

**DATE OF OFFER SPECIFIC PROSPECTUS: 2 MAY 2016**

This Offer Specific Prospectus relates to the offer of “Peet Bonds” or “Bonds”, simple corporate bonds by Peet Limited (the “Offer”), under the Base Prospectus dated 2 May 2016 (“Base Prospectus”). This Offer Specific Prospectus must be read together with the Base Prospectus.  
The disclosure document for the Offer consists of this Offer Specific Prospectus and the Base Prospectus dated 2 May 2016.

# PEET BONDS

## PART A: OFFER SPECIFIC PROSPECTUS FOR THE ISSUE OF PEET BONDS – SERIES 1, TRANCHE 1

**ISSUER**

Peet Limited ABN 56 008 665 834

**SOLE ARRANGER AND LEAD MANAGER**

National Australia Bank

**PEET**

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# SECTION ONE

## WHAT YOU NEED TO KNOW

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**1. This Offer Specific Prospectus is not a summary of the information contained in the Base Prospectus. You must read the Base Prospectus together with this Offer Specific Prospectus.**

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2. This Offer Specific Prospectus is only relevant for this offer (the “**Offer**”) of Peet Bonds – Series 1, Tranche 1 (“**Bonds**”). The disclosure document for each offer of Peet Bonds will consist of the Base Prospectus and an offer-specific prospectus for the relevant offer.

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3. A Base Prospectus applies to this Offer.

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4. This Offer Specific Prospectus provides offer details, key dates and other relevant information for the Offer. The Base Prospectus provides additional information that is also critical to your investment decision. You should take all of the information in the Base Prospectus into consideration before making your decision in relation to the Offer.

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5. You should read both the Base Prospectus and the Offer Specific Prospectus in full before making your decision in relation to the Offer.

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6. To make an effective decision, you should read the Base Prospectus at the same time as you read this Offer Specific Prospectus, so that you can consider all of the information about this Offer.

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**7. About this Offer Specific Prospectus**

This Offer Specific Prospectus relates to an offer by Peet Limited (ABN 56 008 665 834) (“**Peet**”) to issue \$75 million of Bonds, with the ability to raise more or less subject to a minimum issue amount of \$50 million, on the terms set out in this Offer Specific Prospectus and the Base Prospectus. This Offer Specific Prospectus and the Base Prospectus are together referred to as the “**Offer Documents**”.

This Offer Specific Prospectus is dated 2 May 2016 and was lodged with the Australian Securities and Investments Commission (“**ASIC**”) on that date. This Offer Specific Prospectus is only relevant to the Offer (i.e. the offer of the Bonds) and expires on the date which is 13 months after the date the document is lodged with ASIC. No Bonds will be issued on the basis of the Offer Documents after that date.

The Bonds are unsecured notes for the purposes of section 283BH of the Corporations Act.

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8. The Offer Documents, including any information referred to or incorporated by reference therein, contain important information that you should read before making a decision to invest in Bonds. Information about Peet can be found in Section 3 (“**About Peet**”) of the Base Prospectus and is also available at [www.peetbonds.com.au](http://www.peetbonds.com.au)

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9. You should rely only on information in the Offer Documents. No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in the Offer Documents. Any information or representation not contained in the Offer Documents may not be relied upon as having been authorised by Peet or any other member of the Group in connection with the Offer.

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**10. The Offer Documents do not provide financial product or investment advice**

The information contained in the Offer Documents does not constitute financial product or investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). It is important that you read the Offer Documents in full before deciding whether to invest in any Bonds and consider the risks that could affect the performance of the Bonds.

The Offer Documents are only relevant for investors or potential investors in the Bonds and should not be used for any other purpose.

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**11. Obtaining the Offer Documents and Application Form**

Paper copies of the Offer Documents, an Application Form and any documents incorporated by reference can be obtained free of charge by calling the Peet Bonds Information Line on 1300 783 261 (within Australia) or +61 3 9415 4232 (outside Australia) Monday to Friday 9.00 am to 5.00 pm, Melbourne time. Electronic copies may also be obtained from [www.peetbonds.com.au](http://www.peetbonds.com.au) during the Offer Period and from [www.peet.com.au](http://www.peet.com.au) following the completion of the Offer.

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**12. Defined words and expressions**

Some words and expressions used in this Offer Specific Prospectus have defined meanings. These words and expressions are capitalised and are defined in Section 6 ("**Glossary**") of the Base Prospectus.

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**ASIC GUIDANCE FOR CORPORATE BOND INVESTORS**

To find out more about the pros and cons of investing in corporate bonds (such as the Bonds), visit ASIC's MoneySmart website: <http://moneysmart.gov.au>.

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# SECTION TWO

## KEY DATES AND OFFER DETAILS

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More information on bonds (such as the Bonds) and things you should consider before making an investment decision can be found on ASIC's MoneySmart website at <http://moneysmart.gov.au>

## KEY DATES FOR THE OFFER

Reinvestment Record Date for determining Eligible Peet Convertible Notes holders for the Reinvestment Offer (7.00 pm Perth time)	Wednesday, 27 April 2016
Record Date for determining Eligible Shareholders, Eligible Employees and Eligible Directors for the Peet Offer (7.00 pm Perth time)	Wednesday, 27 April 2016
Lodgement of original Offer Specific Prospectus with ASIC	Monday, 2 May 2016
Bookbuild to determine Interest Rate and Allocations to Syndicate Brokers and Institutional Investors	Monday, 9 May 2016
Opening Date for the Offer and lodgement of replacement Offer Specific Prospectus with ASIC	Tuesday, 10 May 2016
Closing Date for the Peet Offer and Reinvestment Offer (5.00 pm Perth time)	Friday, 27 May 2016
Closing Date for the Broker Firm Offer (5.00 pm Perth time)	Monday, 6 June 2016
Issue Date	Tuesday, 7 June 2016
Bonds commence trading on ASX on deferred settlement basis	Wednesday, 8 June 2016
Holding Statements despatched by the Registry	Wednesday, 8 June 2016
Bonds commence trading on ASX on normal settlement basis	Friday, 10 June 2016

## KEY DATES FOR THE BONDS

First Interest Payment Date <sup>1</sup>	16 December 2016
Maturity Date	7 June 2021

### Notes

<sup>1</sup> Interest is scheduled to be paid semi-annually on the Interest Payment Dates, until the Maturity Date or any earlier Redemption Date. If any of these scheduled dates is not a Business Day, then the Interest Payment Date will be the next Business Day. The first Interest Payment Date will be 16 December 2016 and subsequent Interest Payment Dates will be 16 June and 16 December in each year to and including the Maturity Date (being 7 June 2021).

### Dates may change

The key dates for the Offer are indicative only and subject to change without notice. Peet may, in consultation with the Lead Manager, vary the timetable, including to close the Peet Offer or the Broker Firm Offer early, extend one or both of them, or to withdraw one or both of them at any time prior to Issue. If any of the dates are changed, subsequent dates may also change. If you decide to invest in the Bonds, you are encouraged to lodge your Application as soon as possible after the Opening Date.

## 2.1 TERMS OF THE BONDS

The following terms (“**Offer Specific Terms**”), together with the terms set out in the Base Prospectus (as supplemented, amended, modified or replaced by the Offer Specific Terms) (“**Base Terms**”), are the terms and conditions of the Bonds, the subject of this Offer Specific Prospectus (“**Terms**”). Unless otherwise specified, capitalised expressions in the Offer Specific Terms have the meanings given in the Base Terms.

		Further information	Page
<b>Issuer</b>	Peet Limited (ABN 56 008 665 834)	Section 3 of this Offer Specific Prospectus	13
		Base Prospectus (Section 3)	21
<b>Peet Bonds – Series 1, Tranche 1</b>	Interest paying, unsubordinated and unsecured debt obligations, issued by Peet.  Each Bond is issued on and subject to the provisions of the Trust Deed and the Terms.	Base Terms	
<b>Offer size</b>	\$75 million, with the ability to raise more or less.  The minimum Offer size is \$50 million. If total application monies received is less than \$50 million, then no Bonds will be issued under the Offer.		
<b>Face Value and Issue Price</b>	\$100 per Bond		
<b>Offer Structure</b>	The Offer comprises: – Peet Offer – Broker Firm Offer – Institutional Offer – Reinvestment Offer	Section 4 of this Offer Specific Prospectus	23
<b>Minimum Application</b>	50 Bonds for applicants under the Institutional Offer and Broker Firm Offer (\$5,000).  20 Bonds for applicants under the Peet Offer (\$2,000).		
<b>Term</b>	5 years		
<b>Maturity Date</b>	7 June 2021 (unless Redeemed early)		
<b>Guarantor Group</b>	As at the date of this Offer Specific Prospectus, the Issuer expects to be able to meet its payment obligations under the Bonds. Such payment obligations have the benefit of a Guarantee given by the Guarantor Group, being certain wholly-owned Subsidiaries of the Issuer (being each entity which provides a guarantee of any of the Group’s indebtedness owing under any syndicated or other term loan arrangement (excluding any loan made by the Issuer to a Guarantor or a Guarantor to the Issuer)). The Issuer is required at all times to ensure that the Guarantor Group does in fact include each such entity.	Base Terms (Clause 3.3), Base Prospectus (Section 2.1.3 under the heading “Guarantee”), Trust Deed (Clause 1.6 and Schedule 4)	
<b>Interest Rate</b>	Fixed Interest Rate of [•]% per annum	Base Prospectus (Section 2.1.2)  Base Terms (Clause 2.3)	9

		Further information	Page
<b>Interest Payment Dates</b>	<p>The first Interest Payment Date will be 16 December 2016 (which means that there will be a long first Interest Period). Interest will be paid semi-annually in arrear on the following dates in each year as well as on the Maturity Date, or any earlier Redemption Date:</p> <ul style="list-style-type: none"> <li>– 16 June</li> <li>– 16 December</li> </ul> <p>If any of these scheduled dates is not a Business Day, then the Interest Payment Date will be the next Business Day. Interest will continue to accrue until that date.</p>		
<b>Business Day Convention</b>	Following Business Day Convention	Base Prospectus (Section 6), Glossary	47
<b>Day Count Fraction</b>	Actual/365 (Fixed)	Base Prospectus (Section 6), Glossary	47
<b>Early Redemption</b>	<p>Peet will only have the right (but not the obligation) to Redeem the Bonds prior to the Maturity Date:</p> <ul style="list-style-type: none"> <li>– following the occurrence of a Tax Event;</li> <li>– following the occurrence of a Change of Control Event; or</li> <li>– when a Clean Up Condition subsists.</li> </ul>	<p>Base Prospectus (Section 2.1.3)</p> <p>Base Terms (Clauses 5.3, 5.4 and 5.5)</p> <p>Definition of “Holder Resolution” in Section 6 (“Glossary”) of the Base Prospectus</p>	11
<b>Early Redemption rights of Holders</b>	<p>Holders of Bonds will only have the right to require Redemption prior to the Maturity Date following the occurrence of a Change of Control Event. To exercise this right, Holders would be required to pass a Holder Resolution directing the Trustee to require the Issuer to Redeem all of the Bonds.</p>	<p>Base Prospectus (Section 2.1.3)</p> <p>Base Terms (Clause 5.4)</p> <p>Definition of “Holder Resolution” in Section 6 (“Glossary”) of the Base Prospectus</p>	11  47
<b>Negative pledge</b>	<p>A negative pledge will apply to the Bonds and it is described in Section 2.1.4 of the Base Prospectus under the heading “Negative pledge”. For the purposes of the definition of “Permitted Security Interest”, the Peet Secured Gearing Ratio would not be greater than 40%. The means, broadly, that Peet can incur secured debt in the form of syndicated and term loans and bonds subject to this Peet Secured Gearing Ratio.</p>	<p>Base Prospectus (Section 2.1.4)</p> <p>Base Terms (Clause 4.1)</p>	15
<b>Limitation on debt incurrence covenant</b>	<p>A limitation on debt incurrence covenant will apply to the Bonds and it is described in Section 2.1.4 of the Base Prospectus under the heading “Limitation on debt incurrence covenant”. For the purposes of the covenant, the Peet Gearing Ratio would be no greater than 50%.</p>	<p>Base Prospectus (Section 2.1.4)</p> <p>Base Terms (Clause 4.2)</p>	15
<b>Ranking on winding up</b>	<p>A Holder’s claim will rank equally with claims of all other unsubordinated and unsecured creditors (other than any obligations preferred by mandatory provisions of applicable law, including employee entitlements and secured creditors). A Holder’s claim will rank ahead of all holders of subordinated instruments and common equity in the Issuer.</p>	<p>Base Prospectus (Section 2.1.5)</p> <p>Base Terms (Clause 3)</p>	17

		<b>Further information</b>	<b>Page</b>
<b>Events of Default</b>	Events of Default are set out in the Base Terms and described in the Base Prospectus and include non-payment of principal or interest, failure by the Issuer to comply with certain other obligations, cross-default, the insolvency of the Issuer, vitiation of rights or obligations under the Trust Deed or terms of the Bonds, the Guarantee is not (or is claimed by a Guarantor not to be) in full force and effect or it becoming unlawful for the Issuer to perform any of its payment obligations under the Bonds. Holders should be aware that the insolvency Event of Default (set out in Clause 6.1(d) of the Base Terms) only applies in respect of the insolvency of the Issuer (not the insolvency of any other member of the Group).	Base Prospectus (Section 2.1.3) Base Terms (Clause 6)	13
<b>Existing Security</b>	As at the date of this Offer Specific Prospectus, existing financiers of the Issuer and the Guarantor Group have the benefit of security granted by the Issuer and the Guarantor Group. Such security has been granted in respect of \$185.5 million in bank loans. These financiers would, in the event of a winding up of the Issuer, rank for payment ahead of Holders.		
<b>Fees and charges</b>	No fees, charges, brokerage, commission or stamp duty is payable by you on your application for the Bonds.  You may be required to pay brokerage if you sell your Bonds after the Bonds are quoted on ASX.		
<b>Fees and costs associated with the Offer</b>	The total expenses of the Offer (including fees payable to the Lead Manager, legal, accounting, tax, marketing, and administrative fees, as well as printing, advertising and other expenses related to the Offer) are expected to be A\$1.8 million exclusive of GST. All of these expenses have been, or will be, borne by Peet out of the proceeds of the Offer.	Further details incorporated by reference (Section 3.7.4 of this Offer Specific Prospectus)	20
<b>Listing</b>	Peet has applied for the quotation of the Bonds on ASX.  It is expected that the Bonds will be quoted under the code "PPCHA".		
<b>Selling restrictions</b>	Selling restrictions apply to the sale of Bonds in certain foreign jurisdictions.	Base Prospectus (Section 5.3)	43

If you have any questions about the Bonds or the Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the Peet Bonds Information Line on 1300 783 261 (within Australia) or +61 3 9415 4232 (outside Australia) (Monday to Friday 9.00 am – 5.00 pm, Melbourne time) during the Offer Period.

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**SECTION THREE**  
OFFER SPECIFIC INFORMATION  
YOU SHOULD CONSIDER

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### 3.1 BUSINESS UPDATE

Peet's last update to the market coincided with the announcement of its results for the half-year ended 31 December 2015. The key highlights of the announcement included:

- Operating profit<sup>1</sup> and statutory profit<sup>2</sup> after tax of \$18.5 million, up 8% on 1H15
- EBITDA<sup>3</sup> of \$40.3 million
- EBITDA<sup>3</sup> margin increased to 29%, compared to 25% in 1H15
- Earnings per share of 3.8c
- 1,275 lots settled
- Record 2,318<sup>4</sup> contracts on hand as at 31 December 2015 with a value of \$523 million
- Gearing<sup>5</sup> of 30.6%
- Fully franked interim dividend of 1.75 cents per share, up 17% on 1H15

#### Notes

1. Operating profit is a non-IFRS measure that is determined to present the ongoing activities of the Peet 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. 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.
2. Statutory profit after tax means net profit measured in accordance with the Australian Accounting Standards, attributable to the owners of Peet.
3. Pre write-downs of \$ nil and includes effects of non-cash movements in investments in associates and joint ventures.
4. Includes lot equivalents. Excludes Arena, Greenvale englobo sale.
5. 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). Excludes syndicates consolidated under AASB 10.

You should refer to the Appendix 4D and consolidated financial statements for the half-year ended 31 December 2015 which were lodged with ASX on 25 February 2016 for further details of Peet's results for the period then ended.

### 3.2 USE OF PROCEEDS OF THE OFFER

The proceeds of the Offer will be used for refinancing the \$50 million Peet Convertible Notes issued in 2011 and due to mature 16 June 2016 ("**Peet Convertible Notes**"). The proceeds will also be used to diversify Peet's debt capital structure to further strengthen the Peet Group's balance sheet and to support its growth objectives. The proceeds raised will also be used for ongoing corporate purposes, including paying for the costs of the Offer.

The table below outlines the above, assuming an issue of \$75 million in Bonds (Peet has the ability to raise more or less, subject to a minimum issue amount of \$50 million). The costs set out are estimates and exclusive of GST:

	\$	\$
Funds raised		75,000,000
<b>Less costs of the Offer</b>		
Lead Arranger and Lead Manager fees	1,350,000	
Legal	288,000	
Accounting and tax	28,000	
Registry costs	106,945	
Other (including statutory costs, distribution costs, other)	27,000	1,799,945
<b>Net proceeds of Offer</b>		<b>73,200,055</b>
Less repayment of Peet Convertible Notes		50,000,000
<b>Net proceeds of Offer following repayment of Peet Convertible Notes to further strengthen balance sheet and support growth objectives</b>		<b>23,200,055</b>



The pro forma impacts of the issue of the Bonds and the subsequent repayment of the Peet Convertible Notes are outlined in the following sections of this Offer Specific Prospectus:

- (i) Section 3.3 Effect of the Offer on Peet – this sections includes the pro forma impacts on the Group’s balance sheet as at 31 December 2015;
- (ii) Section 3.4 Key financial ratios – this section shows the pro forma impact on the Key Financial Ratios and other relevant financial ratios; and
- (iii) Section 3.5 Details of ranking and other debt on issue – this section shows the pro forma impact on the Group’s debt maturity profile.

### **3.3 EFFECT OF THE OFFER ON PEET**

#### **3.3.1 HISTORICAL AND PRO FORMA FINANCIAL INFORMATION**

*The unaudited financial information in this section is presented in an abbreviated form and does not contain all of the disclosures that are usually provided in an annual or interim report prepared in accordance with the Corporations Act.*

The historical consolidated balance sheet has been derived from the Group’s half-year financial statements as at and for the half-year ended 31 December 2015, which have been reviewed by the Group’s auditors.

The unaudited pro forma information comprises historical financial information and pro forma adjustments.

Set out below is a summary of Peet’s historical consolidated balance sheet as at 31 December 2015, together with pro forma adjustments that assume the following were completed on 31 December 2015:

- (i) \$75 million Bond issue (pursuant to this Offer Specific Prospectus), which is classified as borrowings – This results in ‘Cash and cash equivalents’ increasing by \$75 million and non-current ‘Borrowings’ increasing by \$75 million.
- (ii) \$1.8 million in transaction costs associated with the Bond issue – Financial liabilities are recognised net of their transaction costs, in accordance with Australian Accounting Standard AASB 9. Accordingly, the payment of the transaction costs results in non-current ‘Borrowings’ and ‘Cash and cash equivalents’ each reducing by \$1.8 million.
- (iii) \$50 million in Peet Convertible Notes, which are classified as ‘Current borrowings’ are repaid – This results in ‘Cash and cash equivalents’ reducing by \$50 million and ‘Current borrowings’ reducing by \$50 million.

### 3.3.2 BALANCE SHEETS AS AT 31 DECEMBER 2015

	Per Appendix 4D 31 December 2015 \$'000	Pro-forma adjustments (i), (ii) & (iii) \$'000	Pro-forma balance sheet \$'000
<b>Current assets</b>			
Cash and cash equivalents	49,307	23,200	72,507
Receivables	64,923	–	64,923
Inventories	87,199	–	87,199
<b>Total current assets</b>	<b>201,429</b>	<b>23,200</b>	<b>224,629</b>
<b>Non-current assets</b>			
Receivables	48,547	–	48,547
Inventories	511,698	–	511,698
Investments accounted for using the equity method	188,080	–	188,080
Property, plant and equipment	10,656	–	10,656
Intangible assets	2,301	–	2,301
<b>Total non-current assets</b>	<b>761,282</b>	<b>–</b>	<b>761,282</b>
<b>TOTAL ASSETS</b>	<b>962,711</b>	<b>23,200</b>	<b>985,911</b>
<b>Current liabilities</b>			
Payables	66,388	–	66,388
Land vendor liabilities	43,000	–	43,000
Derivative financial instruments	746	–	746
Current tax liabilities	6,965	–	6,965
Borrowings	57,500	(50,000)	7,500
Provisions	10,658	–	10,658
<b>Total current liabilities</b>	<b>185,257</b>	<b>(50,000)</b>	<b>135,257</b>
<b>Non-current liabilities</b>			
Land vendor liabilities	80,228	–	80,228
Borrowings	177,560	73,200	250,760
Derivative financial instruments	4,270	–	4,270
Deferred tax liabilities	27,086	–	27,086
Provisions	351	–	351
<b>Total non-current liabilities</b>	<b>289,495</b>	<b>73,200</b>	<b>362,695</b>
<b>TOTAL LIABILITIES</b>	<b>474,752</b>	<b>23,200</b>	<b>497,952</b>
<b>NET ASSETS</b>	<b>487,959</b>	<b>–</b>	<b>487,959</b>
<b>Equity</b>			
Contributed equity	385,936	–	385,936
Reserves	10,705	–	10,705
Retained profits	86,267	–	86,267
<b>Capital and reserves attributable to owners of Peet Limited</b>	<b>482,908</b>	<b>–</b>	<b>482,908</b>
Non-controlling interests	5,051	–	5,051
<b>TOTAL EQUITY</b>	<b>487,959</b>	<b>–</b>	<b>487,959</b>

## 3.4 KEY FINANCIAL RATIOS

### SOURCE OF FINANCIAL INFORMATION

This section describes some of the key financial indicators which will assist investors in assessing the financial position and strength of the Group and the Peet Group. In addition to these key financial indicators, you should review the Group's financial statements contained in Peet's 2015 Annual Report and the Group's financial statements for the half-year ended 31 December 2015.

#### **You must refer to Section 3.8.2 of the Base Prospectus which describes the Key Financial Ratios.**

The table below sets out the prescribed Key Financial Ratios (Gearing Ratio, Interest Cover Ratio and Working Capital Ratio) which are calculated on the basis prescribed by the Corporations Act and Corporations Regulation 6D.2.06. The intended purpose of this requirement is to give an indication of the capacity of an issuer to meet its obligations to holders under the bonds.

The ratios are based on the Group's financial information for the years ended 30 June 2014 and 30 June 2015 and the half-year ended 31 December 2015 and for the pro forma half-year ended 31 December 2015 (assuming a raising of \$75 million):

<b>Prescribed Key Financial Ratios as at</b>	<b>30 June 14</b>	<b>30 June 15</b>	<b>31 Dec 15</b>	<b>31 Dec 15 (pro forma)</b>
Gearing Ratio (prescribed)	102%	81%	97%	102%
Interest Cover Ratio (prescribed)	2.8x	3.3x	3.4x	3.4x
Working Capital Ratio (prescribed)	1.81x	1.41x	1.09x	1.66x

#### **Other relevant financial ratios**

In overseeing the capital management aspect of its business, Peet focusses on other relevant financial ratios, which include the Peet Gearing Ratio and the Peet Interest Cover ratio.

In addition to an ongoing internal focus on these other relevant financial ratios, Peet has historically reported on these ratios to the market as part of its annual and half-yearly reporting.

The Peet Gearing Ratio is used in the limitation on debt incurrence covenant contained in Clause 4.2 of the Base Terms.

The other relevant financial ratios are based on the Peet Group's financial information for the years ended 30 June 2014 and 30 June 2015 and the half-year ended 31 December 2015 and for the pro forma half-year ended 31 December 2015 (assuming a raising of \$75 million):

<b>Other relevant financial ratios as at</b>	<b>30 June 14</b>	<b>30 June 15</b>	<b>31 Dec 15</b>	<b>31 Dec 15 (pro forma)</b>
Peet Gearing Ratio	30%	24%	31%	31%
Peet Interest Cover Ratio	2.8x	4.0x	4.4x	4.4x

#### **The methods for calculating the "Other relevant financial ratios"**

The method for calculating these "Other relevant financial ratios" and the reasons for their use by Peet are set out in Section 3.8.3 of the Base Prospectus.

### 3.5 DETAILS OF RANKING AND OTHER DEBT ON ISSUE

#### ILLUSTRATION OF RANKING UPON WINDING UP OF PEET

Type of instrument		Existing debt obligations and equity	Amount drawn as at 31 December 2015, adjusted for the assumed amount to be raised under the Offer (\$75m)
Higher ranking	Secured debt	Bank loans	\$185.5m
↑ ↓	Unsubordinated unsecured debt	Peet Convertible Notes	\$50.0m
		The Bonds	\$75m
		Fixed rate loan	\$0.2m
	Subordinated, unsecured debt and hybrid instruments	None	None
Lower ranking	Ordinary equity	Contributed equity, reserves, retained profits	\$488m

The tables below set out the maturity profile of the Group's external debt facilities including capital markets debt as at 31 December 2015. It does not include any adjustment for the issue of the Bonds or the purchase or cancellation of any Peet Convertible Notes resulting from the offer to holders of Peet Convertible Notes to fund a subscription for Bonds with the proceeds of a sale of Peet Convertible Notes to Peet, which is described in Section 4.2 ("Reinvestment Offer").

The Peet Group's existing external debt facilities and their maturities are as follows as at 31 December 2015:

Facility	Amount drawn	Maturity
Bank facility	\$160.6m	31 October 2017
Peet Convertible Notes due 2016	\$50.0m	16 June 2016
Bank guarantees	\$18.7m	31 October 2017
Performance bonds outstanding	\$9.7m	31 December 2016

The existing debt obligations and their maturities for Peet syndicates, which form part of the Group as a result of Australian Accounting Standard AASB 10 (but which, where they have bank debt would have their own banking facilities, separate from the banking facilities of the Peet Group) are as follows as at 31 December 2015:

Facility	Amount drawn	Maturity
Multi-option facility <sup>1</sup>	\$20.1m	31 March 2018
Bank facility <sup>2</sup>	\$5.0m	31 March 2016

1. Includes bank guarantees. The facility limit of \$22 million expires on 31 March 2018. The limit reduces to \$19 million on 30 June 2016 and to \$17 million on 31 January 2017.

2. Subsequent to 31 December 2015, maturity was extended to 31 May 2016. The Peet syndicate borrower is in discussions with the relevant lender to further extend the due date of this facility.

The issue of the Bonds and the redemption of the Peet Convertible Notes under the Reinvestment Offer will have the effect of lengthening the debt maturity profile of the Peet Group. The resulting debt maturity profile may reduce the Peet Group's exposure to refinancing risk in the coming years.

The Peet Group's existing external debt facilities and their maturities, assuming the issue of \$75 million in Bonds and the redemption of the Peet Convertible Notes on a pro-forma basis as at 31 December 2015, are as follows:

Facility	Amount drawn	Maturity
Bank facility	\$160.6m	31 October 2017
Bonds	\$75.0m	7 June 2021
Bank guarantees	\$18.7m	31 October 2017
Performance bonds outstanding	\$9.7m	31 December 2016

The existing debt obligations and their maturities for Peet syndicates, which form part of the Group under Australian Accounting Standard AASB 10 (but which, where they have bank debt would have their own banking facilities, separate from the banking facilities of the Peet Group ) are not affected by the issue of the Bonds.

### 3.6 KEY RISKS UPDATE

An outline of some of the risks relating to the Bonds and the Peet Group's business is contained in Section 4 ("**Risks**") of the Base Prospectus. You should read the Base Prospectus in full before deciding whether to invest in the Bonds.

### 3.7 OTHER INFORMATION

#### 3.7.1 NO MATERIAL BREACHES OF LOAN COVENANTS OR DEBT OBLIGATIONS

Peet has not materially breached any loan covenants or debt obligations in the two years prior to the date of this Offer Specific Prospectus.

#### 3.7.2 BASE PROSPECTUS IS UP-TO-DATE

Other than the information contained in this Offer Specific Prospectus, all information in the Base Prospectus remains current as at the date of this Offer Specific Prospectus.

You must read the Base Prospectus in conjunction with this Offer Specific Prospectus.

#### 3.7.3 PEET BOARD RENEWAL AND REFRESHMENT

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

Peet has appointed a Nomination Committee which currently comprises the full board.

The Nomination Committee's purpose is to assist the Peet Board in its oversight of:

- identification and appointment of suitable candidates for appointment to the Board;
- plans for succession of the Chairman of the Board and Chief Executive Officer and periodic evaluation of those plans;
- appointment of a lead independent director who will act as the Deputy Chairman of the Board;
- identification and appointment of suitable candidates to the role of Chairman of the Board; and
- assessment of the performance of individual directors and the endorsement of retiring directors seeking re-election.

The three current independent Directors of Peet have been appointed to the Peet Board since 2012.

### 3.7.4 OTHER IMPORTANT INFORMATION

The following documents have been incorporated by reference and as such form part of the Offer Specific Prospectus.

The following materials are available from Peet's website [www.peetbonds.com.au](http://www.peetbonds.com.au) and a copy of each document can be obtained free of charge by calling the Peet Bonds Information Line on 1300 783 261 (within Australia) or +61 3 9415 4232 (outside Australia) Monday to Friday 9.00 am to 5.00 pm, Melbourne time during the application period of this Offer Specific Prospectus.

- **Trust Deed**, which was filed with ASIC on 2 May 2016. The Bonds and the Guarantee will be constituted under the Trust Deed, which contains the agreement between the Issuer and the Trustee in relation to the Trustee's role, and the circumstances in which the Trustee can or must act in the interests of Holders;
- **Offer Specific Terms**, which were filed with ASIC on 2 May 2016. The Terms consist of the Base Terms as supplemented, amended, modified or replaced by the Offer Specific Terms;
- **Consents to be named**. This is a list of the consents from relevant parties that the Issuer can name them in this Offer Specific Prospectus, filed with ASIC on 2 May 2016; and
- **Summary of interests and benefits**. This is a summary of the interests of certain persons involved in the Offer and the fees they are being paid, including the Directors and relevant advisers, which were filed with ASIC on 2 May 2016. Directors and employees of Peet and its Subsidiaries are permitted to participate in the Offer.

Under the law, Peet must immediately disclose any information which would have a material impact on the trading price of its securities. This information is publicly available through ASIC and ASX. You should consider this information when making an investment decision in relation to the Bonds.

It is important that you read the Base Prospectus and this Offer Specific Prospectus before you make any decision to invest in the Bonds.

### 3.7.5 TRUSTEE'S LIABILITY

The Trustee, being Australian Executor Trustees Limited:

- (a) has not made any statement or purported to make any statement in the Offer Documents or any statement on which a statement in the Offer Documents is based, other than as specified below;
- (b) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation or any statement regarding, and takes no responsibility for, any part of the Offer Documents, or any statements in, or omissions from the Offer Documents, other than the references to its name and the statement(s) and/or report(s) (if any) specified below and included in the Offer Documents with its written consent;
- (c) has given and has not, before the lodgement of the Offer Documents with ASIC, withdrawn its written consent to:
  - be named in the Offer Documents in the form and context in which it is named; and
  - the inclusion in the Offer Documents of the statement(s) and/or report(s) (if any) by that person in the form and context in which they appear in the Offer Documents;
- (d) does not, nor does any related person, make any representation as to the truth and accuracy of the contents of the Offer Documents;
- (e) has relied on Peet for the accuracy of the contents of the Offer Documents; and
- (f) does not, nor does any related person, make any representation or warranty as to the performance of the Bonds or the payment of interest or the redemption of the Bonds.

The interest payments on the Bonds are obligations of Peet and the Guarantor Group and are not guaranteed by the Trustee or any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related body corporate or any other entity.

The obligation to redeem the Bonds in accordance with their terms is a direct obligation of Peet. Neither the Trustee nor any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related body corporate or any other entity guarantees the redemption of or prepayment of any principal under the Bonds.

The Trustee is not responsible for monitoring Peet's compliance with the Trust Deed nor Peet's business.

### 3.7.6 TRUSTEE'S PRIVACY POLICY

The Trustee may collect your personal information for the primary purpose of providing trustee services to Peet and for ancillary purposes detailed in its privacy policy. The Trustee may disclose your personal information, such as your name and contact details, along with your account information to its related bodies corporate, Peet, professional advisors, the land titles office and/or as otherwise instructed by Peet. The Trustee is also permitted to collect and disclose your personal information when required or authorised to do so by law. The Trustee is not likely to disclose your personal information to overseas recipients. Your personal information will be used in accordance with the Trustee's privacy policy. The privacy policy contains information about how you may access or correct your personal information held by the Trustee and how you may complain about a breach of the Australian Privacy Principles. You may obtain a copy of the privacy policy at [www.aetlimited.com.au/privacy](http://www.aetlimited.com.au/privacy)

### 3.7.7 ACKNOWLEDGEMENTS

Each person who applies to participate in the Offer, or submits an Application Form will be deemed to have:

- acknowledged having personally received a paper or electronic copy of the Base Prospectus and this Offer Specific Prospectus (and any supplementary or replacement document) accompanying the Application Form and having read them all in full;
- acknowledged that the Applicant(s) understand the Terms and have had an opportunity to consider the suitability of an investment in the Bonds with their professional advisers;
- agreed to be bound by the Terms;
- declared that all details and statements in their Application Form are complete and accurate;
- consented to the use and disclosure of the Applicant's(s') personal information as described in Section 5.2 of the Base Prospectus, and understood and agreed that the use and disclosure of the Applicant's(s') personal information applies to any personal information collected by Peet and any entity in the Peet Group in the course of the applicant's(s') relationship with Peet and any entity in the Peet Group;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that once Peet or the Registry receives an Application form it may not be withdrawn, except as allowed by law;
- acknowledged that, in some circumstances, Peet may not pay any amount payable on Bonds;
- applied for the number of Bonds at the Australian dollar amount shown on the Application Form;
- agreed to being allocated the number of Bonds applied for (or a lower number allocated in a way described in this Offer Specific Prospectus), or no Bonds at all;
- authorised Peet and the Lead Manager and their respective officers or agents, to do anything on the applicant's(s') behalf necessary for Bonds to be allocated to the applicant(s), including to act on instructions received by the Registry upon using the contact details in the Application Form, acknowledged that the information contained in this Offer Specific Prospectus (or any supplementary or replacement document) is not investment advice or a recommendation that Bonds are suitable for the Applicant(s), given the Applicant's(s') investment objectives, financial situation or particular needs;
- declared that the Applicant(s) is an Australian resident or otherwise a person to whom the offer of Bonds can be made, and Bonds issued, in accordance with Section 4.1 of this Offer Specific Prospectus;
- acknowledged that Bonds have not been, and will not be, registered pursuant to the securities laws of any other jurisdiction outside Australia; and
- acknowledged that investments (such as an investment in the Bonds) are subject to risk, including possible delays in repayment and loss of income and principal invested.

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# SECTION FOUR

## HOW TO APPLY

# A

## 4.1 APPLYING FOR THE BONDS

You may apply for the Bonds under one of the following Offer tranches:

Offer tranches	Who can Apply	When to Apply	How to Apply
<b>Peet Offer</b>	<p>Eligible Shareholders, Eligible Employees and Eligible Directors, being those persons who:</p> <ul style="list-style-type: none"> <li>• (in the case of Eligible Shareholders) are registered as a holder of Ordinary Shares as at 7.00 pm (Perth time) on Wednesday, 27 April 2016;</li> <li>• (in the case of Eligible Employees) are an employee of Peet or its controlled entities as at 7.00 pm (Perth time) on Wednesday, 27 April 2016;</li> <li>• (in the case of Eligible Directors) are a Director as at 7.00 pm (Perth time) on Wednesday, 27 April 2016;</li> <li>• (in the case of Eligible Shareholders) are shown on the register of holders of Ordinary Shares as having an address in Australia (or another jurisdiction to which Peet determines to extend the Peet Offer);</li> <li>• (in the case of Eligible Employees and Eligible Directors) are Australian residents;</li> <li>• are not in the United States or a US person, acting as a nominee for, or for the account or benefit of, a US person; and</li> <li>• who are not otherwise prevented from receiving the Peet Offer under the laws of any jurisdiction as determined by Peet.</li> </ul>	<p>Applications will only be accepted during the Offer Period, which is expected to commence on Tuesday, 10 May 2016. The Closing Date for the Peet Offer is 5.00 pm (Perth time) on Friday, 27 May 2016.</p> <p>Your online Application or paper Peet Offer Application Form must be completed and Application Monies must be received by the Registry by the Closing Date for the Peet Offer.</p>	<p>You can apply online at <a href="http://www.peetbonds.com.au">www.peetbonds.com.au</a></p> <p>Instructions on how to complete your Application are provided online.</p> <p>You will be required to provide your entitlement number which gives you the entitlement to apply under the Peet Offer.</p> <p>Should you wish to apply by paper Application, you can request a free paper copy of the Base Prospectus and this Offer-Specific Prospectus and a Peet Offer Application Form or by contacting the Peet Bonds Information Line on 1300 783 261 (within Australia) or +61 3 9415 4232 (International) Monday to Friday 9.00 am to 5.00 pm (Melbourne time). In the case of Eligible Shareholders, you will be required to provide your Securityholder Reference Number (SRN) or Holder Identification Number (HIN). Instructions on how to complete the Application Form are set out on the form. When applying via a paper Application Form you may pay for the Bonds using cheque(s) and/or money order(s). Your completed Peet Offer Application Form and Application Monies must be received by the Registry by the Closing Date for the Peet Offer which is 5.00 pm (Perth time) on Friday, 27 May 2016.</p>
<b>Institutional Offer</b>	<p>Institutional Investors – that is an investor who was invited by the Lead Manager to bid for the Bonds, who is not a Broker Firm Offer Applicant.</p>	<p>Institutional Investors should contact the Lead Manager for instructions on participating in the Bookbuild.</p>	<p>Applications and settlement procedures for Institutional Investors will be advised by the Lead Manager.</p>

Offer tranches	Who can Apply	When to Apply	How to Apply
<b>Broker Firm Offer</b>	Australian resident retail clients of a Syndicate Broker invited by the Syndicate Broker to participate through the Broker Firm Offer.	<p>Applications will only be accepted during the Offer Period, which is expected to commence on Tuesday, 10 May 2016.</p> <p>The Closing Date for the Broker Firm Offer is 5.00 pm (Perth time) on Monday, 6 June 2016.</p> <p>Your completed Broker Firm Offer Application Form and Application Monies must be received by your Syndicate Broker in accordance with arrangements made between you and your Syndicate Broker.</p>	<p>You must contact your Syndicate Broker for instructions about how to complete your Application.</p> <p>You must not return your Application to the Registry or Peet.</p>
<b>Reinvestment Offer</b>	<p>Eligible Peet Convertible Notes holders.</p> <p>Refer to Section 4.2 of this Offer Specific Prospectus for further information.</p>	<p>Completed Reinvestment Offer Application Forms must be received by the Registry by the Closing Date for the Reinvestment Offer, which is expected to be 5.00 pm (Perth time) on Friday, 27 May 2016 (in either hard copy or online)</p> <p>If you are a client of a Syndicate Broker, you should contact your Syndicate Broker for information about participating in the Reinvestment Offer.</p>	<p>You can apply online at <a href="http://www.peetbonds.com.au">www.peetbonds.com.au</a></p> <p>Instructions on how to complete your Application are provided online.</p> <p>Should you wish to apply by paper Application, you can request a free paper copy of this Prospectus and a Reinvestment Offer Application Form by contacting the Peet Bonds Information Line on 1300 783 261 (within Australia) or +61 3 9415 4232 (International) Monday to Friday 9.00 am to 5.00 pm (Melbourne time) during the Offer Period.</p> <p>Your completed Reinvestment Offer Application Form must be received by the Registry by the Closing Date for the Reinvestment Offer which is 5.00 pm (Perth time) on Friday, 27 May 2016.</p>

## 4.2 PEET CONVERTIBLE NOTES REINVESTMENT OFFER

The Peet Convertible Notes are unsecured convertible notes which were issued by Peet in 2011. The Peet Convertible Notes trade on ASX under the code 'PPCG'.

### (a) Eligibility to participate in the Reinvestment Offer

The following holders of the Peet Convertible Notes are eligible to participate in the Reinvestment Offer ("**Eligible Peet Convertible Notes holders**"):

- registered holders of the Peet Convertible Notes trading on ASX at 7.00 pm (Perth time) on Wednesday, 27 April 2016 (the "**Reinvestment Record Date**");
- holders who are shown on the register of holders of Peet Convertible Notes as having an address in Australia (or another jurisdiction to which Peet determines to extend the Reinvestment Offer); and
- holders who are not in the United States or a US person, acting as a nominee for, or for the account or benefit of, a US person, and who are not otherwise prevented from receiving the Offer under the laws of any jurisdiction as determined by Peet.

### (b) What is the Reinvestment Offer?

The Reinvestment Offer is an option available to Eligible Peet Convertible Notes holders to apply for Bonds and fund their subscription for Bonds by selling to Peet some or all of their Peet Convertible Notes.

Peet Convertible Notes which are not sold to Peet under the Reinvestment Offer will be redeemed for cash on 16 June 2016 (the scheduled maturity date of the Peet Convertible Notes) at which time holders of Peet Convertible Notes who do not participate in the Reinvestment Offer will receive the face value plus any accrued and unpaid interest to that date for each Peet Convertible Note held.

The Reinvestment Offer is not a rollover into a similar investment. The Peet Convertible Notes and the Bonds have different benefits and risks, which must be evaluated independently. The key differences include the following:

- The current coupon on the Peet Convertible Notes is 9.5 per cent. As a consequence of the change in market conditions since 2011 when the Peet Convertible Notes were issued, the coupon for the Bonds of [●●] per cent is less than the coupon on the Peet Convertible Notes.
- The Peet Convertible Notes are convertible into ordinary shares of the Issuer in the circumstances described in their terms. The Bonds are not convertible.
- The Maturity Date for the Bonds is 7 June 2021. The maturity date for the Peet Convertible Notes is 16 June 2016.
- The Bonds have additional redemption events and contain covenants.

Refer to Section 4.2(f) below for further consideration of the differences between the Peet Convertible Notes and the Bonds.

Eligible Peet Convertible Notes holders who elect to participate in the Reinvestment Offer will sell their Peet Convertible Notes to Peet for \$100 plus the "Accrued Interest Amount" per Peet Convertible Note sold to Peet.

The "**Accrued Interest Amount**" is an amount per Peet Convertible Note payable to each Eligible 2011 Note holder who elects to participate in the Reinvestment Offer in compensation for the interest the holder would have received for the 174 day period from (and including) 16 December 2015 to (but excluding) the Issue Date for the Bonds (being 7 June 2016) (the "**Stub Period**"). The Accrued Interest Amount will be calculated on the Peet Convertible Notes current coupon of 9.5 per cent per annum for the Stub Period. Assuming the Issue Date is 7 June 2016 and based on an interest rate applicable to the Stub Period of 9.5 per cent per annum, the Accrued Interest Amount would be \$4.5288 per Peet Convertible Note.

\$100 of the proceeds of the sale of a Peet Convertible Note to Peet will be applied to fund the subscription for a Bond and the participating Eligible Peet Convertible Notes holder will receive an amount per Peet Convertible Note sold equal to the sum of the Accrued Interest Amount.

### (c) Options available to Eligible Peet Convertible Notes holders

Option	Action Eligible Peet Convertible Notes holders may take to implement their preferred option
Option 1 – Apply under the Reinvestment Offer to sell all of your Peet Convertible Notes to fund your subscription for Bonds	<p>If you are an Eligible Peet Convertible Notes holder, you may sell all of the Peet Convertible Notes you held on the Reinvestment Record Date to Peet to fund your subscription for Bonds.</p> <p>To choose this option, you must select 'Option A – Full Reinvestment' on your personalised paper or online Reinvestment Form.</p> <p>If you hold a greater or lesser number of Peet Convertible Notes than shown on the personalised Reinvestment Form, and you select the full reinvestment option, you will be taken to have applied for the sale to Peet of the lower of the number of Peet Convertible Notes specified on your personalised Reinvestment Form and the number of Peet Convertible Notes registered in your name on the Closing Date of the Reinvestment Offer, expected to be 5.00pm (Perth time) Friday, 27 May 2016.</p>
Option 2 – Apply under the Reinvestment Offer to sell only some of your Peet Convertible Notes to fund your subscription for Bonds	<p>If you are an Eligible Peet Convertible Notes holder, you may choose to sell only some of the Peet Convertible Notes you held on the Reinvestment Record Date to Peet to fund your subscription for Bonds.</p> <p>To choose this option, you must select 'Option B – Partial Reinvestment' and specify the number of Peet Convertible Notes to be sold to Peet on your personalised paper or online Reinvestment Form.</p> <p>If you own 50 Peet Convertible Notes or fewer, you must apply to sell all of your Peet Convertible Notes to Peet to participate in the Reinvestment Offer. If you own more than 50 Peet Convertible Notes, you must apply to sell a minimum of 50 Peet Convertible Notes to Peet to participate in the Reinvestment Offer.</p> <p>If you hold a lesser number of Peet Convertible Notes than you elect to sell to Peet on your personalised Reinvestment Form, you will be taken to have applied for the sale of the lower of the number of Peet Convertible Notes you held on the Reinvestment Record Date and the number of Peet Convertible Notes registered in your name on the Closing Date of the Reinvestment Offer, expected to be 5.00pm (Perth time) Friday, 27 May 2016.</p>
Option 3 – Sell your Peet Convertible Notes on market	<p>You may choose to sell or dispose of your Peet Convertible Notes on market (in which case, you may have to pay brokerage) at the prevailing market price, which may be higher or lower than the price you would receive if you were to sell all your Peet Convertible Notes to Peet through the Reinvestment Offer and use the proceeds as you determine. To choose this option, you should contact your broker.</p> <p>If you sell your Peet Convertible Notes on market and use the proceeds to apply for Bonds, you will need to apply under the Peet Offer or Broker Firm Offer and there is a risk you may not receive the level of allocation you may have through participation in the Reinvestment Offer.</p> <p>The market price of Peet Convertible Notes is subject to change from time to time. As at the close of trading on 29 April 2016, the market price per Peet Convertible Note was \$103. Up-to-date information about the market price of Peet Convertible Notes can be obtained from <a href="http://asx.com.au">asx.com.au</a> (ASX code 'PPCG').</p> <p>If you sell your Peet Convertible Notes on market you may have to pay brokerage and your ability to sell and the price at which you sell your Peet Convertible Notes depends on the liquidity of the market and the trading price at that time.</p>
Option 4 – take no action	<p>You are not required to participate in the Reinvestment Offer, or to sell your Peet Convertible Notes on market and as such, you are not required to take any action.</p>

### (d) Eligible Peet Convertible Notes holders who are also clients of Syndicate Brokers

Eligible Peet Convertible Notes holders who are either an Australian resident retail or a high-net-worth client of a Syndicate Broker may apply for Bonds through the Reinvestment Offer or under the Broker Firm Offer. You should contact your Syndicate Broker for instructions on how to apply under the Broker Firm Offer.

### (e) Ineligible holders of Peet Convertible Notes

If you are a holder of the Peet Convertible Notes with a registered address outside Australia on the Reinvestment Record Date (or you otherwise do not fulfil the requirements set out in Section 4.2(a) above), then you are ineligible to participate in the Reinvestment Offer. In these circumstances, you are limited to Options 3 or 4 in the table in Section 4.2(c) above.

### (f) Comparison between Peet Convertible Notes and Bonds

There are a number of key differences between Peet Convertible Notes and Bonds. A comparison of the key features of Peet Convertible Notes and Bonds is set out in summary form below. This comparison is not exhaustive. You should seek your own independent advice for an exhaustive comparison.

Feature	Peet Convertible Notes	Bonds
Issuer	Peet Limited	Peet Limited
Guarantor	None	Yes (refer to the Guarantor Group outlined in Section 2.1 of this Offer Specific Prospectus)
Legal form	Convertible debt obligations	Unsecured debt obligations
Issue Price/Face Value	\$100 per Peet Convertible Note	\$100 per Peet Bond
Term	5 years	5 years
Issuer early redemption	Yes, for regulatory reasons (including taxation reasons), on a change of control, event of default or if 10 per cent or less remain on issue	Yes, for taxation reasons, on a change of control or if less than 10 per cent remain on issue
Conversion rights	Yes – convertible to Ordinary Shares in certain circumstances	No
Coupon	9.50 per cent	[••] per cent
Interest rate	Fixed	Fixed
Interest payments	Mandatory, not deferrable	Mandatory, not deferrable
Payment frequency	Semi-annually	Semi-annually
Transferable	Yes – quoted on ASX	Yes – to be quoted on ASX
Negative pledge	No	Yes – refer to Clause 4.1 of the Base Terms and Section 2.1 above under the heading “Negative pledge”
Limitation on debt incurrence	No	Yes – refer to Clause 4.2 of the Base Terms and Section 2.1 above under the heading “Limitation on debt incurrence covenant”
Holder early redemption rights	Yes – If a change of control event or delisting event or event of default occurs. A holder may also request conversion of Peet Notes for Peet Ordinary Shares	Only if a change of control event occurs (and provided that a Holder Resolution is passed in favour of requiring redemption)

#### **(g) Risks associated with participating in the Reinvestment Offer**

Once you apply to participate in the Reinvestment Offer, you will not be able to sell your Peet Convertible Notes on market. If you apply to participate in the Reinvestment Offer, it is your responsibility to ensure that you do not sell or dispose of any of those Peet Convertible Notes in respect of which you have applied to participate, other than as part of the Reinvestment Offer.

If you apply to participate in the Reinvestment Offer you are taken to agree to a holding lock being placed on the Peet Convertible Notes you have elected to sell, pending completion of the Reinvestment Offer—but it is your obligation to ensure that you do not transfer those Peet Convertible Notes. If you do, the number of Bonds you may be allocated will be reduced to the extent the required number of Peet Convertible Notes are not available on the Closing Date of the Reinvestment Offer.

Once you have submitted an Application Form under the Reinvestment Offer, you will not be able to successfully deal with those Peet Convertible Notes unless the holding lock which will be placed on those Peet Convertible Notes is released (which will only occur if the Offer does not proceed).

If you elect to participate in the Reinvestment Offer but the Offer (including the Reinvestment Offer) does not proceed, those Peet Convertible Notes that you elected to sell to Peet to fund a subscription for Bonds will be released from the holding lock as soon as practicable.

Once released, you can sell your Peet Convertible Notes on ASX at the prevailing market price subject to the liquidity of that market. Any application payment in respect of additional Bonds will be refunded to you. Peet Convertible Notes not sold to Peet under the Reinvestment Offer (and not sold on the ASX) will remain outstanding until redeemed by Peet on 16 June 2016.

#### **(h) Brokerage and stamp duty**

No brokerage or stamp duty is payable on the sale of your Peet Convertible Notes to Peet under the Reinvestment Offer or your application for Bonds.

Peet Convertible Notes holders who choose to sell their Peet Convertible Notes on market may be required to pay any applicable brokerage.

## (i) Taxation implications of options available to Eligible Peet Convertible Notes holders

Taxation implications may arise as a result of Peet Convertible Notes holders electing to participate in the Reinvestment Offer to apply for Bonds and fund their subscription for Bonds by selling to Peet some or all of their Peet Convertible Notes. The potential taxation implications associated for each Option available to Peet Convertible Note holders, as outlined in subsection 4.2(c) of this Offer Specific Prospectus are detailed below.

Option	Taxation implications relevant to the preferred option
<p>Option 1 – Apply under the Reinvestment Offer to sell all of your Peet Convertible Notes to fund your subscription for Bonds</p>	<p>The Peet Convertible Notes held by Australian resident individuals should be subject to the rules applicable to “traditional securities” for the purposes of the Australian Tax Act. Any gain made on the sale of the Peet Convertible Notes (where the amount received on sale exceeds the cost of subscription for, or purchasing, the Peet Convertible Notes), would be included in the assessable income of the Australian resident holder, usually in the year of income in which the holder becomes entitled to receive the proceeds of sale.</p> <p>Under the Reinvestment Offer, Peet Convertible Note holders will sell their Convertible Note for \$100 plus the “Accrued Interest Amount” as outlined in subsection 4.2(b) of this Offer Specific Prospectus.</p> <p>As the gain would be included in the assessable income of the Australian resident holder, the gain would not be subject to the capital gains tax provisions and the capital gains tax discount would not apply, even if the Peet Notes were held for more than 12 months.</p>
<p>Option 2 – Apply under the Reinvestment Offer to sell only some of your Peet Convertible Notes to fund your subscription for Bonds</p>	<p>The Peet Convertible Notes held by Australian resident individuals should be subject to the rules applicable to “traditional securities” for the purposes of the Australian Tax Act. Any gain made on the sale of the Peet Convertible Notes (where the amount received on sale exceeds the cost of subscription for, or purchasing, the Peet Convertible Notes), would be included in the assessable income of the Australian resident holder, usually in the year of income in which the holder becomes entitled to receive the proceeds of sale.</p> <p>Under the Reinvestment Offer, Peet Convertible Note holders will sell their Convertible note for \$100 plus the “Accrued Interest Amount” as outlined in subsection 4.2(b) of this Offer Specific Prospectus.</p> <p>As the gain would be included in the assessable income of the Australian resident holder, the gain would not be subject to the capital gains tax provisions and the capital gains tax discount would not apply, even if the Peet Convertible Notes were held for more than 12 months.</p>
<p>Option 3 – Sell your Peet Convertible Notes on market</p>	<p>The Peet Convertible Notes held by Australian resident individuals should be subject to the rules applicable to “traditional securities” for the purposes of the Australian Tax Act. Any gain made on the sale of the Peet Convertible Notes (where the amount received on sale exceeds the cost of subscription for, or purchasing, the Peet Convertible Notes), would be included in the assessable income of the Australian resident holder, usually in the year of income in which the holder becomes entitled to receive the proceeds of sale.</p> <p>As the gain would be included in the assessable income of the Australian resident holder, the gain would not be subject to the capital gains tax provisions and the capital gains tax discount would not apply, even if the Peet Convertible Notes were held for more than 12 months.</p> <p>Any loss made by an Australian resident individual holder from the sale of the Peet Convertible Notes (where the amount received on sale is less than the cost of subscribing for or purchasing the Peet Convertible Notes), would be an allowable deduction, usually in the year in which the sale occurs. The capital gains tax provisions would not apply in relation to the loss incurred in those circumstances.</p>
<p>Option 4 – Take no action</p>	<p>As outlined in subsection 4.2(b) of this Offer Specific Prospectus, Peet Convertible Note holders who do not participate in the Reinvestment Offer will redeem their Peet Convertible Notes for cash on 16 June 2016.</p> <p>The Peet Convertible Notes held by Australian resident individuals should be subject to the rules applicable to “traditional securities” for the purposes of the Australian Tax Act. Any gain made on the redemption of the Peet Convertible Notes (where the amount received on redemption exceeds the cost of subscription for, or purchasing, the Peet Convertible Notes), would be included in the assessable income of the Australian resident holder, usually in the year of income in which the holder becomes entitled to receive the proceeds of the redemption.</p> <p>As the gain would be included in the assessable income of the Australian resident holder, the gain would not be subject to the capital gains tax provisions and the capital gains tax discount would not apply, even if the Peet Notes were held for more than 12 months.</p>



### 4.3 MINIMUM APPLICATION

The amount you have to pay for each Peet Bond is \$100. The minimum application size is 50 Bonds (\$5,000) for Applicants under the Institutional Offer and Broker Firm Offer. The minimum application for Applicants under the Peet Offer is 20 Bonds.

### 4.4 NO BROKERAGE OR STAMP DUTY

You do not have to pay brokerage or stamp duty on your Application for Bonds. However, you may have to pay brokerage (and applicable GST) on any subsequent purchases or sales of Bonds on the ASX.

### 4.5 EXPOSURE PERIOD

The Corporations Act prohibits Peet from processing Applications to subscribe for Bonds under the Offer Documents in the seven day period after the lodgement date of this Offer Specific Prospectus (“**Exposure Period**”). This period may be extended by ASIC by up to a further seven days.

This period is to enable this Offer Specific Prospectus (and the Base Prospectus) to be examined by market participants prior to the raising of funds. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

### 4.6 ALLOCATION POLICY AND REFUNDS

#### Bookbuild

The Bookbuild is a process that will be conducted by the Lead Manager before the Opening Date.

In this process, the Bookbuild participants are invited to lodge bids for Bonds. On the basis of those bids, Peet, in consultation with the Lead Manager, will determine the Interest Rate and the firm allocations to Bookbuild participants, being Syndicate Brokers and certain Institutional Investors.

Peet may change the size of the Offer following the close of the Bookbuild.

#### Peet Offer

If possible, having regard to the total level of Applications under the Offer, Peet will endeavour to provide Applicants under the Peet Offer with an Allocation of Bonds. However, Peet does not guarantee any minimum Allocation under the Peet Offer and the extent of any Allocation will ultimately depend on the total level of Applications under the Offer.

Peet has the absolute discretion to determine the method and extent of the Allocation to Applicants under the Peet Offer.

In particular, Peet, in consultation with the Lead Manager, reserves the right (at its discretion) to:

- allocate to any Eligible Shareholder, Eligible Employee or Eligible Director all Bonds for which they have applied; or
- allocate to any Eligible Shareholder, Eligible Employee or Eligible Director a lesser number of Bonds for which they have applied, or none at all.

#### Broker Firm Offer

If you have applied under the Broker Firm Offer, your Syndicate Broker is responsible for determining your Allocation from their Broker Firm Allocation. Peet takes no responsibility for any allocation, scale-back or rejection that is decided by your Syndicate Broker.

#### Institutional Offer

Allocations to Institutional Investors will be determined by Peet in consultation with the Lead Manager following the Bookbuild.

#### Reinvestment Offer

Applications under the Reinvestment Offer will be treated with priority.

## **4.6 ALLOCATION POLICY AND REFUNDS (CONTINUED)**

### **Refunds**

Until the Bonds are Issued, Peet will hold the Application Monies in a trust account. The account will be established and kept solely for the purpose of depositing Application Monies and dealing with those funds.

If you are not Allocated any Bonds or less than the number of Bonds you applied for, you will receive a refund cheque as soon as practicable after the Closing Date. No interest will be payable on Application Monies which are refunded.

## **4.7 ISSUE AND QUOTATION OF BONDS**

It is expected that the Bonds will be quoted on the ASX under the ASX code PPCHA. If ASX does not grant permission for the Bonds to be quoted by the Issue Date, the Bonds will not be Issued and all Application Monies will be refunded (without interest) as soon as practicable.

## **4.8 TRADING AND HOLDING STATEMENTS**

### **(a) Commencement of trading of Bonds on ASX**

It is expected that the Bonds will begin trading on ASX on a normal settlement basis on Friday, 10 June 2016.

It is your responsibility to determine your holding of Bonds before trading to avoid the risk of selling Bonds you do not own. You should also check your holding by asking your broker or calling the Peet Bonds Information Line on 1300 783 261 (within Australia) or +61 3 9415 4232 (outside Australia) Monday to Friday 9.00 am to 5.00 pm, Melbourne time, after close of the Offer Period.

### **(b) Holding Statements**

Peet will apply for the Bonds to participate in CHESS and, if accepted, no certificates will be issued. Instead, a Holding Statement will be mailed to Holders.

If your holding of the Bonds changes, you will receive an updated Holding Statement.

### **(c) Provision of TFN and/or ABN**

When your Holding Statement is mailed, you will be also be mailed a form on which to provide your TFN and/or ABN should you wish to do so (see Section 5.1.8 ("Provision of TFN and/or ABN") of the Base Prospectus).

### **(d) Provision of bank account details for payments**

Interest will be paid in Australian dollars by direct credit into nominated Australian financial institution accounts (excluding credit card accounts), for Holders with a registered address in Australia. For all other Holders, Interest will be paid by Australian dollar cheque. When your Holding Statement is mailed, you will also be mailed a form on which to provide your bank account details for payments of Face Value and Interest.

## **CORPORATE DIRECTORY**

### **REGISTERED OFFICE OF THE ISSUER**

Peet Limited  
Level 7, 200 St Georges Terrace  
Perth WA 6000

### **LEGAL ADVISER**

King & Wood Mallesons  
Level 61, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

### **ACCOUNTING ADVISER**

BDO Australia  
38 Station Street  
Subiaco WA 6008

### **TAX ADVISER**

BDO Australia  
38 Station Street  
Subiaco WA 6008

### **REGISTRY**

Computershare Investor Services Pty Limited  
Level 11, 172 St Georges Terrace  
Perth WA 6000

### **PEET BONDS INFORMATION LINE**

1300 783 261 (within Australia)  
+61 3 9415 4232 (outside Australia)  
9.00 am to 5.00 pm (Melbourne time), Monday to Friday

### **WEBSITE**

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

### **SOLE ARRANGER AND LEAD MANAGER**

National Australia Bank Limited  
Level 25, 255 George Street  
Sydney NSW 2000

### **TRUSTEE**

Australian Executor Trustees Limited  
Level 22, 207 Kent Street  
Sydney NSW 2000

**Peet Limited**

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**PEET**