REPORT TO SHAREHOLDERS

BRISBANE MARKETS LIMITED®

HALF-YEAR ENDED 31 DECEMBER 2022

Your Directors are pleased to submit the financial report of the consolidated group for the half-year ended 31 December 2022.

The net profit of the group after income tax for the half-year ended 31 December 2022 was a loss of $4.17 million. This result reflects a pre-tax underlying profit of $7.90 million, excluding the revaluation adjustment and contribution from Perth Markets Group Limited and investments, which is a reduction of 6.40% on the prior year. A summary of the key components of the overall performance are summarised below.

BRISBANE MARKETS LIMITED – SUMMARY RESULTS TO 31 DECEMBER 2022			
	December 2022	**December 2021**	**Change**
	$ million	**$ million**	
Brisbane Markets Limited Operating Profit	7.90	8.44	(6.40%)
Brisbane Markets Limited Revaluation	(14.13)	28.13	
Flood recovery related expenditure	(0.19)	-	
Share of Profit/(Loss) from Perth Markets Group Limited [1]	0.04	1.12	
Dividend received and investment movement [1]	0.03	0.04	
Net Profit before Income Tax	**(6.35)**	**37.73**	
Income Tax Benefit/(Expense)	2.18	(11.06)	
Net Profit after Income Tax	**(4.17)**	**26.67**	

[1] Includes allocation of interest expense and borrowing costs related to the investment, including costs relating to the proportional takeover bid.

At the half year, an independent update valuation was undertaken. The above result reflects a valuation reduction at 31 December 2022.

Review of Operations

- The $23.2 million, 6,144 m² Building H1 development project is well progressed and is scheduled for practical completion in mid-March 2023. Only finishing touches are left to be completed, including the installation of the concrete hardstand for the small vehicle docks, concrete kickers, doorways, external landscaping, as well as high level and office space services, fittings, and furnishings.
- The operational works permit is in place and bulk earth works have commenced on the new 321-space parking facility in South Gate West (SGW). The car park is designed to fulfill parking requirements for the future expansion plans for the South Gate West precinct.
- The practical completion of the 577 m² Building N cold room extension occurred in mid-February 2023. Steel framing, roofing, cladding cold room panelling and asphalt resurfacing have all been completed, as has the installation of services. Minor fit out works, including concrete kickers, doorways, Armco barriers and bollard installation are expected to be completed shortly.
- Flood mitigation works are being progressed. New access stairs and a platform (9.5 m AHD) which will house the main building board at Building I will be installed by March. Works are underway to

manufacture new flood monitoring systems which will be located to the south of Building E1 and north of Building F1.

- All critical spares for dock levellers and the LPG Facility have been delivered to site and are stored in containers above peak flood levels at CP1. 90% of critical electrical spares for tenancy and main distribution boards have been received by Crisp Power and Control, with 70% already on site for checking and packaging before being stored in containers at CP1. BML is currently awaiting budget costs for the design for raising the street and bridge access to Brisbane Markets at Curzon Street.
- The Consolidated Entity lodged a Bidders Statement with ASIC on 1 November 2022, offering to acquire 65% of shares on issue in Perth Markets Group Limited for $3.30 per share, and subsequently increased the offer price to $3.40 on 2 December 2022. The offer for purchase of shares was extended until 31 January 2023, and was still open for acceptance by shareholders at 31 December 2022.
- The Consolidated Entity has established a Protected Cell Captive due to ongoing challenges in securing full insurance coverage at an affordable price in the Australian market. Over time, the Protected Cell Captive arrangement will facilitate the partial self-insurance of certain insurable risks. An initial subscription of $3 million has been made to Mangrove Insurance Guernsey PCC Limited.
- Consistent with prior years, the Brisbane Markets site continues to maintain an exceptional occupancy rate of 98.48% at 31 December 2022, with the weighted average lease expiry by income at 5.58 years.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to balance date

The Consolidated Entity lodged a proportional takeover bid to acquire shares in Perth Markets Group Limited, as mentioned above. Acceptances have been received for 1,532,974 shares for a cash consideration of $3.40 per share, or a total amount of $5,212,111.60. The bid closed on 31 January 2023 and the share transfers are complete.

Key financial highlights for the reporting period

- Total Assets have increased by 1.02%% since June 2022 to $512.15 million.
- Net Assets have reduced by 2.91% since June 2022 to $259.36 million.
- Net Assets per share is $4.76 at 31 December 2022.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE for the Half-Year Ended 31 December 2022

	31/12/2022		31/12/2021
	$ '000		$ '000
Revenues			
Rental associated Received	17,483		16,916
Service Revenue	4,757		5,245
Other	1,627		1,653
Total Operating Revenue	**23,867**		**23,814**
Expenses			
Employment Costs	3,827		3,512
Direct costs of services provided	2,995		3,656
Finance Costs	3,280		2,678
Property	4,263		3,939
Depreciation and Amortisation	327		371
Other	1,279		1,178
Total Operating Expenses	**15,971**		**15,334**
Operating Profit before Income Tax Expense	**7,896**		**8,480**
Investment Property increase	(14,126)		28,129
Fair value movement in investment	25		15
Share of Net Profit from Associate and Investments	913		1,293
Costs incurred relating to Investments	(866)		(184)
Flood Related expenditure	(190)		-
Net Profit before Tax	**(6,348)**		**37,733**
Income Tax Benefit/(Expense)	2,182		11,062
Profit for the half year	**(4,166)**		**26,671**

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2022

	31/12/2022		30/06/2022
	$ '000		$ '000
Assets			
Current Assets	20,099		19,811
Non-Current Assets	62,051		62,163
Investment Property	430,000		425,000
Total Assets	**512,150**		**506,974**
Liabilities			
Current Liabilities	14,667		9,173
Non-Current Liabilities	238,128		230,675
Total Liabilities	**252,795**		**239,848**
Net Assets	**259,355**		**267,126**
Equity			
Contributed Equity	90,092		90,092
Reserves	(1,124)		(1,879)
Retained Profits	170,387		178,913
Total Equity	**259,355**		**267,126**

A full copy of the Financial Report for the Half-Year ended 31 December 2022 is available at www.brisbanemarkets.com.au