APPENDIX 4D
FINANCIAL REPORT 1H24

Where *you* belong

PEET

Peet Limited

ABN 56 008 665 834

Appendix 4D and Consolidated Financial Statements for the half-year ended 31 December 2023

Appendix 4D

Half-year financial report

Results for announcement to the market

Entity:	Peet Limited and its controlled entities
Reporting Period:	31 December 2023
Previous Corresponding Period:	31 December 2022

Revenue	Down	11%	to	$147.7m
Statutory profit after tax attributable to owners of Peet Limited	Down	56%	to	$15.5m
Basic and diluted earnings per share (cents)	Down	56%	to	3.28c

Dividends	Cents per security	% Franked per security
Current Year		
Interim dividend 2024	1.50	Fully franked
Previous Year		
Interim dividend 2023	3.50	Fully franked
Final dividend 2023	4.00	Fully franked

Results Commentary

Key Results[1]

- **Operating profit[2] and statutory profit[3] after tax of $15.5 million, down 56%**
- **Earnings per share of 3.3 cents**
- **1,106 lots[4] sold**
- **1,111 lots[4] settled**
- **Value of contracts on hand as at 31 December 2023 of $443.8 million**
- **Gearing[5] of 35.2%**
- **Fully franked interim dividend of 1.5 cents per share**

Financial commentary

The Peet Group achieved an operating profit[2] and statutory profit[3] after tax of $15.5 million for the half-year ended 31 December 2023 (**1H24**). This is despite ongoing challenges driven by a higher interest rate environment, inflationary pressures and a cautious sentiment prevailing across the residential sector. The 1H24 result compares to $35.1 million in the previous corresponding period (**1H23**).

The Group derived EBITDA[6] of $28.9 million during the half, compared to $55.0 million for the previous corresponding period. The Group's EBITDA[6] and margin (18%) were both lower during 1H24 due to the settlement of the New Beith (Qld) property in 1H23 and the subdued market conditions impacting the Group's high margin projects in ACT and Victoria.

The 1H24 performance has resulted in earnings per share decreasing 56%, compared with 1H23, to 3.3 cents.

The Group enters the second half of FY24 in a solid capital position, with cash and available debt headroom of more than $123 million at 31 December 2023.

Operational commentary

The Group achieved sales of 1,106 lots[4] with a gross value of $290.9 million and settlement of 1,111 lots[4] with a gross value of $323.5 million in 1H24 across its operations. Lot sales and settlements for the half were 82% and 11% higher, respectively, than in 1H23.

The material improvement in sales was especially evident across the WA portfolio where, for the first time in a number of years, increasing volumes is being accompanied by price growth. We expect the WA market to continue performing well into 2H24 following a prolonged period of below average long-term growth.

The increase in the number of settlements in 1H24 compared to 1H23 was driven by the contracts on hand as at 30 June 2023, with settlements across such projects as Flagstone (Qld), Ellery (Vic), Fort Largs (SA) and Woodville Road (SA) partially offsetting the impact of the New Beith (Qld) settlement in 1H23.

1 Comparative period is half year ended 31 December 2022 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 2023, the Group had contracts on hand[7] with a gross value of $443.8 million, compared with contracts on hand[7] as at 30 June 2023, with a gross value of $476.4 million. The contracts on hand as at 31 December 2023 provide solid visibility of earnings as the Group moves into 2H24.

Development projects

Key highlights	1H24	1H23	Var (%)
Lot sales[7]	338	241	40%
Lot settlements[7]:	424	233	82%
- ***Land only***	*388*	*189*	*105%*
- ***Medium Density***	*36*	*44*	*(18%)*
Revenue	$117.6m	$144.6m	(19%)
EBITDA[8]	$18.1m	$41.7m	(57%)
EBITDA[8] margin	15%	29%	(14%)

The Group's Development projects performed strongly during the period with both the number of sales and settlements increasing on the previous corresponding period. A continuing strong performance from the Group's Flagstone City (Qld) project and the first settlements from a number of new projects across the portfolio partially offset the impact of the settlement of the New Beith (Qld) property in the previous corresponding period.

Funds Management projects

Key highlights	1H24	1H23	Var (%)
Lot sales[7]	683	240	185%
Lot settlements[7]	530	481	10%
Revenue	$10.7m	$3.9m	174%
Share of net profit of equity accounted investments	$3.6m	$3.9m	(8%)
EBITDA[8]	$9.2m	$4.8m	92%
EBITDA[8] margin	65%	61%	4%

The strong performance of the Group's Funds Management business was driven primarily by the continuing improvement of the WA market, where an increase in sales and price growth contributed to a strong increase in revenues. While sales were lower across the Victorian portfolio, a strong focus on the delivery of titles and therefore settlements, resulted in a solid contribution from these 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 (where applicable) and is calculated before inter-segment transfers and other unallocated items.

Joint Ventures

Key highlights	1H24	1H23	Var (%)
Lot sales[9]	85	127	(33%)
Lot settlements[9]	157	284	(45%)
Revenue	$14.7m	$18.0m	(18%)
Share of net profit of equity accounted investments	$4.7m	$8.7m	(46%)
EBITDA[10]	$7.2m	$15.7m	(54%)
EBITDA[10] margin	37%	59%	(22%)

Joint ventures continued to provide a solid contribution to earnings. However, sales, settlements and overall performance was lower compared to the previous corresponding period due to the subdued ACT market conditions.

Land portfolio metrics

	1H24	1H23	Var (%)
Lot sales[9]	1,106	608	82%
Lot settlements[9]	1,111	998	11%

Contracts on hand as at	31 Dec 23	30 Jun 23	Var (%)
Value	$443.8m	$476.4m	(7%)

Capital management

As at 31 December 2023, the Group's gearing[11] was 35.2%, compared to 27.7% at 30 June 2023. While gearing is above the Group's target range of 20% to 30%, it is at the lower end of expectations communicated to the market in December 2021 following the acquisition of the balance of the Flagstone City (Qld) project and the University of Canberra (ACT) project.

At the end of the period, the Group had net interest-bearing debt (including Peet Bonds) of $309.2 million, compared with $253.3 million at 30 June 2023. Peet enters 2H24 with cash and debt facility headroom of approximately $123.5 million as at 31 December 2023, which provides capacity to fund the current portfolio.

Peet has $75 million of Peet Bonds maturing on 7 June 2024. They will be repaid on maturity via cash and available headroom under the Group's senior debt facility and/or other refinancing options available.

The Company continues to operate its on-market share buy-back of up to 5% of its issued ordinary shares. As at 31 December 2023, the Company had acquired 19.4 million of its ordinary shares, representing approximately 80% of the total shares to be acquired.

Gearing[11] during 2H24 and into FY25 is expected to remain 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 2023, the Directors have declared an interim dividend of 1.50 cents per share, fully franked, in respect of the year ending 30 June 2024. This dividend compares to a 3.50 cents per share, fully franked, interim dividend for the year ended 30 June 2023. The dividend is to be paid on Friday, 12 April 2024, with a record date of Friday, 22 March 2024.

The Dividend Reinvestment Plan remains deactivated.

Group strategy

Peet remains well positioned for growth and value creation over the medium to long-term, with its key strategic focus areas continuing to be:

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

Outlook

The various State and Territory residential markets the Group operates in are at different points in their respective property cycles.

WA has continued to improve with increased sales volumes now being accompanied by strong price growth. SA continues to be a solid contributor and the recovery in the Qld residential market continues to gain momentum. Indications are that the ACT and Vic markets are at or approaching the bottom of their respective market cycles following a sustained period of strong demand.

The fundamentals and underlying drivers of the national residential market remain supportive - including ongoing constraints in housing supply, elevated levels of overseas migration and strong labour market conditions.

Enquiry levels have remained solid throughout 1H24 and have continued to improve into 2H24 led by an increase in first home buyers as well as upgraders and investors, indicating strong underlying demand.

While cost of living pressures and consumer confidence continue to result in a cautious sentiment in the residential market in the short-term, indications are that interest rates are at or near the peak of the current interest rate cycle and inflation is trending down, which is expected to improve sentiment and confidence in the medium to long-term.

The Group's significant land bank, combined with new project commencements, positions it to capitalise on the structural undersupply of housing and continued population growth.

The Group continues to focus on executing its strategic objectives and maintaining a disciplined approach to capital management. It remains well positioned to navigate the current environment and to capitalise on an eventual recovery in the ACT and Victorian markets, where the Group has projects with significant embedded margins.

Subject to market conditions and the timing of settlements, the Group is well positioned for 2H24, supported by contracts on hand, improving sales activity across its WA, SA and Qld projects and increasing sales enquiries.

BRENDAN GORE
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER
21 February 2024

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 2023.

Directors

The following persons were Directors of Peet Limited during the half-year and up to the date of this report. Directors were in office for this entire period unless otherwise stated.

Tony Lennon (Chairman)
Brendan Gore
Anthony Lennon
Trevor Allen
Vicki Krause (retired 25 October 2023)
Robert McKinnon (retired 25 October 2023)
Margaret Kennedy (appointed 25 August 2023)
Michelle Tierney (appointed 25 August 2023)
Greg Wall (appointed 25 August 2023)

Review of operations

Net profit after tax for the half-year ended 31 December 2023 attributable to owners of Peet Limited was $15.5 million (2023: $35.1 million). The review of operations for the Group for the half-year ended 31 December 2023 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
21 February 2024

Building a better working world

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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 2023, 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
21 February 2024

	Notes	December 2023 $'000	December 2022 $'000
Revenue	5	147,746	166,525
Expenses	6	(133,633)	(129,301)
Finance costs (net of capitalised borrowing costs)	6	(2,789)	(1,855)
Share of net profit of associates and joint ventures		9,170	12,820
Profit before income tax		**20,494**	**48,189**
Income tax expense	7	(5,484)	(13,208)
Profit for the year		**15,010**	**34,981**
Attributable to:			
Owners of Peet Limited		15,453	35,105
Non-controlling interests		(443)	(124)
Profit for the year		**15,010**	**34,981**
Total comprehensive income for the period		**15,010**	**34,981**

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

	Notes	Cents	Cents
Basic and diluted earnings per share	8	3.28	7.38

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

	Notes	December 2023 $000	June 2023 $000
Current assets			
Cash and cash equivalents		36,586	38,790
Receivables		26,993	19,535
Contract assets		7,054	6,139
Inventories		167,901	181,305
Total current assets		**238,534**	**245,769**
Non-current assets			
Receivables		44,991	45,879
Inventories		615,759	537,349
Investments accounted for using the equity method		194,981	194,353
Property, plant and equipment		3,811	2,962
Right-of-use assets		2,465	2,209
Intangible assets		1,790	1,778
Total non-current assets		**863,797**	**784,530**
Total assets		**1,102,331**	**1,030,299**
Current liabilities			
Payables		35,496	48,733
Land vendor liabilities	9	14,649	8,841
Borrowings	10	74,547	74,445
Lease liabilities		967	1,562
Other financial liabilities		5,300	2,650
Current tax liabilities		-	12,332
Provisions		26,738	23,911
Total current liabilities		**157,697**	**172,474**
Non-current liabilities			
Land vendor liabilities	9	50,272	12,277
Borrowings	10	271,255	217,656
Lease liabilities		1,841	1,249
Other financial liabilities		1,955	4,688
Deferred tax liabilities		23,651	19,872
Provisions		13,411	13,192
Total non-current liabilities		**362,385**	**268,934**
Total liabilities		**520,082**	**441,408**
Net assets		**582,249**	**588,891**
Equity			
Contributed equity	11	365,487	366,416
Reserves		(1,547)	327
Retained profits		197,364	200,760
Capital and reserves attributable to owners of Peet Limited		**561,304**	**567,503**
Non-controlling interest		20,945	21,388
Total equity		**582,249**	**588,891**

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 2022 - Restated		**374,733**	**584**	**166,142**	**541,459**	**21,619**	**563,078**
Profit for the period		-	-	35,105	35,105	(124)	34,981
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		-	-	(19,023)	(19,023)	-	(19,023)
Balance at 31 December 2022		**369,899**	**(1,446)**	**182,224**	**550,677**	**21,495**	**572,172**
Balance at 1 July 2023		**366,416**	**327**	**200,760**	**567,503**	**21,388**	**588,891**
Profit for the period		-	-	15,453	15,453	(443)	15,010
Total comprehensive income for the period		**-**	**-**	**15,453**	**15,453**	**(443)**	**15,010**
Share buyback, including transaction costs		(929)	-	-	(929)	-	(929)
Share-based payments		-	1,181	-	1,181	-	1,181
Vesting of performance rights		-	(3,055)	-	(3,055)	-	(3,055)
Dividends paid	13	-	-	(18,849)	(18,849)	-	(18,849)
Balance at 31 December 2023		**365,487**	**(1,547)**	**197,364**	**561,304**	**20,945**	**582,249**

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

PEET

	Notes	December 2023 $'000	December 2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		156,575	182,880
Payments to suppliers and employees (inclusive of GST)		(150,200)	(115,058)
Payments for purchase of land		(21,215)	(55,169)
Interest and other finance costs paid		(13,921)	(12,001)
Distributions and dividends received from associates and joint ventures		7,527	2,264
Interest received		540	376
Income tax paid		(17,729)	(9,042)
Net cash outflow from operating activities		**(38,423)**	**(5,750)**
Cash flows from investing activities			
Payments for property, plant and equipment		(1,509)	(341)
Proceeds from capital returns from associates and joint ventures		1,015	1,000
Loans to associates and joint ventures		-	(5,000)
Repayment of loans by associates and joint ventures		3,890	6,662
Net cash inflow from investing activities		**3,396**	**2,321**
Cash flows from financing activities			
Dividends paid		(18,849)	(19,023)
Repayment of borrowings		(32,350)	(67,000)
Proceeds from borrowings		85,906	115,686
Repayment of Peet bonds		-	(50,000)
Payment of principal portion of lease liabilities		(955)	(975)
Share buy back (including transaction costs)		(929)	(4,884)
Net cash inflow / (outflow) from financing activities		**32,823**	**(26,196)**
Net decrease in cash and cash equivalents		(2,204)	(29,625)
Cash and cash equivalents at the beginning of the period		38,790	55,380
Cash and cash equivalents at the end of the period		**36,586**	**25,755**

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 2023 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 21 February 2024. 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 2023 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. Going concern basis

At 31 December 2023, the Group had current assets of $238.5 million, current liabilities of $157.7 million, cash and available headroom in its senior bank debt facility of $123.5 million. On 4 April 2019, Peet Limited issued 75,000 notes with a face value of $1,000 per note (the Notes). The Notes are unsecured and carry a fixed interest rate of 6.75%. The Notes are due to be repaid on 7 June 2024 and as such the Notes are classified as a current liability on the Group's balance sheet at 31 December 2023.

Peet is assessing several alternatives including raising new debt from existing or new sources to refinance the Notes and/or utilising senior debt facility capacity. Given the existing cash and available headroom in its senior bank debt facility and the other options available, the Directors are confident the Group will be able to repay the Notes by the maturity date. As such, it is appropriate to prepare the financial statements on a going concern basis.

3. 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 2023, except for the adoption of new standards effective as at 1 July 2023. Several other amendments and interpretations apply for the first time on 1 July 2023, but do not have a material impact on the condensed financial report of the Group.

4. Segment information

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker 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.

[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

(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 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 2023 $'000	December 2022 $'000	December 2023 $'000	December 2022 $'000	December 2023 $'000	December 2022 $'000	December 2023 $'000	December 2022 $'000	December 2023 $'000	December 2022 $'000
Revenue by segment										
Sales to external parties	9,985	3,915	117,356	144,094	14,700	15,131	4,425	(32)	146,466	163,108
Other income	721	-	277	496	3	2,917	279	4	1,280	3,417
Share of net profit of associates and JVs	3,628	3,855	-	-	4,668	8,722	874	243	9,170	12,820
Total	**14,334**	**7,770**	**117,633**	**144,590**	**19,371**	**26,770**	**5,578**	**215**	**156,916**	**179,345**
Corporate overheads							(6,661)	(7,002)	(6,661)	(7,002)
EBITDA[1]	**9,248**	**4,757**	**18,124**	**41,724**	**7,228**	**15,686**	**(5,720)**	**(7,126)**	**28,880**	**55,041**
Depreciation and amortisation	(25)	(37)	(224)	(351)	(13)	(12)	(906)	(885)	(1,168)	(1,285)
Segment result (EBIT[2])	**9,223**	**4,720**	**17,900**	**41,373**	**7,215**	**15,674**	**(6,626)**	**(8,011)**	**27,712**	**53,756**
Financing costs (includes interest and finance costs expensed through cost of sales)									(7,218)	(5,567)
Profit before income tax									**20,494**	**48,189**
Income tax expense									(5,484)	(13,208)
Profit after income tax									**15,010**	**34,981**
Loss attributable to non-controlling interests									443	124
Profit attributable to owners of Peet Limited									**15,453**	**35,105**

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

5. Revenue

	December 2023 $'000	December 2022 $'000
Revenue from contracts with customers		
- Sales of land and built form[1]	131,656	154,080
- Project management and selling services	14,810	9,028
Other income	1,280	3,417
	147,746	**166,525**

[1] Revenue from sales of land in the previous reporting period includes the settlement revenue of New Beith, Qld ($76.1 million).

6. Expenses

	December 2023 $'000	December 2022 $'000
Profit before income tax includes the following specific expenses:		
Land and development costs	95,299	91,565
Amortised interest and finance expense	4,429	3,712
Total land and development cost	**99,728**	**95,277**
Depreciation		
- Right-of-use assets	697	670
- Property, plant and equipment	408	539
Amortisation	63	76
Total depreciation and amortisation	**1,168**	**1,285**
Employee benefits expense	14,123	15,717
Project management, selling and other operating costs	9,722	8,598
Other expenses	8,892	8,424
Total other expenses	**32,737**	**32,739**
Total expenses	**133,633**	**129,301**
Finance costs		
Interest and finance charges		
- Bank borrowings	8,313	6,362
- Lease liabilities	125	112
Interest on corporate bonds	6,170	6,464
Amount capitalised	(11,819)	(11,083)
Total finance costs	**2,789**	**1,855**

7. Income tax

	December 2023 $'000	December 2022 $'000
Major components of tax expense		
Current tax	2,429	9,220
Deferred tax	2,976	4,160
	5,405	**13,380**
Adjustments for prior periods	79	(172)
	5,484	**13,208**
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax	20,494	48,189
Tax at Australian tax rate of 30%	6,149	14,457
Tax effect of amounts which are not assessable or deductible:		
Share of net profit of associates	(51)	(581)
Employee benefits	(562)	(609)
Franking credits	(580)	(86)
Other	529	27
	5,485	**13,208**

8. Earnings per share

	December 2023	December 2022
Profit attributable to the ordinary equity holders of the Company ($'000)	15,453	35,105
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	471,175,481	475,920,896
Basic and diluted earnings per share (cents)	3.28	7.38

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.

9. Land vendor liabilities

	December 2023 $'000	June 2023 $'000
Current		
Instalments for purchase of development property	14,649	8,841
	14,649	**8,841**
Non-current		
Instalments for purchase of development property	65,847	13,845
Future interest component of deferred payment	(15,575)	(1,568)
	50,272	**12,277**
Total land vendor liabilities[1]	**64,921**	**21,118**

[1] The increase in the reporting period relates to the acquisition of land from the University of Canberra.

Refer to note 14 for fair value disclosures.

10. Borrowings

	December 2023 Facility Amount $'000	December 2023 Utilised Amount[3] $'000	June 2023 Facility Amount $'000	June 2023 Utilised Amount[3] $'000
Bank loans[1]	325,000	193,464	300,000	143,360
Development loan[2]	7,000	3,452	-	-
Total loans		**196,916**		**143,360**

	December 2023 Face value $'000	December 2023 Carrying amount[4] $'000	June 2023 Face value $'000	June 2023 Carrying amount[4] $'000
Peet notes 2019[5]	75,000	74,547	75,000	74,445
Peet notes 2021[6]	75,000	74,339	75,000	74,296
Total notes	**150,000**	**148,886**	**150,000**	**148,741**
Total borrowings		**345,802**		**292,101**

[1] Secured. During the reporting period, the Group's main bank facility was increased from $275 million to $300 million. The facility comprises three tranches of $100 million each with expiry dates extended to 1 October 2026, 1 October 2027 and 1 October 2028 respectively.

[2] Unsecured. Interest rate is the yield on 3 year Commonwealth Government Security plus 1.5% margin. Maturing on 24 August 2026.

[3] Excludes bank guarantees. Refer note 12 for bank guarantees information.

[4] Net of transaction costs.

[5] Maturing on 7 June 2024 and classified as a current liability at 31 December 2023.

[6] Maturing on 30 September 2026.

The borrowings are disclosed as follows in the balance sheet:

	December 2023 $'000	June 2023 $'000
Borrowings - Current	74,547	74,445
Borrowings - Non-current	271,255	217,656
Total borrowings	**345,802**	**292,101**
Cash and cash equivalents	(36,586)	(38,790)
Net debt	**309,216**	**253,311**

11. Contributed equity

The number of ordinary shares on issue and contributed equity at 31 December 2023 is 470,562,216 shares and $365.5 million (30 June 2023: 471,341,362 shares and $366.4 million), respectively.

12. Contingencies and commitments

Contingencies

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

	December 2023 $'000	June 2023 $'000
Bank guarantees outstanding	34,276	36,716
Insurance bonds outstanding	25,308	27,789
	59,584	**64,505**

Most contingent liabilities are expected to mature within 1 year.

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

Commitments

At 31 December 2023, the commitment relating to the acquisition of land from the University of Canberra in ACT was nil (30 June 2023: $65.6 million) as it has been recognised in inventory during the period and the unpaid amount as a land vendor liability.

13. 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 2023. The dividend of $18.8 million was paid on 16 October 2023.

Dividends not recognised at period end

Subsequent to 31 December 2023, the Directors have declared an interim dividend of 1.50 cents per share fully franked in respect of the year ending 30 June 2024. The dividend is to be paid on Friday, 12 April 2024, with a record date of Friday, 22 March 2024.

14. 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 2023, the fair value of these loans to associates and joint ventures was $30.1 million (30 June 2023: $31.2 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). The fair value of the land vendor liability resulting from the acquisition of the remaining share of Peet Flagstone City Pty Ltd was $21.9 million at 31 December 2023 (30 June 2023: $21.1 million). The fair value of the land vendor liability resulting from the acquisition of land from the University of Canberra in November 2023 was $43.0 million at 31 December 2023 (30 June 2023: nil).

Peet notes

The fair value of Peet notes as at 31 December 2023 is detailed below.

	December 2023 $'000	June 2023 $'000
Peet Notes 2019	73,280	71,069
Peet Notes 2021	74,473	73,130
Total fair value	**147,753**	**144,199**
Total carrying value	**148,886**	**148,741**

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).

15. 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 2023 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
21 February 2024

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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 2023, 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 policies 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 2023 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 2023 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*.

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
21 February 2024