schools, medical centres, pharmacies, childcare centres and other local services in some estates. The Group also makes a significant investment in other community infrastructure including parks, playgrounds and iconic pieces of public art that help create a sense of identity and place.

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 delivering high-quality, master-planned communities that attract and inspire homebuyers across Australia – and, in turn, strive to 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.

As at 30 June 2015, the Peet Group managed and marketed a land bank of approximately 47,000 lots in the growth corridors of major mainland Australian cities.

The Peet Group employs approximately 230 people in offices throughout mainland Australia. The Group has in-house expertise in a range of relevant disciplines and also draws on the specialist expertise of highly qualified and experienced 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 has achieved a significant uplift in revenue and profit in the 2015 financial year and has moved into the 2016 financial year with a strong balance sheet and portfolio of projects well positioned for sustainable growth and value creation.

01

PERFORMANCE AT A GLANCE

Statutory **profit** after tax of **$38.5 MILLION**

7 NEW STRATEGIC ACQUISITIONS

Operating profit after tax of **$38.5 million**

Dividends of **4.5 cents** per share, fully franked

100% OWNERSHIP of CIC post CIC share **buyback**

REVENUE [1] of $360.9 million

EBITDA [2] of $92.4 million

EARNINGS PER SHARE OF 8.3 CENTS

Net **EBITDA** [2] margin of **26%**

TOTAL OF **3,266** LOTS SETTLED

2,061 contracts on hand as at 30 June 2015 [3]

Gearing [4] of **23.8%** as at 30 June 2015

Livingston, VIC

Operating Profit After Tax ($M)

↑21.8%

FY13	18.3
FY14	31.6
FY15	38.5

EBITDA[2] ($M)

↑25.3%

FY13	53.0
FY14	73.7
FY15	92.4

Dividends

↑28.6%

FY13	0.0c
FY14	3.5c
FY15	4.5c

Operating EPS (CPS)

↑13.7%

FY13	5.4
FY14	7.3
FY15	8.3

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. 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.

	30 June 2015 $'000	30 June 2014 $'000	30 June 2013 $'000
Statutory profit for the year attributable to the owners of Peet Limited	$38,460	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	$38,460	31,555	18,346

1 Included is statutory revenue of $354.4 million (FY14: $276.1 million) and share of net profits from associates and joint ventures of $6.4 million (FY14: $20.6 million).
2 Pre-write downs of $nil (FY14: $1.8 million) (before tax) and includes effects of non-cash movements in investments in associates and joint ventures totalling $6.4 million (FY14: $20.6 million).
3 Includes equivalent lots.
4 Calculated as (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.

02 CHAIRMAN'S REVIEW

On behalf of the Board of Peet Limited, I present to you our 2015 Annual Report.

This year, in 2015, Peet Limited celebrates the 120th anniversary of our foundation in 1895 with a clear strategy and an adaptable business that underpins our current and future growth objectives.

One of Peet's core strengths is its diversified portfolio across Australia allowing it to manage through variable and often challenging market conditions. In the past financial year, that was again evident with strong results from our Victorian portfolio offsetting the reduced performance from some of our estates on the west coast and the substantial completion in 2014 of both the highly successful Warner Lakes project in Queensland and the Crace project in the ACT.

The benefits of Peet's strategic decision to expand through the acquisition of CIC Australia Limited, which was completed to 100% during the year, are also reflected in our results. Peet now has projects in every mainland state and territory and, with a strong balance sheet and appropriately skilled and resourced management team, will continue to explore opportunities for growth.

The Group increased its South Australian portfolio during the year, where it already has the award-winning Lightsview joint venture project, with the acquisition of the Bluestone Estate at Mount Barker, south-east of Adelaide in joint venture under our wholesale platform. The project was one of six in which Peet acquired an interest during the year following an equity raising of approximately $51 million. The other projects acquired as part of the equity raising are well-located in Western Australia and Victoria.

Our Funds Management business model enables us to utilise various land ownership structures in our portfolio and for new acquisitions. These include large wholesale funds, our body of private retail-investor syndicates and joint ventures. These structures may include our own co-investment participation and complement our fully-owned Development projects.

We are also leveraging off the proven expertise in CIC in residential apartment development and urban residential infill as demonstrated by Quayside, ACT and Lightsview, SA which are referred to elsewhere in this Annual Report.

Looking to the future

I am pleased to confirm that we continue to manage our land bank of some 47,000 potential residential lots, with a focus on maximising return on capital employed to achieve optimal shareholder returns.

Significantly, our strategy includes an expectation of having over 80% of our land bank in various stages of development by the end of FY17.

In the year ahead, development is scheduled to commence at the Company's largest project, Flagstone City, in South East Queensland where market conditions are very encouraging. Flagstone will ultimately provide more than 11,000 lots, four schools, community and childcare facilities, a Local District Centre, a Central Business District and 30 hectares of sporting facilities linked by more than 200 hectares of open space.

We have development approvals in place to start on the first phase of more than 700 lots with development approval for another 1,800 lots anticipated through FY16.

The rest of the Annual Report provides commentary on a range of continuing and new projects.

Lightsview, SA

Dividends

The Directors are pleased to have declared a final dividend for the 2015 financial year of 3.0 cents per share, fully franked, bringing the total dividend for the 2015 financial year to 4.5 cents per share, fully franked. It represents an uplift on the 2014 financial year dividend which was 3.5 cents per share, unfranked.

Conclusion

Our shareholders and stakeholders can have every confidence in our Managing Director, Brendan Gore and his leadership team who have an impressive breadth of skills and total application to optimising the performance of the Group.

I commend and express my appreciation to my fellow Directors of the Peet Board; they have worked diligently in applying a wealth of experience and expertise in coordination with our very committed management team.

Peet is well-prepared and well-resourced to continue investing in the development of new residential opportunities for a broad range of Australian homebuyers. I wish to emphasise that our property portfolio is centred very much on the affordable market segments, including an increasing focus on medium-density projects.

We are aware that achieving home ownership in the 21st Century is as challenging as ever, but remains an important aspiration for people of all ages and backgrounds. The Peet Group is committed to excellence in the delivery of a diverse range of quality, affordable living opportunities for them in our master-planned communities.

That commitment pays tribute to the strength and passion of our founder, James Thomas Peet, who was responsible for assisting so many families into the property market of the late 19th and early 20th centuries. His marketing and sales tactics were highly inventive and clever and would adapt readily to today. He and his successors have continued to innovate and grow our business to where it stands now.

We look forward to continuing to build on his legacy in the years and decades ahead, delivering the rewards of those efforts to our shareholders, syndicate investors and co-investment partners and, of course, assisting a new generation of Australians to achieve their home ownership dreams.

Tony Lennon

Tony Lennon
Chairman

12 October 2015

“ THIS YEAR, IN 2015, Peet Limited celebrates the 120th anniversary of our foundation in 1895 with a clear strategy and an adaptable business that underpins our current and future growth objectives. ”

03

MANAGING DIRECTOR AND CEO'S REVIEW

The Peet Group has achieved very solid results for the 2015 financial year – a successful year of consolidation and preparation for further growth and expansion as market conditions and opportunities permit.

Peet improved its overall performance across the business and, in particular, maintained and improved its operating margins despite having no direct exposure to what was the best performing property market in the country (Sydney).

The Group recorded a strong uplift in net profit after tax to $38.5 million on the back of a stronger second half of the year as a result of continuing strength in the Victorian market and a weighting of settlements in the second half of the year.

Peet has moved into the new financial year with a strong balance sheet having produced net operating cash flows of $113 million during FY15 and ended the year with net cash and debt headroom of more than $127 million, and reduced gearing[5] of 23.8%, which is at the lower end of the targeted gearing range of 20-30%.

With ongoing, strong relationships with co-investment partners in place, the Group is well positioned to further leverage the Funds Management business.

A highlight of the year was the acquisition of the remaining 14% of CIC Australia, which has delivered strong returns and further geographic diversification through an established and growing presence in New South Wales/ACT, South Australia and the Northern Territory. In the past 12 months, we have been able to further grow this presence with additional acquisitions in South Australia (Bluestone Mt Barker) and the ACT (Kingston Apartments).

These acquisitions and other interests during the year totalled approximately 4,000 lot equivalents with a total GDV[6] of approximately $1 billion and included a 50% interest in Golden Bay south of Perth, acquired under our Funds Management platform, and a parcel of land adjacent to Peet's high-performing Aston project in Melbourne's northern corridor.

Following the end of the year, Peet also took a strategic decision to sell our Arena project in Greenvale, Victoria for $93.1 million, with settlement to occur in instalments over three years. This was in line with our continued focus on maximising our return on capital employed, with the proceeds from the sale allowing Peet to redeploy funds into a number of prospective opportunities currently being canvassed.

The strength of the Group's overall performance for the 2015 financial year was particularly pleasing, given the slight reduction in sales and settlements – sales were 8.4% lower at 3,229 and settlements were down 6.4% with 3,266 recorded for the period. These lower sales and settlements reflect some very successful projects such as Warner Lakes in Queensland and Crace in the ACT coming to an end during the year, as well as moderating sales volumes in Western Australia, though demand for affordably priced lots has remained solid.

Peet's medium-density strategy progressed during the year and our settlements include 140 apartments, with a further 340 under construction or in the design phase. They are part of a pipeline of approximately 1,700 units/apartments already identified across the national portfolio.

More than half of the FY15 settlements were achieved in the second half of the year and the Group entered the new financial year with good momentum courtesy of 2,061 contracts on hand[7] with a gross value of $440.9 million.

Lakelands Private Estate, WA

Artist impression only

Peet remains well positioned to leverage its Funds Management platform and high-quality partnerships to optimise growth **OPPORTUNITIES.**

Aston, VIC

Up to 12 new projects with a total of almost 19,000 lot equivalents are expected to commence development and sales within the next three years including up to four in Perth's eastern corridor where sales were strong last financial year, Flagstone City in South East Queensland, and four in Victoria. More than 85% of the lots in these projects sit within the Funds Management business and together represent approximately 40% of the existing pipeline.

More than 80% of Peet's entire land bank is expected to be in development by the end of FY17. Our portfolio of more than 47,000 lots with an on-completion value in excess of $11.3 billion is well balanced between east and west coast markets with the highest proportion of managed projects in Queensland and Western Australia.

5 (Total interest bearing liabilities (including land vendor liabilities) less cash)/(Total assets adjusted for market value of inventory less cash, less intangible assets). Excludes Syndicates consolidated under AAB10.

6 Gross Development Value

7 Includes equivalent lots.

In the year ahead, we will continue to focus on our wholesale relationships and leverage our Funds Management platform to pursue growth opportunities. We have the capacity to seek out, assess and take up opportunities to restock our pipeline in a disciplined and timely manner with new projects across the country – and provide quality opportunities to existing and new investors.

In FY15, we were pleased to offer investors an opportunity to invest in the Peet Tarneit Land Syndicate, which is developing a 300-lot estate in Victoria where sales were tracking ahead of expectations in the first quarter of FY16. It was pleasing to note a significant increase in applications for this latest Peet land syndicate from new investors, predominantly from the east coast, which strengthens the Group's retail investor base.

Another syndicate opportunity is actively under consideration and anticipated for release in the second half of FY16.

Group strategy

Peet's strategy remains to pursue shareholder value by managing its land bank with a focus on maximising returns on capital invested. The Group will continue the reweighting of the business to Funds Management and its disciplined execution of the capital management strategy.

Most importantly, we remain committed to the delivery of quality, affordable residential communities around Australia, targeted predominantly at the low and middle market segments.

In early 2015, the innovative Invita Apartments Stage 1 (developed in joint venture with the BGC Group) was named Australia's best Affordable Development by the Urban Development Institute of Australia and in August 2015, The Village at Wellard (a joint venture with the WA Housing Authority) was awarded Western Australia's best Masterplanned Development. Such awards are an indicator of our determination to deliver excellence and innovation in our ongoing work with co-investment partners and institutional and retail investors, and to deliver new opportunities for home ownership to the market.

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

- continuing to deliver high-quality, master-planned communities, adding value and facilitating additional investment in amenity and services wherever possible;
- managing the Group's land bank of more than 47,000 lots to achieve optimal shareholder returns;
- continuing to assess opportunities to acquire quality residential land holdings under our Funds Management platform, with a strategic focus on acquisitions on the east coast;
- an ongoing focus on maximising return on capital employed in all our key markets;
- maintaining a strong focus on cost and debt reduction; and
- identifying and assessing further growth opportunities in line with our strategic objectives and as appropriate in market conditions.

Outlook

Peet is well positioned for sustainable long-term growth and value creation and our positive outlook is supported by market fundamentals.

Mixed market conditions are expected to continue through FY16, though the Group's greatest near-term exposure is to the well-performing Victorian market; the commencement of Flagstone City in Queensland will boost the contribution to earnings from that market and, in Western Australia, new projects in the better-performing eastern corridor will commence in the year ahead.

Our geographic diversity gives us the flexibility to manage through the variable conditions across the country. The Victorian market remains very positive with increased activity in the residential housing market and positive price movement underpinned by strong population growth. The ACT market is also expected to continue to perform well and there is moderate price growth in Brisbane where demand remains steady.

The South Australian market is expected to continue in recovery mode with increased interest in the affordable market segment and continuing good conditions in the inner ring of Adelaide, while the Northern Territory market is moderating after a period of strong demand.

In Western Australia, where economic conditions are subdued, demand for land has reverted to more average levels and there could be a further moderate decline in prices as production levels are adjusted to reflect market conditions. Peet will ensure its product offering is well-suited to the more active, affordable sector in the year ahead.

The Peet Group has entered the new financial year in a strong financial position with low gearing and cash and headroom of some $127 million. We will continue to respond to market conditions with a focus on accelerating production where possible and actively managing the product mix available to our key markets – delivering affordable product targeted at the low and middle market segments, including an increasing focus on medium-density.

Peet is fortunate to have a strong and skilled executive and management group supported by a national team who deliver innovation and excellence, and consistently work diligently on behalf of our investors, partners and residents.

I also take this opportunity to personally thank the Board and members of Peet Limited who have again provided such valuable support during the year.

As we mark the 120th anniversary of continued operations for Peet, it is appropriate to note that the strength of our organisation has always been based in its people and our partners. Thank you also to our 21st century co-investment partners, investors and stakeholders – and the residents of our communities across Australia – who allow us to build on the legacy of our founder, James Thomas Peet.

We look forward to building on his fine traditions in the years ahead – and sharing the rewards that follow.

Brendan Gore
Managing Director and Chief Executive Officer

12 October 2015

Shorehaven at Alkimos, WA.

04

OPERATING AND FINANCIAL REVIEW

HIGHLIGHTS

Group revenue[8] of **$360.9 MILLION**

EBITDA[9] of **$92.4 MILLION**

2,061 CONTRACTS on hand[10] as at 30 June 2015 with a gross value of **$440.9 million**

More than **3,200** owned and managed lots sold with a gross value of **$815.9 MILLION**

More than **3,260** lots settled with a gross value of **$812.8 MILLION**

Total land bank of almost **47,300 lots**[10] with an on-completion value of more than **$11.3 BILLION**

Peet Limited has achieved solid results in variable market conditions around Australia in the 2015 financial year with a strong uplift in net profit after tax, of 22%, and an increase in revenue[8], also of 22%, to $360.9 million.

Peet's performance reflects strong results from its Development projects, particularly in Victoria, with sound contributions from across the balance of the business.

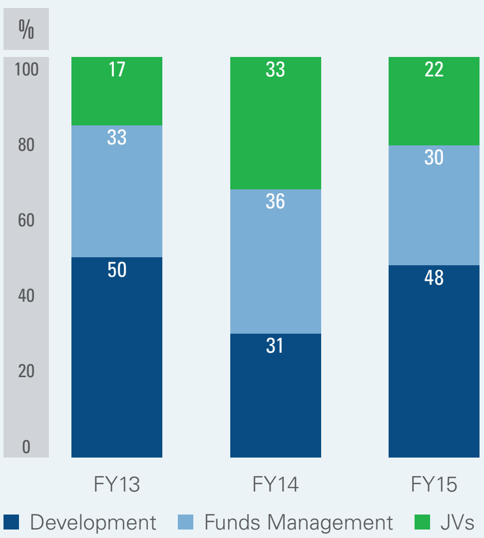
During the year, Peet also moved to 100% ownership of CIC Australia having previously held a controlling interest of 86%, and made selective acquisitions of land holdings to restock its national pipeline (predominantly through its Funds Management platform), while at the same time significantly reducing net debt and strengthening its balance sheet.

The Group achieved 3,229 sales (with a gross value of $815.9 million) and 3,266 settlements (with a gross value of $812.8 million) for the full year. While this represents a decrease of 8.4% and 6.4% respectively compared with the previous year, it is noted that the lower sales and settlements reflected, in part, continuing moderating conditions in the Western Australian property market; the substantial completion in 2014 of the highly successful Warner Lakes project in Queensland and the Crace project in ACT; and a moderating Northern Territory market.

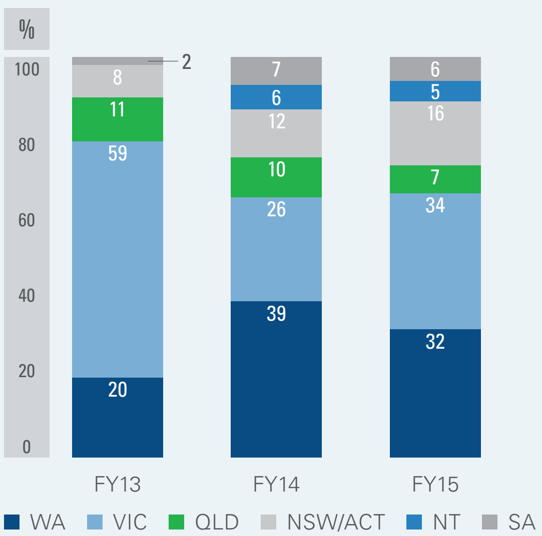
These factors were generally offset by the continued strong performance across the Group's portfolio of Victorian projects.

Googong, NSW

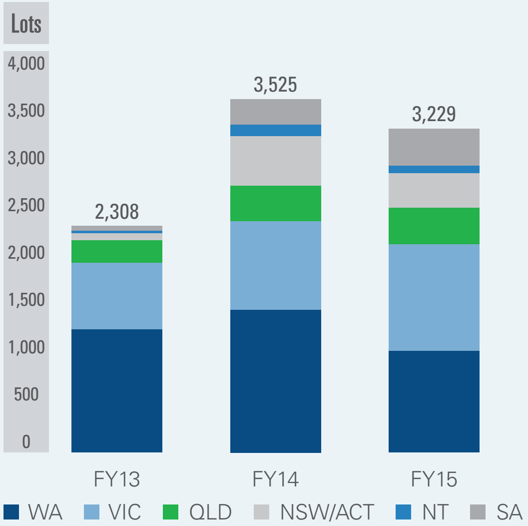
EBITDA[9] Composition by Business Type (%)



EBITDA[9] Composition by Geography (%)



Sales Composition by Geography (No. of Lots)



FY15 has been a successful year and the culmination of a significant period of expansion.

8 Included is statutory revenue of $354.4 million (FY14: $276.1 million) and share of net profits from associates and joint ventures of $6.4 million (FY14: $20.6 million).
9 Pre-write downs of $nil (FY14: $1.8 million) (before tax) and includes effects of non-cash movements in investments in associates and joint ventures totalling $6.4 million (FY14: $20.6 million).
10 Includes equivalent lots.

Flagstone Rise, QLD

The Group's settlements included a total of 140 apartments – part of an expanding pipeline of medium-density opportunities identified within the Peet national portfolio. At the start of FY16, there were a further 340 apartments under construction or in the design phase and a pipeline of approximately 1,700 units or apartments identified.

More than half of the Group's settlements were achieved in the second half of FY15 and it entered the new financial year with good momentum from 2,061 contracts on hand[11], with a gross value of $440.9m.

The Group's performance resulted in a 25% increase in EBITDA[12] to $92.4 million (compared to $73.7 million in FY14) and the net EBITDA[12] margin of 26% was a slight improvement on FY14 (25%). The lift in the performance of the Group's Development projects was a major contributor and follows significant investment in Development projects over the past three years. Aston, in Melbourne's northern corridor, in particular, delivered good results in terms of volume and price growth and some of the acquisitions made during the year were of parcels adjoining Aston, which will extend the life of the project and allow the efficient sharing of infrastructure in the future.

Quayside, an apartment project in the ACT, was another significant contributor in FY15.

The upward trend in earnings reflected an increased exposure to the eastern seaboard in FY15 and Peet has the right business strategies in place to target earnings growth.

Three new projects commenced during the year in the eastern corridor of Western Australia, where there is good demand from the affordable market sector; in the economic centre of the Adelaide Hills at Mt Barker; and in Tarneit in Victoria where Peet has already completed two successful syndicated projects.

Peet will continue to meet market demand by investing in the development of new lots and related infrastructure, while effectively managing net debt, which was reduced by 31% during the year.

It's expected that up to another 12 new projects will commence development within the next two to three years, representing approximately 40% of the pipeline. More than 85% of these lots are within the Funds Management business.

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.

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.

Burns Beach, WA

Project portfolio

The Peet Group has a diversified land bank across all Australian mainland states and territories. As at 30 June 2015, the Group's total land bank was approximately 47,300 lot equivalents with an estimated on-completion value of approximately $11.3 million.

Peet 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.

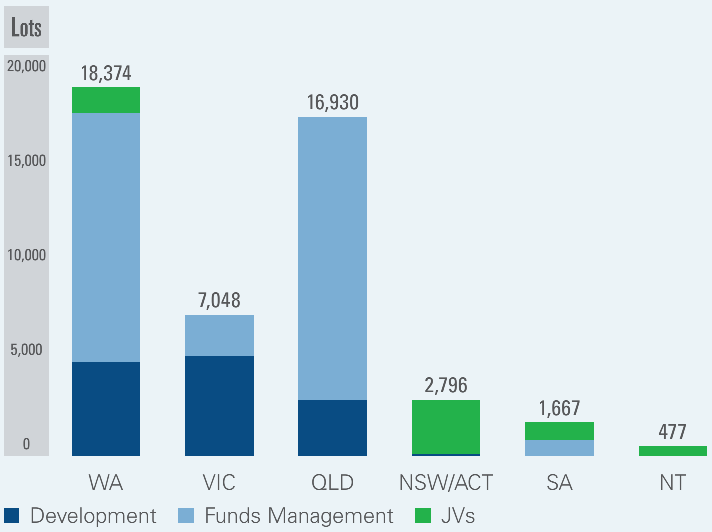
Its portfolio is geographically balanced, which enables it to manage the variable market conditions around the country, and balanced between Development, Funds Management and Joint Ventures. In FY15, Peet's exposure to the more subdued Western Australian market was balanced by its projects on the eastern seaboard, and moderated by the relatively lower proportion of Development projects in Western Australia.

The value and strength of the Peet Group's relationships with co-investment partners was demonstrated during the year with the acquisition of seven new projects comprising more than 4,000 lots/dwellings with a gross development value of approximately $1 billion.

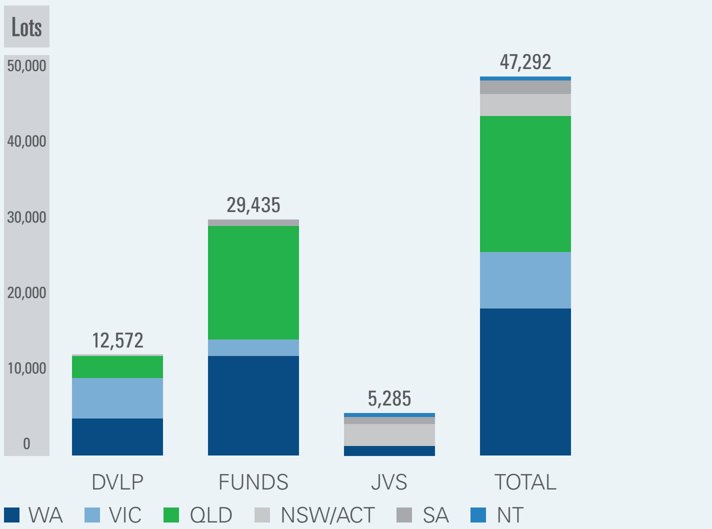
In the year ahead, Peet will continue to focus on its wholesale relationships to pursue further growth opportunities.

11 Includes equivalent lots.
12 Pre-write downs and includes effects of non-cash movements in investments in associates and joint ventures.

Land Bank Composition by Geography (Lots[11])



Land Bank Composition by Business Type (Lots[11])



Carrying value of inventories and other adjustments

Peet recorded nil write-downs during the 2015 financial year, compared to write-downs of $1.8 million in FY14.

Capital management

The Group's sustained capital management strategy, focussed on debt reduction, cost control and the implementation of business efficiencies, contributed to a significant improvement in its capital position over the 2015 financial year.

The Group's gearing ratio[13] was reduced to 23.8% as at 30 June 2015, compared with 29.8% as at 30 June 2014, which was at the lower end of the targeted range of 20-30%.

While it has invested significantly and appropriately in the delivery of new homesites to meet market demand, the Group also reduced its interest-bearing debt (including its convertible notes) by 20% during the year (from $295.5 million at 30 June 2014 to $234.9 million at 30 June 2015).

Approximately 53% of the Group's interest-bearing debt was hedged as at 30 June 2015, compared with 47% at the same time in the previous year, and the Group has executed a number of forward starts, which will further hedge future interest costs.

The Group produced net operating cash flows of $113 million during the year, representing a significant improvement on the $37 million achieved in the previous year. The Group is well positioned to take advantage of future growth opportunities, in line with favourable market conditions, with net cash and debt headroom of $127.4 million at 30 June 2015.

13 (Total interest bearing liabilities (including land vendor liabilities) less cash)/(Total assets adjusted for market value of inventory less cash, less intangible assets). Excludes Syndicates consolidated under AASB10.


The Heights, Durack, NT

Dividend payments

Subsequent to year end, the Directors declared a final dividend for FY15 of 3.0 cents per share, fully franked. This brought the total dividend for FY15 to 4.5 cents per share, fully franked, and compares to the FY14 dividend of 3.5 cents per share, unfranked. The dividend was paid on Wednesday 30 September 2015, with a record date of Friday 18 September 2015.

The Directors resolved to deactivate the Company's Dividend Reinvestment Plan.


Lattitude Lakelands, WA

Peet has benefited from the significant investment in Development projects made over the past THREE YEARS.

Avon Ridge, WA

Aston, VIC

DEVELOPMENT PROJECTS

HIGHLIGHTS

578 LOTS SOLD FOR A GROSS VALUE OF **$167.1 MILLION**

597 LOTS SETTLED FOR A GROSS VALUE OF **$195.1 MILLION**

EBITDA[14] OF **$45.7 MILLION**

NET EBITDA[14] MARGIN OF **25%**

245 contracts on hand[15] as at 30 June 2015 with a total value of **$58.7 MILLION**

The Peet Group's Development projects performed well during the year, underpinned by strong sales and settlements at the Aston and Greenvale projects in Melbourne's northern corridor, and strong settlements achieved at the Quayside apartment project in the ACT.

Peet has benefited from the significant investment in Development projects made over the past three years.

The performance of this business sector during the year, in terms of sales and earnings, also reflects the strength of our exposure to the better-performing Victorian market. Some 70% of sales in Development projects in FY15 came from our Victorian portfolio. Revenue from Development projects for the year increased by 79%, compared with FY14, to $186 million.

EBITDA[14] increased by 83% to $45.7 million and the EBITDA[14] margin increased slightly to 25%.

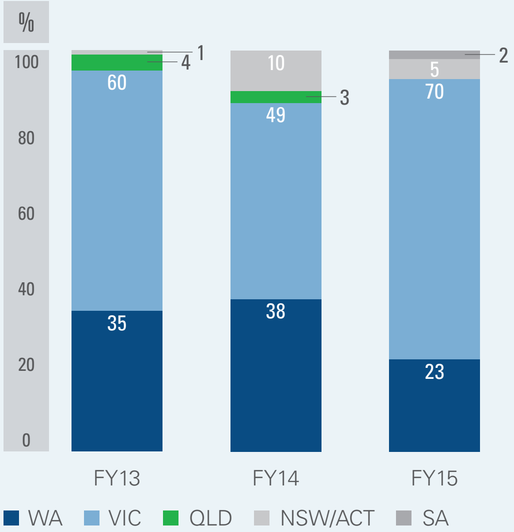
During the 2015 financial year, the Group achieved almost 580 sales at Development projects, representing a 15% increase.

There were almost 600 lots, including three super lots, settled at a gross value of more than $195 million and, at 30 June 2015, there were 245 contracts on hand with a gross value of $58.7 million.

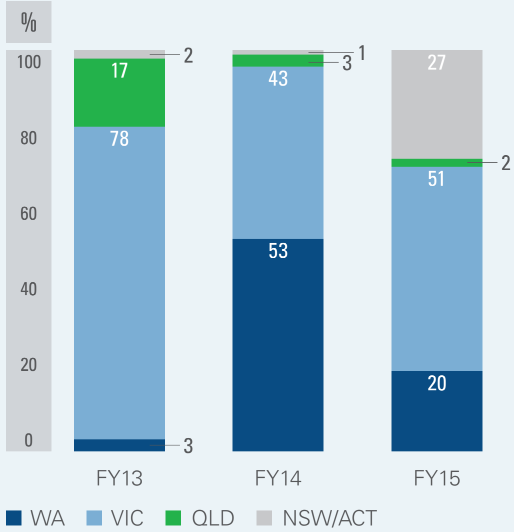
At the end of the financial year, preparations were under way for the start of new projects in Baldivis, one of the fastest growing areas in Perth; and another south-west of Melbourne where there is considerable demand for affordable product.

At year end, the Peet Group's Development projects comprised the equivalent of more than 12,570 lots, with an estimated on-completion value of more than $2.6 billion.

Development Sales Composition by Geography (Lots)



Development EBITDA[14] Composition by Geography



14 Pre-write downs and includes effects of non-cash movements in associates and joint ventures.
15 Includes equivalent lots.

FUNDS MANAGEMENT

HIGHLIGHTS

1,768 LOTS SOLD FOR A GROSS VALUE OF **$433.8 MILLION**

1,718 LOTS SETTLED FOR A GROSS VALUE OF **$388.9 MILLION**

EBITDA[16] OF **$28.4 MILLION**

NET EBITDA[16] MARGIN OF **69%**

1,150 contracts on hand[17] as at 30 June 2015 with a total value of **$216.9 MILLION**

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

The Group's Funds Management business performed solidly during FY15, with strong sales and price growth achieved across Victorian projects off-set by the completion of Kingsford in Victoria and Warner Lakes in Queensland. Nonetheless, fee revenue for the year increased by 7% over the previous year to $38.6 million and the EBITDA[16] margin remained steady at 69%.

There were almost 1,770 sales during the year, representing a decrease of 4% over the previous year, for a gross value of $433.8 million and there were more than 1,700 settlements, 3% fewer than FY14, for a gross value of $388.9 million.

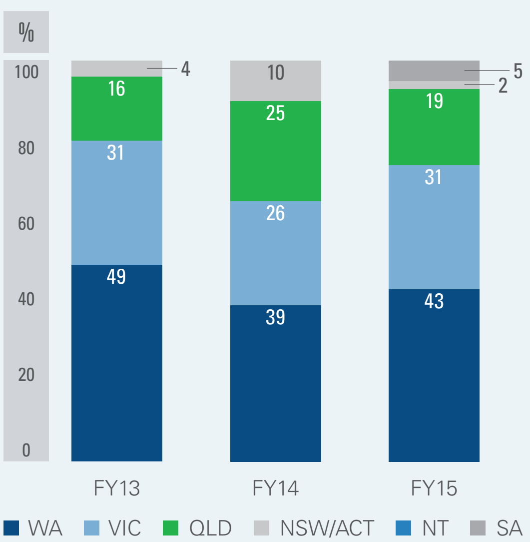
The Funds Management portfolio comprises almost 29,500 lots – or more than 60% of the Group's total portfolio – with an on-completion value of almost $7.5 billion. More than half the 12 projects scheduled for release in the next three financial years will be from the Funds Management portfolio and spread across Victoria, Queensland and Western Australia.

This includes Flagstone City in South East Queensland, which comprises more than 11,700 lots and has an anticipated project lifespan of more than 25 years.

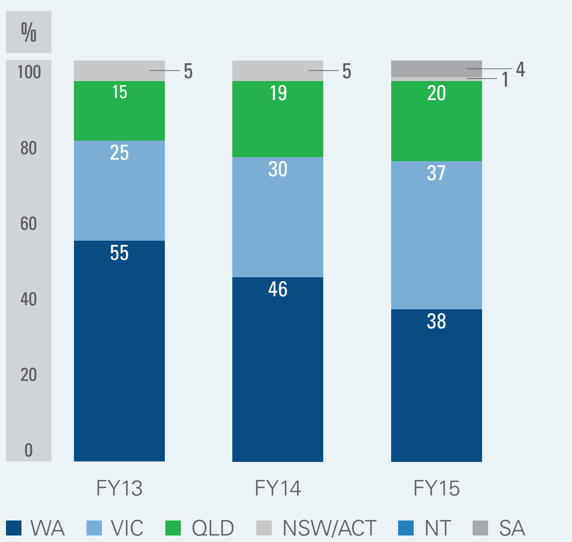
The Funds Management portfolio was boosted during the year when the Group raised equity of approximately $51 million to fund its interests in six high-quality strategic residential development projects. Three of the projects were acquired jointly with quality investment partners.

In the second half of the year, the $10 million syndication of a parcel of land in Tarneit, Victoria, was closed over-subscribed and sales are tracking ahead of expectations.

FM EBITDA[16] Composition by Geography



FM Sales Composition by Geography (Lots)



16 Pre-write downs and includes effects of non-cash movements in associates and joint ventures.
17 Includes equivalent lots.

Warner Lakes, QLD

THE GROUP'S

Funds Management business performed solidly during FY15, with strong sales and price growth.

Burns Beach, WA

FY15 REVENUE
increased due to continued solid performance at The Village at Wellard in WA and Lightsview in SA.

Lightsview, SA

The Village at Wellard, WA

JOINT VENTURES

HIGHLIGHTS

883 LOTS SOLD FOR A GROSS VALUE OF **$215.1 MILLION**

951 LOTS SETTLED FOR A GROSS VALUE OF **$228.8 MILLION**

EBITDA[18] OF **$21.4 MILLION**

NET EBITDA[18] MARGIN OF **20%**

666 contracts on hand[19] as at 30 June 2015 with a total value of **$165.2 MILLION**

The Peet Group has a number of Joint Venture projects across its portfolio, including The Village at Wellard in Western Australia, Googong in New South Wales and Lightsview in South Australia.

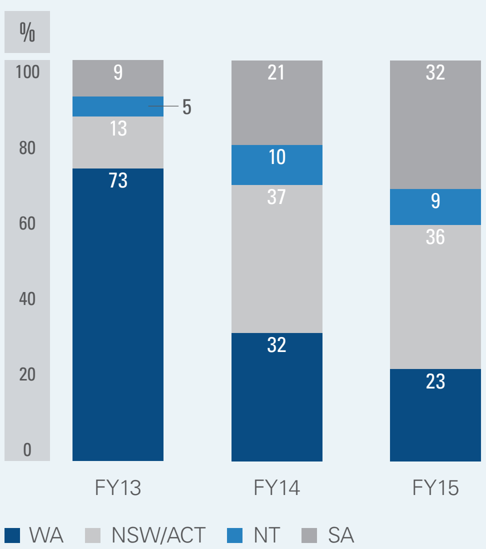
In the 2015 financial year, the performance of this sector in terms of sales and settlements was impacted by the substantial completion in 2014 of the Crace project in ACT, however, revenue from Joint Venture projects increased by 6% due to the continued solid performance of The Village at Wellard in Western Australia and Lighstview in South Australia.

There were more than 880 sales, representing a decrease of 26% over the previous year, at a gross value of $215.1 million. More than 950 lots were settled, which was 25% fewer than in FY14, for a gross value of $228.8 million.

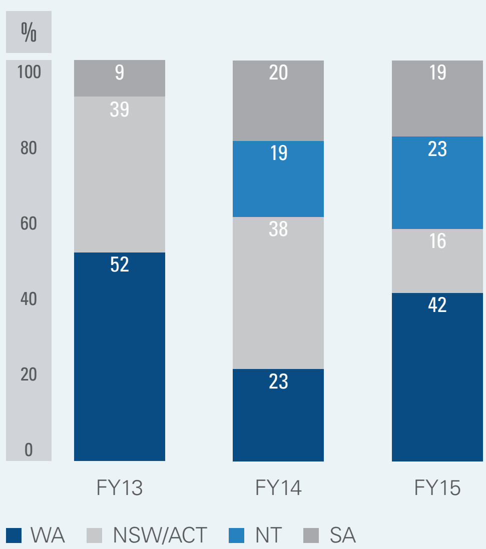
EBITDA[18] of $21.4 million was achieved from projects in this business segment and the EBITDA[18] margin decreased 5% to 20%.

At 30 June 2015, there were 666 contracts on hand[19] with a gross value of more than $165 million. This was 12% fewer than at the same time in the previous year.

JV Sales by Geography (Lots)



JV EBITDA[18] Composition by Geography



18 Pre-write downs and includes effects of non-cash movements in associates and joint ventures.
19 Includes equivalent lots.


The Village at Wellard, WA

> “ **THE WELLARD SQUARE** opening has also made a difference to the lifestyle; instead of having to use the car to get to the shops, almost everyone can walk down now. It's great. ”

Michael Coulson, The Village at Wellard resident and Wellard Square business owner.

HIGHLIGHTS DURING THE 2015 FINANCIAL YEAR INCLUDED:

SUSTAINABILITY

The Peet Group delivers quality master-planned communities that are responsive to the needs of our diverse Australian community and demonstrate sound standards in economic, social and environmental performance.

Our responsive development methodology ensures we support the changing needs of our communities as they evolve, from inception to maturity and beyond.

It is a multi-pronged development strategy that combines creative urban design; innovative engineering and environmental management; and proactive stakeholder and community engagement. Our success is founded on sound economic, social and environmental performance, which continues to drive our growth and development around Australia.

WELLARD SQUARE AT THE VILLAGE AT WELLARD

was officially opened by the Western Australian Minister for Housing, the Hon. Bill Marmion, and celebrated by around 3,000 visitors and residents in November 2014. Wellard Square is a social and economic base for the local and wider community with a large Woolworths supermarket, speciality stores, a pharmacy and medical centre, cafes and dining options – all located between the John Wellard Community Centre and the Wellard Train Station.

AT RIVERBANK

in the urban growth area of Caboolture, in Queensland, a targeted housing affordability program, designed to attract key workers, was substantially finalised during the year. The $15,000 bonus, backed by the Federal Government's Housing Affordability Fund, was available to the first 100 eligible homebuyers and investors. It was made possible by a partnership between Peet, the Federal Government and Moreton Bay Regional Council, and was one of the innovations offered to address a shortage of quality, affordable housing in the Caboolture region.

Spring Mountain, QLD

AT QUARTERS, SOUTH EAST OF MELBOURNE,

the first half of the waterway, including two kilometres of walking trails, attractive native landscaping and new open spaces, was completed during the year. At nearby Livingston work commenced on the Livingston Link, which will provide a 1.2 kilometre landscaped pedestrian path network that will make it simple to walk or cycle around the community, and puts nearby amenities such as Casey RACE, Casey Fields and the Cranbourne Library within easy reach.

AT THE HEIGHTS

in the Northern Territory, an urban bush regeneration park was established in consultation with local residents and Greening Australia. The park is a natural woodland which will help preserve biodiversity in the region for years to come. The undergrounding of overhead power lines was also commenced.

RESIDENTS AT LIGHTSVIEW

in South Australia were provided access to a free bike hire program, designed to encourage them to explore their neighbourhood with pedal power. The hire program is available seven days a week, and includes bikes with child seats and helmets to ensure safe travel.

AT LAKELANDS PRIVATE ESTATE,

Kmart, ALDI and Coles were announced as lead tenants in an eight hectare shopping centre which will be the focal point of the Lakelands Town Centre – providing significant employment opportunities and adding to the social fabric of the community by providing a vibrant mix of retail, entertainment, community and residential opportunities.

Golden Bay, WA

> “Our students are very excited to be the ‘Foundation Football Team’ at the school and want to create a culture of teamwork and great sportsmanship. Our team will feel even more ‘official’ when we get our new jumpers for next season, which have been sponsored by Golden Bay estate.”

Russell Newbound, Golden Bay Primary School

COMMUNITY

Establishing strong communities with a sense of pride and identity is an important feature of Peet’s work around the country. The Group invests in a proactive program of engagement and helps build community resilience and capacity.

In 2015 and for the ninth year, Peet was proud to support the Peet Op Shop Ball for Anglicare WA, which has helped raise more than $1.5 million to directly support Anglicare WA’s ongoing community services.

At a local level, our annual community partnership program assists local schools, clubs and not-for-profit organisations to deliver activities and resources in education, the arts, sport, health and wellbeing, the environment and community service.

A colourful program of celebrations and events also help bring neighbours together and encourage networking and social cohesion. Across Australia, these reflect the specific interests of each community and range from weekend markets and gardening workshops, to family fun days, holiday celebrations, movie nights and sporting events.

A range of other community groups and organisations received grants through the Peet Community Partnership Program including Surf Lifesaving clubs, sporting clubs, residents’ associations, local schools and playgroups.

HIGHLIGHTS DURING THE 2015 FINANCIAL YEAR INCLUDED:

THE OPENING OF A PARK IN WARNER LAKES THE RESERVE

in Queensland, where more than 2,500 people turned out to meet Sarbi, Australia’s most highly decorated war dog, after whom the park was named. A life-size bronze sculpture was unveiled in tribute to Sarbi, the explosives detection dog, who was missing in action in Afghanistan for 14 months. The park opening drew national media attention and was an important celebration of identity for the new community, which is owned by Defence Housing Australia and managed by Peet.

AT GOOGONG IN NEW SOUTH WALES,

an inaugural free live music festival was staged in February 2015 and attracted around 4,500 people. Also at Googong, a series of educational programs to share the geography, history and Indigenous culture of Googong, and encourage environmental awareness including responsible fishing and recreation at Googong Dam, was commenced.


Invita Apartments, WA

AWARDS

Peet Limited participates in select awards programs that benchmark and recognise excellence in the planning, design, environmental management and development of vibrant, sustainable communities, and is proud to have earned a number of prestigious awards and recognitions over the years.

In 2015 Peet was honoured to receive recognition at the state and national Urban Development Institute of Australia (UDIA) Awards for Excellence:

2015 UDIA National Awards for Excellence Affordable Development – Invita Apartments (Stage One) joint venture with BGC Residential at The Village at Wellard. The 36 apartments were affordably priced from $280,000 – 30% lower than Perth's median unit price – and built to impressive standards.

2015 UDIA (WA) Awards for Excellence Masterplanned Development – The Village at Wellard joint venture with the Western Australian Housing Authority is Perth's first purpose-built greenfields transit-oriented development on the southern suburbs railway offering affordable housing, a connected community and the convenience of its own shopping centre and retail precinct, cafes, and community facilities.

2014 Australian Awards for Marketing Excellence (ACT) Brand Extension – Googong was recognised for its brand extension campaign, which was designed to grow awareness of the Googong township brand beyond the 19 to 29 age bracket and be more inclusive of an older demographic.

ASTON IN MELBOURNE'S NORTH

drew a large crowd to its Hollywood-themed Display Village Open Day in November 2014 where residents and visitors alike enjoyed a raft of family-friendly activities.

IN PERTH'S SOUTHERN SUBURBS, DUNE CONSERVATION EFFORTS AT GOLDEN BAY

were supported by two community planting events. The success of these events led to the creation of a community-run Golden Bay Coastcare group, who held their first planting event in March 2015.

"THE QUALITY OF FINISHES [at Invita Apartments] was exceptional for this market segment and the enthusiasm of the proponent to seek out and deliver within budget, fixtures and fittings typically found in higher specification homes, was laudable."

UDIA 2015 National Awards for Excellence, Judges' Comments


No46
ESTATE AC
PEET
MANAGING
DIRECTORS

est. 1895 – 2015

In 2015, Peet celebrates 120 years of working with Australians to realise their home ownership aspirations and of building strong Australian communities. In 2015 and beyond, we continue the fine traditions of excellence, innovation, passion and commitment introduced by our founder, James Thomas Peet.

THE EARLY YEARS

Peet & Co.

James Peet arrived in Perth in 1895 and established a real estate business in William Street. By the turn of the century Peet & Co. was managing some 20 estates from 'distant Scarborough' to Kalamunda in the hills.

By 1907, when it was incorporated as Peet & Co. Limited, the firm were also auctioneers and had built a reputation for making land ownership accessible and easy for ordinary people.

The business moved its headquarters to 46 St Georges Terrace in 1910 and within two years was marketing and selling 96 estates that ranged the length and breadth of the metropolitan area.

On the Swan, Blacknall Camp, 1895
(L–R) Thurston, Peet, Maynor, Keoppe and Benson.

State Library of Western Australia 0115496d

Peet premises in William Street, 1901

State Library of Western Australia 011463d

WORLD WAR 1

Patriotic Peet

During World War I (1914–1918) James Peet continued to help people into their own homes with generous incentives. He also spearheaded the WA Sand Bag Fund and, after the war, helped ex-services personnel into homeownership.

Peet & Co., and especially James Peet, is involved in the war effort at home.

PRESTIGIOUS PERTH

During the 1910s and 1920s Peet was marketing some of Perth's most prestigious communities in Mt Lawley, South Perth, Nedlands, Claremont and Dalkeith, and extending their releases along the coast at Scarborough. It was a time that showcased James's wit and wisdom when it came to marketing and Peet & Co. became one of WA's most recognised and respected real estate firms.

Dalkeith Estate, Freshwater Bay, Claremont, 1915

Courtesy Freshwater Bay Museum

DEPRESSION & WAR

1929 – 1945

The Great Depression (1929–1939) took its toll on the whole community. Unemployment reached an unimaginable 40 per cent in 1933 and people were unable to meet their basic living needs let alone rent or home repayments.

World War II also had a devastating impact on the property industry. With material and labour shortages, combined with the Commonwealth Government's moratorium on private building in 1942, the housing industry was effectively curtailed until after the war.

Always a positive thinker, James Peet released his 'joy germ' during the Great Depression and backed up his beliefs with tangible support for people in need.

James Thomas Peet passed away on 26 August 1935, aged 73.

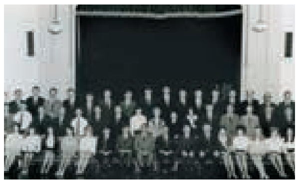
POST-WAR EXPANSION

Big Wins

After World War II there was pent-up demand for housing – some 50,000 new homes would be needed in the decade following the end of the war. By mid-century Peet & Co had 83 estates on offer.

In 1955 respected real estate professional Geoff Russell joined the company and, together with Cyril Peet, led Peet & Co. during the housing resurgence.

By 1968 Peet & Co. was offering an extensive range of services, including house and vacant land sales, land subdivisions, commercial and industrial properties, consultancy services, auction services, property management, rental properties, conveyancing, sworn valuations and acting as agents for building companies.

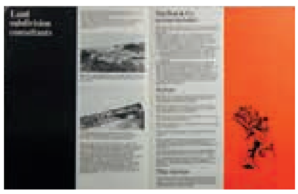


Peet & Co staff function at Victoria Park Town Hall, c.1967

Local History Collection, Town of Victoria Park Library Service, donated by Merv Dorsa

MINING BOOM

The mining boom of the 1960s and 1970s fuelled even greater demand for housing and developers started offering bigger subdivisions with between 100 and 400 lots.



Peet Complete Real Estate Service Booklet 1969

PROMINENT PEET & CO

PEET'S REACH

Peet & Co. properties dominated the classified pages of Perth's major newspapers through the 1970s – everything from inner city apartments, suburban family homes to outer suburban and rural retreats were offered.

A 'prestige building site' in Dianella was offered at 'upset prices' from $4,500 on 10% deposit and a large, three-bedroom home in City Beach carried a price tag of just $55,000.

1973 advertisement for Mullaloo Heights

Perth Grows Quickly

The northern coastal corridor was expanding and Peet offered land sales at Mullaloo (from $20,000 for ocean views); established the Yatala land syndicate to develop the award-winning Carramar Golf Course Estate; and took up the Burns Beach syndicate where it would later develop an estate where prime coastal lots would sell for more than a million dollars. Perth was growing fast and while mortgage rates may have sky-rocketed in the mid-1970s, so did building approvals – a 90 per cent increase to October 1975 over the previous year.

NEW LEADERSHIP

Changing of the Guard

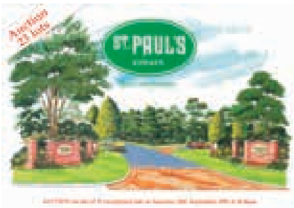
The winds of change blew through Peet & Co. in the mid-1980s in the form of Tony Lennon – a man who had already had great success and forged a strong reputation in the real estate industry – and Warwick Hemsley, a young man who had been working in the State's planning agency before being recruited by Mr Lennon. In 1986 Ian Palmer, who had also previously operated his own property business, joined Peet as a Director.

Peet Prosper 1993

RE-FOCUS

During this era, the business was re-focussed on the specialised services of land syndication, project management and marketing of land estates. Peet also continued to develop some of Perth's best-known estates including Kinross, St Michel, St Clair, St Paul's, Village Green, Bramley Waters, Winthrop, Atwell Waters and Ocean Lagoon.


St Michel Estate, WA



St Paul's Estate, WA

EXPANDING EAST

RETRACING OLD STEPS

James Peet originally landed in Brisbane when he arrived from England and also lived in Melbourne before heading west. Throughout his career, he frequently returned east, inspecting properties and visiting various parts. Decades later, the business that carried his name would expand nationally, developing new communities for new generations of Australians.

National Growth

In 1997 Peet & Co. made its first foray into the Victorian market with the St Johns Wood Estate in Berwick and the development of Panorama Estate. More estates in Victoria soon followed with Point Cook Gardens and Innisfail.

In the early part of the 21st century, Peet continued to diversify – expanding its residential development business with the acquisition of its first estate in Queensland in 2002 (Warner Lakes).

Victorian operations also grew considerably and, in August 2004, Peet purchased its first estate in New South Wales, Pickett's Valley.


Point Cook Gardens, VIC

21st CENTURY PEET

EXPANSION

Peet & Co. Limited listed on the Australian Stock Exchange on 5 August 2004 – the initial public offering was over-subscribed.

In 2006 the company's name was changed to Peet Limited, with a new visual identity expressing the company's confidence in its future direction while retaining its core values, solid reputation and rich history.

Peet Prosper, 2004

New Direction and Powerful Partnerships

In 2007, Brendan Gore who had joined Peet just two years earlier as Chief Financial Officer took over as Managing Director from Warwick Hemsley who remained a Director of Peet until 2011. Under Mr Gore's leadership, Peet expanded its leadership team and its Funds Management business and its land bank considerably, forging strong relationships with institutional and government partners.

GROWTH

Peet continues to expand and, in 2015, completed the acquisition of CIC Limited, extending the Peet Group's portfolio across every mainland state and territory.

In its 120th year, Peet Limited manages more than 65 land and residential developments, carrying on the legacy of James Thomas Peet.

CORPORATE CALENDAR

18 September 2015

Record date for final FY15 dividend

30 September 2015

Payment of final fully franked FY15 dividend of 3.0 cps

23 October 2015

Annual Report and notice of AGM dispatched to shareholders

25 November 2015

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

February 2016

Release of results for the half-year ending 31 December 2015

16 June 2016

Maturity date of unsecured convertible notes

Yanchep Golf Estate, 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 2015 ('the Group').

1. DIRECTORS

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

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.

1. DIRECTORS (CONTINUED)

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 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.

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.

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

Trevor Allen joined Peet in April 2012.

Mr Allen has thirty seven years experience in the corporate and commercial sectors, primarily as a Corporate and Financial Adviser to Australian and international public and privately owned companies.

Mr Allen is an independent Non-executive Director of Freedom Foods Group Limited, where he chairs its Audit and Risk Management Committee and is a member of its Remuneration Committee. He is also an Alternate Director, Company Secretary and Public Officer of Australian Fresh Milk Holdings Pty Ltd & Fresh Dairy One Pty Ltd. These are joint venture companies, which have been formed to hold various dairy sector investments as part of the Freedom Group.

He is a Non-executive Director of Eclipx Limited and Aon Superannuation Pty Ltd, the trustee of the Aon Master Trust and he chairs the audit committee of both of these companies. He is also a Non-executive Director of Yowie Limited.

Mr Allen has recently stepped down after seven years as Non-executive Director and honorary treasurer of the Juvenile Diabetes Research Foundation. He was also a member of FINSIA's Corporate Finance Advisory Group Committee for ten years until December 2013.

Prior to Mr Allen's non-executive roles, he had senior executive positions including Executive Director – Corporate Finance at SBC Warburg (now part of UBS), at Baring Brothers and as a Corporate Finance Partner at KPMG for 12 years. At the time of his retirement from KPMG in 2011 he was the lead partner in its National Mergers and Acquisitions group.

From 1997 – 2000 he was Director – Business Development for Cellarmaster Wines, having responsibility for the integration and performance of a number of acquisitions made outside Australia in that period.

1. DIRECTORS (CONTINUED)

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 twenty five 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 Tox Free Solutions Limited and Non-executive Director of Programmed Maintenance Services Limited.

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 retired with effect from the date of announcement of the Group's FY14 results.

1. DIRECTORS (CONTINUED)

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 retired with effect from the date of announcement of the Group's FY14 results.

2. PRINCIPAL ACTIVITIES

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

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

The Group, including CIC, employs approximately 225 people in offices throughout Australia. As at 30 June 2015, the Group managed and marketed a land bank of more than 47,000 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 $38.5 million, up 22%
- Statutory profit[3] after tax of $ 38.5 million, up 27%
- FY15 dividends of 4.5 cents per share, fully franked, up 29%
- Earnings per share of 8.3 cents, up 18%
- Revenue[4] of $360.9 million, up 22%
- EBITDA[5] of $92.4 million, up 25%
- Net EBITDA[5] margin of 26%
- Total of 3,266 lots settled
- 2,061[6] contracts on hand as at 30 June 2015
- Gearing[7] of 23.8%, down from 29.8% at 30 June 2014

FINANCIAL COMMENTARY

The Group achieved an operating profit after tax for the year ended 30 June 2015 of $38.5 million, which represents an increase of 22% on FY14. The Group's statutory profit after tax was $38.5 million, compared to $30.3 million in the previous year, representing an increase of 27%.

The result reflects the strong performance of Development projects, particularly in Victoria, with continued sound contributions across the balance of the business.

Revenue of $360.9 million was achieved, representing an increase of 22% over FY14, with a marked shift in earnings to the east coast.

The Group's performance resulted in EBITDA of $92.4 million, compared to $73.7 million in FY14 (an increase of 25%) with the net EBITDA margin of 26% slightly improved on FY14 (25%).

The performance has resulted in earnings per share of 8.3 cents for the year ended 30 June 2015, compared to 7.0 cents per share for FY14, representing an increase of 18%.

As previously announced to the market in the first half of the year, the Group raised equity of approximately $51 million to fund its interests in six high quality strategic residential development projects. Three of the projects were acquired jointly with quality investment partners, providing the Group with the opportunity to further leverage and grow its Funds Management business. Two of the projects were already in production and contributed to earnings in FY15.

In the second half of the year, the $10 million syndication of a parcel of land in Tarneit, Victoria, was closed oversubscribed and, at 30 June 2015, plans for the release of the first lots were well advanced on the back of strong demand from the market.

1 Comparative period is 30 June 2014, unless stated otherwise. The non-IFRS measures have not been audited.
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 $6.4 million (FY14: $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 Included is statutory revenue of $354.4 million (FY14 – $276.1 million) and share of net profits from associates and joint ventures of $6.4 million (FY14 – $20.6 million).
5 Pre-write downs of $ nil (FY14 – $1.8 million) (before tax) and includes effects of non-cash movements in investments in associates and joint ventures totalling $6.4 million (FY14 – $20.6 million).
6 Includes equivalent lots.
7 Calculated as (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)

OPERATIONAL COMMENTARY

The Group achieved 3,229 sales (with a gross value of $815.9 million) and 3,266 settlements (with a gross value of $812.8 million) for the full year, representing a decrease of 8.4% and 6.4% respectively compared with FY14.

The lower sales and settlements reflected, in part, continuing moderating conditions in the Western Australian property market; the substantial completion in 2014 of the highly successful Warner Lakes project in Queensland and the Crace project in ACT; and a moderating Northern Territory market.

These factors were generally offset by the continued strong performance across the Group's portfolio of Victorian projects.

Approximately 55% of the Group's settlements were achieved in the second half of FY15 and, as at 30 June 2015, there were 2,061[8] contracts on hand, with a gross value of $440.9 million providing solid momentum into the new financial year. This compares with 1,990[8] contracts on hand with a gross value of $467.9 million at 30 June in 2014. The decrease in value of the contracts on hand as at 30 June 2015 is predominantly attributable to the settlement of apartment sales at Quayside in the ACT.

Funds management projects

The Group's Funds Management business performed solidly during FY15, with strong sales and price growth achieved across Victorian projects off-set by the end of the Warner Lakes project in Queensland and the moderating Western Australian market.

- 1,768 lots sold for a gross value of $433.8 million, compared with 1,834 lots ($412.1 million) in FY14.
- 1,718 lots settled for a gross value of $388.9 million, compared with 1,763 lots ($403.6 million) in FY14.
- 1,150 contracts on hand as at 30 June 2015 with a total value of $216.9 million, compared with 968 lots ($195.1 million) as at 30 June 2014.
- EBITDA[9] of $28.4 million compared with $29.7 million in FY14.
- Net EBITDA[9] margin of 69%, the same as in FY14.

Development projects

The strong performance of Development projects was underpinned by the settlements achieved at the Aston and Greenvale projects in Victoria and the settlements achieved at the Quayside apartment project in ACT.

- 578 lots sold for a gross value of $167.1 million, compared with 501 lots ($141.4 million) in FY14.
- 597 lots settled for a gross value of $195.1 million, compared with 460 lots ($115.3 million) in FY14.
- 245 contracts on hand as at 30 June 2015 with a total value of $58.7 million, compared with 269 lots ($91.6 million) as at 30 June 2014.
- EBITDA[9] of $45.7 million compared with $25.0 million in FY14.
- Net EBITDA[9] margin of 25%, compared with 24% in FY14.

Joint arrangements

The joint venture business' performance for FY15 was impacted by the Crace project in ACT substantially completing in FY14.

- 883 lots sold for a gross value of $215.1 million, compared with 1,190 lots ($281.7 million) in FY14.
- 951 lots settled for a gross value of $228.8 million, compared with 1,268 lots ($308.9 million) in FY14.
- 666 contracts on hand as at 30 June 2015 with a total value of $165.2 million, compared with 753 lots ($181.2 million) as at 30 June 2014.
- EBITDA[9] of $21.4 million compared with $27.4 million in FY14.
- Net EBITDA[9] margin of 20%, compared with 25% in FY14.

8 Includes equivalent lots.
9 Pre write-downs and includes effects of non-cash movements in associates and joint ventures, where appropriate. Refer to note 4 Segment information in the financial report for further detail.

3. REVIEW OF OPERATIONS AND CONSOLIDATED RESULTS (CONTINUED)

LAND PORTFOLIO METRICS

	FY15	FY14	Change
Lot sales	3,229	3,525	(8.4%)
– Retail sales	3,227	3,521	
– Super lots	2	4	
Lot settlements	3,266	3,491	(6.4%)
– Retail sales	3,263	3,488	
– Super lots	3	3	
Contracts on hand as at 30 June			
– Number [10]	2,061	1,990	3.6%
– Value	$440.9 million	$467.9 million	(5.8%)

CAPITAL MANAGEMENT

The Group has maintained its focus on prudent capital management, with gearing [11] reduced to 23.8% as at 30 June 2015, compared with 29.8% as at 30 June 2014. This was at the lower end of its target range of 20-30%.

The Group's interest-bearing debt (including its convertible notes) stood at $234.9 million at 30 June 2015, compared with $295.5 million at 30 June 2014 (down 21%). Approximately 53% of the Group's interest-bearing debt was hedged as at 30 June 2015 (2014: 47%), and the Group has executed a number of forward starts, which will further hedge future interest costs.

The Group produced net operating cash flows of $113 million during the year, representing a significant improvement on the $37 million achieved in FY14.

The Group had net cash and debt headroom of $127.4 million at 30 June 2015 positioning it well to optimise future growth opportunities.

The Group is considering its options regarding its $50 million in convertible notes, which mature in June 2016 and the redemption of which can be funded out of existing cash reserves.

DIVIDENDS

Subsequent to year end, and on the back of a solid second half, the Directors have declared a final dividend for FY15 of 3.0 cents per share, fully franked. This brings the total dividend for FY15 to 4.5 cents per share, fully franked, and compares to the total FY14 dividend of 3.5 cents per share, unfranked. The dividend is to be paid on Wednesday, 30 September 2015, with a record date of Friday, 18 September 2015.

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

10 Includes equivalent lots.

11 Calculated as (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)

GROUP STRATEGY

The Group will continue to target the delivery of shareholder value and quality residential communities around Australia by leveraging its 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 the Group's strategy for the year ahead and beyond include:

- continuing to deliver high-quality, masterplanned communities, adding value and facilitating additional investment in amenity and services wherever possible;
- managing the Group's land bank of more than 47,000 lots to achieve optimal shareholder returns;
- continuing to assess opportunities to acquire quality residential land holdings under our funds management platform, with a strategic focus on acquisitions on the east coast;
- an ongoing focus on maximising return on capital employed in all our key markets;
- maintaining a focus on cost and debt reduction; and
- identifying and assessing further growth opportunities in line with our strategic objectives and as appropriate in market conditions.

FY16 will see the commencement of development of a further seven projects in the key markets across Australia.

After the end of the financial year, in August 2015, the Group announced the sale of its Arena project in Greenvale Victoria for a total of $93.1 million with settlement to occur in instalments over three years. This sale is in line with the Group's continued focus on maximising its return on capital employed, with proceeds from the sale of Arena allowing the Group to redeploy funds into a number of prospective opportunities currently being canvassed.

RISKS

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

The Group's financial risk management policies are set out in note 16 to the financial report.

3. REVIEW OF OPERATIONS AND CONSOLIDATED RESULTS (CONTINUED)

OUTLOOK

The Australian property market continues to benefit from good population growth, a low interest rate environment and relatively low unemployment rates. However, there also remain some key challenges including changing consumer and business sentiment; the contracting resources sector, particularly in Western Australia; other job losses in the manufacturing sector, and the ongoing issue of affordability. The challenge of affordability continues to be mitigated by Peet through the delivery of affordable product targeted predominantly at the low and middle market segments, including an increasing focus on medium density projects.

During the year, Peet settled on the sale of 140 apartments, with a further 340 under construction or in the design phase and a pipeline of approximately 1,700 apartments identified across the national portfolio.

The Group's geographic diversity positions it well to manage through the mixed conditions expected to continue in the Australian property market through FY16:

- in Western Australia, the market has reverted back to more average levels, with demand higher for lower price products;
- the Victorian market remains very positive with increased activity in the residential housing market and positive price growth underpinned by population growth;
- activity in Queensland is increasing, albeit at a reasonably slow rate and coming off historic low levels;
- the Australian Capital Territory market is expected to continue to perform well;
- the South Australian market is expected to continue in recovery mode with increased interest in the affordable market segment and continuing good conditions in the inner ring of Adelaide; and
- the Northern Territory market is moderating after a period of strong demand.

The Group has entered the new financial year in a strong financial position with low gearing and cash and debt headroom of some $127 million. The Group will continue to respond to market conditions and target the delivery of shareholder value and quality residential communities around Australia by leveraging its national land bank; working in partnership with institutional and retail investors; and delivering a mix of product in the growth corridors of major Australian cities.

The Group has the experience, a committed team and right business strategies to target earnings growth. Peet is well positioned to deliver more than 3,500 settlements in FY16, with earnings expected to be skewed to the second half.

4. EARNINGS PER SHARE

	2015 CENTS	2014 CENTS
Basic and diluted earnings per share	8.26	7.00

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 2015. The weighted average number of shares on issue used to calculate earnings per share is discussed at note 7 to the Consolidated Financial report.

5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In May 2015, CIC Australia Limited (CIC) completed a shareholder-approved scheme of arrangement under which CIC conducted a selective buyback and cancellation of all CIC shares other than the shares held by Peet Limited. Peet became the 100% owner of CIC.

The Group acquired interests in two joint arrangements, Golden Bay Estate and Bluestone Mount Barker Estate during the year ended 30 June 2015 for a total consideration of $30 million.

6. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 14 August 2015, the Group announced the sale of Arena residential estate in Greenvale, north of Melbourne, Victoria for $93.1 million. The sale is unconditional, with settlement to occur in instalments over three years.

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.

7. DIVIDENDS

In August 2014, the Directors declared a final unfranked dividend of 3.5 cents per share in respect of the year ended 30 June 2014. The dividend of $10.6 million (net of dividend reinvestment) was paid on Friday, 31 October 2014.

In February 2015, the Directors declared an interim dividend of 1.5 cents per share fully franked in respect to the year ending 30 June 2015. The dividend of $4.8 million (net of dividend reinvestment) was paid on Friday, 17 April 2015.

Subsequent to 30 June 2015, the Directors have declared a final dividend of 3.0 cents per share fully franked in respect to the year ended 30 June 2015. The dividend is to be paid on Wednesday, 30 September 2015, with a record date of Friday, 18 September 2015.

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

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 FY15 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 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	8	8	–	–	–	–
B D Gore	8	8	–	–	–	–
S F Higgs	2	1	–	–	2	–
G W Sinclair	2	2	2	2	–	–
A J Lennon*	8	7	6	5	–	–
T J Allen	8	8	6	6	5	5
V Krause*	8	7	–	–	5	4
R J McKinnon*	8	6	6	6	5	5

* Directors were absent due to calling of non-scheduled meetings or the rescheduling of the meetings which clashed with prior commitments.

11. RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

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

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

12. REMUNERATION

Dear Shareholder,

Peet is pleased to present its Remuneration Report for the year ended 30 June 2015. This report sets out remuneration information for Non-executive Directors, the Managing Director and Chief Executive Officer (MD), and the Executive Team and focuses on the remuneration decisions made by the Board and the pay outcomes that resulted.

The 2015 financial year represented another year of significant financial improvement as Peet achieved an operating net profit after tax of $38.5 million, up 22% from $31.6 million, reduced its total debt, significantly increased net cash flows from operations and reinstated fully franked dividends – while continuing to deliver on its strategy for growth.

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

In considering remuneration outcomes, the Board Remuneration Committee (Committee):

(a) balances Peet's financial performance with the development and implementation of strategies for the long-term benefit of the Group; and

(b) takes into account the underlying scale of Peet's operations which are not fully identifiable from a pure focus on the Group's statutory accounts.

12. REMUNERATION (CONTINUED)

While the statutory financial statements show total revenue of $354.4 million and earnings before interest, tax, depreciation and amortisation (EBITDA) of $92.4 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 $812.8 million and total EBITDA increases to $192.3 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 2015 financial year increased by less than 4% on a weighted average basis from the base pay for the 2014 financial year (2014 base pay was in line with the base pay for the 2013 financial year).
- The MD received a 3% increase in base pay during the year ended 30 June 2015. Before 2015, 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 2015. This follows a positive assessment of the Executive Team's performance against a balanced scorecard, which includes consideration of both Group financial, strategic and individual targets.
- During the year, long-term incentive performance conditions were tested as at 30 June 2014 resulting in the partial vesting of performance rights and the subsequent issue of ordinary shares during the 2015 financial year to participants in Peet's long-term incentive plan.
- There was an increase in the base fee of Non-executive Directors during the year. Their base fees were last increased with effect from 1 July 2006.

Peet also takes the opportunity to confirm that the MD's remuneration package for the year ending 30 June 2016 will be the same as 2015, notwithstanding his contractual entitlement to an adjustment of at least CPI.

We encourage our shareholders to use the cash value of remuneration realised table on page 50 to assess the remuneration outcomes for Executives in the year ended 30 June 2015 and the alignment of these outcomes with the Group's performance.

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

The Board is satisfied that these remuneration outcomes for the year ended 30 June 2015 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

13. REMUNERATION REPORT (AUDITED)

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

A. SERVICE AGREEMENTS

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

C. DETAILS OF REMUNERATION

D. SHARE BASED COMPENSATION

E. ADDITIONAL INFORMATION

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

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

NAME	POSITION
B D Gore	Managing Director and Chief Executive Officer
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

A. SERVICE AGREEMENTS

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

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

NAME	TERMS OF AGREEMENT	BASE PAY INCLUDING SUPERANNUATION[1]	TERMINATION BENEFIT[2,3]
B D Gore	On-going renewed 5 August 2011	$937,300	Refer below[4]
P J Dumas	On-going commenced 4 February 2008	$474,000	3 months base pay inclusive of superannuation
D Scafetta	On-going commenced 10 June 1998	$325,000	3 months base pay inclusive of superannuation
B C Fullarton	On-going commenced 21 October 2013	$440,000	3 months base pay inclusive of superannuation

1. Base pays, inclusive of superannuation, for the year ended 30 June 2015. 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.

13. REMUNERATION REPORT (AUDITED) (CONTINUED)

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.

In prior years the Remuneration Committee of the Board had given 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 (EBITDA), 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 FY15 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.

13. REMUNERATION REPORT (AUDITED) (CONTINUED)

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 Non-executive Directors' remuneration is inclusive of committee fees and fees for their membership on any subsidiary Boards. From 1 July 2014, the fees payable to the Non-executive Directors was increased by 15% along with an increase in fees for Chairman of the Remuneration Committee and the Chairman of the Audit and Risk Management Committee by $10,000 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 Non-executive Directors do not receive any form of retirement allowance.

EXECUTIVE PAY

The Company's pay and reward framework for an Executive Director and other (non-director) key management personnel 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 individual concerned.

i. Base pay and benefits

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

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. As and when considered appropriate, external remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay is reviewed annually to ensure it remains competitive with the market.

ii. Short-term performance incentives (STI)

Executives have a target STI opportunity depending on the accountabilities of their specific role and impact on the Group's performance. The maximum target bonus opportunity for the Executives for the years ended 30 June 2015 and 2014 ranged between 100% and 25% of the relevant executive'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 executive).

13. REMUNERATION REPORT (AUDITED) (CONTINUED)

KPIs for each executive are set by reference to the following criteria based on their specific role:

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

For the year ended 30 June 2015, the MD and other Executives were assessed as follows against the KPIs:

	WEIGHTING		% ACHIEVED		% FORFEITED	
CATEGORY	MD	EXECUTIVES	MD	EXECUTIVES	MD	EXECUTIVES
Financial targets	55.0%	55.0%	55.0%	55.0%	–	–
Business growth targets	25.0%	15.0% to 35.0%	25.0%	15.0% to 35.0%	–	–
Stakeholder engagement	7.5%	0.0% to 7.5%	7.5%	0.0% to 7.5%	–	–
People and process improvements	7.5%	5.0% to 20.0%	7.5%	5.0% to 20.0%	–	–
Health, safety and environment	5.0%	5.0%	5.0%	5.0%	–	–
	100.0%	100.0%	100.0%	100.0%	–	–

For the year ended 30 June 2014, the KPIs linked to the STI plan were based on very similar criteria.

iii. Long-term incentives (LTI)

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

Executives have a target LTI opportunity depending on the accountabilities of their specific role and impact on the Group's performance. The maximum target opportunity for the Executives for the years ended 30 June 2015 and 2014 ranged between 100% and 50% of the relevant executive's base pay.

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

C. DETAILS OF REMUNERATION

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

The table below sets out the total cash value of remuneration realised for the Directors and Executives and provides shareholders with details of the "take-home" pay 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 Executives 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.

13. REMUNERATION REPORT (AUDITED) (CONTINUED)

		CASH SALARY AND FEES[1]	BONUS[2]	VALUE OF PRS VESTED[3]	OTHER[4]	SUPERANNUATION	TOTAL
Directors							
A W Lennon	**2015**	**216,712**	–	–	–	**20,588**	**237,300**
	2014	192,460	–	–	–	17,796	210,256
S F Higgs[5]	**2015**	**12,500**	–	–	–	**1,188**	**13,688**
	2014	75,000	–	–	–	6,938	81,938
G W Sinclair[6]	**2015**	**12,500**	–	–	–	**1,188**	**13,688**
	2014	88,730	–	–	–	8,208	96,938
T J Allen	**2015**	**136,283**	–	–	–	**12,947**	**149,230**
	2014	116,190	–	–	–	10,748	126,938
V Krause[7]	**2015**	**86,055**	–	–	–	**8,175**	**94,230**
	2014	18,750	–	–	–	1,734	20,484R
R J McKinnon[8]	**2015**	**108,886**	–	–	–	**10,344**	**119,230**
	2014	8,981	–	–	–	831	9,812
A J Lennon[9]	**2015**	**146,055**	–	**88,069**	–	**8,175**	**242,299**
	2014	115,000	–	129,643	–	6,938	51,581
B D Gore	**2015**	**918,517**	**968,550**	**693,875**	**10,000**	**18,783**	**2,609,725**
	2014	892,225	911,375	954,082	10,000	17,775	2,785,457
Total	**2015**	**1,637,508**	**968,550**	**781,944**	**10,000**	**81,388**	**3,479,390**
	2014	1,507,336	911,375	1,083,725	10,000	70,968	3,583,404
Other key management personnel							
D J Cooper[10]	**2015**	–	–	**277,360**	–	–	**277,360**
	2014	482,699	–	282,857	–	17,775	783,331
P J Dumas	**2015**	**444,000**	**315,650**	**263,063**	–	**30,000**	**1,052,713**
	2014	435,000	309,075	276,122	–	25,000	1,045,197
D Scafetta	**2015**	**306,217**	**100,000**	**138,775**	–	**18,783**	**563,775**
	2014	282,225	99,375	134,694	–	17,775	534,069
B C Fullarton	**2015**	**405,000**	**220,000**	–	–	**35,000**	**660,000**
	2014	266,758	135,340	–	–	18,168	420,266
Total	**2015**	**1,155,217**	**635,650**	**679,198**	–	**83,783**	**2,553,848**
	2014	1,466,682	543,790	693,673	–	78,718	2,782,863

1. Cash salary and fees, as well as fees paid to Directors for their directorship on Syndicate Boards.
2. All cash bonuses are earned in the financial year to which they relate and are paid during the following financial year.
3. Calculated as the closing price of Peet shares as at 18 September 2014 ($1.22), being the date the Board confirmed the partial vesting of FY12 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. Resigned 28 August 2014.
6. Resigned 28 August 2014.
7. Appointed 4 April 2014.
8. Appointed 19 May 2014.
9. Value of PRs vested relate to PRs granted while A J Lennon was an executive.
10. Resigned 27 June 2014.

13. 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	SHARE BASED PAYMENTS		
		CASH SALARY AND FEES[1]	BONUS[2]	OTHER[3]	SUPERANNUATION	SHARES/ OPTION / PERFORMANCE RIGHTS[4,5]	TERMINATION BENEFITS	TOTAL
		$	$	$	$	$	$	$
Directors								
A W Lennon	**2015**	**216,712**	–	–	**20,588**	–	–	**237,300**
	2014	192,460	–	–	17,796	–	–	210,256
S F Higgs[6]	**2015**	**12,500**	–	–	**1,188**	–	–	**13,688**
	2014	75,000	–	–	6,938	–	–	81,938
G W Sinclair[7]	**2015**	**12,500**	–	–	**1,188**	–	–	**13,688**
	2014	88,730	–	–	8,208	–	–	96,938
T J Allen	**2015**	**136,283**	–	–	**12,947**	–	–	**149,230**
	2014	116,190	–	–	10,748	–	–	126,938
V Krause[8]	**2015**	**86,055**	–	–	**8,175**	–	–	**94,230**
	2014	18,750	–	–	1,734	–	–	20,484
R J McKinnon[9]	**2015**	**108,886**	–	–	**10,344**	–	–	**119,230**
	2014	8,981	–	–	831	–	–	9,812
A J Lennon[10]	**2015**	**146,055**	–	–	**8,175**	**(14,096)**	–	**140,134**
	2014	115,000	–	–	6,938	63,116	–	185,054
B D Gore	**2015**	**918,517**	**968,550**	**10,000**	**18,783**	**1,274,209**	–	**3,190,059**
	2014	892,225	911,375	10,000	17,775	1,452,108	–	3,283,483
Total	**2015**	**1,637,508**	**968,550**	**10,000**	**81,388**	**1,260,113**	–	**3,957,559**
	2014	1,507,336	911,375	10,000	70,968	1,515,224	–	4,014,903
Other key management personnel								
D J Cooper[11,12]	**2015**	–	–	–	–	**(134,872)**	–	**(134,872)**
	2014	482,699	–	–	17,775	65,996	–	566,470
P J Dumas	**2015**	**444,000**	**315,650**	–	**30,000**	**378,356**	–	**1,168,006**
	2014	435,000	309,075	–	25,000	450,876	–	1,219,951
D Scafetta	**2015**	**306,217**	**100,000**	–	**18,783**	**200,395**	–	**625,395**
	2014	282,225	99,375	–	17,775	230,989	–	630,364
B C Fullarton	**2015**	**405,000**	**220,000**	–	**35,000**	**232,819**	–	**892,819**
	2014	266,758	135,340	–	18,168	–	–	420,266
Total	**2015**	**1,155,217**	**635,650**	–	**83,783**	**676,698**	–	**2,551,348**
	2014	1,466,682	543,790	–	78,718	747,861	–	2,837,051

1. Cash salary and fees include 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. 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 Executives 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. Resigned 28 August 2014.
7. Resigned 28 August 2014.
8. Appointed 4 April 2014.
9. Appointed 19 May 2014.
10. Share based payments include PRs granted while A J Lennon was an executive.
11. Resigned 27 June 2014.
12. D J Cooper's 2013 and 2014 share based payment amortisation expense was reversed upon the forfeiture of unvested performance rights as a result of his resignation. Details had not been finalised regarding the treatment of the performance rights at the date of his departure.

13. REMUNERATION REPORT (AUDITED) (CONTINUED)

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

	FIXED REMUNERATION		AT RISK STI		AT RISK LTI	
	2015	2014	2015	2014	2015[1]	2014[1]
Directors						
A W Lennon	**100%**	100%	–	–	–	–
S F Higgs[2]	**100%**	100%	–	–	–	–
G W Sinclair[3]	**100%**	100%	–	–	–	–
T J Allen	**100%**	100%	–	–	–	–
V Krause[4]	**100%**	100%	–	–	–	–
R J McKinnon[5]	**100%**	100%	–	–	–	–
B D Gore	**30%**	28%	**30%**	28%	**40%**	44%
A J Lennon[6]	**100%**	66%	–	–	–	34%
Other key management personnel						
D J Cooper[7]	–	88%	–	–	–	12%
P J Dumas	**41%**	38%	**27%**	25%	**32%**	37%
D Scafetta	**52%**	47%	**16%**	16%	**32%**	37%
B C Fullarton	**49%**	68%	**25%**	32%	**26%**	–

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. Resigned 24 August 2014.
3. Resigned 24 August 2014.
4. Appointed 4 April 2014.
5. Appointed 19 May 2014.
6. Includes PRs granted while A J Lennon was an executive.
7. Resigned 27 June 2014.

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.

13. REMUNERATION REPORT (AUDITED) (CONTINUED)

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 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.

13. REMUNERATION REPORT (AUDITED) (CONTINUED)

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

EXECUTIVES	DATE OF GRANT	PERFORMANCE/ SERVICE PERIOD	EXPIRY	EXERCISE	VALUE PER OPTION/ PR AT GRANT DATE	VESTING CONDITIONS	BALANCE AS AT 1 JULY 14	GRANTED	EXERCISED/ VESTED	LAPSED/ FORFEITED	BALANCE AT DATE OF REPORT	EXERCISABLE 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	1,200,000	2
Performance Rights													
B D Gore	15 Nov 2011	3 yrs ended 30 Jun 2014	16 Jan 2017	$0.00	$0.81[1]	FUM Growth Relative ROE	1,137,500	–	(568,750)	(568,750)	–	–	3 4
	28 Nov 2012	3 yrs ended 30 Jun 2015	28 Nov 2017	$0.00	$0.95[1]	FUM Growth EBITDA Growth	2,086,677	–	(1,786,196)	(300,481)	–	–	5 6
	26 Nov 2013	3 yrs ended 30 Jun 2016	20 Dec 2018	$0.00	$1.27[1]	FUM Growth ROAFE	1,023,622	–	–	–	1,023,622	–	5 7
	26 Nov 2014	3 yrs ended 30 Jun 2017	22 Dec 2019	$0.00	$1.07[1]	FUM Growth ROAFE	–	833,897	–	–	833,897	–	5 7
A J Lennon*	15 Nov 2011	3 yrs ended 30 Jun 2014	16 Jan 2017	$0.00	$0.81[1]	FUM Growth Relative ROE	144,375	–	(72,188)	(72,187)	–	–	3 4
Other executives	16 Jan 2012	3 yrs ended 30 Jun 2014	16 Jan 2017	$0.00	$0.64	FUM Growth Relative ROE	886,094	–	(556,719)	(329,375)	–	–	3 4
	28 Nov 2012	3 yrs ended 30 Jun 2015	28 Nov 2017	$0.00	$0.95	FUM Growth EBITDA Growth	953,909	–	(816,546)	(137,363)	–	–	5 6
	20 Dec 2013	3 yrs ended 30 Jun 2016	20 Dec 2018	$0.00	$1.27	FUM Growth ROAFE	479,190	–	–	–	479,190	–	5 7
	8 Sep 2014	3 yrs ended 30 Jun 2016	8 Sep 2019	$0.00	$1.27	FUM Growth ROAFE	–	239,033	–	–	239,033	–	5 7
	22 Dec 2014	3 yrs ended 30 Jun 2017	22 Dec 2019	$0.00	$0.94	FUM Growth ROAFE	–	593,328	–	–	593,328	–	5 7
							6,711,367	1,666,258	(3,800,399)	(1,408,156)	3,169,070	–	
Total							**7,911,367**	**1,666,258**	**(3,800,399)**	**(1,408,156)**	**4,369,070**	**1,200,000**	

* Include PRs granted while A J Lennon was an executive.

13. 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 15 November 2011, 28 November 2012, 26 November 2013 and 26 November 2014, being the dates of Peet Limited's 2011, 2012, 2013 and 2014 AGMs, respectively.

NOTE 2

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

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

NOTE 3

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 group achieved the FUM growth target of $121.7 million for the three year performance period ended 30 June 2014. Accordingly, the performance condition was met and on 18 September 2014 the Directors resolved that the PRs relating thereto vested.

13. 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 Group's ROE for the three year performance period ended 30 June 2014 was below the 50th percentile of the S&P/ASX 200 industrials. Accordingly, the Relative ROE performance condition was not met and on 18 September 2014 the Directors resolved that the proportionate number of PRs relating thereto lapsed.

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%

The group achieved the FUM growth of $88.9 million for the three year performance period ended 30 June 2015. Accordingly, the performance condition was partially met and on 12 August 2015 the Directors resolved that 64% of PRs thereto vested.

The PRs for the performance period ended 30 June 2016 and 30 June 2017 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 2012 to 30 June 2015 (FY13 Performance Period).

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.

13. REMUNERATION REPORT (AUDITED) (CONTINUED)

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%

The Group achieved underlying EBITDA of $219.2 million against the target of $156.8 million for the three year performance period ended 30 June 2015. Accordingly, the EBITDA growth performance conditions attached to the PRs were met and on 12 August 2015 the Directors resolved that 100% of the PRs relating thereto vested.

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) and 1 July 2014 to 30 June 2017 (FY15 Performance Period) respectively. ROAFE is measured as the average of the Earnings before Interest and Tax (EBIT) and write-downs of inventories and/or development costs or increases in the carrying value of inventories 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 and FY15 Performance Period respectively.

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.

13. REMUNERATION REPORT (AUDITED) (CONTINUED)

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.

	BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	LAPSED/ FORFEITED DURING THE YEAR[1]	BALANCE AT END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR
Directors						
A W Lennon	–	–	–	–	–	–
S F Higgs	–	–	–	–	–	–
G W Sinclair	–	–	–	–	–	–
T J Allen	–	–	–	–	–	–
V Krause	–	–	–	–	–	–
R J McKinnon	–	–	–	–	–	–
A J Lennon[2]	144,375	–	(72,188)	(72,187)	–	–
B D Gore	5,447,799	833,897	(568,750)	(869,231)	4,843,715	1,200,000
Other key management personnel						
D J Cooper	227,344	–	(227,344)	–	–	–
P J Dumas	1,374,593	253,025	(215,625)	(306,760)	1,105,233	–
D Scafetta	717,256	144,573	(113,750)	(159,978)	588,101	–
B C Fullarton	–	434,763	–	–	434,763	–

1. Includes performance rights for which performance conditions were not met for the performance period.
2. Includes PRs granted while A J Lennon was an executive.

During the financial year 1,197,657 PRs (2014: 1,269,570) were exercised by Executives at $ Nil exercise price.

Since year-end, 2,602,742 PRs were vested and exercised at $ Nil exercise price by Executives prior to the date of this report.

Refer note 24 of the financial report for the total options and performance rights outstanding.

13. REMUNERATION REPORT (AUDITED) (CONTINUED)

E. ADDITIONAL INFORMATION

PERFORMANCE OF PEET LIMITED

The overall level of executive compensation takes into account the performance of the Group over the past year. Comparison to the previous five years' performance is tabulated below:

		2011	2012	2013	2014	2015
Net profit after tax (NPAT)	$'000	22,147	5,437	880	30,291	**38,460**
NPAT growth	Growth%	(47.40%)	(75.50%)	(83.80%)	3342.20%	**27.0%**
Net operating profit after tax (NOPAT)	$'000	44,023	20,310	18,346	31,555	**38,460**
NOPAT growth	Growth%	2.80%	(53.90%)	(9.70%)	72.00%	**21.88%**
Basic EPS	cents per share	7.3	1.7	0.26	7.0	**8.26**
Basic EPS growth	Growth%	(48.20%)	(76.70%)	(84.70%)	2592.30%	**18.0%**
Operating EPS	cents per share	14.6	6.3	5.4	7.3	**8.26**
Operating EPS growth	Growth%	2.10%	(56.80%)	(14.30%)	35.20%	**13.15%**
Dividends paid/payable	cents per share	8.5	–	–	3.5	**4.5**
Dividend paid growth	Growth%	0.00%	(100%)	0.00%	100%	**29%**
Share price 30 June	$	1.47	0.67	1.12	1.35	**1.15**
Share price growth	Growth%	(30.30%)	(54.40%)	67.20%	20.50%	**(14.81%)**

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 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.

13. REMUNERATION REPORT (AUDITED) (CONTINUED)

	CASH BONUS		OPTIONS & PERFORMANCE RIGHTS				
	PAID/ PAYABLE %	FORFEITED/ DEFERRED %	FINANCIAL YEAR GRANTED	VESTED[1] %	FORFEITED[1,2] %	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[3]	–	–	–	–	–	–	–
R J McKinnon[4]	–	–	–	–	–	–	–
A J Lennon[5]	–	–	2012	50%	50%	2015	–
B D Gore	100%	–	2015	–	–	2017	592,878
			2014	–	–	2017	564,342
			2013	85.6%	14.4%	2016	–
			2012	50%	50%	2015	–
Other key management personnel							
D J Cooper[6]	–	–	2014	–	100%	2017	–
			2013	–	100%	2016	–
			2012	–	50%	2015	–
P J Dumas	100%	–	2015	–	–	2017	158,441
			2014	–	–	2017	171,163
			2013	85.6%	14.4%	2016	–
			2012	50%	50%	2015	–
D Scafetta	100%	–	2015	–	–	2017	90,530
			2014	–	–	2017	93,024
			2013	85.6%	14.4%	2016	–
			2012	50%	50%	2015	–
B C Fullarton	100%	–	2015	–	–	2017	122,564
			2014	–	–	2017	131,784

1. Includes performance rights for which performance conditions were met for the performance period ended 30 June 2015 and confirmed by the Directors after balance date
2. Includes performance rights for which performance conditions were not met for the performance period.
3. Appointed 4 April 2014.
4. Appointed 19 May 2014.
5. Includes PRs granted while A J Lennon was an executive.
6. Resigned 27 June 2014.

13. 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 1,197,657 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 2015.

	REMUNERATION CONSISTING OF OPTIONS & PERFORMANCE RIGHTS[1]	VALUE OF OPTIONS & PERFORMANCE RIGHTS GRANTED[2]	VALUE OF OPTIONS & PERFORMANCE RIGHTS EXERCISED[3]	VALUE OF OPTIONS & PERFORMANCE RIGHTS LAPSED[4]
Directors				
B D Gore	40%	888,100	460,972	460,972
A J Lennon[5]	–	–	58,508	58,508
Other key management personnel				
D J Cooper[6]	–	–	–	145,136
P J Dumas	32%	237,337	137,655	137,655
D Scafetta	32%	135,609	72,618	72,618
B C Fullarton	26%	487,167	–	–

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. Includes PRs granted while A J Lennon was an executive.
6. Resigned 27 June 2014.

13. REMUNERATION REPORT (AUDITED) (CONTINUED)

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 2014 ANNUAL GENERAL MEETING

The instructions given to validly appointed proxies in respect of the resolution pertaining to the Company's 2014 Remuneration Report were as follows:

FOR	AGAINST	PROXY'S DISCRETION	ABSTAIN
222,343,619	12,086,512	4,143,573	12,020,794
93.2%	5.1%	1.7%	

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

INTERESTS IN THE SHARES AND CONVERTIBLE NOTES OF THE COMPANY

	SHARES				CONVERTIBLE NOTES		
	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
Directors							
A W Lennon	90,153,815	–	6,658,759	96,812,574	600	–	600
S F Higgs	400,000	–	100,000	500,000	–	–	–
G W Sinclair	92,044	–	–	92,044	–	–	–
T J Allen	83,044	–	9,010	92,054	4,114	–	4,114
V Krause	–	–	–	–	–	–	–
R J McKinnon	–	–	50,000	50,000	–	–	–
B D Gore	1,171,048	568,750	–	1,739,798	–	–	–
A J Lennon[1]	1,224,257	72,188	34,899	1,331,344	–	–	–
Other key management personnel							
P J Dumas	321,463	215,625	(420,000)	117,088	–	–	–
D Scafetta	441,560	113,750	–	555,310	–	–	–

1. Includes interest in PRs obtained while A J Lennon was an Executive Director

Since year-end, 2,602,742 PRs were vested and exercised at $ Nil exercise price by Executives prior to the date of this report.

END OF REMUNERATION REPORT (AUDITED)

14. INDEMNITY OF OFFICERS AND AUDITORS

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

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.

15. NON-AUDIT SERVICES

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

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

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

The fees that were paid or payable for services provided by the auditors of the Group, its related practices and non-related audit firms is set out in note 21 of the Financial report.

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 64.

17. ROUNDING OF AMOUNTS

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 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
27 August 2015

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Perth WA 6000 Australia
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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 2015, 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

Ernst & Young

G Lotter
Partner
27 August 2015

Corporate Governance Statement

A copy of the Group's corporate governance policies and practices in place during the financial year ended 30 June 2015 is available at the following link:

http://www.peet.com.au/corporate-governance-statement

Unless otherwise stated, these are consistent with the 3rd edition of the ASX Corporate Governance Council's Principles and Recommendations (released March 2014).

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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 for profit company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is; Level 7, 200 St Georges Terrace, Perth WA 6000. The financial report was authorised for issue by the Directors on 27 August 2015. 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	2015 $'000	2014 $'000
Revenue	5	354,434	276,054
Expenses	6	(295,323)	(244,640)
Finance costs (net of capitalised borrowing costs)	6	(5,838)	(8,758)
Share of net profit of associates and joint ventures	10	6,425	20,620
Write-down in carrying value of inventories	6	–	(1,806)
Profit before income tax		**59,698**	**41,470**
Income tax expense	8	(17,769)	(9,884)
Profit for the year		**41,929**	**31,586**
Attributable to:			
Owners of Peet Limited		38,460	30,291
Non-controlling interests		3,469	1,295
		41,929	**31,586**
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss:			
Realised losses transferred to profit or loss		1,978	3,588
Unrealised losses on cash flow hedges		(2,085)	(781)
Share of other comprehensive income of associates		(2)	12
Income tax relating to components of other comprehensive income		32	(842)
Other comprehensive income for the year, net of tax		**(77)**	**1,977**
Total comprehensive income for the year		**41,852**	**33,563**
Attributable to:			
Owners of Peet Limited		38,359	32,107
Non-controlling interests		3,493	1,456
		41,852	**33,563**

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

	Notes	Cents	Cents
Basic and diluted earnings per share	7	8.26	7.00

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	2015 $'000	2014 $'000
Current assets			
Cash and cash equivalents		57,723	38,783
Receivables	11	53,512	43,014
Inventories	9	100,676	143,112
Current tax receivable		–	1,189
Total current assets		**211,911**	**226,098**
Non-current assets			
Receivables	11	47,965	38,183
Inventories	9	419,858	397,485
Investments accounted for using the equity method	10	181,826	152,641
Property, plant and equipment		10,932	11,360
Deferred tax assets	8	–	18,509
Intangible assets		2,589	2,856
Total non-current assets		**663,170**	**621,034**
Total assets		**875,081**	**847,132**
Current liabilities			
Payables	12	63,346	55,533
Land vendor liabilities	13	5,000	7,500
Borrowings	16	65,825	50,639
Derivative financial instruments	16	1,917	–
Current tax liabilities		3,324	–
Provisions	14	11,099	11,124
Total current liabilities		**150,511**	**124,796**
Non-current liabilities			
Land vendor liabilities	13	43,181	16,949
Borrowings	16	169,100	244,907
Derivative financial instruments	16	1,473	3,285
Deferred tax liabilities	8	26,436	36,512
Provisions	14	486	637
Total non-current liabilities		**240,676**	**302,290**
Total liabilities		**391,187**	**427,086**
Net assets		**483,894**	**420,046**
Equity			
Contributed equity	17	385,962	328,609
Reserves	17	10,628	8,791
Retained profits		82,264	66,291
Capital and reserves attributable to owners of Peet Limited		**478,854**	**403,691**
Non-controlling interests		5,040	16,355
Total equity		**483,894**	**420,046**

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 interest $'000	Total equity $'000
Balance at 1 July 2013		**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	17	3,416	–	–	3,416	–	3,416
Share based payments		–	2,736	–	2,736	–	2,736
Balance at 30 June 2014		**328,609**	**8,791**	**66,291**	**403,691**	**16,355**	**420,046**
Balance at 1 July 2014		**328,609**	**8,791**	**66,291**	**403,691**	**16,355**	**420,046**
Profit for the year		–	–	38,460	38,460	3,469	41,929
Other comprehensive income		–	(101)	–	(101)	24	(77)
Total comprehensive income for the year		–	**(101)**	**38,460**	**38,359**	**3,493**	**41,852**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	17	57,353	–	–	57,353	–	57,353
Transactions with non-controlling interest		–	(439)	–	(439)	(14,808)	(15.247)
Share based payments		–	2,377	–	2,377	–	2,377
Dividends paid		–	–	(22,487)	(22,487)	–	(22,487)
Balance at 30 June 2015		**385,962**	**10,628**	**82,264**	**478,854**	**5,040**	**483,894**

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

Consolidated Statement of Cash Flows

	Notes	2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		383,724	297,704
Payments to suppliers and employees (inclusive of GST)		(234,952)	(234,375)
Payments for purchase of land		(19,903)	(12,811)
Interest and other finance costs paid		(20,371)	(26,967)
Distributions and dividends received from associates and joint ventures		9,122	18,119
Income tax paid		(4,320)	(4,468)
Net cash inflow from operating activities	19	**113,300**	**37,202**
Cash flows from investing activities			
Payments for property, plant and equipment		(2,457)	(1,435)
Payment for intangibles		–	(480)
Payments for investment in associates		(33,017)	(19,826)
Proceeds from capital returns from associates		2,331	24,559
Loans to related parties		(19,397)	(12,366)
Repayment of loans by related parties		100	320
Interest received		741	610
Net cash outflow from investing activities		**(51,699)**	**(8,618)**
Cash flows from financing activities			
Dividends paid to Group's shareholders		(21,361)	–
Repayment of borrowings		(108,512)	(147,122)
Proceeds from borrowings		46,660	117,489
Proceeds from issue of equity securities (net of equity raising costs)		49,786	3,412
Transactions with non-controlling interests - share buyback (net of costs)		(9,234)	–
Net cash outflow from financing activities		**(42,661)**	**(26,221)**
Net increase in cash and cash equivalents		18,940	2,363
Cash and cash equivalents at the beginning of the financial year		38,783	36,420
Cash and cash equivalents at end of year		**57,723**	**38,783**

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

1. Reporting entity

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

2. Basis of preparation

The financial report is a general purpose financial report which:

- has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*;
- comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- has been prepared under the historical cost convention, except for derivative instruments which have been measured at fair value;
- provide comparative information in respect of the previous period; and
- is rounded off to the nearest thousand dollars or in certain cases to the nearest dollar in accordance with ASIC Class Order 98/100.

a. Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group and the entities it controlled at the end of, or during the year ended 30 June 2015. The Group controls an investee if and only if the Group has:

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

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

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

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

b. 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.

2. Basis of preparation (continued)

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.

c. 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 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.

d. Changes in ownership interests

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

e. Changes in accounting policies

The Group has adopted all new and amended Australian Accounting Standards and Interpretations effective from 1 July 2014. New and amended Standards and Interpretations did not result in any significant changes to the Group's accounting policies. The Group has not elected to early adopt any other new or amended Standards or Interpretations that are issued but not yet effective (refer note 26 (ix)).

3. How to read the annual report

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

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

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

Key estimates are described in the following notes:

- Note 5 – sales fall over rates on project management and selling fees;
- Note 8 – deferred tax assets; and
- Note 9 – net realisable value.

Financial instrument risk management is carried out by the 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.

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

- credit risk (note 11);
- liquidity risk (note 16); and
- interest rate risk (note 16).

Related party transactions are disclosed within the notes they relate to. Transactions which occur between the Group and significant controlled entities are classified as related parties. Significant controlled entities are interests held in associates and joint ventures, which are set out in note 10. Details relating to the key management personnel, including remuneration paid, are included in item 13 of the Directors' report.

Performance for the year

Highlights for the year

- ✔ Revenue up by 28%
- ✔ Net profit after tax up by 27%
- ✔ EBITDA[1] up by 25%
- ✔ Basic EPS up by 18%

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

4. Segment information

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

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

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

The Group operates only in Australia.

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

Funds management

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

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

Company-owned projects

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

Joint arrangements

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

Inter-segment transfers and other unallocated

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

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.

1 Excludes inventory write-downs.

4. Segment information (continued)

	Funds Management		Asset management company owned projects		Asset management joint arrangement		Inter-segment eliminations and other unallocated		Consolidated	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Revenue by segment										
Sales to external parties	37,027	32,500	185,272	103,047	100,144	93,405	28,036	40,627	350,479	269,579
Other revenue	1,614	3,649	711	1,195	757	2,220	873	(589)	3,955	6,475
Share of net profit of associates and JVs	2,836	7,141	–	–	4,731	14,229	(1,142)	(750)	6,425	20,620
Total	**41,477**	**43,290**	**185,983**	**104,242**	**105,632**	**109,854**	**27,767**	**39,288**	**360,859**	**296,674**
Corporate overheads							**(10,214)**	**(11,332)**	**(10,214)**	**(11,332)**
EBIT and EBITDA by segment										
EBITDA excluding write-down of inventories	28,420	29,718	45,683	24,955	21,390	27,440	(3,074)	(8,415)	92,419	73,698
Write-down of inventories	–	–	–	(1,806)	–	–	–	–	–	(1,806)
EBITDA[1]	**28,420**	**29,718**	**45,683**	**23,149**	**21,390**	**27,440**	**(3,074)**	**(8,415)**	**92,419**	**71,892**
Depreciation and amortisation	(73)	(55)	(1,502)	(1,024)	(424)	(876)	(932)	(858)	(2,931)	(2,813)
EBIT[2]	**28,347**	**29,663**	**44,181**	**22,125**	**20,966**	**26,564**	**(4,006)**	**(9,273)**	**89,488**	**69,079**
Financing costs (includes interest and finance costs expensed through cost of sales)									(29,790)	(27,609)
Profit before income tax									**59,698**	**41,470**
Income tax (expense) / benefit									(17,769)	(9,884)
Profit for the year									**41,929**	**31,586**

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

	2015 $'000	2014 $'000
Revenue from sales of land	300,034	223,771
Project management and performance fees	47,260	44,372
Other revenue	7,140	7,911
	354,434	**276,054**

Recognition and measurement

Revenue is recognised at the fair value of consideration received or receivable. The main streams of revenue are recognised if it meets the criteria outlined below.

Sale of land

Revenue 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 sales contract with a buyer as this is the point at which revenue has been earned by the project manager, adjusted for estimates of sales fall over rates.

Performance fees

Performance fee revenue is based on a profitability measurement in accordance with the relevant development management agreement.

Other revenue

Other revenue includes:

- Interest – this is recognised when earned, which is determined using the effective interest rate method.
- Dividends – this is recognised when the Group's right to receive payment is established.
- Other trading activities – this is recognised as the service required under the contract is performed.

Key estimates

Sales fall over rates on project management and selling fees

An analysis of sales fallen over is performed on a monthly basis for all business segments by location. This analysis is used to determine an appropriate provision for sales fall overs to be recognised against project management and selling fees.

Revenue from related parties included above

	2015 $'000	2014 $'000
Revenue from related parties[1]		
Associates		
Project management and performance fees	43,067	30,488
Syndicate administration fees	1,506	1,436
Interest	1,655	2,611
Other	209	373
Joint ventures		
Project management and performance fees	1,963	12,221
	48,400	**47,129**

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

6. Expenses

	2015 $'000	2014 $'000
Profit before income tax includes the following specific expenses:		
Land and development cost	193,894	149,074
Amortised interest and finance expense	23,952	18,851
Total land and development cost	**217,846**	**167,925**
Depreciation	2,668	2,612
Amortisation	263	201
Total depreciation and amortisation[1]	**2,931**	**2,813**
Employee benefits expense[2]	33,957	35,886
Project management, selling and other operating costs	22,787	20,738
Other expenses	17,802	17,278
Total other expenses	**74,546**	**73,902**
Total expenses	**295,323**	**244,640**
Finance costs		
Interest and finance charges paid/payable	16,666	25,915
Interest on convertible notes	5,867	5,755
Amount capitalised	(16,695)	(22,912)
	5,838	**8,758**
Write-down in carrying value of inventories and development costs		
Write-down of inventory to net realisable value	–	1,806
	–	**1,806**

1. Refer to note 26 (ii) and (iii) for accounting policies.
2. Refer to note 26 (iv), (v) and (vi) for accounting policies.

Related party expenses	2015 $'000	2014 $'000
Expenses[3]		
Interest paid on shareholder loan	–	656
KMP remuneration	6,509	6,852

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

Land and development costs

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

Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period they are incurred. The capitalisation rate used to determine the amount of finance costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year (refer note 16).

7. Earnings per share

	2015	2014
Profit attributable to the ordinary equity holders of the Company ($'000)	38,460	30,291
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	465,473,536	432,997,427
Basic and diluted earnings per share (cents)	8.26	7.00

There are 1,200,000 options and 500,000 convertible notes excluded from the calculation of diluted earnings per share as they are anti-dilutive. They could potentially dilute basic earnings per share in the future.

Refer note 24 for the number of Performance Rights (PRs) outstanding at 30 June 2015. These PRs are contingently issuable shares and accordingly not included in diluted earnings per share.

8. Taxes

a. Income tax expense

	2015 $'000	2014 $'000
Major components of tax expense		
Current income tax expense		
Current tax	8,097	–
Adjustments for prior periods	736	(1,210)
	8,833	**(1,210)**
Deferred income tax expense		
Deferred tax	8,936	9,166
Adjustments for prior periods	–	1,928
	8,936	**11,094**
	17,769	**9,884**

Deferred income tax expense included in income tax expense comprises:		
Decrease in deferred tax assets	10,338	4,692
(Increase) / decrease in deferred tax liabilities	(1,402)	6,402
	8,936	**11,094**

Tax reconciliation		
Profit before income tax	59,698	41,470
Tax at Australian tax rate of 30%	17,909	12,441

Tax effect of amounts which are not deductible:		
Share of net profit of associates	(851)	(4,482)
Employee benefits	713	821
Sundry items	(107)	386
Under provision in prior years	105	718
	17,769	**9,884**

Recognition and measurement

Current taxes

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

Deferred taxes

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

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

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

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

Key estimates

Deferred tax assets

The Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority against which the unused tax losses can be utilised. 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.

b. Deferred tax assets

	Inventory $'000	Cash flow hedges $'000	Capital raising costs $'000	Tax losses $'000	Other $'000	Total $'000
At 1 July 2013	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
Total deferred tax assets	3,793	986	743	19,868	6,156	31,546
Set off against deferred tax liabilities pursuant to set off provisions						(13,037)
At 30 June 2014						18,509
At 1 July 2014	3,793	986	743	19,868	6,156	31,546
Credited/(charged):						
– to profit or loss	319	(14)	(238)	(9,267)	(1,138)	(10,338)
– to other comprehensive income	–	32	–	–	–	32
– directly to equity	–	–	471	–	–	471
Total deferred tax assets	4,112	1,004	976	10,601	5,018	21,711
Set off against deferred tax liabilities pursuant to set off provisions						(21,711)
At 30 June 2015						–

c. Deferred tax liabilities

Movements	Interest and finance charges $'000	Accrued income $'000	Inventory $'000	Share of joint arrangements deferred tax liabilities $'000	Other $'000	Total $'000
At 1 July 2013	30,183	8,654	2,244	1,541	525	43,147
Charged/ (credited):						
– to profit or loss	2,050	2,058	3,393	(1,355)	256	6,402
Total deferred tax liabilities	32,233	10,712	5,637	186	781	49,549
Set off against deferred tax liabilities pursuant to set off provisions						(13,037)
At 30 June 2014						36,512
At 1 July 2014	32,233	10,712	5,637	186	781	49,549
Charged/ (credited):						
– to profit or loss	(925)	(2,272)	1,091	395	309	(1,402)
Total deferred tax liabilities	31,308	8,440	6,728	581	1,090	48,147
Set off against deferred tax liabilities pursuant to set off provisions						(21,711)
At 30 June 2015						26,436

Operating Assets and Liabilities

Highlights for the year

- ✔ Acquired interest in Golden Bay Estate, W.A. and Bluestone Mount Barker Estate, S.A.
- ✔ Acquired land adjacent to Aston, Craigieburn, Victoria estate on deferred terms

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

9. Inventories

	2015 $'000	2014 $'000
Current		
Cost of acquisition	15,144	24,862
Capitalised development costs	71,722	96,592
Capitalised finance costs	13,810	21,658
	100,676	**143,112**
Non-current		
Cost of acquisition	255,238	221,830
Capitalised development costs	90,725	92,955
Capitalised finance costs	73,895	82,700
	419,858	**397,485**
Total Inventory at cost	**520,534**	**540,597**

Recognition and measurement

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

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

Key estimates

Net Realisable Value

The Group is required to carry inventory at lower of cost and net realisable value. 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. The key assumptions require the use of management judgement and are reviewed annually.

10. Investments accounted for using the equity method

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

a. Movements in carrying amounts of investments in associates and joint ventures

	2015 $'000	2014 $'000
Carrying amount at the beginning of the financial year	**152,641**	**147,112**
Acquisitions	34,211	27,376
Dividends	(9,122)	(18,119)
Disposals/capital returns	(2,331)	(24,360)
Share of profit after income tax	6,425	20,620
Share of other comprehensive income	2	12
Carrying amount at the end of the financial year	**181,826**	**152,641**

The Group acquired interests in two joint arrangements, Golden Bay Estate and Bluestone Mount Barker Estate during the year ended 30 June 2015 for a total consideration of $30 million. Peet and its investment partners have joint control.

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

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

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

	Ownership	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets	Carrying value of interest in associate or joint venture	Revenue	Net Profit/ (loss)	Share of profit/ (loss)
As at 30 June 2015	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Associates										
Peet Alkimos Pty Limited, WA	26	51,403	314,919	17,974	116,181	232,167	60,758	38,191	2,675	896
Peet Caboolture Syndicate Limited, QLD	20	8,293	43,776	20,627	19,339	12,103	2,421	7,383	(1,379)	(276)
Joint Ventures**										
Peet Flagstone City Pty Limited, QLD	50	2,098	110,956	17,004	–	96,050	48,025	21	(965)	(483)
Peet Golden Bay Pty Limited, WA	50	20,870	3,296	6,040	–	38,126	19,063	14,119	1,815	908
Peet Mt Barker Pty Limited, SA	50	7,901	22,199	3,196	5,098	21,806	10,903	7,616	810	405
Crace Developments Pty Limited, ACT	80	446	1,057	33	8	1,462	1,170	2,347	592	474
Googong Township Unit Trust, NSW	50	53,882	132,861	107,537	6,788	72,418	36,209	50,447	8,450	4,225
Forde Developments Pty Limited, ACT	50	210	1,950	15	434	1,711	856	175	112	56
Other associates							2,402			230
Other JVs							19			(10)
Total							**181,826**			**6,425**

	Ownership	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets	Carrying value of interest in associate or joint venture	Revenue	Net Profit/ (loss)	Share of profit/ (loss)
As at 30 June 2014										
Associates										
Peet Alkimos Pty Limited, WA	26	73,216	283,813	17,903	110,570	228,556	59,813	56,801	(5,713)	6,952*
Peet Caboolture Syndicate Limited, QLD	20	9,093	40,710	12,340	23,998	13,465	2,693	4,720	(1,016)	(203)
Joint Ventures**										
Peet Flagstone City Pty Limited, QLD	50	319	105,915	14,241	–	91,993	45,997	4	(993)	(497)
Crace Developments Pty Limited, ACT	80	14,565	907	3,603	–	11,869	9,495	20,005	12,113	9,690
Googong Township Unit Trust, NSW	50	31,941	103,417	33,319	39,002	63,037	30,776	72,787	11,088	5,544
Forde Dedvelopments Pty Limited, ACT	50	2,020	–	422	–	1,598	799	738	(2,114)	(1,057)
Other associates							2,786			139
Other JVs							282			52
Total							**152,641**			**20,620**

* Includes the effect of fair value adjustments of $7.5 million on acquisition of the additional interest in the Syndicate.
** Refer to note 10(c) for further breakdown of financial information of joint ventures

The associates and joint ventures finance their operations through unitholder/shareholder contributions and also through external banking facilities. The Group also provides a loan facility to some of these entities which is disclosed in note 11. The Group has no further contractual obligations to provide ongoing financial support.

10. 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

As at 30 June 2015	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	1,775	16,369	–	–	(412)
Peet Golden Bay Pty Limited	7,289	–	–	–	741
Peet Mt Barker Pty Limited	1,973	–	–	–	346
Crace Developments Pty Limited	210	–	–	8	39
Googong Township Unit Trust	10,060	97,500	–	6	61
Forde Developments Pty Limited	210	–	217	34	(18)
As at 30 June 2014					
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
Forde Developments Pty Limited	82	400	–	–	220

1 Excluding trade and other payables and provisions.

11. Receivables

	2015 $'000	2014 $'000
Current		
Trade receivables [a]	13,646	10,142
Accrued income [b]	12,100	15,065
Loans to associates and joint ventures [c]	23,346	14,446
Other receivables [d]	4,420	3,361
	53,512	**43,014**
Non-current		
Loans to associates and joint ventures [c]	36,499	27,808
Other receivables [d]	11,466	10,375
	47,965	**38,183**
Total receivables	**101,477**	**81,197**

a. 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 (2014: $Nil).
b. These amounts represent project management and performance fees from associates and other managed entities.
c. The Group has provided certain associates and JVs of the Group with 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 a margin up to 4%.
d. Includes deferred facilities fee - Those that purchase homes in the Lattitude Lakelands retirement village enter into an agreement to pay deferred facilities fees (DFF) on departure, which is based on 3% of the market value of the unit for each year of occupation (up to 24%). The deferred facilities fee is based on independent valuations.

Related party balances included above:

	2015 $'000	2014 $'000
Current		
Trade and other receivables	15,179	16,084
Loans to associates and JVs	23,346	14,446
Non-current		
Other receivables	7,139	5,964
Loans to associates and JVs	36,499	27,808
Total	**82,163**	**64,302**

Movements in loans to associates and JVs:		
Carrying amount at 1 July	**42,254**	**32,528**
Loans advanced to associates	19,397	12,366
Loan repayments from associates	(100)	(320)
Other	(1,706)	(2,320)
Carrying amount at 30 June	**59,845**	**42,254**

Recognition and measurement

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.

Trade receivables generally mentioned in (a) are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method, less allowance for impairment. Other receivables are recognised on an accrual basis as the services to which they relate are performed.

Refer note 20 for fair value disclosures.

Credit risk

The credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The maximum exposure to credit risk as at 30 June 2015 is the carrying amount of the financial assets in the consolidated financial statements.

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.

The Group manages this risk by:

- transacting with credit worthy counterparties that have an appropriate credit history;
- 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).

12. Payables

	2015 $'000	2014 $'000
Current		
Trade payables	11,236	12,029
Unearned income	4,609	3,079
GST payable	8,711	6,594
Accruals	19,484	16,450
Other payables	19,306	17,381
	63,346	**55,533**

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.

Refer note 20 for fair value disclosures.

13. Land vendor liabilities

	2015 $'000	2014 $'000
Current		
Instalment for purchase of development property	5,000	7,500
	5,000	**7,500**
Non-current		
Instalment for purchase of development property	53,325	20,200
Future interest component of deferred payment	(10,144)	(3,251)
	43,181	**16,949**
Total land vendor liabilities	**48,181**	**24,449**

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.

Refer note 20 for fair value disclosures.

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

	2015 $'000	2014 $'000
0-1 years	5,000	7,500
1-2 years	16,100	10,000
2-5 years	37,225	10,200
Total contractual cash flows	**58,325**	**27,700**
Carrying amount of liabilities	**48,181**	**24,449**

14. Provisions

	2015 $'000	2014 $'000
Current		
Rebates	7,992	7,639
Employee entitlements	3,107	3,485
	11,099	**11,124**
Non-current		
Employee entitlements	486	499
Other	–	138
	486	**637**
Total provisions	**11,585**	**11,761**

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

	2015 $'000	2014 $'000
Carrying amount at 1 July	**7,639**	**4,547**
Charged/(credited) to the statement of profit or loss:		
– Additional provision recognised	4,037	5,129
– Paid during year	(3,684)	(1,991)
– Expired during the year	–	(46)
Carrying amount at 30 June	**7,992**	**7,639**

Recognition and measurement

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

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

14. Provisions (continued)

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 profit or loss 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. Consideration is given to expected future wage and salary levels, experience of the employee, departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Liabilities for wages and salaries, including non-monetary benefits, 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.

15. Interests in joint operations

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

Group's share of:	Total assets $'000	Total liabilities $'000	Revenue $'000	Expenses $'000
As at 30 June 2015				
The Village at Wellard, WA	39,395	21,772	36,084	23,121
Lightsview Joint Venture, SA	10,489	3,934	15,738	12,947
The Heights Durack, NT	8,002	2,500	30,222	26,216
As at 30 June 2014				
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

Capital Management

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

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

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

The Group's objectives when managing capital are to:

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total interest bearing liabilities (including deferred payment obligations) less cash, divided by total assets adjusted for market value, net of cash and cash equivalents less intangible assets. At 30 June 2015, the bank covenant gearing ratio was 23.8% (2014: 29.8%).

16. Borrowings and derivative financial instruments

Net debt

	2015 $'000	2014 $'000
Borrowings – Current	65,825	50,639
Borrowings – Non-current	169,100	244,907
Total borrowings*	**234,925**	**295,546**
Cash and cash equivalents	(57,723)	(38,783)
Net debt	**177,202**	**256,763**

* Excludes vendor financing. Refer note 13 for vendor financing on deferred payment terms.

Recognition and measurement

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

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

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, representing the equity component of the convertible bonds is recognised and included in reserves, net of income tax effects.

Refer note 20 for fair value disclosures.

Debt facilities

The following provides details of the loans and borrowings utilised as at 30 June 2015:

30 June 2015	Facility amount $'000	Utilised amount $'000	Available amount $'000	Effective interest rate %
Bank loans[1] – note a	265,000	185,784	79,216	6.84%
Convertible notes[2] – note b	50,000	48,744	1,256	12.23%
Fixed rate loan [2]	397	397	–	5.39%
	315,397	**234,925**	**80,472**	

1. Secured
2. Unsecured

16. Borrowings and derivative financial instruments (continued)

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 $521 million (2014: $541 million) (note 9), cash and cash equivalents of $58 million (2014: $39 million), receivables of $101 million (2014: $81 million) (note 11) and property, plant and equipment of $11 million (2014: $11 million). Under these facilities the Group is required to meet bank covenants relating to interest cover, gearing ratio, real property ratio and minimum shareholders equity. All bank covenants have been met during the reporting period and as at 30 June 2015.

The Group's main bank facility of $220 million was extended to October 2017. The table below analyses the maturity of the Group's bank loans based on the remaining period at reporting date to the contractual maturity date:

	2015 $'000	2014 $'000
0-1 years	28,525	46,323
1-2 years	23,434	27,064
2-5 years	160,075	214,661
Total contractual cash flows	**212,034**	**288,048**
Carrying amount of liabilities	**185,784**	**239,928**

b. Convertible notes

Peet Limited 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).

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

	2015 $'000	2014 $'000
Face value of notes issued	50,000	50,000
Transaction cost	(2,316)	(2,316)
Other equity securities – value of conversion rights	(2,761)	(2,761)
	44,923	**44,923**
Cumulative interest expense[1]	23,034	17,148
Cumulative coupon payable	(19,213)	(14,432)
	3,821	**2,716**
Current liability	**48,744**	**47,639**

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

The convertible note is expected to be paid within a year. The total contractual cash flows are $50 million.

c. Derivative financial instruments

	2015 $'000	2014 $'000
Current		
Interest rate swap contracts – cash flow hedges	1,917	–
Non-current		
Interest rate swap contracts – cash flow hedges	1,473	3,285
Total derivative financial instruments	**3,390**	**3,285**

The below table analyses the maturity of the Group's interest rate swaps on a net settled basis:

	2015 $'000	2014 $'000
0-1 years	1,917	–
1-2 years	–	3,285
2-5 years	379	–
>5 years	1,094	–
Total contractual cash flows	**3,390**	**3,285**
Carrying amount of liabilities	**3,390**	**3,285**

Interest rate swap contracts – cash flow hedges

Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value at each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group 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 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 2.53% (2014: 2.96%). 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 40% (2014: 35%) of the variable bank loan principal outstanding and are timed to expire as each loan repayment falls due. The fixed interest rate swaps range between 5.05% to 5.08% (2014: 4.54% and 5.69%) and the variable rates are between 2.08% and 2.72% (2014: 2.56% and 3.30%).

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

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

	2015 $'000	2014 $'000
0-1 years	75,000	10,000
1-2 years	–	75,000
2-3 years[1]	50,000	–
>5 years[1]	100,000	–
	225,000	85,000

1. Commencing April 2016.

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, otherwise current.

Liquidity risk

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

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

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

The Group has unused borrowing facilities which can further reduce liquidity risk.

Credit risk

The cash component of financial assets is considered to have low credit risk as the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Interest rate risk

The Group's main interest rate risk arises 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.

16. Borrowings and derivative financial instruments (continued)

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 *Financial Instruments: Disclosures*.

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 level of debt that was renewed and forecasters' economic expectations and represents management's assessment of the possible change in interest rates.

At 30 June 2015, the Group had the following mix of financial assets and liabilities exposed to variable interest rates:

	2015 $'000	2014 $'000
Financial assets		
Cash and cash equivalents (floating)	57,723	38,783
Financial liabilities		
Borrowings (floating)	(110,784)	(154,928)
Interest rate swap	(3,390)	(3,285)
Net movement	**(56,451)**	**(119,430)**

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

	Post-tax profits Increase/ (decrease)		Equity Increase/ (decrease)	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
- 50 basis points	186	406	198	395
+50 basis points	(186)	(406)	(198)	(395)

17. Contributed equity and reserves

a. Movements in ordinary share capital

Date	Details	Number of Shares	$'000
30 June 2013	**Opening balance**	**429,008,507**	**325,193**
1 July 2013	Capital raising[1]	2,978,261	3,425
11 October 2013	Vested performance rights less transactions costs	1,402,580	(13)
	Deferred tax credit recognised in equity (note 8)	–	4
	Movement for the year	4,380,841	3,416
30 June 2014	**Closing balance**	**433,389,348**	**328,609**
22 September 2014	Vested performance rights less transaction costs	1,292,657	(6)
31 October 2014	Dividend reinvestment plan	3,905,709	4,608
14 November 2014	Institutional placement less transaction costs[2]	36,036,036	38,539
12 December 2014	Share purchase plan[3]	3,923,628	4,306
22 December 2014	Capital raising[4]	6,306,306	6,946
30 April 2015	Dividend reinvestment plan[5]	2,135,489	2,489
	Deferred tax credit recognised in equity	–	471
	Movement for the year	53,599,825	57,353
30 June 2015	**Closing balance**	**486,989,173**	**385,962**

1. In July 2013, the Company issued 2,978,261 shares to participating eligible shareholders under the Peet Share Purchase Plan (SPP).
2. In November 2014 the Company completed an institutional placement of 36,036,036 ordinary shares at an issue price of $1.11 per share.
3. In December 2014, the Company issued 3,923,628 shares at an issue price of $1.11 per share to participating eligible shareholders under the Peet Share Purchase Plan (SPP).
4. In December 2014, the Company issued 6,306,306 shares at an issue price of $1.11 per share under a conditional placement to Scorpio Nominees Pty Ltd (a company and trust associated with the Chairman of Peet Limited).
5. In April 2015, the Company issued 2,135,489 shares at an issue price of $1.1652 pursuant to the Dividend Reinvestment Plan.

The nature of the Group's contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares of options and/or performance rights are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares, options and/or performance rights for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Parent Entity in proportion to the number of and amounts paid on the shares held. On a show to 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.

17. Contributed equity and reserves (continued)

b. Reserves

	Cash flow hedge reserve[a] $'000	Share based payments reserve[b] $'000	Convertible notes reserve[c] $'000	Non-controlling interest reserve[d] $'000	Total $'000
At 1 July 2013	**(4,243)**	**6,009**	**1,933**	**540**	**4,239**
Cash flow hedges (gross)	2,577	–	–	–	**2,577**
Associates – cash flow hedge reserve	12	–	–	–	**12**
Deferred tax	(773)	–	–	–	**(773)**
Option expense	–	2,736	–	–	**2,736**
At 30 June 2014	**(2,427)**	**8,745**	**1,933**	**540**	**8,791**
At 1 July 2014	**(2,427)**	**8,745**	**1,933**	**540**	**8,791**
Cash flow hedges (gross)	(141)	–	–	–	**(141)**
Associates – cash flow hedge reserve	(2)	–	–	–	**(2)**
Deferred tax	42	–	–	–	**42**
Option expense	–	2,377	–	–	**2,377**
Acquisition of additional ownership in CIC	–	–	–	(439)	**(439)**
At 30 June 2015	**(2,528)**	**11,122**	**1,933**	**101**	**10,628**

a. The cash flow hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that is recognised directly in equity. Amounts are recognised in profit or loss when the associated hedged transaction affects profit or loss.
b. The share based payments reserve is used to recognise the fair value of options and performance rights granted.
c. 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 16(b).
d. This reserve is used to record the differences described in note 2(d) which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

18. Dividends

	2015 $'000	2014 $'000
Declared and paid during the period		
Prior year unfranked dividend 3.5 cents, paid on 31 October 2014	15,214	–
Fully franked interim dividend for 2015: 1.5 cents	7,273	–
	22,487	–
Dividend not recognised at year end		
Final dividend 3.0 cents per share to be paid 30 September 2015 (2014: 3.5 cents per share)	14,610	15,214
Franking credit balance		
Franking account balance as at the end of the financial year at 30% (2014: 30%)	24,570	(560)
Franking credits/(debits) that will arise from the payment/(receipt) of income tax	3,324	(1,189)
Impact on the franking account of dividends proposed before the financial report was issued but not recognised as a distribution to equity holders during the period	(6,261)	–
	21,633	**(1,749)**

19. Reconciliation of profit after income tax to net cash inflow from operating activities

	2015 $'000	2014 $'000
Profit after income tax	41,929	31,586
Add/(deduct) non cash items:		
Depreciation	2,668	2,612
Amortisation of intangible assets	263	201
Write-down of inventories and development costs	–	1,806
Employee share based payments	2,377	2,736
Equity accounting for investments in associates and joint ventures	(6,425)	(20,620)
Convertible notes effective interest	1,104	996
Write-down/loss on sale of investments	–	262
Add/(deduct) other items:		
Interest received	(1,222)	2,654
Distributions and dividends from associates and joint ventures	9,122	18,119
Change in operating assets and liabilities during the financial year		
Increase in receivables	(1,504)	(8,386)
Decrease/(increase) in inventories	63,526	(259)
Increase/(decrease) in tax liabilities	4,513	(5,678)
Decrease in payables	(11,811)	(1,184)
(Decrease)/increase in provisions	(176)	1,263
Increase in deferred tax liabilities	8,936	11,094
Net cash inflow from operating activities	**113,300**	**37,202**

20. Fair value measurement

Valuation of financial instruments

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

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

Financial instruments measured at fair value

The Group's derivative financial instruments were valued using market observable inputs (Level 2) at the carrying value of $3.4 million (2014: $3.3 million).

There have been no transfers between levels during the year.

Other financial instruments – fair value disclosures

The carrying value of receivables, payables and borrowings is considered to approximate their fair values.

The fair value of convertible notes is the quoted market value (on ASX) of a convertible note which at 30 June 2015 was $102.5 per note (Level 2).

Key estimates

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.

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

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

Other notes

21. Remuneration of auditors

	2015 $	2014 $
Audit services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*		
Ernst & Young	521,430	517,086
Non-Ernst & Young audit firms	2,000	5,100
Total remuneration for audit services	**523,430**	**522,186**
Other assurance services		
Ernst & Young	5,000	–
Non-Ernst & Young audit firms	–	11,550
Total remuneration for other assurance services	**5,000**	**11,550**
Total remuneration for audit and other assurance services	**528,430**	**533,736**
Other services		
Ernst & Young	41,316	29,870
Taxation services		
Tax compliance services including review of Company income tax returns		
Ernst & Young	361,458	117,908

22. Contingencies and commitments

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

	2015 $'000	2014 $'000
Bank guarantees outstanding	26,235	19,450
Insurance bonds outstanding	10,422	13,079
	36,657	**32,529**

All contingent liabilities are expected to mature within 1 year.

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

23. 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:

	2015 $'000	2014 $'000
Balance sheet		
Current assets	77,040	62,107
Total assets	511,164	475,076
Current liabilities	61,780	9,482
Total liabilities	61,908	59,043
Shareholders' equity		
Issued capital	385,962	328,609
Reserves		
Share based payments reserve	11,123	8,746
Convertible notes reserve	1,933	1,933
Retained profits	51,238	76,745
Total equity	**450,256**	**416,033**
(Loss)/profit for the year	(3,020)	12,810
Total comprehensive income	**(3,020)**	**12,810**

Guarantees entered into by the Parent entity

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

	2015 $'000	2014 $'000
Underwriting obligations outstanding	–	–
Bank guarantees outstanding	231	203

b. Subsidiaries

Significant investments in subsidiaries

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

	Holding	
	2015	2014
Name of Subsidiary	%	%
CIC Australia Limited [c]	100	86.03
Peet Craigieburn Pty Limited [b]	100	100
Peet Greenvale No 2 Pty Limited [b]	100	100
Peet Southern JV Pty Limited [b]	100	100
Peet Brigadoon Pty Limited [b]	100	100
Secure Living Pty Limited [b]	100	100
Peet No 85 Pty Limited [b]	100	100
Peet No 108 Pty Limited [b]	100	100
Peet No 112 Pty Limited [b]	100	100
Peet No 113 Pty Limited [b]	100	100
Peet Treasury Pty Limited [b]	100	100
Peet Estates (VIC) Pty Limited [b]	100	100
Peet Development Management Pty Limited [b]	100	100
Peet Estates (QLD) Pty Limited [b]	100	100
Peet No 130 Pty Limited [b]	100	100
Peet Estates (WA) Pty Limited [b]	100	100
Peet Funds Management Limited [b]	100	100
Peet Yanchep Land Syndicate [b]	66.4	66.4
Peet Tri-State Syndicate Limited [a,b]	24.43	24.43

a. 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. Peet has also provided a loan to this syndicate. The combination of the investment, together with its remuneration and exposure to credit risk, 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 to be acting principal.
b. Incorporated in WA.
c. Incorporated in ACT.

23. Parent entity financial information and subsidiaries (continued)

Material partly-owned subsidiaries

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

	CIC Australia Limited[1]		Peet Yanchep Land Syndicate		Peet Tri-State Syndicate Limited	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current assets	–	92,891	24,950	19,576	1,857	6,100
Non-current assets	–	72,729	62,137	59,947	14,299	14,309
Current liabilities	–	53,862	21,085	10,189	22,276	8,640
Non-current liabilities	–	6,889	12,500	16,839	–	22,751
Non-controlling interest	–	–	17,974	17,636	(4,625)	(8,300)
Revenue	–	62,473	16,680	26,630	12,245	15,999
Profit or loss after tax	–	13,731	1,007	1,078	4,862	201
Profit attributable to non-controlling interest	–	–	338	360	3,675	154
Total comprehensive income	–	–	–	182	33	133

Summarised cashflow information:

	CIC Australia Limited[1]		Peet Yanchep Land Syndicate		Peet Tri-State Syndicate Limited	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Operating	–	(1,335)	(8,477)	9,350	7,677	7,383
Investing	–	(1,078)	(13)	(13)	–	–
Financing	–	3,513	7,050	(10,349)	(5,901)	(7,574)
Net inflow/(outflow)	**–**	**1,100**	**(1,440)**	**(1,012)**	**1,776**	**(191)**

Peet has provided loans to material partly owned subsidiaries amounting to $17.7 million (2014: $17.7 million). The Group has no further contractual obligations to provide ongoing financial support.

1. In May 2015, CIC Australia Limited ("CIC") completed a shareholder approved scheme of arrangement under which CIC conducted a selective buy-back and cancellation of all CIC shares other than the shares held by Peet Limited. Peet became the 100% owner of CIC. CIC paid $15.2 million (including $0.5 million of transaction costs) for buy-back of the shares. The non-controlling interests were carried at $14.8 million at the date of the transaction. The transaction was accounted for as an equity transaction, and resulted in a decrease of shareholders equity by $0.4 million representing the excess of consideration over carrying value. In 2014, there was a non-controlling interest of 13.97%, an accumulated non-controlling interest of $13.2 million and a profit attributable to non-controlling interest of $1.9 million for CIC.

23. Parent entity financial information and subsidiaries (continued)

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.

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

	2015* $'000	2014 $'000
Consolidated statement of profit or loss		
Revenue	326,388	174,600
Expenses	(272,082)	(149,203)
Finance costs	(4,905)	(5,124)
Share of net profit of associates accounted for using the equity method	7,567	2,390
Write-down in carrying value of inventories	–	(1,806)
Profit before income tax	**59,968**	**20,857**
Income tax expense	(17,650)	(7,143)
Profit for the year	**39,318**	**13,714**
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Changes in the fair value of cash flow hedges	(153)	2,357
Share of other comprehensive income of associates	6	44
Income tax relating to components of other comprehensive income	46	(707)
Other comprehensive income for the year, net of tax	**(101)**	**1,694**
Total comprehensive income for the year	**39,217**	**15,408**
Summary of movement in consolidated retained profits		
Retained profits at the beginning of the financial year*	69,292	43,925
Profit for the year	39,318	13,714
Dividends paid	(22,487)	–
Non-controlling interest	(1,625)	–
Retained profits at the end of the financial year	**84,498**	**57,639**

Consolidated balance sheet

Set out below is a consolidated balance sheet at 30 June 2015 of the closed group consisting of Peet Limited and its wholly owned subsidiaries.

	2015* $'000	2014 $'000
Current assets		
Cash and cash equivalents	53,979	25,512
Receivables	56,372	29,823
Inventories	74,713	81,401
Current tax receivable	–	1,123
Total current assets	**185,064**	**137,859**
Non-current assets		
Receivables	70,214	60,042
Inventories	349,839	297,911
Investments accounted for using the equity method	214,615	110,427
Investments in subsidiaries and associates	–	102,068
Property, plant & equipment	10,847	8,052
Intangible assets	2,589	2,856
Total non-current assets	**648,104**	**581,356**
Total assets	**833,168**	**719,215**
Current liabilities		
Payables	54,260	28,475
Land vendor liabilities	5,000	7,500
Borrowings	49,140	453
Derivative financial instruments	1,917	–
Current tax liabilities	3,257	–
Provisions	9,749	5,557
Total current liabilities	**123,323**	**41,985**
Non-current liabilities		
Land vendor liabilities	43,181	16,949
Borrowings	156,600	232,119
Derivative financial instruments	1,473	3,238
Deferred tax liabilities	27,727	30,296
Provisions	486	129
Total non-current liabilities	**229,467**	**282,731**
Total liabilities	**352,790**	**324,716**
Net assets	**480,378**	**394,499**
Equity		
Contributed equity	385,962	328,609
Reserves	9,918	8,251
Retained earnings	84,498	57,639
Total equity	**480,378**	**394,499**

* Closed group at 30 June 2015 includes CIC Australia Limited and its wholly owned subsidiaries.

24. Share based payments

Peet Employee Share Option Plan (PESOP) and Peet Performance Rights Plan (PPRP)

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

Invitations to apply for options and/or performance rights

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

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

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

Consideration

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

Vesting and exercise conditions

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

Generally, as a pre-condition to exercise, any exercise conditions in respect of an option and/or performance right must be satisfied. However, the Board has the discretion to enable an option and/or performance right holder to exercise options and/or performance rights where the exercise conditions have not been met, including, for example, where a court orders a meeting to be held in relation to a proposed compromise or arrangement in respect of the Company, or a resolution is passed or an order is made for winding up the Company. Options granted under the PESOP and performance rights under the PPRP carry no dividend or voting rights.

Lapse of options and performance rights

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

Fair value of options and performance rights granted

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

24. Share based payments (continued)

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

Grant date	Exercise price	Expiry date	Share price at grant date	Expected price volatility of shares	Risk free interest rate	Assessed fair value
26 Nov 14	$0.00	30 Jun 19	$1.155	30%	2.45%	$1.065
22 Dec 14	$0.00	30 Jun 19	$1.025	30%	2.92%	$0.938

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 $2,377,000 (2014: $2,736,000).

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 the year	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	Balance at end of the year	Exercisable at end of the year
30 June 2015									
Options									
30 Nov 07	N/A	$4.10	$1.12	1,200,000	–	–	–	1,200,000	1,200,000
Performance rights									
16 Jan 12	16 Jan 17	$0.00	$0.81	2,481,719	–	(1,292,656)	(1,189,063)	–	–
28 Nov 12	28 Nov 17	$0.00	$0.95	3,632,193	–	–	(137,583)	3,494,610	–
20 Dec 13	20 Dec 18	$0.00	$1.27	1,896,513	–	–	–	1,896,513	–
8 Sep 14	8 Sep 19	$0.00	$1.27	–	328,459	–	–	328,459	–
22 Dec 14	22 Dec 19	$0.00	$0.938	–	1,822,691	–	–	1,822,691	–
				8,010,425	**2,151,150**	**(1,292,656)**	**(1,326,646)**	**7,542,273**	**–**
Total				**9,210,425**	**2,151,150**	**(1,292,656)**	**(1,326,646)**	**8,742,273**	**1,200,000**
30 June 2014									
Options									
30 Nov 07	N/A	$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	28 Nov 17	$0.00	$0.95	4,299,471	–	–	(667,278)	3,632,193	–
20 Dec 13	20 Dec 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**

25. Matters subsequent to the end of the financial year

On 14 August 2015, the Group announced the sale of Arena residential estate in Greenvale, north of Melbourne, Victoria for $93.1 million. The sale is unconditional, with settlement to occur in instalments over three years. The first instalment of $29 million is due in December 2015, the second instalment of $26 million is due in June 2016 and the third instalment of $40.1 million is due in June 2018.

Further, the Directors have declared a final franked dividend of 3.0 cents per share in respect to the year ended 30 June 2015. The dividend is to be paid on Wednesday, 30 September 2015, with a record date of Friday, 18 September 2015. 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.

26. Other Accounting Policies

i. Investments and other financial assets

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 or 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.

Available for sale financial assets and financial assets at fair value through profit or 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 or 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 20.

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 or 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.

ii. Intangible assets

Intangible assets primarily consist of management rights. The management rights acquired by the Company 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

iii. 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

26. Other Accounting Policies (continued)

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 or losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

iv. 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.

v. 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.

vi. 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.

vii. Goods and services tax (GST)

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

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

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

viii. 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.

Parent entity financial information

Tax consolidation legislation

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

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

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

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

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the 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.

26. Other Accounting Policies (continued)

ix. New accounting 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 2014; including:

Reference	Description
AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	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.
AASB 2013-4 Amendments to AASB 139s – Novation of Derivatives and Continuation of Hedge Accounting	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.
AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities	AASB 2013-5 provides an exception to the consolidation requirement for entities that meet the definition of an investment entity under AASB 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	AASB 2015-2 makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 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	AASB 9 includes requirements for the classification and measurement of financial assets. 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
IFRS 15	Revenue from Contracts with Customers	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 2018

Directors' Declaration

In the Directors' opinion:

a. the financial statements and notes set out on pages 67 to 102 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 2015 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 23 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 23.

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
27 August 2015

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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 the consolidated balance sheet as at 30 June 2015, 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.

Building a better working world

Opinion

In our opinion:

i. 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 2015 and of its performance for the year ended on that date; and

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

ii. 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 46 to 62 of the directors' report for the year ended 30 June 2015. 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 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

G Lotter
Partner
Perth
27 August 2015

GL:ET:PEET:002

Securityholder Information

Distribution of ordinary shares and unsecured convertible notes

As at 29 September 2015 there were 2,542 current holders of ordinary shares and 371 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	432	0.02	325	24.66
1,001 – 5,000	756	0.49	30	10.75
5,001 – 10,000	475	0.75	6	8.94
10,001 – 100,000	797	4.45	10	55.65
100,001 and over	82	94.29	–	0.00
	2,542	100.00	371	100.00

There were 307 shareholdings of less than a marketable parcel of $500 (468 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 29 September 2015 are listed below:

NAME	NUMBER OF SHARES HELD	% OF ISSUED SHARES
JP Morgan Nominees Australia Limited	94,757,694	19.34
Scorpio Nominees Pty Ltd <Gwenton A/c>	88,654,506	18.09
Citicorp Nominees Pty Ltd	70,886,691	14.47
National Nominees Limited	45,245,227	9.23
HSBC Custody Nominees (Australia) Limited	39,459,031	8.05
Mr IMC Palmer & Mrs HC Palmer	18,707,352	3.82
Mr WD Hemsley	18,605,000	3.80
Argo Investments Limited	13,152,705	2.68
CS Fourth Nominees Pty Ltd	9,210,898	1.88
Golden Years Holdings Pty Ltd	8,025,599	1.64
BNP Paribas Nominees Pty Ltd < DRP>	7,939,349	1.62
UBS Nominees Pty Ltd	7,774,445	1.59
Brispot Nominees Pty Ltd <House Head Nominee No 1 A/C>	7,479,433	1.53
Mr B D Gore <Gore Family A/C>	3,525,993	0.72
Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>	2,653,140	0.54
HSBC Custody Nominees (Australia) Limited – <NT Commonwealth Super Corp A/C>	2,079,042	0.42
Netwealth Investments Limited <WRAP Services A/C>	2,046,540	0.42
Estate of the Late Lindsay James Peet	1,528,344	0.31
RBC Investor Services Australia Nominees Pty Ltd <BKCust A/C>	1,503,445	0.31
Ms GE Lennon	1,294,556	0.26
Total for 20 largest shareholders	444,528,990	90.72
Total other shareholders	45,451,569	9.28
Total ordinary shares on issue	489,980,559	100.00

Securityholder Information (continued)

The names of the 20 largest holders of unsecured convertible notes as at 29 September 2015 are listed below:

NAME	NUMBER OF NOTES HELD	% OF ISSUED NOTES
UBS Wealth Management Australia Nominees Pty Ltd	48,585	9.72
Citicorp Nominees Pty Limited	46,770	9.35
Argo Investments Limited	32,500	6.50
Grizzly Holdings Pty Ltd	26,400	5.28
Australian Foundation Investment Company Limited	26,000	5.20
Djerriwarrh Investments Limited	26,000	5.20
Jove Pty Ltd	22,612	4.52
Finot Pty Ltd	20,000	4.00
Contemplator Pty Ltd <ARG Pension Fund A/C>	15,286	3.06
JP Morgan Nominees Australia Limited	14,074	2.82
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
Aust Executor Trustees Ltd <DDH Preferred Income Fund>	4,356	0.87
BT Portfolio Services Limited <James Investment A/C>	3,000	0.60
INVIA Custodian Pty Limited <RISF A/C>	2,676	0.54
R P Gregson & Co Pty Limited <Super Fund A/C>	2,620	0.52
Total for 20 largest noteholders	335,575	67.12
Total other noteholders	164,425	32.88
	500,000	100.00

Substantial shareholders

As disclosed in substantial holding notices lodged with ASX (as applicable) at 29 September 2015:

NAME	DATE OF LAST NOTICE RECEIVED	NUMBER OF SHARES HELD	% OF ISSUED SHARES[1]
Scorpio Nominees Pty Ltd and its associates	14 November 2014	92,299,388	19.40
Challenger Limited (and various other entities)	19 February 2015	32,867,466	6.78
Allan Gray Australia Pty Ltd and its related bodies corporate	19 December 2014	29,896,369	6.25
National Australia Bank and its associates	17 November 2014	22,522,873	5.14
Ellerston Capital Limited and its associates	14 July 2015	24,479,690	5.03

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

Securityholder Information (continued)

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 29 September 2015, Peet Limited had 1,200,000 options on issue, held by one key management person, as disclosed elsewhere in the Annual Report.

As at 29 September 2015, Peet Limited had 4,047,663 performance rights on issue, held by eight 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 11, 172 St Georges Terrace
Perth, Western Australia 6000
Tel: (08) 9323 2000

Auditor

Ernst & Young
Ernst & Young Building
11 Mounts Bay Road
Perth, Western Australia 6000

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