REPORT TO SHAREHOLDERS

BRISBANE MARKETS LIMITED®

HALF-YEAR ENDED 31 DECEMBER 2020

Your Directors are pleased to submit the financial report of the consolidated group for the half-year ended 31 December 2020.

The net profit of the group after income tax for the half-year ended 31 December 2020 was $10.47 million. This result reflects a pre-tax underlying profit of $8.92 million, excluding the revaluation adjustment and contribution from Perth Markets Group Limited and investments, which is an increase of 16% 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 2020			
	December 2020	**December 2019**	**Change**
	$ million	**$ million**	
Brisbane Markets Limited Operating Profit	8.92	7.69	16%
Brisbane Markets Limited Revaluation	14.70	2.48	
Share of Profit/(Loss) from Perth Markets Group Limited [1]	1.40	(4.68)	
Dividend received and investment movement [1]	0.18	0.25	
Net Profit before Income Tax	**25.20**	**5.74**	
Income Tax Benefit/(Expense)	(14.73)	2.62	
Net Profit after Income Tax	**10.47**	**8.36**	

[1] Includes allocation of interest expense and borrowing costs related to the investment

At the half year, an independent update valuation was undertaken. The above result reflects a valuation increase at 31 December 2020.

The Directors reported as in office in the previous financial report remain in office.

Review of Operations

- The Building E1 warehouse development was completed and handed over to new tenant, J.H. Leavy & Co (a subsidiary of Darling Group), in August 2020. This $19.5 million purpose-built warehouse has a total lettable area of 6,362 m2 and includes four finger docks and nine loading docks; 10 fast cool rooms; 1,826 pallet spaces; a disinfestation facility; and an elevated plant deck.
- Works to upgrade the sewerage pump station at Building A1 were completed. These works replaced the station's two existing pumps and provide additional load in the South Gate sewer network.
- After a series of workshops for employers and employees, drug and alcohol testing of forklift operators commenced in October, with 109 forklift operators taking part in voluntary testing by The Drug Detection Agency. Random drug and alcohol testing will progress in 2021 in accordance with the joint BML/Brismark Site Safety Program.
- BML maintained its focus on sustaining the essential operation of the Markets during the COVID-19 pandemic. This response included ongoing additional cleaning and sanitisation services throughout the Common Areas of

this site and daily health checks for Buyers, Service Providers and registered visitors to the access-controlled Northern Industrial Precinct. Public health alerts continued to be sent to relevant stakeholders during the period.

- After event closures due to the COVID-19 health pandemic, the Sunday Discovery Market reopened in July 2020.
- Works commenced to install a new sewerage rising main at South Gate East, which will connect the existing South Gate sewer network to that of Queensland Urban Utilities, reducing pressure on the northern sewer network, reduce reliance on pump stations and improve flood mitigation
- Consistent with prior years, the Brisbane Markets site continues to maintain an exceptional occupancy rate of 98.90% at 31 December 2020, with the weighted average lease expiry by income at 6.22 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 impact of the COVID-19 pandemic remains ongoing, and while the financial impact has been well managed for the consolidated entity up to 31 December 2020, it is not practical to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing in certain states of Australia and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Despite the situation as described above, the impact of the Covid-19 pandemic on the consolidated entity since 1 July 2020 has not been significant, and we continue to manage the situation closely.

Key financial highlights for the reporting period

- The pre-tax operating profit for the half year was $8.92 million, which is a pleasing 16% improvement on the prior year's result. Additional revenues were generated from new tenancies and Building E1, and there were a range of cost savings introduced, offset by further increases in insurance costs this year.
- An adjustment has been made to income tax expense for the period to reflect the change of the applicable corporate tax rate and adjusting the carrying value of the deferred tax liability to 30% (from 27.5% at 30 June 2020). The income tax expense for the period includes a charge of $3.15 million relating to the change in tax rate. In addition, a charge to income tax expense for the period of $4.35 million was required to record the relevant tax impacts relating to the Investment in Associates.
- Total Assets have increased by 5.54% since June 2020 to $416.90 million.
- Net Assets have increased by 4.44% since June 2020 to $200.19 million.
- Net Assets per share is $3.67 at 31 December 2020.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
for the Half-Year Ended 31 December 2020

	31/12/2020		31/12/2019
	$ '000		$ '000
Revenues			
Rental associated Received	16,132		15,766
Service Revenue	5,210		5,726
Other	2,434		1,919
Total Operating Revenue	**23,776**		**23,411**
Expenses			
Employment Costs	3,174		3,980
Direct costs of services provided	3,422		3,858
Finance Costs	3,043		3,412
Property	3,613		3,168
Depreciation and Amortisation	519		518
Other	1,246		1,074
Total Operating Expenses	**15,017**		**16,010**
Operating Profit before Income Tax Expense	**8,759**		**7,401**
Property value increase/(write down)	14,697		2,479
Fair value movement in investment	159		234
Share of Net Profit/(Loss) from Associate and Investments	1,584		(4,376)
Net Profit before Tax	**25,199**		**5,738**
Income Tax Benefit/(Expense)	(14,731)		2,621
Profit for the half year	**10,468**		**8,359**

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2020

	31/12/2020		30/06/2020
	$ '000		$ '000
Current Assets	7,554		4,731
Non-Current Assets	42,745		40,700
Investment Property	366,600		349,600
Total Assets	**416,899**		**395,031**
Current Liabilities	5,820		5,488
Non-Current Liabilities	210,888		197,859
Total Liabilities	**216,708**		**203,347**
Net Assets	**200,191**		**191,684**
Equity			
Contributed Equity	90,092		90,092
Reserves	(12,338)		(14,601)
Retained Profits	122,437		116,193
Total Equity	**200,191**		**191,684**

A full copy of the Financial Report for the Half-Year ended 31 December 2020 is available at www.brisbanemarkets.com.au