APPENDIX 4D
FINANCIAL REPORT
1H23

PEET

Peet Limited

ABN 56 008 665 834

Appendix 4D and Consolidated Financial Statements for the half-year ended 31 December 2022

Appendix 4D

Half-year financial report

Results for announcement to the market

Entity:	Peet Limited and its controlled entities
Reporting Period:	31 December 2022
Previous Corresponding Period:	31 December 2021

Revenue	Up	43%	to	$166.5m
Statutory profit after tax attributable to owners of Peet Limited	Up	70%	to	$35.1m
Basic and diluted earnings per share (cents)	Up	73%	to	7.38c

Dividends	Cents per security	% Franked per security
Current Year		
Interim dividend 2023	3.50	Fully franked
Previous Year		
Interim dividend 2022	2.25	Fully franked
Final dividend 2022	4.0	Fully franked

Results Commentary

Key Results[1]

- **Operating profit[2] and statutory profit[3] after tax of $35.1 million, up 70%**
- **Earnings per share of 7.4 cents, up 73%**
- **608 lots[4] sold (1H22: 1,809)**
- **998 lots[4] settled (1H22: 1,251)**
- **Value of contracts on hand[4] as at 31 December 2022 of $775 million ($930 million as at 30 June 2022)**
- **Gearing[5] of 30.8%**
- **Fully franked interim dividend of 3.5 cents per share**

Financial commentary

The Peet Group achieved an operating profit[2] and statutory profit[3] after tax of $35.1 million for the half-year ended 31 December 2022 ("1H23"), which represents an increase of 70% compared with the previous corresponding period.

The strong 1H23 result is on the back of the Group's focus on monetising the substantial contracts on hand at the beginning of the financial year; and is despite challenging market conditions and reduced lot releases.

The Group derived EBITDA[6] of $55.0 million during the half, compared to $32.6 million for the previous corresponding period, and an increased EBITDA[6] margin of 31%, compared to 26% in 1H22. The improvement in the Group's operating margins is due to the full ownership of the Flagstone City (Qld) project for the period, increased embedded margins from recent acquisitions including townhouse projects and the settlement of New Beith (Qld).

The performance has resulted in earnings per share increasing 73%, compared with the previous corresponding period, to 7.4 cents.

The Group enters the second half of FY23 in a strong capital position, with gearing[5] at 31 December 2022 of 30.8% (30 June 2022: 29.9%).

Operational commentary

The Group achieved sales of 608 lots[4] with a gross value of $228.5 million and 998 settlements with a gross value of $382.9 million in 1H23 across its operations.

Lot sales and settlements for the half were 66% and 20% lower, respectively, than in 1H22, with 1H22 sales activity having benefitted from government stimulus and lower interest rates. Higher interest rates in 1H23 have contributed to slowing market conditions, while inclement weather on the east coast has placed significant pressure on residential programs and settlement timeframes. In addition, cost escalation, supply chain constraints and labour shortages have added further complexities.

The Group has responded to the above circumstances by adopting a prudent policy of only releasing stock for sale when clarity was achieved for the timing of delivery of titles and matching production levels with qualified buyer demand. This response has also contributed to lower sales for the half.

1 Comparative period is half year ended 31 December 2021 unless stated otherwise. The non-IFRS measures have not been audited or reviewed by EY
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 excludes unrealised fair value gains/(losses) arising from the effect of revaluing assets and liabilities and adjustments for realised / (unrealised) transactions outside the core ongoing business activities
3 Statutory profit after tax means net profit measured in accordance with Australian Accounting Standards, attributable to the owners of Peet Limited
4 Includes equivalent lots
5 Calculated as (Total interest-bearing liabilities (including land vendor liabilities) less cash) / (Total assets less cash, less intangible assets)
6 EBITDA is a non-IFRIS measure that includes effects of non-cash movements in investments in associates and joint ventures

As at 31 December 2022, there were 2,207 contracts on hand[7], with a gross value of $775 million, compared with 2,597 contracts on hand[7] as at 30 June 2022, with a gross value of $930 million. The contracts on hand as at 31 December 2022 provide solid visibility of earnings as the Group moves into the second half of FY23.

Development projects

Key highlights	1H23	1H22	Var (%)
Lot sales[7]	241	317	(24%)
Lot settlements[7]:	233	239	(3%)
- ***Land only***	*189*	*176*	*7%*
- ***Medium Density***	*44*	*63*	*(30%)*
Revenue	$144.6m	$73.0m	98%
EBITDA[8]	$41.7m	$8.9m	368%
EBITDA[8] margin	29%	12%	17%
	31 Dec 22	**30 Jun 22**	**Var (%)**
Contracts on hand[7]	631	623	1%

The Group's development projects performed strongly during the period due to lot settlements from Flagstone City (Qld), which was previously included in Funds Management prior the purchase of the remaining 50% interest in the property, first settlements from new project commencements in Queensland and South Australia and the settlement of the New Beith (Qld) property.

Funds Management projects

Key highlights	1H23	1H22	Var (%)
Lot sales[7]	240	1,042	(77%)
Lot settlements[7]	481	767	(37%)
Revenue	$3.9m	$22.8m	(83%)
Share of net profit of equity accounted investments	$3.9m	$7.4m	(47%)
EBITDA[8]	$4.8m	$21.4m	(78%)
EBITDA[8] margin	61%	71%	(10%)
	31 Dec 22	**30 Jun 22**	**Var (%)**
Contracts on hand[7]	988	1,229	(20%)

The performance of the Group's Funds Management projects was impacted by lower fee income and equity accounted profits as a result of lower sales activity due to rising interest rates and extended construction timeframes resulting in lower lot settlements. The sales and settlements comparisons were further affected by the reclassification of the Flagstone City (Qld) project to Development projects.

7 Includes equivalent lots
8 EBITDA is a non-IFRIS measure that includes effects of non-cash movements in investments in associates and joint ventures and is calculated before inter-segment transfers and other unallocated items

Joint Ventures

Key highlights	1H23	1H22	Var (%)
Lot sales[9]	127	450	(72%)
Lot settlements[9]	284	245	16%
Revenue	$18.0m	$19.6m	(8%)
Share of net profit of equity accounted investments	$8.7m	$3.4m	156%
EBITDA[10]	$15.7m	$8.0m	96%
EBITDA[10] margin	59%	35%	24%
	31 Dec 22	**30 Jun 22**	**Var (%)**
Contracts on hand[9]	588	745	(21%)

Joint ventures performed strongly on the back of increased lot settlements and equity accounted profits, particularly at Googong (NSW). Lower sales in 1H23 compared to the previous corresponding period was due to market conditions and the completion of Lightsview (SA).

Land portfolio metrics

	1H23	1H22	Var (%)
Lot sales[9]	608	1,809	(66%)
Lot settlements[9]	998	1,251	(20%)

Contracts on hand[9] as at	31 Dec 22	30 Jun 22	Var (%)
Number	2,207	2,597	(19%)
Value	$775.5m	$930.0m	(17%)

Capital management

As at 31 December 2022, the Group's gearing[11] was 30.8%, compared to 29.9% at 30 June 2022. While gearing is slightly above the Group's target range of 20% to 30%, it is in line with expectations communicated to the market following a period of significant construction activity (land and medium density product) to deliver and monetise the significant contracts on hand and the acquisition of the balance of the Flagstone City (Qld) project.

During 1H23, Peet repaid its Series 2, Tranche 1, five-year $50 million corporate bonds, increased the limit of its existing senior debt facility and extended its expiry date to 1 October 2025.

At the end of the period, the Group had interest-bearing debt (including Peet Bonds) of $299.7 million, compared with $300.6 million at 30 June 2022. Peet enters 2H23 with cash and debt facility headroom of approximately $147.2 million as at 31 December 2022, which provides capacity to fund the current portfolio, and a weighted average debt maturity of close to three years.

Gearing[11] during 2H23 and into FY24 is expected to remain at or slightly above the target range of 20% to 30% due to the ongoing significant construction activity, the payment of land vendor liabilities in respect to the acquisition of the balance of the Flagstone City (Qld) project and the completion of the acquisition of the University of Canberra (ACT) project.

9 Includes equivalent lots
10 EBITDA is a non-IFRIS measure that includes effects of non-cash movements in investments in associates and joint ventures and is calculated before inter-segment transfers and other unallocated items
11 Calculated as (Total interest-bearing liabilities (including land vendor liabilities) less cash) / (Total assets less cash, less intangible assets)

Dividend

Subsequent to 31 December 2022, the Directors have declared an interim dividend of 3.50 cents per share, fully franked, in respect of the year ending 30 June 2023. This dividend compares to a 2.25 cents per share, fully franked, interim dividend for the year ended 30 June 2022. The dividend is to be paid on Thursday, 13 April 2023, with a record date of Friday, 24 March 2023.

The Dividend Reinvestment Plan remains deactivated.

Group strategy

Peet remains well positioned for growth and value creation with its key strategic focus areas continuing to be:

- investing in high quality land in strategic locations across the country;
- expanding product offering and geographic presence to appeal to a wider variety of customers; and
- maintaining strong capital management.

Outlook

Residential markets continue to normalise from their peak as a result of interest rate increases and inflation, which are impacting buyer sentiment (particularly for first homebuyers) with sales activity moderating following a period of heightened demand and historically low interest rates.

Uncertainty over interest rates is expected to weigh on buyer sentiment until there is more clarity on where rates will peak.

However, underlying drivers of the residential market remain supportive - including strong labour market conditions, above-average wage growth, improving levels of overseas migration, tight rental vacancies and constrained land supply.

The Group is focussed on executing its strategic objectives and maintaining a disciplined approach to capital management. It is well positioned to navigate the current environment and to benefit from a recovery in activity.

Subject to market conditions and the timing of settlements, the Group is well-positioned for 2H23 supported by substantial contracts on hand and new project commencements.

BRENDAN GORE
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER
22 February 2023

Directors report

Your Directors present their report on the Consolidated Entity consisting of Peet Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

The following persons were Directors of Peet Limited during the half-year and up to the date of this report:

Tony Lennon (Chairman)

Brendan Gore

Anthony Lennon

Trevor Allen

Vicki Krause

Robert McKinnon

Review of operations

Net profit after tax for the half-year ended 31 December 2022 attributable to owners of Peet Limited was \$35.1 million (2022: \$20.6 million). The review of operations for the Group for the half-year ended 31 December 2022 and the results of those operations are covered in the Results Commentary section on pages 2 to 5.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/91, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors 'report and financial report have been rounded off to the nearest thousand dollars in accordance with that legislative instrument.

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
22 February 2023

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

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

Building a better working world

Auditor's independence declaration to the directors of Peet Limited

As lead auditor for the review of the half-year financial report of Peet Limited for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
22 February 2023

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	Notes	December 2022 $'000	December 2021 $'000
Revenue	4	166,525	116,224
Expenses	5	(129,301)	(98,947)
Finance costs	5	(1,855)	(1,091)
Share of net profit of associates and joint ventures		12,820	11,020
Profit before income tax		**48,189**	**27,206**
Income tax expense	6	(13,208)	(6,729)
Profit for the period		**34,981**	**20,477**
Attributable to:			
Owners of Peet Limited		35,105	20,613
Non-controlling interests		(124)	(136)
		34,981	**20,477**
Total comprehensive income for the period		**34,981**	**20,477**

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

	Notes	Cents	Cents
Basic and diluted earnings per share	7	7.38	4.27

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

Consolidated Balance Sheet
As at 31 December 2022

PEET

	Notes	December 2022 $000	June 2022 $000
Current assets			
Cash and cash equivalents		25,755	55,380
Receivables		14,823	23,046
Contract assets		13,293	19,871
Inventories		163,771	205,400
Total current assets		**217,642**	**303,697**
Non-current assets			
Receivables		58,297	41,977
Inventories		521,762	451,693
Investments accounted for using the equity method		197,564	188,006
Property, plant and equipment		2,796	2,938
Right-of-use assets		1,837	2,507
Intangible assets		1,867	1,922
Total non-current assets		**784,123**	**689,043**
Total assets		**1,001,765**	**992,740**
Current liabilities			
Payables		33,396	27,679
Land vendor liabilities		5,967	14,808
Borrowings	8	-	49,935
Lease liabilities		1,867	1,958
Current tax liabilities		9,700	10,028
Provisions		16,693	17,397
Total current liabilities		**67,623**	**121,805**
Non-current liabilities			
Land vendor liabilities		20,328	19,554
Borrowings	8	299,699	250,683
Lease liabilities		882	1,766
Other financial liabilities		3,666	3,162
Deferred tax liabilities		22,122	17,630
Provisions		13,242	13,031
Total non-current liabilities		**359,939**	**305,826**
Total liabilities		**427,562**	**427,631**
Net assets		**574,203**	**565,109**
Equity			
Contributed equity	9	369,899	374,733
Reserves		(1,446)	584
Retained profits		184,255	168,173
Capital and reserves attributable to owners of Peet Limited		**552,708**	**543,490**
Non-controlling interest		21,495	21,619
Total equity		**574,203**	**565,109**

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

	Notes	Contributed equity $'000	Reserves $'000	Retained profits $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2021		**378,916**	**(1,449)**	**138,814**	**516,281**	**16,314**	**532,595**
Profit for the period		-	-	20,613	20,613	(136)	20,477
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**20,613**	**20,613**	**(136)**	**20,477**
Vesting of performance rights		-	(635)	-	(635)	-	(635)
Share-based payments		-	992	-	992	-	992
Dividends paid		-	-	(12,082)	(12,082)	-	(12,082)
Balance at 31 December 2021		**378,916**	**(1,092)**	**147,345**	**525,169**	**16,178**	**541,347**
Balance at 1 July 2022		**374,733**	**584**	**168,173**	**543,490**	**21,619**	**565,109**
Profit for the period		-	-	35,105	35,105	(124)	34,981
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**35,105**	**35,105**	**(124)**	**34,981**
Share buyback,including transaction costs		(4,834)	-	-	(4,834)	-	(4,834)
Share-based payments		-	1,666	-	1,666	-	1,666
Vesting of performance rights		-	(3,696)	-	(3,696)	-	(3,696)
Dividends paid	11	-	-	(19,023)	(19,023)	-	(19,023)
Balance at 31 December 2022		**369,899**	**(1,446)**	**184,255**	**552,708**	**21,495**	**574,203**

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

PEET

	Notes	December 2022 $'000	December 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		182,880	112,119
Payments to suppliers and employees (inclusive of GST)		(115,058)	(85,486)
Payments for purchase of land		(55,169)	(27,210)
Interest and other finance costs paid		(12,001)	(12,321)
Distributions and dividends received from associates and joint ventures		2,264	713
Interest received		376	-
Income tax paid		(9,042)	(8,929)
Net cash outflow from operating activities		**(5,750)**	**(21,114)**
Cash flows from investing activities			
Payments for property, plant and equipment		(341)	(1,050)
Proceeds from capital returns from associates and joint ventures		1,000	813
Loans to associates and joint ventures		(5,000)	(350)
Repayment of loans by associates and joint ventures		6,662	4,841
Net cash inflow from investing activities		**2,321**	**4,254**
Cash flows from financing activities			
Dividends paid		(19,023)	(12,083)
Repayment of borrowings		(67,000)	(47,025)
Proceeds from borrowings		115,686	50,744
Repayment of Peet bonds		(50,000)	-
Payment of principal portion of lease liabilities		(975)	(874)
Share buy back (including transaction costs)		(4,884)	-
Net cash outflow from financing activities		**(26,196)**	**(9,238)**
Net decrease in cash and cash equivalents		(29,625)	(26,098)
Cash and cash equivalents at the beginning of the period		55,380	64,125
Cash and cash equivalents at the end of the period		**25,755**	**38,027**

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

1. Basis of preparation of consolidated financial statements

The general purpose condensed financial report for the half-year ended 31 December 2022 is for the Consolidated Entity comprising of Peet Limited and its subsidiaries ("Group"). Peet Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is: Level 7, 200 St Georges Terrace, Perth WA 6000. The financial report was authorised for issue by the Directors on 22 February 2023. The financial report has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

These half-year financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2022 and any public announcements made by Peet Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

2. New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the condensed financial report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2022, except for the adoption of new standards effective as at 1 July 2022. Several other amendments and interpretations apply for the first time on 1 July 2022, but do not have a material impact on the condensed financial report of the Group.

3. 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 has been identified as the executive management group.

The executive management group assesses the performance of the operating segments based on multiple measures including EBITDA[12], EBIT[13] 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 three reportable business segments:

(a) Funds management

Peet Limited enters into asset and funds management agreements with external capital providers. Peet Limited and/or the external capital provider commit equity funds towards the acquisition of land and this is generally supplemented with debt funds either at the time of acquisition or during the development phase of a project. The Group derives fees from underwriting, capital raising and asset identification services. Ongoing project related fees (mainly project management and selling fees as well as performance fees) are then derived by the Group for the duration of a project.

(b) 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.

(c) 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 Limited 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.

(d) Inter-segment eliminations and other unallocated

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

The adoption of AASB 10 Consolidated Financial Statements from 1 July 2013, resulted in certain property syndicates being consolidated. These entities, however, continue to be managed and reported to the executive management group as part of the funds

[12] EBITDA: Earnings Before Interest (including interest and finance charges amortised through cost of sales) Tax, Depreciation and Amortisation
[13] EBIT: Earnings Before Interest (including interest and finance charges amortised through cost of sales) and Tax

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.

	Funds management		Company-owned projects		Joint arrangements		Inter-segment transfers and other unallocated		Consolidated	
	December 2022 $'000	December 2021 $'000	December 2022 $'000	December 2021 $'000	December 2022 $'000	December 2021 $'000	December 2022 $'000	December 2021 $'000	December 2022 $'000	December 2021 $'000
Revenue by segment										
Sales to external parties	3,915	21,253	144,094	71,978	15,131	19,463	(32)	835	163,108	113,529
Other income	-	1,552	496	1,002	2,917	141	4	-	3,417	2,695
Share of net profit of associates and JVs	3,855	7,359	-	-	8,722	3,390	243	271	12,820	11,020
Total	**7,770**	**30,164**	**144,590**	**72,980**	**26,770**	**22,994**	**215**	**1,106**	**179,345**	**127,244**
Corporate overheads							(7,002)	(5,694)	(7,002)	(5,694)
EBITDA[1]	**4,757**	**21,417**	**41,724**	**8,909**	**15,686**	**8,012**	**(7,126)**	**(5,722)**	**55,041**	**32,616**
Depreciation and amortisation	(37)	(25)	(351)	(119)	(12)	(36)	(885)	(872)	(1,285)	(1,052)
Segment result (EBIT[2])	**4,720**	**21,392**	**41,373**	**8,790**	**15,674**	**7,976**	**(8,011)**	**(6,594)**	**53,756**	**31,564**
Financing costs (includes interest and finance costs expensed through cost of sales)									(5,567)	(4,358)
Profit before income tax									**48,189**	**27,206**
Income tax expense									(13,208)	(6,729)
Profit after income tax									**34,981**	**20,477**
Loss attributable to non-controlling interests									124	136
Profit attributable to owners of Peet Limited									**35,105**	**20,613**

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

4. Revenue

	December 2022 $'000	December 2021 $'000
Revenue from contracts with customers		
- Sales of land and built form[1]	154,080	83,874
- Project management and selling services[2]	9,028	29,655
Other income	3,417	2,695
	166,525	**116,224**

[1] Revenue from sales of land in the reporting period includes the settlement revenue of New Beith, Qld.

[2] Revenue reduction in the reporting period is consistent with the lower lot sales volumes.

5. Expenses

	December 2022 $'000	December 2021 $'000
Profit before income tax includes the following specific expenses:		
Land and development costs	91,565	61,000
Net realisable value adjustments	-	3,827
Amortised interest and finance expense	3,712	3,267
Total land and development cost	**95,277**	**68,094**
Depreciation		
- Right-of-use assets	670	670
- Property, plant and equipment	539	309
Amortisation	76	73
Total depreciation and amortisation	**1,285**	**1,052**
Employee benefits expense	15,717	15,829
Project management, selling and other operating costs	8,598	7,257
Other expenses	8,425	6,715
Total other expenses	**32,740**	**29,801**
Total expenses	**129,302**	**98,947**
Finance costs		
Interest and finance charges		
- Bank borrowings	6,362	3,274
- Lease liabilities	112	174
Interest on corporate bonds	6,464	5,868
Amount capitalised	(11,083)	(8,225)
Total finance costs	**1,855**	**1,091**

6. Income tax

	December 2022 $'000	December 2021 $'000
Major components of tax expense		
Current tax	9,220	5,197
Deferred tax	4,160	1,507
	13,380	**6,704**
Adjustments for prior periods	(172)	25
	13,208	**6,729**
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax	48,189	27,206
Tax at Australian tax rate of 30%	14,457	8,162
Tax effect of amounts which are not assessable or deductible:		
Share of net profit of associates	(581)	(1,635)
Employee benefits	(609)	107
Franking credits	(86)	(181)
Other	27	276
	13,208	**6,729**

7. Earnings per share

	December 2022	December 2021
Profit attributable to the ordinary equity holders of the Company ($'000)	35,105	20,613
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	475,920,896	483,300,489
Basic and diluted earnings per share (cents)	7.38	4.27

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

8. Borrowings

	December 2022		June 2022	
	Facility Amount	Utilised Amount[2]	Facility Amount	Utilised Amount[2]
	$'000	$'000	$'000	$'000
Bank loans[1]	**300,000**	**151,187**	**264,000**	**102,355**

	Face value	Carrying amount[3]	Face value	Carrying amount[3]
	$'000	$'000	$'000	$'000
Peet bonds Series 2, Tranche 1	-	-	50,000	49,935
Peet notes 2019	75,000	74,306	75,000	74,213
Peet notes 2021	75,000	74,206	75,000	74,115
	150,000	**148,512**	**200,000**	**198,263**

[1] Secured. During the reporting period, the Group's main bank facility was increased from $175 million to $275 million and was extended to 1 October 2025. The bank loan in Peet Flagstone City Pty Ltd was repaid.

[2] Excludes bank guarantees. Refer note 10 for bank guarantees information.

[3] Net of transaction costs.

The borrowings are disclosed as follows in the balance sheet:

	December 2022	June 2022
	$'000	$'000
Borrowings - Current	-	49,935
Borrowings - Non-current	299,699	250,683
Total borrowings	**299,699**	**300,618**
Cash and cash equivalents	(25,755)	(55,380)
Net debt	**273,944**	**245,238**

Current borrowings as at 30 June 2022 included the $50 million Peet bonds Series 2 Tranche 1 and was fully repaid in October 2022.

9. Contributed equity

The number of ordinary shares on issue and contributed equity at 31 December 2022 is 474,482,464 shares and $369.9 million (30 June 2022: 479,132,693 shares and $374.7 million), respectively.

10. Contingencies and commitments

Contingencies

	December 2022	June 2022
	$'000	$'000
Bank guarantees outstanding	27,413	33,713
Insurance bonds outstanding	21,527	20,082
	48,940	**53,795**

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

Commitments

On 31 December 2022, the Group had a commitment of $67.1 million to pay for the acquisition of approximately 15 hectares of land from the University of Canberra in ACT. The purchase price is expected to be paid in instalments over seven years commencing in 2023. A further $5.5 million collaboration payment is to be paid by the Group to the University of Canberra in equal instalments between 2023 and 2029. This payment is subject to settlement, which remains conditional at balance date, therefore no liability has been recognised at 31 December 2022.

11. Dividends

Dividends paid

The Directors declared a final fully franked dividend of 4.0 cents per share in respect of the year ended 30 June 2022. The dividend of $19.0 million was paid on 14 October 2022.

Dividends not recognised at period end

Subsequent to 31 December 2022, the Directors have declared an interim dividend of 3.50 cents per share fully franked in respect of the year ending 30 June 2023. The dividend is to be paid on Thursday, 13 April 2023, with a record date of Friday, 24 March 2023.

12. Fair value measurements

Valuation of financial instruments

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

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

There have been no transfers between levels during the period.

Financial assets

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

At 31 December 2022, the fair value of these loans to associates and joint ventures was $31.8 million (30 June 2022: $35.9 million).

Land vendor liabilities

The Group measures its land vendor liabilities at fair value at each reporting date. The land vendor liability resulting from project acquisitions is measured as the net present value of remaining contracted instalments with significant unobservable inputs (level 3 of the fair value hierarchy).

Peet notes

The fair value of Peet notes as at 31 December 2022 is detailed below.

	December 2022 $'000	June 2022 $'000
Peet Notes 2019	75,015	74,777
Peet Notes 2021	73,478	75,295
Total fair value	**148,493**	**150,072**
Total carrying value	**148,512**	**147,655**

The fair value of Peet notes is measured using significant observable inputs (level 2).

Other financial liabilities

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

13. Events after the end of the reporting period

No other matters or circumstances have arisen since the end of the half-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.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 8 to 17 are in accordance with the *Corporations Act 2001,* including:

  (i) complying with AASB 134 *Interim Financial Reporting*, 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 31 December 2022 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that Peet Limited will be able to pay its debts as and when they become due and payable.

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

BRENDAN GORE
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER
22 February 2023

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

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

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

Conclusion

We have reviewed the accompanying half-year financial report of Peet Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

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

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
22 February 2023