



**BRISBANE  
MARKETS**  
LIMITED®



# **20 20 ANNUAL REPORT**

INCLUDES FINANCIAL REPORT

# Performance at a glance

Operating revenue

**\$44.81 m**

2019: \$44.40 m  
(0.92% ↑)

Total revenue

**\$45.11 m**

2019: \$49.05 m

Reported net profit  
before tax

**\$9.42 m**

2019: \$9.33 m  
(0.96% ↑)

Underlying net profit  
before tax

**\$15.99 m**

2019: \$15.28 m  
(4.65% ↑)

Total assets

**\$395.03 m**

2019: \$379.42 m  
(4.11% ↑)

Net assets

**\$191.68 m**

2019: \$187.65 m  
(2.15% ↑)

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# Our mission

*To provide infrastructure and services to facilitate the marketing and distribution of fresh food, flowers and other ancillary products*

## Strategic priorities



### Site utilisation

Identifying opportunities to increase the effective use of buildings, common areas and undeveloped space across the site in keeping with the organisation's mission and strategic focus.



### Business development and diversification

Ensuring structured growth through sound commercial investments and by exploring efficiencies and synergies through complementary business services.



### Stakeholder relations and positioning

Engaging with shareholders, tenants, industry participants and government through effective communication and by forging mutually beneficial relationships to support the growth of the business, and to protect and build the brand.



### Capital and asset management

Applying a proactive approach to maintaining existing assets and appropriately funding the organisation to support new infrastructure and investments.



### People and culture

Creating a positive, cooperative and safe culture among all markets users, and adequately resourcing the organisation and maintaining an organisational culture that meets the expectations of the Board and senior management.



# Chairman's message

Dear shareholders,

On behalf of the Board of Brisbane Markets Limited (BML), I am pleased to present the company's 2020 Annual Report.

BML achieved an underlying profit before tax of \$15.99 million for the 2020 financial year, and the final dividend paid to shareholders was 7.75 cents per share fully franked, bringing the total dividend paid in respect of the 2020 financial year to 16 cents per share fully franked. This represents a slight reduction on the previous year, reflecting the general business and economic conditions faced in the second half of the 2020 financial year.

Currently, there is a great deal of uncertainty in the world as the effects of the COVID-19 pandemic continue to impact the lives of all Australians.

In March 2020, state and federal governments initiated a series of health directives and regulations to limit the spread of the virus and flatten the curve of infections. For the most part, this has been successful.

There are very few businesses that have not been touched by the pandemic's effect on our economy, and this is certainly the case for businesses at the Brisbane Markets.

From the very beginning of the pandemic, BML has been clear that our priority has been, and must always be, to facilitate the trade and supply of fresh fruit and vegetables for Queensland consumers. To achieve this, BML has been proactive in offering as much support as possible to Brisbane Markets tenants and the industry as a whole.

Very early, the continued supply of fresh produce for Queensland consumers was identified as being an essential service; however, that did not stop tenants from experiencing flow-on effects from border closures and business restrictions.

The hospitality, food service and events industries have been hit very hard by forced closures and restrictions, which in turn has affected the providores and secondary wholesalers that supply these businesses. Brisbane Markets wholesalers, who primarily service providores, secondary wholesalers and restaurateurs, immediately felt the effects of these closures.

During periods where consumers were subject to self-isolation and working from home, many fruit and vegetable retailers witnessed an increase in sales as customers shifted focus to eating healthier meals within the home more often. This allowed Brisbane Markets wholesalers to redirect sales to industry niches and customers less impacted by COVID-19.

BML has been incredibly fortunate to have finished the financial year with a solid result for our shareholders despite these challenges.

Throughout the year, the BML Board has been kept up-to-date with the company's efforts to mitigate the effects of the pandemic on business operations. We wish to acknowledge the hard work of BML's CEO, management and staff members, and thank them for continuing to deliver, uninterrupted, the services required by our tenants and the fresh produce industry to secure the supply of fresh produce to Queensland consumers.

Finally, I thank all BML shareholders for their continued support and confidence.

Anthony (Tony) Joseph  
Chairman



# CEO's report

BML's underlying profit before tax of \$15.99 million for the financial year ended 30 June 2020 reflects growth of 4.65% when compared to the previous year, and includes the strong performance of our investments in other central markets. The net asset position at 30 June 2020 was \$191.68 million, which represents growth of 2.15% on the previous year, and a net asset backing of \$3.52 per share. Total assets continue to grow in line with our ongoing investment in the site and completion of significant revenue-producing development projects. Total assets grew by 4.11% to \$395.03 million at year end, and the company remains well positioned with a strong asset base.

During the 2020 financial year, BML reviewed and updated our Strategic Plan to reflect the company's current direction, goals and priorities to ensure we have a clear roadmap for the next five years.

This roadmap has proven valuable in maintaining our course despite the hurdles the COVID-19 global pandemic has created. Throughout, we have erred on the side of caution to protect this site and keep Brisbane Markets safe and healthy so that we can maintain our critical role in the essential food supply chain.

There is no denying the second half of the 2020 financial year was incredibly challenging, and there would be few companies that have been unscathed. Despite the obstacles we have faced, BML has managed to deliver a solid financial outcome, maintain its strong balance sheet position, and remains a stable investment for our shareholders. These results reflect our early action to cut costs and restrict site access, and to provide necessary assistance to tenants through rental relief, credits and waivers.

Rent relief and other waivers provided to tenants for the year had a significant impact on the reported revenue, with over \$1.2 million in waivers provided to tenants to assist with COVID-19 impacts during the June quarter. Over 50 tenants qualified for rent relief under the Mandatory Code of Conduct introduced by the National Cabinet and, in addition, BML provided support to other tenants as an acknowledgement that all businesses are impacted to varying degrees (see COVID-19 response for more information). Rent relief for impacted tenants will continue during the 2021 financial year, but at a much lower level.



## Site utilisation

The effective utilisation of our 77 hectare site, including the efficient use of buildings, common areas and undeveloped space, is critical for our success as a business and informs the Master Plan for Brisbane Markets. This includes maximising the potential of existing infrastructure, identifying opportunities for multipurpose facilities, improving existing assets and identifying under-utilised infrastructure.

BML values development projects that provide immediate benefit while facilitating additional opportunities for future site utilisation such as the new Covered Loading Area (CLA2), which reached practical completion in February 2020 and was fully occupied under license by the end of the 2020 financial year.





## Site utilisation

### Building E1 development

Purpose-built for current tenant JH Leavy & Co, a subsidiary of Darling Group, to facilitate their primary wholesaling, third-party logistics and import/export services. Elevates the use of land previously utilised for parking to its highest and best value.

- total lettable area of 6,362 m<sup>2</sup>
- domestic and export warehouse areas
- extensive fast cool and ripening rooms
- cold storage
- 1,826 pallet spaces
- elevated plant deck
- 9 loading docks
- 2 finger docks
- office space
- fumigation facility with recapture technology

### Building A1 extension

Purpose-built for current tenant Atkinson Produce Pty Ltd, trading as Murray Bros, to enhance their range of third-party logistics and import/export services.

- 169 m<sup>2</sup> extension to southern elevation
- two-room multipurpose facility
- loading dock
- dock leveller

### Building D refurbishment

Refurbishment of unused office space on the first floor of Building D (West). Leased by Brismark for use as training and conference facilities.

- training rooms
- conference facilities
- refurbished amenities
- refurbished kitchen

### Covered Loading Area (CLA2) development

CLA2 provides authorised Brisbane Markets buyers with a protected environment in close proximity to the Central Trading Area for loading, and an out-of-hours parking and unloading area for heavy vehicles bringing product into this site.

- 7 medium bays
- 7 large bays
- 10 m high
- 2,332 m<sup>2</sup> roof structure
- 14 bays fully occupied under license



**98.81%**  
site occupancy

**74.01%**  
commercial office occupancy

**93.62%**  
retail occupancy

**100%**  
industrial occupancy



**257**  
leases

**170**  
tenants



**5.88 years**

WALE by area

**5.56 years**

WALE by income



total lettable area

**165,810 m<sup>2</sup>**  
(including land leases)

**141,808 m<sup>2</sup>**  
(excluding land leases)



By providing registered buyers with a protected environment for the dispatch of fresh produce in close proximity to the Central Trading Area, and an out-of-hours parking and unloading area for heavy vehicles, CLA2 enables BML to consider alternative uses for the Central Trading Area outside of Brisbane Produce Market trading hours.

BML's most significant development project of the 2020 financial year was the construction of Building E1. This \$19.5 million, state-of-the-art warehouse facility was purpose-built for existing tenant JH Leavy & Co, a subsidiary of Darling Group. The tenant worked closely with BML and architect dwp during the 18-month design development phase to ensure the new building could facilitate their primary wholesaling, third-party logistics and import/export services.

Building contractor SBP Australia began construction in September 2019 and the project was completed on schedule in August 2020. The 6,362 m<sup>2</sup> warehouse features domestic and export areas, extensive fast cool and ripening rooms, nine loading and two finger docks, 1,826 pallet spaces and a fumigation facility featuring recapture technology. Investments of this type demonstrate the growth that BML is undergoing on the back of our confidence in the industry and Brisbane Markets.

BML's commitment to building facilities for tenants was further represented in November 2019 with the completion of the extension to Building A1, which was designed in conjunction with existing tenant Atkinson Produce Pty Ltd (trading as Murray Bros). This extension was purpose designed to enhance their third-party logistics and import/export services. The 169 m<sup>2</sup> extension features a two-room cold-storage, fast cooling, ripening and fumigation facility (with recapture technology), serviced by a dock and hydraulic dock leveller.

In December 2019, under-utilised office space on the western end of Building D was refurbished to create training and conference facilities, including amenities and a kitchen. This space has been leased by Brismark since January 2020.



## Business development and diversification

BML is committed to ensuring structured growth through sound commercial investments and by exploring efficiencies and synergies through complementary business services. We have been fortunate to have a diverse portfolio of commercial interests, which has provided security to the business during the economic uncertainty of the COVID-19 pandemic, including our continued investments in Perth Markets Group Limited and South Australian Produce Market Limited.

The Brisbane Markets site consumes a significant amount of electricity through climate control, lighting and cool room infrastructure. To offset these costs and improve our environmental footprint, solar energy has been utilised as an appropriate renewable energy resource. Since finalising Stage 3 of the Solar Project in July 2019, the 15,603 solar panels on site generated almost 6.9 GWh of power, which is over 15% of this site's electricity usage. This is the equivalent of powering more than 1,200 households.

As anticipated, attendance at the Saturday Fresh and Sunday Discovery Markets was somewhat impacted by the reduction in the market footprint, the loss of car parking, and a reduction of ease of access to the market site due to the construction of Building E1. Prior to event closures in March 2020 (see COVID-19 response for more details), over 480,000 customers had attended the Saturday Fresh, Sunday Discovery and Brisbane Night Markets since 1 July 2019. During government pandemic restrictions from March to June 2020, the Saturday Fresh Market continued operating as an essential food market and maintained an average attendance of 4,700 customers each week.

A coordinated parking management system for the CP1 and CP2 car parks was implemented over the 2020 financial year to provide a consolidated approach to parking, and to offer tenants and their employees a variety of paid parking options, with monthly, quarterly, prepaid and daily rates now available. CP1 also provides an hourly rate for short-term parking.







## Business development and diversification

### Brisbane MarketPlace

Explore and implement opportunities for business development and diversification at our retail markets to increase revenue streams.

- purchase of two children's entertainment rides for use in all retail markets
- implementation of an 'organic waste only' environment, due for completion by December 2020

### Parking management

Consolidate the paid parking systems across CP1 and CP2 to integrate with existing and future access control technology and offer a variety of parking options and payment terms.

- integrates with existing access control and LPR technology
- accepts multiple payment methods
- provides monthly, prepaid, daily and hourly parking options
- online applications for both tenant businesses and individuals

### Digital technology

Streamline digital technology resources to create greater efficiencies and reduce operating costs.

- facilitated the rollout of the NBN network at Brisbane Markets
- updated mail security and archiving system
- implemented a new customer relationship management system to improve communication distribution
- upgraded camera server licences and camera recording storage

### Solar energy infrastructure



**15,603**  
solar panels



**6.89 GWh**  
of electricity produced

### Waste removal



**1,647 t**  
general waste



**259 t**  
clean cardboard



**167 t**  
pine pallets

### Investment in other central markets



**24,551,501**  
shares held in Perth Markets  
Group Limited



**98,500**  
shares held in South Australian  
Produce Market Limited

Note: These figures do not include waste that is generated and removed by individual tenants.

The new system also offers payment options, with in situ parking machines now accepting coins, notes and cards, with both tenant businesses and individuals able to apply for parking spaces online. Integrated with access control software Gallagher, the system synchronises with existing licence plate recognition (LPR) technology and access cards so users can utilise their existing credentials to gain access.

In the 2020 financial year, BML continued its investment in and commitment to the National Retail Program, *A better choice!* This valuable collaboration between market landlords and chambers across Australia combines marketing resources to increase exposure for independent retailers on a national level by taking advantage of economies of scale for creative assets and shared benefits such as extended media purchasing power.



## Stakeholder relations and positioning

BML has a variety of stakeholders, including shareholders, tenants, buyers, service providers, transporters, growers, employees and other markets users, and we regularly evaluate how we communicate with these groups to foster an engaged markets community.

In October and November 2019, BML undertook a Tenant Satisfaction Survey to gain feedback from warehouse and selling floor tenants on a range of site matters. Approximately 47% of tenants completed the survey, with 83% of respondents rating BML's performance overall as good to excellent. Waste, recycling, pest control and cleanliness were identified as areas for improvement. The survey also informed our new Site Safety Program (see details under people and culture), with 95% of respondents supporting the implementation of random drug and alcohol testing for forklift operators.

The new BML Portal App was launched in July 2019 and allows the markets community to access bulletins, Fresh News articles, site maps, telephone directory, event and workshop information, Brisbane Markets regulations and the BML Training Hub from their smartphone or tablet. With the onset of the COVID-19 pandemic, the app was expanded to include easy access links to the daily health assessment and Site Service Centre Online (see COVID-19 response for more details).

In addition to the BML Portal App, BML utilises a number of communication channels to keep stakeholders informed of BML development, property and maintenance projects, regulations changes, events, and key safety and biosecurity messaging. These include the Brisbane Markets website, regular market bulletins, Fresh News, the Fresh Source industry magazine and positive media coverage.

BML launched the Site Service Centre Online in April 2020 to reduce foot traffic to the Site Service Centre and protect frontline employees amidst the COVID-19 pandemic. Designed to be easily expanded and utilised post-COVID-19, the web page provides tenants, buyers and service providers with easy access to new visitor registration and health assessment requirements, as well as frequently used resources.

BML has continued to support industry organisations, facilitate site tours and provide media support for Queensland's growers. During the 2020 financial year, we supported a number of fundraisers for growers affected by drought and bushfire, and we continue to have a productive relationship with our MOU partners, Bundaberg Fruit and Vegetable Growers and Bowen Gumlu Growers Association.

BML has maintained its support of independent retailers who buy from the Brisbane Produce Market via the National Retailer Program *A better choice!* (see business development and diversification for more details).





## Stakeholder relations and positioning

### Tenant Satisfaction Survey

The Tenant Satisfaction Survey aimed to gauge the sentiment of Brisbane Markets industrial tenants to determine their overall satisfaction and experience, and identify areas of improvement, as well as identifying potential new service offerings.



**83%**

tenants rating BML's **performance overall** as good to excellent



**84%**

tenants rating BML's **communication** as good to excellent



**83%**

tenants rating BML's **account management** as good to excellent



**85%**

tenants rating BML's **lease management** as good to excellent



**>83%**

tenants rating BML's **alterations, maintenance and repairs** as good to excellent

### Stakeholder communication

Communicate effectively with those people who affect or are affected by the operation of Brisbane Markets and the decisions made by BML to forge mutually beneficial connections and networks.



**322**

market bulletins issued



**550**

BML Portal App downloads



**4,949**

unique views of Site Service Centre Online

### Community relationships

The development of meaningful and constructive partnerships with charity and community organisations to increase our standing as a positive contributor to the local community.

- **Bulls Masters:** Fosters and develops cricket throughout rural and regional Queensland utilising retired Queensland cricketers, as well as providing community support and assisting charities.
- **Foodbank:** Collects leftover fresh produce and distributes to charity organisations.
- **Diabetes QLD:** Provides information and support to the 33,000 people living with diabetes in Queensland to encourage a healthy lifestyle.
- **Lady Musgrave Trust:** Supports homeless women in Queensland.
- **Oxley Creek Catchment Association:** Protects and enhances the natural environment and resources of the catchment of Oxley Creek.
- **MND and Me Foundation:** Raises money for research into motor neurone disease (MND) and provides practical assistance to people living with MND and their carers.



In the 2020 financial year, we continued to raise money during Brisbane Produce Market events for our charity partners Diabetes Queensland and the MND and Me Foundation. The sponsorship of the Bulls Masters program continues to be fruitful in promoting Brisbane Markets to regional grower communities throughout Queensland through its cricket matches, coaching clinics and other events.

BML has an ongoing relationship with Foodbank, facilitating the charity's entry into Brisbane Produce Market after trade each day to collect leftover fresh produce and distribute it to charity organisations.

We have supported the Oxley Creek Catchment Association for many years, currently sponsoring its Peaks to Points Festival, as well as the Lady Musgrave Trust to support homeless women in Queensland. BML also provided complementary Brisbane Produce Market entry to five charity groups in the 2020 financial year.

The Annual Gala Dinner was well attended in July 2019 and raised almost \$9,000 for BML's charity partner, Diabetes Queensland. The Mango Auction, held in September 2019, raised a total of \$34,841 for BML's charity partners, Diabetes Queensland and the MND and Me Foundation, and each year BML co-sponsors the Brisbane Produce Market Charity Golf Day, with proceeds benefiting Diabetes Queensland.

In the 2020 financial year, BML donated over \$95,000 to various charities and community organisations, and facilitated the donation of over \$45,000 to our charity partners.

BML's investment in extensive solar energy infrastructure and exploration of potential waste reduction measures is integral to improving the environmental footprint of the Brisbane Markets site (see business development and diversification for more information).



## Capital and asset management

BML applies a proactive approach to maintaining existing assets and appropriately

funding the organisation to support new infrastructure and investments.

In the latest stage of BML's roof upgrade project, the main roof sheeting was replaced on Buildings I, J and Q, new roof access stairs were installed at Buildings B, C, K1 and M1, and a roof walkway was installed on Building D, allowing for safe, easy access for service providers conducting maintenance and inspections on roofs and roof-mounted equipment. A comprehensive audit of all working at heights access points on site was conducted to ensure this equipment remains compliant.

As part of the Building E1 development project (see site utilisation for more details), BML installed two elevated 1,500 kVa transformers to provide power to Building E1 and to provide future contingency for the South Gate precinct. In addition, ancillary works to improve the surrounding roads and stormwater drainage were undertaken. Submains were upgraded to Building J to provide additional electrical supply to meet increased power demands.



**8,420 m<sup>2</sup>**  
roads resurfaced



**142**  
dock levellers maintained

## Electrical infrastructure



**3,502**  
emergency light fittings



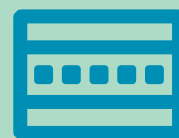
**27**  
substations



**447**  
electricity meters



**40**  
building main switchboards



**504**  
distribution boards



## Capital and asset management



**3,133**  
maintenance jobs  
raised



**3,207**  
maintenance jobs  
completed



**23**  
boom gates



**1,629**  
bait stations

### Fire detection and prevention equipment



**374**  
fire hose reels



**770**  
fire extinguishers

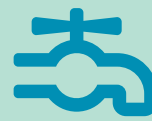


**370**  
fire hydrants



**36**  
fire indicator panels

### Hydraulics infrastructure



**92,012 kL**  
water consumed



**255**  
water meters



**116**  
backflow prevention devices



**15**  
sewerage pump stations



**45**  
public toilet blocks

The Building D (West) public amenities were refurbished, including patching and painting the foyer area together with the walls and ceilings in the male amenities, new entry doors, partitions, cisterns, urinals, and complete floor and wall tile replacements.

BML continued to improve traffic management at this site in conjunction with road resurfacing works. The focus for the 2020 financial year was the improvement of line-marking controls at major intersections to provide better traffic flows and clear traffic direction for vehicles and pedestrians. In total, 8,420 m<sup>2</sup> of road was resurfaced, and this project will continue in the 2021 financial year.

BML applies a site-wide approach to pest management in all common areas of the Brisbane Markets, and liaises with individual businesses to ensure they implement an effective pest management plan inside their tenancies, particularly in areas where produce is stored.

BML currently services and maintains over 1,600 rodent bait stations across Brisbane Markets common areas and, in the 2020 financial year, over 70 additional bait stations were installed in conjunction with infrastructure development projects. Over the next 12 months, BML will investigate pest management strategies with a view to implementing minimum standards for pest control and increasing tenant involvement in pest monitoring and eradication at Brisbane Markets.



## People and culture

Each day, more than 4,500 individuals work or do business with the over 170 businesses that operate from the Brisbane Markets site. There are 6,681 access card holders, including 779 registered buyers and 1,055 forklift operators. Creating a positive, cooperative and safe culture

at Brisbane Markets is key to achieving this strategic priority, as is the adequate resourcing of BML and maintaining an organisational culture that meets the expectations of the Board and senior management.

To promote a safe work environment on site, BML and Brismark launched the Site Safety Program in March 2020. This program focuses on a range of safety initiatives, including workshops for tenants and their workers, and the development of template documents for tenants to assist them to comply with their requirements at law. The program aims to raise awareness of safety topics through workshops on the Brisbane Markets Regulations, the effects of drugs and alcohol in the workplace, traffic management plans, chain of responsibility requirements, and workplace bullying, violence and aggression. This important initiative was postponed as a result of the COVID-19 pandemic and will relaunch in the 2021 financial year.

The Forklift Operator of the Year competition continues to promote a safe work culture, and is growing in popularity each year. The 2019 event included the introduction of drugs and alcohol testing prior to the grand final as a new condition of entry, a move that was welcomed by all participants.

BML also utilised Safety Month, held in conjunction with the Queensland Government's Safe Work Month every October, to promote safe work practices and improve the safety culture of this site through a range of activities, workshops, competitions and events.

BML continues to ensure its staff members are well trained and equipped with a thorough understanding of the business, its procedures and goals to ensure the company fosters bench strength and a positive work culture. New Team Values were announced in July 2020, which provide guidance to BML's employees in relation to decision-making processes, preferred behaviours and expected team performance.



› Fresh produce on the selling floor of the Brisbane Produce Market.



› 2019 Forklift Operator of the Year, Na'a Finau.





## People and culture

### BML Team Values

BML's Team Values seek to provide a framework that highlights what we stand for as a team and what we expect from each other in the performance of our duties.



**CUSTOMER FOCUS**

We understand and value our customers' needs and strive to achieve fair outcomes for all.



**TEAMWORK**

We work together to support the effective and efficient operation of the markets and to achieve the company's goals.



**ACCOUNTABILITY**

We own our own actions and meet the team performance standards expected of us.



**INTEGRITY**

We reliably and consistently do what we say we will do, the right way, with respect and honesty.



**PROACTIVITY**

We anticipate the need for change, pursue opportunities for growth and look for ways to improve our processes and performance.

### Site access



**6,681**

access cards on issue



**779**

registered buyers



**390**

registered forklifts



**4,671**

vehicles using LPR



**355**

tenant commercial vehicles

### Site safety



**95%**

tenants surveyed who support random drug and alcohol testing



**138**

safety improvement meetings with markets users



**5,818**

online safety inductions



**1,055**

forklift operator permits



## COVID-19 response

In adherence to our mission to facilitate the marketing, trade and supply of fresh produce to Queenslanders, throughout the COVID-19 pandemic, BML's actions and preparations have focused on business continuity planning and sustaining the critical and ongoing operation of the markets, and the support required to achieve this.

BML implemented new automated access procedures for registered buyers and service providers wishing to enter the access-controlled precinct. Individuals are required to complete daily health assessments prior to arrival at the Brisbane Markets site. All non-essential visitors to the site have been discouraged and a visitor registration and health screening process has been implemented.

If the automated system determines an individual is at high risk of being infected, their access privileges are removed for 14 days or until such time as a doctor's clearance is received. All individuals, registered or not, who do not undertake a health assessment prior to arrival on site are subject to manual health assessments by BML, including temperature checks.

Market wholesalers have been encouraged to make alternative arrangements for the purchase and supply of wholesale fruit and vegetables, including pre-orders, phone and online orders, and deliveries direct to buyer vehicles. All public access to the Brisbane Produce Market has been suspended until further notice.

Government restrictions on large events prompted the temporary closure of Brisbane Night Market and the Sunday Discovery Market. As an essential supplier of fresh food and other grocery items, the Saturday Fresh Market continued operating throughout the pandemic. To ensure this essential service was permitted to continue, BML initiated additional safety messaging and cleaning, queue markings and rails, wider aisles and walkways, additional spacing between stalls, hand sanitising stations, stallholder health checks and random temperature checking of customers.

Additional cleaning and sanitisation services were implemented across the Brisbane Markets site, with a focus on high-touch surfaces. BML's contract cleaners, Eaton Services Group, were engaged to carry out twice-daily cleaning of common areas within the Central Trading Area, CP1, the Commercial Centre and the Fresh Centre, including bathrooms, light switches, stairwells, water fountains, door handles, pedestrian turnstiles, swipe card points, lifts and handrails.

Communicating appropriate health messaging and ensuring markets users were kept updated with all relevant health directives and government restrictions were important aspects of BML's COVID-19 response.

BML issues regular Public Health Alerts to all markets users, including wholesalers, buyers, service providers, transporters and retail markets stallholders. These Public Health Alerts provide regularly updated information about tenant responsibilities, changes to government legislation, relevant health messaging and market guidelines.

Rotating health messaging is announced over loudspeakers in English, Arabic, Chinese and Mandarin throughout the Central Trading Area and displayed on all LED screens across the site, and additional safety posters and banners are located in key, high-traffic areas.

To show support for the businesses that work from Brisbane Markets and the fresh produce industry as a whole, BML developed and introduced a new COVID-19 Hardship Policy (Policy). This Policy widens the scope of the National Cabinet's Mandatory Code of Conduct and the Emergency Response Act 2020 (Qld) to allow non-SME tenants and subtenants to apply for temporary rent relief. Rent relief was provided to those tenants who experienced a reduction in turnover of 30% or more and met the National Cabinet's Mandatory Code and BML's Policy.

Support was also provided to other tenants in recognition of the impact that COVID-19 had on the operations of the markets.

To assist with the response to the pandemic, BML implemented a dedicated COVID-19 web page outlining BML operational and regulatory changes, recommended safety precautions, answers to frequently asked questions, informative videos and relevant links to Queensland Health information pages.

An online portal, Site Service Centre Online, was established to reduce foot traffic to the physical Site Service Centre, provide additional remote services for markets users and protect frontline employees. The portal provides a first port of call for visitor registrations, visitor health assessments, daily health assessments for buyers and service providers, and general enquiries. The online portal will continue to be utilised post-COVID-19.

**Andrew Young**  
Chief Executive Officer



## COVID-19 response



**65,293**  
health assessments



**18**  
Public Health Alerts issued  
in the financial year



**0**  
cases of COVID-19  
connected to the market



**8,842**  
unique views of COVID-19  
information web page



**52**  
tenants received  
ongoing rent relief



**100%**  
of tenants received  
a level of support

### Cleaning



**1,155 hours**  
additional cleaning of  
high-frequency touch points  
in common areas

### Common areas:

- Central Trading Area
- CP1
- Fresh Centre
- pedestrian turnstiles
- Brisbane MarketPlace

### Touch points:

- lifts
- swipe card points
- pay stations
- doorways and handles
- intercoms
- handrails
- taps
- sinks
- benchtops
- light switches
- seating
- tables
- counters
- drop boxes
- bollards



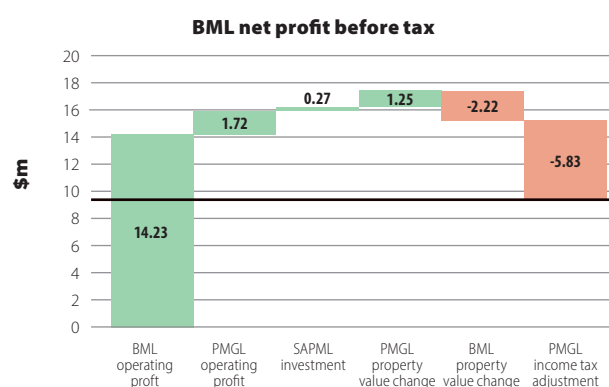
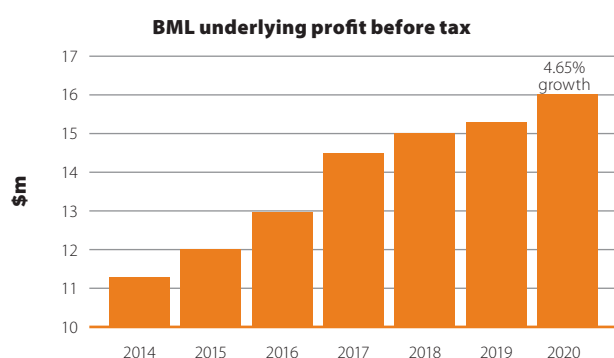


# Financial performance summary

BML reported a strong performance for the year, and continues to demonstrate growth in the underlying profit of the group and sound return on investments made in Perth and Adelaide central markets. The underlying net operating profit before tax of \$15.99 million represents growth of 4.65% on the prior year.

The company experienced a write down in property value of \$2.22 million as outlined in the financial report, and Perth Markets Group Limited (PMGL) has continued to make a solid operating contribution again this year. A summary of the financial performance for the 2020 year is as follows.

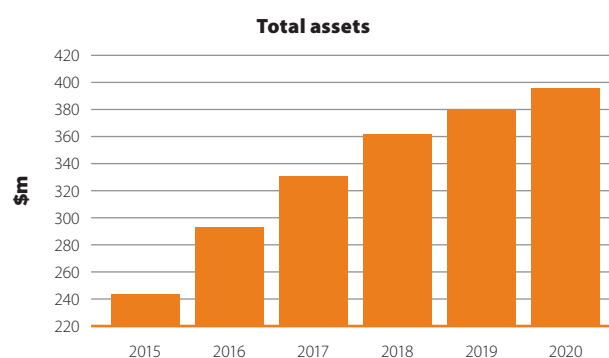
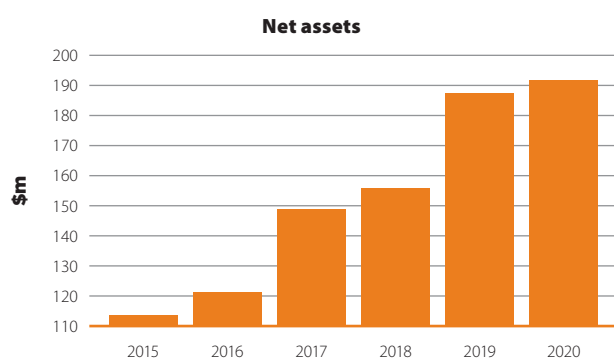
	30 June 2020 \$ million	30 June 2019 \$ million	
Brisbane Markets site operating profit	14.23	13.91	↑ 2.30%
Perth Markets Group Limited operating performance and investments	1.76	1.37	↑ 28.47%
<b>Underlying net operating profit</b>	<b>15.99</b>	<b>15.28</b>	<b>↑ 4.65%</b>
Perth Markets Group Limited property revaluation proportion	1.25	2.48	
Brisbane Markets site investment property decrease	(2.22)	(8.43)	
Share of income tax adjustment in Perth Markets Group Limited	(5.83)	—	
Fair value movement in investment	0.23	—	
<b>Reported net profit before tax</b>	<b>9.42</b>	<b>9.33</b>	<b>↑ 0.96%</b>



## Attractive financial fundamentals

BML achieved further improvements in its balance sheet position in the 2020 year, with total asset growth of 4.11% and net asset growth of 2.15%. At 30 June 2020, total assets were \$395.03 million and net assets were \$191.68 million.

At 30 June 2020, the total assets per share was \$3.51, which is an improvement from the prior year.

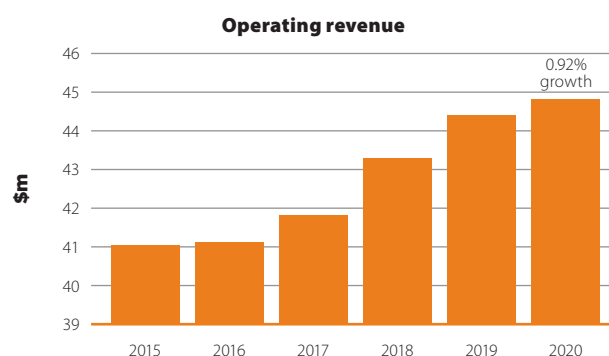


## Revenue

The reported group revenue for the year decreased to \$45.11 million, however, underlying revenue grew by 0.92% to \$44.81 million for the year, as summarised in the table and graph on the right.

Rental and associated property-related revenue increased for the full year, but the growth was offset by significant rent relief exceeding \$1.2 million being provided to tenants. The full year contribution of the Montague Produce Facility, which was completed in April 2019, has assisted in achieving this rental revenue growth.

	2020 \$ million	2019 \$ million
Total reported revenue	45.11	49.05
Investment property movements in Perth	-	(2.48)
Perth Markets Limited contribution	-	(2.17)
Share investment return and movement	(0.30)	-
<b>Underlying Brisbane Markets site operating revenue</b>	<b>44.81</b>	<b>44.40</b>



## Expenditure

The reported group expenditure reduced to \$35.69 million for the year, and underlying expenditure increased by 0.52% as summarised in the table on the right.

Site expenditure continued to be a challenge to contain, with significant increases across a range of areas including insurance premiums, waste disposal costs and cleaning costs. Other costs continue to be reviewed by the company to ensure that we can deliver sufficient ongoing returns to shareholders.

Finance costs, including interest and bank charges, continued to fall in an environment of record low interest rates.

	2020 \$ million	2019 \$ million
Total reported expenditure	35.69	39.72
Perth Markets Group Limited share of loss	(2.29)	(0.03)
Interest incurred on investments	(0.60)	(0.84)
Decrease in value of investment property	(2.22)	(8.43)
<b>Underlying Brisbane Markets site operating expenditure</b>	<b>30.58</b>	<b>30.42</b>
<i>Underlying expenditure is comprised of:</i>		
Operating expenditure	23.45	23.01
Depreciation	1.03	0.99
Interest	6.10	6.42

## Perth Markets Group Limited

Perth Markets Limited completed a corporate restructure in September 2019, and all assets are now reported in the newly created parent entity, PMGL. BML's ownership remained unchanged at 41.73%.

The underlying performance of the investment was strong in the 2020 financial year, after removing the one-off impacts as summarised in the table on the right.

There were significant income tax impacts associated with the corporate restructure. PMGL is a tax-paying entity and recorded a deferred tax liability upon acquisition of the assets after the restructure was completed, and also reflected a corresponding income tax expense. This reduced the net assets of PMGL and the value of BML's investment in PMGL. Concurrently, BML recorded a reduction in our deferred tax liability to offset the decline in the investment value recorded for PMGL.

At 30 June 2020, PMGL had net assets of \$1.48 per share.

	2020 \$ million	2019 \$ million
Perth Markets Group Limited operating contribution	2.29	2.17
Perth Markets Group Limited property revaluation contribution	1.25	2.48
Interest expense and other costs	(0.57)	(0.80)
Share of income tax from Perth Markets Group Limited	(5.83)	-
<b>Reported profit/(loss)</b>	<b>(2.86)</b>	<b>3.85</b>

## Valuation impacts

The major asset of the group is the Brisbane Markets properties located at Rocklea, which were independently valued at \$349.6 million at 30 June 2020, and the consolidated statement of financial position reflects this fair value. The full detail relating to the properties is included in Note 6 in the financial report.

## Refinance of debt facility

BML extended its finance facilities with Westpac Banking Corporation with the new facility expiring on 31 July 2022. All terms and conditions of the facility remain unchanged and full detail is provided in the financial report.

## Taxation rate change

The financial report reflects an income tax rate of 27.5% for the year ended 30 June 2020. This is on the basis that BML and PMGL are not regarded as connected entities for taxation purposes. This matter is subject to a private tax ruling which is being assessed by the ATO. In the event that the private tax ruling is denied, there will be a requirement to adjust income tax expense to a 30% rate. This would result in a charge to income tax expense in a future period as disclosed in Note 14 of the financial report on page 46.



## Historical financial results

	AIFRS 2020 \$'000	AIFRS 2019 \$'000	AIFRS 2018 \$'000	AIFRS 2017 \$'000	AIFRS 2016 \$'000
<b>Revenue</b>					
Brisbane Markets operating revenue	44,809	44,398	43,271	41,814	41,009
Brisbane Markets property value increase	-	-	-	21,421	11,638
Perth Markets operating contribution	2,288	2,173	2,234	1,970	93
Perth Markets property increase contribution	1,252	2,482	5,410	8,325	-
South Australian Produce Market	303	-	-	-	-
<b>Total revenue</b>	<b>48,652</b>	<b>49,053</b>	<b>50,915</b>	<b>73,530</b>	<b>52,740</b>
<b>Expenses</b>					
Operating expenses - Brisbane Markets	23,432	23,008	21,805	21,132	20,475
Operating expenses - Perth Markets	27	28	31	48	25
Share of Perth Markets income tax expense	5,831	-	-	-	-
Depreciation and amortisation expense	1,025	994	1,058	783	720
Finance costs	6,098	6,422	6,832	6,578	6,447
Finance costs - Perth Markets investment	568	838	790	768	457
Finance costs - South Australian Produce Market investment	30	-	-	-	-
Decrease in value of investment properties	2,219	8,434	1,789	-	-
Non-operating expenditure	-	-	-	-	796
<b>Total expenses</b>	<b>39,230</b>	<b>39,724</b>	<b>32,305</b>	<b>29,309</b>	<b>28,920</b>
<b>Net profit before income tax and interest and depreciation</b>	<b>17,113</b>	<b>17,583</b>	<b>27,290</b>	<b>52,350</b>	<b>31,444</b>
<b>Net profit before income tax expense</b>	<b>9,422</b>	<b>9,329</b>	<b>18,610</b>	<b>44,221</b>	<b>23,820</b>
Income tax expense/(benefit)	(5,334)	2,808	5,589	13,273	7,158
<b>Net profit after tax</b>	<b>14,756</b>	<b>6,521</b>	<b>13,021</b>	<b>30,948</b>	<b>16,662</b>
Net profit after tax after excluding investment property valuation changes, investment fair value movements and one-off income tax adjustments	<b>11,591</b>	<b>10,687</b>	<b>10,486</b>	<b>10,126</b>	<b>8,516</b>
Dividend paid	8,992	7,881	6,906	6,588	5,950
Total assets	395,031*	379,422	361,801	330,743	294,210
Total liabilities	203,338	191,772	206,304	182,340	173,359
Total equity	191,684	187,650	155,497	148,403	120,851
Net tangible assets per share (\$)	\$3.51*	\$3.43	\$3.64	\$3.48	\$2.83
Earnings per share including investment property valuation changes and abnormals	27.08 cents	13.45 cents	30.64 cents	72.82 cents	39.21 cents
Earnings per share adjusted for investment property valuation changes	21.27 cents	22.04 cents	24.67 cents	23.83 cents	21.35 cents
Number of shares as at 30 June	54,500	54,500	42,500	42,500	42,500

\* This figure is subject to change, refer to Note 14 on pages 45 and 46 for more information.



**BRISBANE  
MARKETS**  
LIMITED®

ABN 39 064 983 017  
and controlled entities

# Financial report

for the year ended  
30 June 2020

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# Directors' report

30 June 2020

Your Directors present their report on the consolidated entity consisting of Brisbane Markets Limited (BML) and the entities it controlled at the end of, or during, the year ended 30 June 2020.

## Directors

The following persons were Directors of BML during the year or at the date of this report:

- Anthony John Joseph
- Anthony Robert Kelly
- Bruce Miles Hatcher
- Stuart Anthony Lummis
- Evonne Maree Collier
- Noel Anthony Greenhalgh
- Peter Gerard Tighe
- Andrew Alexander George Young

## Principal activities

During the year, the principal continuing activities of the consolidated entity consisted of:

- facilitating the efficient and effective operation and growth of the Brisbane Markets site;
- providing world class infrastructure and services to facilitate the marketing and distribution of predominantly fresh produce, together with flowers and other ancillary products, to domestic and international customers; and
- preserving and promoting the role of the central market for the benefit of industry stakeholders and consumers.

There were no significant changes in the nature of the activities of the consolidated entity during the financial year.

## Operating results

The net profit after income tax of the consolidated entity for the year ended 30 June 2020 was \$14.75 million (12 months to 30 June 2019: \$6.52 million).

### Underlying net operating profit (non-IFRS measure)

The underlying net operating profit before income tax was \$15.99 million for the 2020 financial year, compared to \$15.28 million for the 2019 year.

The underlying company performance remains solid in what has been a challenging environment, and is summarised below. The information below provides additional detailed explanation of the consolidated entity operating performance by making adjustments for items relating to fair value movements and income tax adjustments. The Directors' view is that presentation of the information in this format provides an accurate representation of the underlying performance that would not otherwise be available.

	June 2020 \$'000	June 2019 \$'000	Change %
Brisbane Markets Limited operating profit	14,227	13,914	2.25%
Share of operating profit from Perth Markets Group Limited and investments <sup>2</sup>	1,759	1,367	28.67 %
<b>Underlying net operating profit</b>	<b>15,986</b>	<b>15,281</b>	<b>4.61%</b>
Brisbane Markets Limited revaluation <sup>1</sup>	(2,219)	(8,434)	
Share of property revaluation from Perth Markets Group Limited <sup>2</sup>	1,252	2,482	
Share of income tax adjustment from Perth Markets Group Limited <sup>2</sup>	(5,831)	-	
Fair value movement in investment	234	-	
<b>Net profit before income tax</b>	<b>9,422</b>	<b>9,329</b>	<b>1.00%</b>
Add/(less) income tax <sup>3</sup>	5,334	(2,808)	
<b>Net profit after income tax</b>	<b>14,756</b>	<b>6,521</b>	<b>126.28%</b>

The net profit after income tax includes the following:

1. The impact of the Brisbane Markets property valuation fair value movement in the current year was a reduction of \$2.22 million before tax (reduction of \$8.43 million for the 2019 year).
2. The contribution from Perth Markets Group Limited (PMGL) and investments for the current year was a loss of \$2.29 million as disclosed in the financial report (profit of \$3.85 million for the 2019 year). The table below provides a reconciliation to information contained in the financial report.

	June 2020 \$ million	June 2019 \$ million
Perth Markets Group Limited operating profit	2.29	2.17
Share of property revaluation from Perth Markets Group Limited	1.25	2.48
Share of income tax adjustment from Perth Markets Group Limited	(5.83)	-
<b>Share of net loss of associate included in Financial Report</b>	<b>(2.29)</b>	<b>4.65</b>
Less share of finance costs incurred	(0.53)	(0.80)
<b>Share of net loss of associate as disclosed in operating result above</b>	<b>(2.82)</b>	<b>3.85</b>

3. A one-off positive adjustment to the consolidated entity income tax expense of \$3.3 million is included within the income tax benefit. This is a result of the change of tax rate from 30% to 27.5%.

At reporting date, BML's drawn down funding facility was hedged under seven long-term interest rate swaps to the extent of 60.54%. Hedging is a requirement of the funding facility provided by the company's banker.

## Review of operations

The consolidated entity's continued operational focus throughout the year remained unchanged, in the areas of property management, site maintenance and management of the Brisbane Markets site in accordance with the Brisbane Markets Regulations. The Coronavirus (COVID-19) pandemic has presented a range of challenges to the consolidated entity during the last quarter of the year, which resulted in a significant change in business focus. During this period, the health and safety of our people, our customers, and the Brisbane Markets community became our key priority as COVID-19 specific measures were implemented in our workplace, and across the entire Brisbane Markets site.

We implemented immediate measures including a range of changes to the Brisbane Markets operations during March and April 2020 including temporary cessation of public entry to the Brisbane Produce Market, the temporary closure of the Sunday Discovery Market and the Brisbane Night Market, daily health checks of buyers, service providers and market visitors, and a range of key health messages displayed across the markets site. At the same time the National Cabinet announced the Mandatory Code, which detailed the requirement for landlords to work with tenants and provide rent assistance for those impacted by COVID-19. This was a significant exercise with rent relief and waivers provided to over 50 tenants. In response to these changes, the consolidated group undertook a rationalisation and restructure of ongoing staffing requirements, and a range of costs were reviewed across the business with necessary changes implemented to ensure that the consolidated group remained financially sound. Further, all non-essential works were placed on hold and a range of government grants were accessed, which have assisted in achieving a positive financial result.

The consolidated entity results reflect an improvement in the operating performance compared to the prior year, which is very satisfying given the significant interruption to business experienced as a result of COVID-19, as mentioned above.

Despite the challenges, there has been continued focus on site developments and improvement this year which has resulted in the following major achievements:

- The completion of the new Covered Loading Area for buyers, located to the north of Building D.
- Commencement of the construction of Building E1, a purpose-built facility providing cold-storage, fast cool rooms, ripening rooms and fumigation facilities with recapture technology. Construction works are well progressed on this new state-of-the-art warehouse, with a gross floor area of 6,362 m<sup>2</sup>.
- Roof replacements were carried out at Buildings I, J and Q.

Recent relaxing of COVID-19 restrictions in Queensland have contributed to an improvement in general business conditions within the markets community and the industry, and all but one tenant at the Brisbane Markets site are now trading, and occupancy remains at pre COVID-19 levels.

The land and buildings at the Brisbane Markets site were valued by Charter Keck Cramer Pty Ltd at a value of \$349.60 million as at 30 June 2020, and the financial accounts of the consolidated entity reflect the fair value of this asset.

The consolidated entity remains in a solid financial position, with total assets of \$395.03 million, and net assets of \$191.68 million at 30 June 2020, representing \$3.52 per share.

The consolidated entity will be considered a base rate entity for taxation purposes, subject to PMGL obtaining a private tax ruling as detailed in Note 14. On this basis, income tax will be assessed at the rate of 27.5% for the 2020 year and future years while the base rate entity status is maintained.

## Dividends

Dividends paid to shareholders during the year were as follows:

Final dividend of 8.25 cents per fully paid share on 22 October 2019, fully franked at 30%	4,496,250
Interim dividend of 8.25 cents per fully paid share on 25 March 2020, fully franked at 30%	4,496,250
Total dividends paid during 2019/20 financial year	8,992,500
Total dividends paid during 2018/19 financial year	7,881,250

## Significant changes in the state of affairs

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

## Matters subsequent to the end of the financial year

The impact of the COVID-19 pandemic is ongoing and while the financial impact has been well managed for the consolidated entity up to 30 June 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.

There are no significant events that have occurred subsequent to the end of the financial year that have not been disclosed in this report.

## Likely developments

Information in relation to the likely developments of the consolidated entity include:

- The BML Board continues to review its strategic priorities on a regular basis, which includes an ongoing focus being given to the operation and development of the existing Brisbane Markets site.
- The consolidated entity will continue to progress opportunities across the Brisbane Markets site as they arise.

## Environmental regulations

The consolidated entity is not subject to any significant environmental regulation.



## Information on Directors and Company Secretary



### **Anthony (Tony) Joseph**

MAICD, C Dec

#### **Chairman**

Tony has been a Director of Brisbane Markets Limited since incorporation in 1994. Tony has over 50 years' experience in the fruit and vegetable industry. Since 1975, Tony has been Managing Director of Alfred E Chave Pty Ltd, an established business with a long and successful history of trading in the Markets.

Tony is a Director of a number of private companies with interests in fruit and vegetable wholesaling and exporting including Alfred E Chave Pty Ltd. Tony was on the Board of Brismark from 1982 to 2019, five of those years as President. Tony was also a longstanding member of the Brisbane Market Trust prior to corporatisation by the state government. Currently, Tony is a Director of Brisbane Broncos Limited and the Brisbane Broncos Leagues Club.

Tony is a member of the Australian Institute of Company Directors and is a registered Commissioner for Declarations.

#### **Special responsibilities**

- Chairman
- Member of:
  - Remuneration Committee (Chair)
  - (and also attends other committee meetings)



### **Anthony (Tony) Kelly**

LLB, MAICD, JP (Qual)

#### **Deputy Chairman**

Tony's career portfolio of directorships and business experience include Brismark (President), Carter & Spencer Group, Brisbane Lions AFL Football Club (Chairman), Gladstone Ports Corporation, Brisbane Markets Limited and more recently ASX-listed Lindsay Australia Limited and the Queensland Academy of Sport.

Since graduating with a Bachelor of Laws Degree (UQ) and time in the legal profession, Tony's other current passions lie with the emerging IT company Veracity Technology (co-owner) and in the travel industry with Cruise Holidays Australia.

Tony has been a Non-Executive Director of Brisbane Markets Limited since 2002.

#### **Special responsibilities**

- Director
- Member of:
  - Finance and Audit Committee
  - Legal and Compliance Committee (Chair)
  - Remuneration Committee



### **Bruce Hatcher**

BCom, FCA, FAICD

Bruce has been a Non-Executive Director of Brisbane Markets Limited since November 2012. Bruce has extensive experience in chartered accounting covering many industry sectors, and consults to and serves on the boards of several private and/or family-owned businesses.

Bruce is currently the Chairman of Queensland Rugby League. Formerly, Bruce was the Chair of BDO Queensland, Managing Partner of Horwath Brisbane, Chairman of Horwath Australia, and the Deputy Chairman and Director of 20 years at the Queensland Academy of Sport. Bruce is a regular speaker at industry conferences and professional development seminars nationally and has written many articles on a wide range of family business issues.

Bruce has a Bachelor of Commerce, is a Fellow Chartered Accountant and a Fellow of the Australian Institute of Company Directors.

#### **Special responsibilities**

- Director
- Member of:
  - Finance and Audit Committee (Chair)



### Stuart Lummis

BEC, DipConstMan, GradDipAcc, FAICD, FFin

Stuart brings 39 years of experience as a senior executive in ASX-listed groups, government agencies and not-for-profit organisations. Stuart has extensive expertise in the management and development of complex property portfolios through his role as the Head of Property for Yourtown and previously as the Director of Building, Planning Facilities and Property with the Roman Catholic Archdiocese of Brisbane, where he was directly responsible for the management and redevelopment of the Archdiocese of Brisbane's property portfolio, comprising in excess of 450 individual, diverse properties.

Stuart is Non-Executive Director on the board of several organisations, including Bolton Clarke (formerly RSL Care RDNS), Deaf Services Queensland and the Heritage Council of Queensland. Additionally, he is a member of the Property Council of Queensland, sitting on the Residential Development Committee and Chairing the National Trust of Queensland Advocacy Committee.

Stuart has a Bachelor of Economics, Post Graduate Diploma in Applied Finance and Investment, Diploma in Project and Construction Management, and is also a Fellow of the Australian Institute of Company Directors.

#### Special responsibilities

- Director
- Member of:
  - Finance and Audit Committee
  - Legal and Compliance Committee
  - Strategy and Investment Committee (Chair)
  - Remuneration Committee



### Evonne Collier

BA, GradCertAppFin, MBus, GAICD, CSM

Evonne Collier is a professional Non-Executive Director and an experienced leader in business scale-up and transformation, brand/channel strategy, new to world and category innovation, digital disruption, and B2B and B2C customer experience. She has 25 years' senior executive and operational experience working within blue-chip multinational companies and brands in the FMCG, packaged goods, pharmaceutical and entertainment/technology sectors.

She currently serves on the boards of ASX-listed and large private companies including THINK Childcare (ASX:TNK) and Motorama Automotive Group.

Evonne holds a Bachelor of Arts (UQ), Master of Business (QUT), Graduate Certificate in Applied Finance (Macquarie University), a Certified Scrum Master (CSM) and is a Graduate member of the Australian Institute of Company Directors. She has also taught at QUT's post graduate business school.

#### Special responsibilities

- Director
- Member of:
  - Finance and Audit Committee
  - Legal and Compliance Committee



### Noel Greenhalgh

MAICD

Noel has a comprehensive knowledge of the fruit and vegetable industry, having been Managing Director of RW Pascoe, a leading Brisbane Markets fruit and vegetable wholesaling business, since 1989. During this time he has been involved with all aspects of running this successful business.

Noel is a Director of Smart Berries Pty Ltd, one of the larger berry producing companies in Australia and New Zealand. He has also been a Director of Brismark since 2000.

Noel is a member of the Australian Institute of Company Directors.

#### Special responsibilities

- Director
- Member of:
  - Strategy and Investment Committee



### **Peter Tighe**

MAICD

Peter has been a Director of Brisbane Markets Limited since 1999. His family has a long history in the Brisbane Markets and Peter is a second-generation member with 40 years' experience in fruit and vegetable wholesaling. He is currently a consultant for Global Fresh Australia and New Zealand.

Peter has been a Director of Brismark since 1988, and is also a Director of a number of private companies with interests in fruit and vegetable wholesaling and marketing.

Peter is also the Managing Director of Magic Bloodstock Racing, a thoroughbred horse racing and breeding business.

Peter is a member of the Australian Institute of Company Directors.

#### **Special responsibilities**

- Director
- Member of:
  - Legal and Compliance Committee
  - Strategy and Investment Committee
  - Safety and Tenant Advisory Committee (Chair)



### **Andrew Young**

DipCorpMgmt, BCom, BAgSc (Hons), FCPA, MAICD

Andrew has a history of employment at a senior management level with extensive experience in policy and strategy formulation, service development and industry representation. His experience in the fresh produce industry includes engaging with relevant stakeholders at a state and federal level and addressing national issues through his role with Fresh Markets Australia. He has had an active involvement in addressing issues impacting the wholesaling sector of the horticultural industry and has conducted extensive research on Central Markets in Australia and parts of Asia, Europe and the USA.

He played a leading role in the project team responsible for what became the successful bid to purchase the Brisbane Markets site in 2002 and, as CEO, coordinated the seamless transition of ownership of the Brisbane Markets site to BML.

He has maintained a focus on the upgrading and development of the Brisbane Markets site and the strategies contributing to the ongoing growth and success of the company.

Andrew is a Non-Executive Director of Perth Markets Group Limited and an Executive Director of Fresh Markets Australia.

He holds a Bachelor of Commerce, a Bachelor of Agriculture Science (Hons) and Graduate Diploma in Corporate Management. Andrew is also a Fellow of CPA Australia and a member of the Australian Institute of Company Directors.

#### **Special responsibilities**

- Executive Director
- CEO
- Member of:
  - Finance and Audit Committee
  - Legal and Compliance Committee
  - Remuneration Committee
  - Strategy and Investment Committee



### **Murray Stewart**

B.Bus, CA, FGIA FCG (CS), C.Dec

Murray is a Chartered Accountant and Chartered Secretary with over 30 years' experience in senior finance roles across a number of industries including retail, manufacturing, franchising, property and freight service industries. Murray's strengths are in the areas of financial management, accounting, commercial management, dispute resolution, legal interpretation, strategic and operational business, governance, risk, compliance, and company secretarial duties.

Murray has strong financial acumen and an ability to understand key risks and opportunities, and to see how a business can position itself strategically for changes in the external business environment. Murray has worked for Brisbane Markets Limited for over five years and manages finance, contract management, and human resources functions of the organisation in addition to overseeing the Brisbane MarketPlace operation.

Murray has a Bachelor of Business (Accounting), is a Chartered Accountant, and is a Fellow of the Governance Institute of Australia.

#### **Special responsibilities**

- CFO
- Company Secretary

**Note:** Anthony Joseph, Noel Greenhalgh and Peter Tighe are principals of companies that are also shareholder members of The Queensland Chamber of Fruit and Vegetable Industries Co-operative Limited, which is a substantial shareholder of Brisbane Markets Limited. Shareholders of The Queensland Chamber of Fruit and Vegetable Industries Co-operative Limited hold one share in the Chamber, with a nominal value of \$20.

## Meetings of Directors

The number of meetings of the company's Board of Directors and of each Board Committee held during the year ended 30 June 2020, and the number of meetings attended by each Director were:

	Full Board Meeting		Finance and Audit		Legal and Compliance		Strategy and Investment		Remuneration	
	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held
A Joseph <sup>1</sup>	9	9	3	3	3	3	2	2	4	4
A Kelly	9	9	3	3	3	3	-	-	4	4
B Hatcher	8	9	3	3	-	-	-	-	-	-
S Lummis	9	9	3	3	3	3	2	2	3	3
E Collier	9	9	3	3	2	3	-	-	-	-
N Greenhalgh	9	9	-	-	-	-	1	2	-	-
P Tighe	8	9	-	-	3	3	2	2	-	-
A Young	9	9	3	3	3	3	2	2	3	4

<sup>1</sup> A Joseph attended Finance and Audit, Legal and Compliance and Strategy and Investment in his capacity as Chairman of the Board. A Joseph is not a Committee Member of these Committees.

The company's Board of Directors are also involved in Brisbane Markets Advisory Committees as follows:

- Brisbane Markets Safety and Tenant Advisory Committee – Peter Tighe (Chair) one meeting held and one attended. Tony Joseph and Andrew Young attend these meetings in their capacity of BML Chairman and CEO respectively.

The Board Committees and the membership of those Committees as at 30 June 2020 is:

### Finance and Audit Committee:

Bruce Hatcher (Chair)  
Anthony Kelly  
Stuart Lummis  
Evonne Collier  
Andrew Young

### Legal and Compliance Committee:

Anthony Kelly (Chair)  
Stuart Lummis  
Evonne Collier  
Peter Tighe  
Andrew Young

### Remuneration Committee:

Anthony Joseph (Chair)  
Anthony Kelly  
Stuart Lummis  
Andrew Young

### Strategy and Investment Committee:

Stuart Lummis (Chair)  
Noel Greenhalgh  
Peter Tighe  
Andrew Young

The Board also appoints an Advisory Committee which includes tenant representatives. The Director who is appointed as Chair of this Committee as at 30 June 2020 is:

### Brisbane Markets Safety and Tenant Advisory Committee:

Peter Tighe (Chair)

## Options

No options over unissued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

## Proceedings on behalf of company

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

## Indemnification of officers and auditor

During the financial year, BML paid a premium in respect of a contract insuring directors, secretaries and executive officers of the company and its controlled entities against a liability incurred as director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.



The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or any of its controlled entities against a liability incurred as such an officer or auditor.

## Auditor independence

Section 307C of the Corporations Act 2001 requires the company's auditors, BDO Audit Pty Ltd, to provide the Directors with a written Independence Declaration in relation to their audit of the financial report ended 30 June 2020. The Auditor's Independence Declaration is attached and forms part of this Directors' Report.

## Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year:

	Consolidated	
	2020 \$	2019 \$
<b>Independent Accountants Report</b>		
Audit work associated with capital raising	-	27,734
<b>Taxation and advisory services</b>		
Tax compliance and corporate advisory services, including review of company income tax returns	50,219	26,800
<b>Corporate and advisory services</b>		
Corporate advising, valuation and other services	1,301	4,000

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed above do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

## Rounding of amounts to the nearest thousand dollars

The consolidated entity satisfies the requirements of ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to "rounding off" of amounts in the Directors' Report and the financial statements to the nearest thousand dollars. Amounts have been rounded off in the Directors' Report and financial statements in accordance with that ASIC Instrument.

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



**A J Joseph**  
Chairman



**A Young**  
Director

3 September 2020 at Brisbane



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**DECLARATION OF INDEPENDENCE BY PAUL GALLAGHER TO DIRECTORS OF BRISBANE MARKETS LIMITED**

As lead auditor of Brisbane Markets Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Brisbane Markets Limited and the entities it controlled during the year.

A handwritten signature in black ink, appearing to read 'Paul A. Gallagher', with a stylized flourish at the end.

**P A Gallagher**  
Director

**BDO Audit Pty Ltd**

Brisbane, 3 September 2020

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

# Financial report

For the year ended 30 June 2020

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# Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

		Consolidated	
	Note	2020 \$'000	2019 \$'000
<b>Revenue</b>			
Rent revenue		25,203	25,349
<i>Revenue from contracts with customers</i>			
Service revenue		10,786	10,795
Entry fees and parking		2,547	2,844
Marketing revenue		270	294
Recoveries revenue		4,724	4,597
Other		456	488
		18,783	19,018
<i>Other income</i>			
Share of net profits of associates	7	-	4,655
Other	3	1,126	31
		1,126	4,686
<b>Total revenue and other income</b>		<b>45,112</b>	<b>49,053</b>
<b>Expenses</b>			
Direct costs of services provided		7,116	7,583
Employee benefits expenses		7,164	7,035
Finance costs		6,696	7,260
Site operating costs		5,547	4,680
Share of net loss of associates	7	2,291	-
Decrease in value of investment properties	6	2,219	8,434
Repairs and maintenance		1,154	1,238
Other expenses		1,148	1,142
Depreciation and amortisation expense	8, 10	1,025	994
Defined contribution superannuation expense		567	564
Marketing and promotion - general		483	494
Marketing and promotion - retail markets		280	300
<b>Total expenses</b>		<b>35,690</b>	<b>39,724</b>
<b>Profit before income tax expense</b>		<b>9,422</b>	<b>9,329</b>
Income tax benefit/(expense)	14(a)	5,334	(2,808)
<b>Profit after income tax for the year</b>		<b>14,756</b>	<b>6,521</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Cash flow hedge reserve (movement in interest rate swaps)		(849)	(4,380)
Share of other comprehensive income of associates	7	231	(1,476)
Income tax relating to cash flow hedge reserve and other comprehensive income of associates		(1,112)	1,757
<b>Other comprehensive income for the year, net of tax</b>		<b>(1,730)</b>	<b>(4,099)</b>
<b>Total comprehensive income for the year</b>		<b>13,026</b>	<b>2,422</b>
<b>Profit attributable to:</b>			
Owners of Brisbane Markets Limited		<b>14,756</b>	<b>6,521</b>
<b>Total comprehensive income attributable to:</b>			
Owners of Brisbane Markets Limited		<b>13,026</b>	<b>2,422</b>

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



# Consolidated statement of financial position

As at 30 June 2020

		Consolidated	
	Note	2020 \$'000	2019 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27(a)	999	2,854
Other current assets	4	1,936	2,572
Trade and other receivables	5	1,501	1,965
Current tax asset		273	-
Inventories		22	27
<b>Total current assets</b>		<b>4,731</b>	<b>7,418</b>
<b>Non-current assets</b>			
Investment properties	6	349,600	329,600
Investment accounted using the equity method	7	35,267	38,062
Property, plant and equipment	8	3,267	3,699
Financial asset at fair value through profit or loss	9	1,478	-
Right of use asset	10	45	-
Intangible assets		643	643
<b>Total non-current assets</b>		<b>390,300</b>	<b>372,004</b>
<b>Total assets</b>		<b>395,031</b>	<b>379,422</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	5,273	6,451
Current tax liabilities	13	-	1,173
Employee entitlements		206	205
Lease liabilities	12	9	-
<b>Total current liabilities</b>		<b>5,488</b>	<b>7,829</b>
<b>Non-current liabilities</b>			
Borrowings	15	151,949	133,449
Deferred tax liabilities	13	28,446	34,228
Derivatives	16	16,710	15,671
Trade and other payables	11	604	486
Employee entitlements		114	109
Lease liabilities	12	36	-
<b>Total non-current liabilities</b>		<b>197,859</b>	<b>183,943</b>
<b>Total liabilities</b>		<b>203,347</b>	<b>191,772</b>
<b>Net assets</b>		<b>191,684</b>	<b>187,650</b>
<b>Equity</b>			
Contributed equity	19	90,092	90,092
Reserves	21	(14,601)	(12,871)
Retained profits		116,193	110,429
<b>Total equity</b>		<b>191,684</b>	<b>187,650</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

# Consolidated statement of changes in equity

For the year ended 30 June 2020

	Note	RESERVES			Retained profits \$'000	Totals \$'000
		Issued capital \$'000	Cash flow hedge reserve \$'000	Share of other changes in equity in associate \$'000		
<b>Consolidated entity</b>						
<b>Balance at 1 July 2018</b>		<b>52,480</b>	<b>(7,905)</b>	<b>(867)</b>	<b>111,789</b>	<b>155,497</b>
Profit after income tax for the year		-	-	-	6,521	6,521
<i>Other comprehensive income for the year, net of tax:</i>						
Change in fair value of cash flow hedge	21	-	(3,065)	-	-	(3,065)
Net change in fair value of cash flow hedge in associate	21	-	-	(1,034)	-	(1,034)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>(3,065)</b>	<b>(1,034)</b>	<b>6,521</b>	<b>2,422</b>
<i>Transactions with owners, in their capacity as owners:</i>						
Issue of shares during the year		38,400	-	-	-	38,400
Transaction costs recognised during the year (net of tax)	21	(788)	-	-	-	(788)
Dividends paid	8	-	-	-	(7,881)	(7,881)
<b>Balance at 30 June 2019</b>		<b>90,092</b>	<b>(10,970)</b>	<b>(1,901)</b>	<b>110,429</b>	<b>187,650</b>
<b>Balance at 1 July 2019</b>		<b>90,092</b>	<b>(10,970)</b>	<b>(1,901)</b>	<b>110,429</b>	<b>187,650</b>
Profit after income tax for the year		-	-	-	14,756	14,756
<i>Other comprehensive income for the year, net of tax:</i>						
Change in fair value of cash flow hedge	21	-	(1,145)	-	-	(1,145)
Share of other changes in equity in associate	21	-	-	(585)	-	(585)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>(1,145)</b>	<b>(585)</b>	<b>14,756</b>	<b>13,026</b>
<i>Transactions with owners, in their capacity as owners:</i>						
Dividends paid	20	-	-	-	(8,992)	(8,992)
<b>Balance at 30 June 2020</b>		<b>90,092</b>	<b>(12,115)</b>	<b>(2,486)</b>	<b>116,193</b>	<b>191,684</b>

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

# Consolidated statement of cash flows

For the year ended 30 June 2020

		Consolidated	
	Note	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		50,207	49,861
Cash paid to suppliers and employees		(31,253)	(28,135)
		18,954	21,726
Interest received		15	31
Finance costs		(7,088)	(7,626)
Income taxes paid		(2,814)	(2,848)
<b>Net cash provided by operating activities</b>	27(b)	<b>9,067</b>	<b>11,283</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		178	90
Payments relating to investment properties		(21,352)	(23,809)
Purchase of plant and equipment	8	(729)	(618)
Distributions from associate	7	1,359	1,571
Dividends received from investment		69	-
Deposit on purchase of investment		-	(1,231)
<b>Net cash used in investing activities</b>		<b>(20,475)</b>	<b>(23,997)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	27(c)	21,500	30,950
Repayment of borrowings	27(c)	(3,000)	(47,601)
Dividends paid	20	(8,992)	(7,881)
Lease finance obtained		49	-
Repayment of lease liabilities		(4)	-
Proceeds from issue of shares		-	38,400
Capital raising transaction costs		-	(788)
<b>Net cash provided by/(used in) financing activities</b>		<b>9,553</b>	<b>13,080</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,855)</b>	<b>366</b>
Cash and cash equivalents at beginning of financial year		2,854	2,488
<b>Cash and cash equivalents at end of financial year</b>	27	<b>999</b>	<b>2,854</b>

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

# Notes to the financial statements

## 1. Significant accounting policies

Brisbane Markets Limited (BML) is an unlisted public company limited by shares, incorporated and domiciled in Australia.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). The general purpose financial report of the consolidated entity for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 2 September 2020.

#### *COVID-19 Impact*

The consolidated entity has experienced impacts as a result of the COVID-19 pandemic. The impact included a reduction in rental revenue, a reduction in service revenue and a reduction in expenses.

#### *Working Capital*

The consolidated entity has an excess of current assets over current liabilities at reporting date. The net current liabilities include capital work in progress claims for construction projects, and accruals at year end. The consolidated entity has approved borrowings of \$160 million as disclosed in Note 15, of which \$8.05 million is undrawn at 30 June 2020. The consolidated entity will utilise the undrawn funds to satisfy the payables when the payment is due.

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, share investments, investment properties, and derivative financial instruments.

Unless otherwise stated the financial statements are presented in Australian dollars rounded to the nearest thousand dollars (\$'000), in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, which is the functional and presentational currency of the consolidated entity.

### (b) Revenue recognition

#### *Rental revenue*

Rental revenue from investment properties is recognised on a straight-line basis over the lease term. Revenue not received at the reporting date is reflected in the statement of financial position as a receivable or if paid in advance, as rent in advance (unearned income). Lease incentives granted are considered an integral part of the total rental revenue and are recognised as a reduction in rental income over the term of the lease, on a straight-line basis. Contingent rentals are recognised as income in the periods in which they are earned. Where a lease modification occurs for leases held as a lessor, the revised rental payable is recognised on a straight-line basis over the lease term.

#### *Revenue from contracts with customers*

Revenue from contracts with customers is derived from utility services provided to tenants, entry and parking fees, marketing fees and miscellaneous recharges, and is recognised as income in the periods in which services are provided. Revenue not received at the reporting date is reflected in the statement of financial position as a receivable.

#### *Classification and measurement of revenue from contracts with customers*

Revenue from contracts with customers is recognised over time if:

- the customer simultaneously receives and consumes the benefits as the entity performs;
- the customer controls the asset as the entity creates or enhances it; or
- the seller's performance does not create an asset for which the seller has an alternative use and there is a right to payment for performance to date.

Where the above criteria is not met, revenue is recognised at a point in time.



The table below summarises the revenue earned by the consolidated entity and the appropriate recognition method applied.

Type of revenue	Description	Revenue recognition
Recoveries revenue	The consolidated entity recovers the outgoings associated with general property expenses, site maintenance, and operation, from lessees in accordance with specific clauses within lease agreements. These are invoiced monthly based on an annual estimate. The consideration is due 14 days from invoice date. At year end a true up of recoveries cost is completed and any shortfall or excess is billed or refunded to the customer.	Over time
Service revenue	The consolidated entity earns revenue from specific services provided to the lessee. These services are on charged to lessees in accordance with specific clauses within the lease agreements. Revenue from provision of LPG sales, electricity sales, and water charges is recognised as the services are provided. The lessee is invoiced on a monthly basis, where applicable. Consideration is due 14 days from invoice date.	Point in time
Entry fees and parking	The consolidated entity earns revenue from car parking charges and market entry fees. These fees are either charged to a lessee or buyer account monthly, or collected as an entry fees paid. Where invoiced, the consideration is due 14 days from invoice date. Other fees are payable on the day of entry.	Point in time

### (c) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### (d) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

#### AASB 16 Leases

This standard and its consequential amendments were applied from 1 July 2019, replacing the accounting requirements applicable to leases in AASB 117 Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

##### *The consolidated entity as a lessor*

As a lessor, there is a requirement to classify a lease as either an operating or finance lease. Adoption of AASB 16 should have not materially impacted the consolidated entity as a lessor.

##### *The consolidated entity as a lessee*

As a lessee, a right-of-use asset and a lease liability will be recognised, with the right-of-use asset being depreciated and the lease liability being unwound in principal and interest components over the life of the lease.

The consolidated entity transitioned to AASB 16 using the simplified approach, where the right-of-use asset is recognised at the date of initial application at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application, using the entity's incremental borrowing rate at the date of initial application. On 1 July 2019, the consolidated entity had one short-term lease for its photocopier. Therefore, there has been no amount recognised as a right-of-use asset and lease liability recognised on initial adoption of the new standard.

## 2. Critical accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods affected. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed in the relevant notes below:

- Note 5 - Provision for impairment of receivables;
- Note 6 - Estimates of fair value of investment properties;
- Note 8 - Estimation of useful lives of assets;
- Note 13 and 14 – Tax liability and Income tax expense; and
- Note 16 - Estimates of fair value of interest rate derivatives.

### COVID-19 impact and judgement

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extended primarily to the assessment of the rental waivers provided to tenants by the consolidated entity, and whether these waivers constitute a lease modification within the meaning of AASB 16. Where it has been determined that a lease modification occurred, the policy of the consolidated entity is that the revised rental payable is recognised on a straight-line basis over the lease term. This financial impact of any lease modification is considered and is adjusted in the Financial Report where the impact is material.

## Revenue

### 3. Other Revenue

	Consolidated	
	2020 \$'000	2019 \$'000
Government grants	877	-
Net fair value gain on investments	234	-
Interest	15	31
	<b>1,126</b>	<b>31</b>

During the COVID-19 pandemic, the consolidated entity has received JobKeeper support payments from the Australian Government which are passed on to eligible employees. The JobKeeper payment scheme in its current form runs for the fortnights from 30 March until 27 September 2020. The consolidated entity is eligible for JobKeeper support from the government on the condition that employee benefits continue to be paid.

In addition to the above, a range of other government grants were received, and these have been recognised in the statement of profit or loss over the period necessary to match them with the costs to which they are intended to compensate.

#### Accounting policy

The JobKeeper payments are recognised as government grants in the financial statements as other income when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. It is recognised as other income on a systematic basis over the periods that the related employee benefits expense, for which it is intended to compensate, are expensed.

## Assets and liabilities

### 4. Other current assets

	Consolidated	
	2020 \$'000	2019 \$'000
Prepayments	1,656	1,333
Sundry debtors	280	8
Deposit paid on investment*	-	1,231
	<b>1,936</b>	<b>2,572</b>

\*Monies held in trust for future investment

### 5. Trade and other receivables

	Consolidated	
	2020 \$'000	2019 \$'000
<i>Current</i>		
Trade debtors	1,365	1,309
Less provision for impairment	(10)	-
	<b>1,355</b>	<b>1,309</b>
Other debtors	146	656
<b>Total trade and other receivables</b>	<b>1,501</b>	<b>1,965</b>

#### Accounting policy

##### *Trade receivables*

Trade and other receivables are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item.

##### *Impairment*

The consolidated entity assesses on a forward-looking basis, the expected credit loss associated with its debt instruments carried at amortised cost.

For trade receivables the consolidated entity applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables. Management has determined that assessment of expected credit loss associated with trade receivables is immaterial.

#### Critical accounting estimates and judgements

##### *Provision for impairment of trade receivables*

The estimated credit loss calculation requires a degree of estimation and judgement. The level of estimated credit loss is assessed by taking into account the recent revenue billings, the ageing of trade receivables, historical collection rates and specific knowledge of the individual debtor financial position. The impact of COVID-19 has been assessed in determining the estimated credit loss, and it is considered to be immaterial.

## 6. Investment properties

### (a) Reconciliation

Reconciliations of the carrying amount of investment properties at the beginning and end of the current and previous periods:

	Consolidated	
	2020 \$'000	2019 \$'000
<i>Freehold land, buildings and improvements</i>		
Carrying amount at beginning of financial year	329,600	314,600
Revaluation increment/(decrement)	(2,219)	(8,434)
Additions	22,047	22,936
Disposals	-	(29)
Lease costs and incentives	338	616
Amortisation of lease costs and incentives	(166)	(89)
<b>Carrying amount at end of financial year</b>	<b>349,600</b>	<b>329,600</b>
<i>Summary</i>		
Freehold land, buildings and improvements – 250-385 Sherwood Road, Rocklea	340,000	320,000
Freehold land - 320 Sherwood Road, Rocklea	9,600	9,600
<b>Total investment properties at fair value</b>	<b>349,600</b>	<b>329,600</b>

### (b) Amounts recognised in profit or loss for investment property:

	Consolidated	
	2020 \$'000	2019 \$'000
Rental and outgoings from investment property	25,203	25,349
Direct operating expense from property that generated rental income	(7,464)	(6,712)
	<b>17,739</b>	<b>18,637</b>

### (c) Assets pledged as security

Refer to Note 15 for details of investment properties pledged as security.

### (d) Leases as a lessor

Investment properties are generally leased to tenants on long-term operating leases with rentals payable monthly. Minimum lease payments receivable under the non-cancellable operating leases of investment property not recognised in the financial statements are as follows:

	Consolidated	
	2020 \$'000	2019 \$'000
Within one year	24,196	23,976
Later than one year but not later than five years	79,382	86,995
Later than five years	66,452	73,199
	<b>170,030</b>	<b>184,170</b>

An independent valuation of investment properties as at 30 June 2020 was carried out by a qualified valuer with relevant experience in the type of property being valued (Ross Farwell - QVRB No. 3250, Michael McClifty – QVRB No 2024, and Emma Carter – QVRB No 3081 from Charter Keck Cramer Pty Ltd). In assessing the value of the investment property, the independent valuer has considered discounted cash flows, capitalisation of net market income methods and direct comparison. Refer to Note 18 for further discussion of fair value measurement of investment properties.

## Accounting policy

### *Investment properties*

Investment properties are properties held either to earn rental income, for capital appreciation or for both. Investment properties are initially measured at cost and are subsequently measured at fair value. As part of the process of determining the fair value of all property, an external independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Brisbane Markets property annually.

Property under construction held for future use as investment property is also carried at fair value unless fair value cannot yet be reliably determined. If fair value cannot yet be reliably determined, the property will be accounted for at cost until either the fair value can be reliably determined or when construction is complete.

Changes to fair values of investment properties are recognised in the profit or loss in the period in which they occur.

## Critical accounting estimates and judgements

### *Estimates of fair value of investment properties*

The consolidated entity has investment property with a carrying amount of approximately \$349.6 million (30 June 2019: \$329.6 million) representing estimated fair value at reporting date. The investment property represents a significant portion of the total assets of the consolidated entity. The fair value adopted for the investment property is based on an independent external valuation of investment property as at 30 June. In assessing the value of the investment property, the independent valuers have considered discounted cash flows, capitalisation of net market income methods and direct comparison. Refer to Note 18 for further details on significant inputs used in determining fair value of the investment properties.

## 7. Investment in associates

BML (the parent) holds a 41.73% interest in PMGL (2019: 41.73%). This investment is measured in accordance with the equity method of accounting.

The principal place of business of PMGL is Canning Vale, Perth, Western Australia. BML has been issued with 24,551,501 ordinary shares in the company.

PMGL was formed, following the approval of the Scheme of Arrangement by the security holders of Perth Markets Limited. PMGL is the head entity of the Perth Markets group. As a result of this restructure, PMGL was required to recognise a deferred tax liability of \$12.31 million, and reflect an income tax expense for the same value. This has reduced the carrying value of the investment.

The investment in PMGL is a strategic investment for the company to diversify the income streams and grow shareholder value.

The carrying amount recorded in the consolidated entity accounts at 30 June 2020 is \$35.27 million (2019: \$38.06 million).

	Consolidated	
	2020 \$'000	2019 \$'000
<i>Investment in Perth Markets Group Limited:</i>		
Carrying amount at beginning of financial year	38,062	36,526
Share of profit/(loss)	(2,291)	4,655
Net share of other comprehensive income/(loss)	231	(1,476)
Share of distributions received/receivable from associate	(735)	(1,643)
	<b>35,267</b>	<b>38,062</b>



The table below includes summarised financial information of PMGL.

	Consolidated	
	2020 \$'000	2019 \$'000
<b>Summarised statement of financial position</b>		
Current assets	8,295	6,767
Non-current assets	184,729	179,324
Total assets	193,024	186,091
Current liabilities	3,292	78,402
Non-current liabilities	102,865	14,400
Total liabilities	106,157	92,802
Net assets	86,867	93,289
<b>Summarised statement of profit or loss and other comprehensive income</b>		
Revenue	24,227	24,265
Profit/(loss) after income tax for the period	(5,216)	11,512
Other comprehensive income	553	(3,537)
Total comprehensive income	(4,663)	7,975
Distributions received from associates	1,359	1,571
Distributions receivable from associates at year end	-	625

*Commitments and contingent liabilities in respect of the associate*

The consolidated entity is liable for the following contractual commitments arising from its interests in the associate if and when they arise:

	Consolidated	
	2020 \$'000	2019 \$'000
Commitment to provide funding if required	2,851	50

There are no material contingent liabilities disclosed by the associate.

*Significant restrictions*

There are no restrictions on the ability of PMGL to transfer funds to the consolidated entity in the form of cash dividends or loans.

## Accounting policy

### *Investment in an associate*

An associate is an entity over which the consolidated entity has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of these policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the consolidated entity's share of net assets in the associate. In addition, the consolidated entity's share of the profit or loss is included in the consolidated entity's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the consolidated entity's share of the net fair value of the associate exceeds the cost of the investment, is recognised in the profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the consolidated entity and the associate are eliminated to the extent of the consolidated entity's interest in the associate.

## 8. Property, plant and equipment

	Consolidated	
	2020 \$'000	2019 \$'000
Plant and equipment - at cost	10,037	9,971
Less: accumulated depreciation	(6,770)	(6,272)
	<b>3,267</b>	<b>3,699</b>

### Reconciliations

Reconciliations of the carrying amount of property, plant and equipment at the beginning and end of the current and previous periods:

#### Plant and equipment

	Consolidated	
	2020 \$'000	2019 \$'000
Carrying amount at beginning of financial year	3,699	4,160
Additions	729	618
Disposals	(140)	(85)
Depreciation expense	(1,021)	(994)
<b>Carrying amount at end of financial year</b>	<b>3,267</b>	<b>3,699</b>

Refer to Note 14 for property, plant and equipment pledged as security.

### Accounting policy

#### Property, plant and equipment

Property, plant and equipment not classified as investment properties are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

#### Depreciation

Depreciation of property, plant and equipment is calculated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use. The useful lives for plant and equipment is 3 to 25 years.

#### Carrying amount

The carrying amount of property, plant and equipment (cost less accumulated depreciation and impairment losses) is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets. A formal assessment of recoverable amount is made when impairment indicators are present. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

### Critical accounting estimates and judgements

#### Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

## 9. Financial asset

	Consolidated	
	2020 \$'000	2019 \$'000
<i>Investment in South Australian Produce Market Limited</i>		
Share Investment, fair value through profit or loss	1,478	-

The consolidated entity holds 98,500 shares in South Australian Produce Market Limited, which are assessed as having a value of \$15.00 per share at reporting date.

### Accounting policy

#### Financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification.

Financial assets are classified as financial assets at fair value through profit or loss.

## 10. Right of use asset

	Consolidated	
	2020 \$'000	2019 \$'000
Plant and equipment – right of use	49	-
Less: accumulated depreciation	(4)	-
	<b>45</b>	<b>-</b>

Additions to the right-of-use assets during the year were \$49,411.

The consolidated entity leases office equipment under agreements of less than five years.

## 11. Trade and other payables

	Consolidated	
	2020 \$'000	2019 \$'000
<i>Current</i>		
Other creditors and accruals	3,143	3,295
Trade creditors	663	1,623
Accrued interest	903	1,062
Annual leave	487	412
Warehouse deposits held	77	59
	<b>5,273</b>	<b>6,451</b>
<i>Non-current</i>		
Warehouse deposits held	554	486
Tenant lease incentives	50	-
	<b>604</b>	<b>486</b>
<b>Total trade and other payables</b>	<b>5,877</b>	<b>6,937</b>

Trade and other payables represent liabilities for goods and services provided to the consolidated entity prior to the year end and which are unpaid at the end of the reporting period. These amounts are unsecured and typically have 14 to 60 day payment terms.

## 12. Lease liabilities

	Consolidated	
	2020 \$'000	2019 \$'000
Lease liability	45	-
Represented by:		
Current lease liability	9	-
Non-current lease liability	36	-

Refer to note 17 for further information on financial instruments.

## Taxation

### 13. Tax liability

	Consolidated	
	2020 \$'000	2019 \$'000
<i>Current</i>		
<b>Current tax liabilities</b>	-	<b>1,173</b>
<i>Non-current</i>		
Deferred tax liability	33,768	39,939
Deferred tax assets	(5,322)	(5,711)
<b>Net deferred tax liability</b>	<b>28,446</b>	<b>34,228</b>

#### Deferred tax assets

The balance comprises temporary differences attributable to:

	Consolidated	
	2020 \$'000	2019 \$'000
Amounts recognised in the profit or loss:		
Provision accounts	3	-
Employee entitlements	222	218
Accruals	409	567
Property, plant and equipment	52	38
Takeover costs	-	48
FBT instalment BAS not taken up	-	(6)
Income received in advance	41	144
	727	1,009

Amounts recognised in other comprehensive income:

Cash flow hedge	4,595	4,702
<b>Total deferred tax assets</b>	<b>5,322</b>	<b>5,711</b>

Movements:

Opening balance at 1 July	5,711	4,273
Credited (charged) to other comprehensive income (Note 14(b))	(107)	1,315
Credited (charged) to the profit or loss (Note 14(b))	(282)	123
<b>Closing balance</b>	<b>5,322</b>	<b>5,711</b>

*Deferred tax liabilities*

The balance comprises temporary differences attributable to:

	Consolidated	
	2020 \$'000	2019 \$'000
Property, plant and equipment	33,768	35,422
Investment in Perth Markets Group Limited	-	4,517
<b>Total deferred tax liabilities</b>	<b>33,768</b>	<b>39,939</b>

Movements:

Opening balance at 1 July	39,939	40,559
Charged (credited) to other comprehensive income	1,005	(442)
Charged (credited) to the profit or loss - under/(over) provision prior years	-	(93)
Charged (credited) to the profit or loss (Note 14(b))	(7,176)	(85)
<b>Closing balance</b>	<b>33,768</b>	<b>39,939</b>

## Accounting policy

### *Income tax*

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination. Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.



## 14. Income tax expense

(a) The prima facie tax on profit differs from the income tax expense as follows:

	Consolidated	
	2020 \$'000	2019 \$'000
<b>Profit before income tax expense</b>	<b>9,422</b>	<b>9,329</b>
Income tax at the statutory rate of 27.5% (2019: 30%)	2,591	2,799
<i>Tax effect of amounts which are not deductible (taxable) in calculating taxable income</i>		
Non-deductible entertainment	9	9
Franked dividends received subject to rebate	(46)	-
Non-assessable income recognition from associate	630	-
Change in income tax rate	(3,336)	-
Overprovision for income tax	(161)	-
Tax effect resulting from restructure of associate	(4,961)	-
Revaluation of financial asset	(64)	-
Other	4	-
<b>Income tax expense</b>	<b>(5,334)</b>	<b>2,808</b>

(b) The components of tax expense comprise:

Current tax	1,560	3,109
Deferred tax	(6,894)	(301)
<b>Income tax expense</b>	<b>(5,334)</b>	<b>2,808</b>

Deferred income tax/(revenue) expense included in income tax expense comprises:

Decrease/(increase) in deferred tax assets (Note 13)	282	(123)
(Decrease)/increase in deferred tax liabilities (Note 13)	(7,161)	(85)
Under/(over) provision prior years	-	(93)
	<b>(6,894)</b>	<b>(301)</b>
Franking credits available for use in subsequent financial year	5,476	5,727

The above amounts represent the balance of the franking account as at the end of the financial year adjusted for:

- (i) franking credits that will arise from payment of the amount of the provision for income tax;
- (ii) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- (iii) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

## Accounting policy

### *Income tax expense*

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

## Critical accounting estimates and judgements

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

### *Change in income tax rate*

The consolidated entity has applied a 27.5% tax rate for year ended 30 June 2020. The consolidated entity has an aggregated revenue threshold of less than \$50 million, from aggregated turnover from ordinary income and the ordinary income of any connected or affiliate entity. Aggregated turnover of the consolidated entity includes turnover of PMGL, which meets the definition of control which is set at 40% for taxation purposes. PMGL received a private ruling from Australian Taxation Office (ATO) for the year ended 30 June 2019 to confirm that BML while holding 41.73% of PMGL, did not control PMGL, and therefore the aggregation of turnover rule did not apply. The rate applied to income tax for Perth Markets Limited for the year ended 30 June 2019 was 27.5%.

PMGL has applied to the ATO for a private tax ruling for the year ended 30 June 2020, on the same basis that the consolidated entity does not control PMGL, and therefore a tax rate of 27.5% can be applied by both PMGL and the consolidated entity to its taxable income for the current financial year.

At the date of this report, the ATO tax ruling has not been received by PMGL, however as its underlying business, operations and activities remain fundamentally the same as that which existed with Perth Markets Limited for the year ended 30 June 2019, the consolidated entity and PMGL believes that there is a strong likelihood of the ATO providing a favourable tax ruling on the question of the consolidated entity's control of PMGL. As such the consolidated entity has applied a tax rate of 27.5% for the year ended 30 June 2020 year when calculating the applicable income tax.

In the event that the Australian Taxation Office do not approve the private tax ruling, there will be a charge to income tax expense in the statement of profit or loss and other comprehensive income of \$3.16 million, of which \$3.34 million will relate to the deferred tax liability and (\$0.18) million will relate to the current tax liability (income tax payable).

The deferred tax liability relates to the future tax payable arising from the increased investment property valuations since the asset was purchased in 2002, should the asset be sold in a future period.

The impact would result in shareholders receiving an amended dividend statement to show the dividend received during the year franked at 30% in lieu of 27.5%.

## Capital, financing and risk management

### 15. Borrowings

	Consolidated	
	2020 \$'000	2019 \$'000
<i>Non-current</i>		
Loan - Westpac Banking Corporation	151,949	133,449

*Terms and conditions relating to the above loan:*

- (i) The debt facility with Westpac Banking Corporation of \$160 million was extended during the year, with an expiry date of 31 July 2022. Bank loans are under a facility with a fixed term which expires on 31 July 2022. Interest rate risks associated with the liabilities are managed with interest rate swap arrangements. As at 30 June 2020, the company had drawn \$151.95 million of this \$160 million facility.
- (ii) Loans are secured by a first registered mortgage over all current and future real property at the Brisbane Markets site and a general security interest over the assets and undertakings of the company. The carrying amount of current real property as per the valuation at 30 June 2020 is \$349.6 million.
- (iii) Under the terms of the loan facility, there is a requirement to report financial undertakings to Westpac on a six monthly basis. These undertakings include:
  - a) BML must hedge at least 50% of the drawings under the facility for the term;
  - b) the total outstanding under the facility cannot exceed 60% of the value of the Brisbane Markets property;
  - c) the ratio of EBIT to interest expense cannot exceed 2.25 times in a 12 month period;
  - d) total tangible assets less total liabilities must not be less than 85% of the previous financial year; and
  - e) the distributions made in any financial year must not exceed the lesser of a return of 10% on shareholders equity or 100% of the net profit after tax (excluding the impact of property valuation movements) as shown in the latest financial accounts.

The consolidated entity has complied with all terms and conditions of the loan during the reporting period.

#### Accounting policy

##### *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

##### *Borrowing costs*

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that it is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed when incurred.

### 16. Derivatives

	Consolidated	
	2020 \$'000	2019 \$'000
Interest rate swap contracts - at fair value	16,710	15,671

Interest rate swap contracts - refer to Note 17 for the company's credit risk and hedging policy. In respect of the interest rate swap contracts, the fixed interest rates range between 2.07% above and 6.89% above (2019: 0.97% above and 5.79% above) and the variable rates range between 0.05% above and 0.15% above (2019: 0.21% above and 0.57% above) the 30 day and 90 day bank bill rates, which at balance date were 0.09% and 0.11% respectively (2019: 1.22% and 1.21%). The quarterly contracts require settlement of net interest receivable or payable every 90 days. The monthly contracts require settlement of net interest receivable or payable every 30 days. The contracts are settled on a net basis.

Swaps currently in place cover approximately 60.54% (2019: 71.19%) of the variable loan principal outstanding and are timed to expire as each loan repayment falls due.

During the year ended 30 June 2020, no ineffective portion (2019: nil) has been recognised and transferred to the profit or loss. Refer to Note 18 for further details on fair value measurement.

## Accounting policy

### *Derivatives*

The consolidated entity uses derivative financial instruments such as interest rate swaps to hedge its risk associated with interest rate fluctuations. Such derivatives are stated at fair value. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to net profit or loss for the year.

For derivatives that qualify for hedge accounting, the method for recognising gains and losses on changes in fair value depends on whether the derivative is classified as a fair value hedge or a cash flow hedge. Derivatives are classified as fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability and as cash flow hedges when they hedge exposure to variability in cash flows that are attributable to either a particular risk associated with a recognised asset or liability or to a forecast transaction.

The consolidated entity has no fair value hedges as at reporting date.

The consolidated entity documents at inception of the hedge the relationship between the hedging instruments (derivatives) and the hedged items, as well as the risk management objective and strategy for undertaking the hedge transaction. The consolidated entity also documents, both at inception of the hedge and on an ongoing basis whether the derivatives that are used in the hedging transactions have been, and will continue to be, highly effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in other comprehensive income are recognised in profit or loss as a reclassification adjustment in periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss as finance costs.

Hedge accounting is discontinued when the hedging instrument expires, or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gains or losses on the hedging instrument recognised in other comprehensive income is kept in other comprehensive income until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the cumulative gain or loss recognised in other comprehensive income is recognised in profit or loss for the year as a reclassification adjustment.

## Critical accounting estimates and judgements

### *Estimates of fair value of interest rate derivatives*

The fair value of interest rate derivatives have been determined using a pricing model based on discounted cash flow analysis and incorporating assumptions supported by market data at balance date, including market expectation of future interest rates and discount rates and taking into account estimates prepared by external counterparties.

## 17. Financial risk management

### *(a) General objectives, policies and processes*

In common with all other businesses, the consolidated entity is exposed to risks that arise from its use of financial instruments. This note describes the consolidated entity's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the consolidated entity's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the consolidated entity's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to management. The consolidated entity's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the consolidated entity where such impacts may be material. The consolidated entity generally uses derivative financial instruments such as interest rate swap contracts to hedge these risks. The Board receives monthly reports from management through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the consolidated entity's competitiveness and flexibility. Further details regarding these policies are set out below.

*(b) Credit risk exposure*

The objective of the entity is to minimise risk of loss from credit risk exposure.

Credit risk arises principally from cash at bank and trade and other receivables. Credit risk from receivables is measured using historical information to analyse if there is expected credit losses in the future.

The maximum credit risk exposure of financial assets at the reporting date is the carrying amount of these assets as indicated in the statement of financial position. Provision has been raised in the accounts using the expected credit loss model.

Credit risk in respect of trade debtors is managed by requiring payment within 14 days of the date of invoice.

Credit risk represents the risk of counter party default. The credit risk on financial assets of the consolidated entity which have been recognised in the statement of financial position is generally the carrying amount, net of any provisions for impairment. Credit risk is managed through the establishment of credit limits with guarantees and other forms of security obtained where required. Limits are determined after taking into account the debtor's financial position, past experience and other factors. Compliance with credit limits is regularly monitored by management.

*Hedging policy*

The company uses derivative financial instruments (interest rate swaps) to reduce the exposure to market risks arising from changes in interest rates. The consolidated entity does not enter into derivative contracts for the purposes of trading. Hedging decisions are made based on the consolidated entity's interest rate risk position. Hedging for the purpose of this policy means a transaction which reduces the calculated interest rate risk on the overall portfolio of interest bearing assets and liabilities using one or more of the interest rate risk measures of value at risk, sensitivity or accrued simulation.

*(c) Liquidity risk*

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed circumstances.

Liquidity risk is measured using liquidity ratios such as working capital. The consolidated entity manages this risk through the following mechanisms:

- (i) preparing forward looking cash flow analysis in relation to operational, investing and financing activities;
- (ii) monitoring undrawn credit facilities;
- (iii) maintaining a reputable credit profile; and
- (iv) managing credit risk related to financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Bank funding amounts have been deducted in the analysis as management does not consider there is any reasonable risk that the bank will terminate such facilities. The bank does however maintain the right to terminate such facilities in the event of a breach of financial undertakings.

*Financial liability maturity analysis*

Consolidated entity - 2020	Weighted average interest rate	Total carrying amount \$'000	Total contractual outflow \$'000	Within 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000
<b>Financial liabilities due for payment</b>						
Trade and other payables (excl. annual leave)		4,557	4,557	3,953	604	-
Amounts payable to related parties		5	5	5	-	-
Lease liability	5.10%	45	51	11	40	-
Net settled interest rate swaps	4.57%	16,710	18,867	3,581	10,365	4,921
Bank loans <sup>1</sup>	2.73%	151,949	151,949	-	151,949	-
Interest on bank loans <sup>2</sup>		0	647	317	330	-
<b>Total contractual outflows</b>		<b>173,266</b>	<b>176,076</b>	<b>7,867</b>	<b>163,288</b>	<b>4,921</b>
Less bank loans <sup>1</sup>		151,949	151,949	-	151,949	-
Expected settlement in the future		-	-	-	-	151,949
<b>Total expected outflows</b>		<b>21,317</b>	<b>24,127</b>	<b>7,867</b>	<b>11,339</b>	<b>156,870</b>



Consolidated entity - 2019	Weighted average interest rate	Total carrying amount \$'000	Total contractual outflow \$'000	Within 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000
<b>Financial liabilities due for payment</b>						
Trade and other payables (excl. annual leave)		6,525	6,525	6,039	486	-
Amounts payable to related parties		2	2	2	-	-
Net settled interest rate swaps	2.67%	15,671	15,241	2,540	8,069	4,632
Bank loans <sup>1</sup>	3.67%	133,449	133,449	-	133,449	-
Interest on bank loans <sup>2</sup>		-	3,833	2,146	1,687	-
<b>Total contractual outflows</b>		<b>155,647</b>	<b>159,050</b>	<b>10,727</b>	<b>143,691</b>	<b>4,632</b>
Less bank loans <sup>1</sup>		133,449	133,449	-	133,449	-
Expected settlement in the future		-	-	-	-	133,449
<b>Total expected outflows</b>		<b>22,198</b>	<b>25,601</b>	<b>10,727</b>	<b>10,242</b>	<b>138,081</b>

<sup>1</sup> Note: Bank funding facility has a renewal date of 31 July 2022. Payment of these amounts will not physically occur with the loan balance flowing forward to the new negotiated facility. The Directors are not aware of any reason as to why the funding facility will not be renewed or refinanced in the future.

<sup>2</sup> Note: 60.54% (2019: 71.19%) of loans are hedged therefore the actual outflow will be less.

#### Interest risk management

Interest rate risks are caused by fluctuations in interest rates which, in turn, are due to market factors.

#### Interest rate sensitivity

The consolidated entity's main interest rate risk arises from cash and cash equivalents, borrowings and interest rate swaps. The following table demonstrates the sensitivity to a possible change in interest rates by 1%, with all other variables held constant, on the consolidated entity's profit or loss before taxes and other comprehensive income. This sensitivity analysis on the interest rate swap has been prepared on the basis that the swaps are fully effective at year end and reflect an undiscounted analysis.

The interest rate sensitivity calculations to the interest rate swaps at 30 June 2020 have been reduced to 0.5%. This is on the basis of interest rates being at historic lows and forecast to remain at existing levels for at least the next 12 months.

Sensitivity - 2020	Effect on profit before taxes \$'000		
	30 June 20	Increase 1%	Decrease 1%
Cash and cash equivalents	999	10	(10)
Borrowings (variable loan)	59,949	(599)	599
Interest rate swap	Effect on other comprehensive income \$'000		
	30 June 2020	Increase 0.5%	Decrease 0.5%
	16,710	2,150	(3,333)

Sensitivity - 2019	Effect on profit before taxes \$'000		
	30 June 2019	Increase 1%	Decrease 1%
Cash and cash equivalents	2,853	28	(28)
Borrowings (variable loan)	38,449	(384)	384
Interest rate swap	Effect on other comprehensive income \$'000		
	30 June 2019	Increase 1%	Decrease 1%
	15,670	5,220	(5,220)

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the entity's income or the value of its holdings of financial instruments.

As borrowings are effectively at a fixed interest rate there is no material exposure to any market risks including interest rate risk.

## 18. Fair value measurement

The following assets and liabilities are recognised and measured at fair value on a recurring basis:

- share investment;
- investment properties; and
- derivatives.

There are no assets or liabilities which are measured at fair value on a non-recurring basis. The carrying values of financial assets and financial liabilities approximate their fair values due to their short term nature, and variable interest rate on borrowings approximates market value.

### Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed are categorised according to the fair value hierarchy as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

### Recognised fair value measurements

The following table sets out the consolidated entity's assets and liabilities that are measured and recognised at fair value in the financial statements.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>2020</b>				
<i>Financial assets</i>				
Share investment	-	1,478	-	1,478
<i>Non-financial assets</i>				
Investment properties	-	-	349,600	349,600
<i>Financial liabilities</i>				
Derivatives - interest rate swaps	-	16,710	-	16,710
<b>2019</b>				
<i>Non-financial assets</i>				
Investment properties	-	-	329,600	329,600
<i>Financial liabilities</i>				
Derivatives - interest rate swaps	-	15,671	-	15,671

There were no transfers during the year between Level 1 and Level 2 for recurring fair value measurements.

The consolidated entity's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

### Valuation techniques used to derive Level 2 and Level 3 fair values recognised in the financial statements

The following table sets out the valuation techniques used to measure fair value within Level 2, including a description of the significant inputs used.

Description	Valuation approach and inputs used
<b>Share investment</b>	Market value of share trades in the period leading up to the reporting date.
<b>Derivatives - interest rate swaps</b>	Present value of the estimated future cash flows based on observable yield curves.

The following table sets out the valuation techniques used to measure fair value within Level 3, including details of the significant unobservable inputs used and the relationship between unobservable inputs and fair value. When undertaking the valuation work the valuer has considered the financial impact of COVID-19 on the consolidated entity when undertaking the works, and all relevant impacts have been included in the valuation. There have been no other substantive changes to the valuation methodology adopted for the reporting period.

Description	Valuation approaches	Unobservable inputs	Range of inputs	Relationship between unobservable inputs and fair value
<b>Investment properties</b>	Capitalisation approach based on current market net income generated by the property capitalised at an appropriate market yield to establish the property's current market value fully leased.	Capitalisation rate	7.04% to 7.54% (average used 7.29%)	The higher the capitalisation rate, the lower the fair value.
<b>Investment properties</b>	Income approach based on estimated rental value of the property. Discount rates and terminal yields, are estimated by an external valuer or management based on comparable transactions and industry data.	Discount rate	8.00%	The higher the discount rate and terminal yield, the lower the fair value.
		Terminal yield	7.54%	
<b>Investment properties</b>	Market approach based on prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets or a group of assets.	The dollar rate per square metre per annum of lettable area achieved by comparable assets sold in the current market.	\$2,200 to \$2,400 per square metre per annum of lettable area.	The higher the dollar rate per square metre per annum of lettable area, the higher the fair value.

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

#### Reconciliation of Level 3 fair value movements

The following table sets out the movements in Level 3 fair values for recurring measurements.

	Investment properties \$'000
Opening balance 1 July 2019	329,600
Acquisitions	22,047
Disposals	-
Fair value movement recognised in profit or loss	(2,219)
Lease costs and incentives	338
Amortisation of lease costs and incentives	(166)
<b>Closing balance 30 June 2020</b>	<b>349,600</b>

#### Valuation processes for Level 3 fair values

Management regularly reviews the Level 3 valuations of investment properties and reports the results of these reviews to the Audit Committee and to the Board. Valuations are fully reviewed every six months to ensure that they are current for the half-year and annual financial statements with the consolidated entity engaging an external, independent and qualified valuer to determine the fair value of the consolidated entity's investment properties at the end of every annual reporting period. All valuations, including external valuations, are reviewed and approved by the Audit Committee before submission to the Board.

#### Highest and best use

The current use of the investment properties equates to their highest and best use.

### Accounting policy

#### Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent, knowledgeable and willing market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the consolidated entity.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the consolidated entity uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

The consolidated entity's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

## 19. Contributed equity

Issued and paid up capital	2020 Number	2019 Number	Consolidated	
			2020 \$	2019 \$
Movements in share capital				
Ordinary shares				
Balance at the beginning of financial year	54,500,000	54,500,000	90,092,405	90,092,405
<b>Balance at the end of financial year</b>	<b>54,500,000</b>	<b>54,500,000</b>	<b>90,092,405</b>	<b>90,092,405</b>
Industry shares				
Balance at the beginning of financial year	4	4	30	30
<b>Balance at the end of financial year</b>	<b>4</b>	<b>4</b>	<b>30</b>	<b>30</b>

### *Terms and conditions of contributed equity:*

#### Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of, and amounts paid up on, shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

#### Industry shares

The holder of the industry shares shall be entitled to appoint Industry Directors to the Board according to the number of industry shares held, shall be entitled to receive notice of, and attend meetings of the company and to speak on any matter relating to industry shares, but not vote in respect of those shares. The holder of industry shares has no right to participate in the capital or profits of the company, whether on winding up, by way of distribution of capital or otherwise.

The company may not pass any resolution without the affirmative vote of the majority of holders of industry shares.

## Accounting policy

### *Contributed equity*

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

### *Capital management*

The consolidated entity manages its capital to ensure that entities in the consolidated entity will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance.

The capital structure of the consolidated entity consists of debt which includes the borrowings disclosed in Note 15, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 19 and 21, and the statement of changes in equity.

There are no externally imposed capital requirements.

Management effectively manages the consolidated entity's capital by assessing the consolidated entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

## 20. Dividends

	Consolidated	
	2020 \$'000	2019 \$'000
Dividends provided for or paid during the year:		
Final fully franked ordinary dividends (fully paid shares)	4,496	3,506
Final fully franked ordinary dividends (partly paid shares)	-	495
Interim fully franked ordinary dividends (fully paid shares)	4,496	3,400
Interim fully franked ordinary dividends (partly paid shares)	-	480
	<b>8,992</b>	<b>7,881</b>
Dividend per share paid for fully paid shares during the financial year	16.50 cents	16.25 cents
Dividend per share paid for partly paid shares during the financial year	-	8.125 cents

Dividends paid during the year are fully franked at the tax rate of 30 cents in the dollar. The franking account balance at 30 June 2020 is disclosed in Note 14(b).

### Accounting policy

#### Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

## 21. Reserves

	Consolidated	
	2020 \$'000	2019 \$'000
Cash flow hedge reserve - interest rate swap	12,115	10,970
Share of changes in equity in associate – net of tax	2,486	1,901
	<b>14,601</b>	<b>12,871</b>
Movement in reserves		
Opening balance at 1 July	12,871	8,772
(Increase)/decrease in fair value of cash flow hedge (net of tax)	1,145	3,065
(Increase)/decrease in fair value of cash flow hedge and transaction costs of associate (net of tax)	585	1,034
	-	-
<b>Closing balance</b>	<b>14,601</b>	<b>12,871</b>



# Group structure

## 22. Interests in subsidiaries

Name	Principal place of business/ country of incorporation	Ownership interest	
		2020 %	2019 %
Brisbane MarketPlace Pty Ltd	Australia	100%	100%

## 23. Parent entity information

The Corporations Act requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by regulation 2M.3.01 which requires the following limited disclosure in regards to the parent entity.

	Consolidated	
	2020 \$'000	2019 \$'000
<b>Parent entity</b>		
Current assets	4,238	7,244
Non-current assets	389,980	371,669
Total assets	394,218	378,913
Current liabilities	5,156	8,184
Non-current liabilities	197,893	183,981
Total liabilities	203,049	192,165
<b>Net assets</b>	<b>191,169</b>	<b>186,748</b>
Issued capital	90,092	90,092
Reserves	(14,601)	(12,871)
Retained earnings/(accumulated losses)	115,678	109,527
<b>Total shareholders' equity</b>	<b>191,169</b>	<b>186,748</b>
<b>Profit/(loss) for the year</b>	<b>14,393</b>	<b>5,668</b>
<b>Total comprehensive income</b>	<b>12,663</b>	<b>1,569</b>

### Profit for the year

The operating profit of the parent entity after income tax for the year ended 30 June 2020 was \$14.39 million which included a net revaluation decrement after tax of \$2.22 million. The net revaluation decrement is a non-operating unrealised variance to the result and as such is not included for purposes of calculating cash flow or dividends.

### Guarantees

No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries.

### Commitments

At 30 June 2020, the entity had no material capital or other expenditure commitments other than as disclosed.

### Contractual operating commitments – service contract

Estimated major expenditure of the parent entity contracted for at reporting date, but not provided for is as follows:

	Consolidated	
	2020 \$'000	2019 \$'000
- payable not later than one year	3,717	536
- payable later than one year but not later than five years	4,058	3,006
- payable later than five years	7	218
	<b>7,782</b>	<b>3,760</b>
<b>Capital project commitments</b>		
- payable not later than one year	2,628	2,265

### Contingent assets/liabilities

As at 30 June 2020, the entity had no significant contingent assets or liabilities.

**Accounting policy***Principles of consolidation*

The consolidated financial statements incorporate the assets, liabilities and results of BML ('company' or 'parent entity') and the subsidiaries as at 30 June 2020. BML and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases. A list of the subsidiaries is provided in Note 22.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

**Commitments and contingencies****24. Commitments**

At 30 June 2020, the consolidated entity had no material capital or other expenditure commitments other than as disclosed.

*Contractual operating commitments – service contract*

Estimated major expenditure contracted for at reporting date, but not provided for is as follows:

	Consolidated	
	2020 \$'000	2019 \$'000
- payable not later than one year	3,778	625
- payable later than one year but not later than five years	4,120	3,099
- payable later than five years	7	218
	<b>7,905</b>	<b>3,942</b>
<i>Capital project commitments</i>		
- payable not later than one year	2,628	2,265

**25. Contingent assets and liabilities**

As at 30 June 2020, the consolidated entity had no significant contingent assets or liabilities.

**26. Events after the reporting period**

The impact of the COVID-19 pandemic is ongoing and while the financial impact has been well managed for the consolidated entity up to 30 June 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.

There are no significant events that have occurred subsequent to the end of the financial year that have not been disclosed in this report.

## Other disclosures

### 27. Statement of cash flows

#### (a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments where the term of these investments is less than three months. Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated	
	2020 \$'000	2019 \$'000
Cash on hand	6	6
Cash at bank	993	2,848
	<b>999</b>	<b>2,854</b>

#### (b) Reconciliation of cash flows from operating activities with profit for the year

	Consolidated	
	2020 \$'000	2019 \$'000
Profit (after income tax) for the year	14,756	6,521
<i>Non-cash items included in profit or loss:</i>		
(Profit)/loss on sale of property, plant and equipment	(38)	23
Depreciation and amortisation	1,025	994
Share of (profit)/loss from investment in associate	2,291	(4,655)
(Profit)/loss from investment properties	2,219	8,434
Net fair value gain in other financial assets	(234)	-
	<b>5,263</b>	<b>4,796</b>
<i>Net changes in working capital:</i>		
Decrease/(increase) in receivables	464	986
Decrease/(increase) in other assets	(493)	191
Decrease/(increase) in financial asset at fair value through profit and loss	1,478	-
Decrease/(increase) in investment accounted using the equity method	(4,154)	-
Decrease/(increase) in inventory	5	(13)
Increase/(decrease) in provisions	81	17
Increase/(decrease) in provision for income tax expense	(1,446)	705
Decrease/(increase) in deferred tax assets	389	(124)
Increase/(decrease) in payables	(1,105)	(1,175)
Increase/(decrease) in deferred tax liability	(6,171)	(621)
	<b>(10,952)</b>	<b>(34)</b>
<b>Net cash provided by operating activities</b>	<b>9,067</b>	<b>11,283</b>

**(c) Reconciliation of cash flows from financing activities for the year****Consolidated entity - 2020**

	Cash flows			Non-cash changes*	2020 \$'000
	2019 \$'000	Inflow \$'000	(Outflow) \$'000		
Borrowings	133,449	21,500	(3,000)	-	151,949
Interest rate swaps	15,671	-	-	1,039	16,710
	<b>149,120</b>	<b>21,500</b>	<b>(3,000)</b>	<b>1,039</b>	<b>168,659</b>

**Consolidated entity - 2019**

	Cash flows			Non-cash changes*	2019 \$'000
	2018 \$'000	Inflow \$'000	(Outflow) \$'000		
Borrowings	150,100	30,950	(47,601)	-	133,449
Interest rate swaps	11,291	-	-	4,380	15,671
	<b>161,391</b>	<b>30,950</b>	<b>(47,601)</b>	<b>4,380</b>	<b>149,120</b>

\*Fair value movement in interest rate swap

**Accounting policy***Cash and cash equivalents*

Cash and cash equivalents include cash on hand and at banks, deposits held at call with financial institutions and, where applicable, bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

**28. Related party transactions***Key management personnel compensation*

Note: Key management personnel includes Non-Executive Board members.

The aggregate compensation made to Directors and other members of key management personnel of the consolidated entity during the year is as set out below:

	Consolidated	
	2020 \$	2019 \$
Short-term employee benefits	1,396,259	1,554,499
Post-employment benefits	115,994	119,204
Other long-term benefits	14,752	14,099
	<b>1,527,005</b>	<b>1,687,802</b>

*Transactions with related parties*

A Director, Andrew Young, holds the position of Chief Executive Officer of The Queensland Chamber of Fruit and Vegetable Industries Co-operative Limited. Noel Greenhalgh and Peter Tighe were members of the Board of The Queensland Chamber of Fruit and Vegetable Industries Co-operative Limited for the full year. In accordance with Clause 37.1 of the Constitution of BML, The Queensland Chamber of Fruit and Vegetable Industries Co-operative Limited as the holder of the four industry shares appoints up to four Directors to the Board of BML. The Directors appointed are Anthony Joseph, Bruce Hatcher, Stuart Lummis and Evonne Collier.

The Queensland Chamber of Fruit and Vegetable Industries Co-operative Limited leases premises and acquires other services from BML. BML utilises a number of the services provided by The Queensland Chamber of Fruit and Vegetable Industries Co-operative Limited.

A Director, Anthony Joseph, is also a Director of Alfred E Chave Pty Ltd and BMCSAD Pty Ltd, which lease premises from BML.

A Director, Noel Greenhalgh, is also a Director of R W Pascoe Pty Ltd and Protettore Pty Ltd which lease premises from BML.

A Director, Peter Tighe, is also a Director of Osric Investments Pty Ltd and Hambleton Investments Pty Ltd, which lease premises from BML during the year. Peter Tighe is also employed as a consultant to Global Fresh Australia Pty Ltd, which leases premises from BML.

A Director, Mr Anthony Kelly, is also a Director of Lindsay Australia Limited, which is a related entity of Lindsay Fresh Logistics Pty Ltd, which leases premises from BML.

BML receives payments from its associate PMGL for Board member remuneration, business travel expenditure and licence fees.

All transactions and leases with related parties are based on normal commercial terms and conditions which are no more favourable than those which it is reasonable to expect would be applied if the transaction was at arm's length.

Aggregate amount of the above transactions with related parties:

	Consolidated	
	2020 \$	2019 \$
Income:		
Rental and related charges	3,894,421	4,028,701
Utility charges	1,693,706	1,657,205
Joint promotion and sponsorship	83,078	90,896
Other	173,094	121,703
<b>Total rent and other revenue received</b>	<b>5,844,299</b>	<b>5,898,505</b>
Expenses:		
Other	489,716	479,076
<b>Total purchased</b>	<b>489,716</b>	<b>479,076</b>
Balance outstanding in receivables - current assets	199,095	165,783
Balance outstanding in payables - current liabilities	4,583	1,907

#### Loans to/from related parties

There were no loans to or from related parties at the current or previous reporting date.

#### Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

## 29. Remuneration of auditors

During the year the following amounts were paid/payable to the auditor of the parent entity and its related practices:

	Consolidated	
	2020 \$	2019 \$
Assurance services		
Audit and review of the financial reports	84,949	84,584
Audit work associated with capital raising	-	27,734
Taxation and advisory services		
Tax compliance and corporate advisory services, including review of company income tax returns	50,219	26,800
Corporate and advisory services		
Corporate advising, valuation and other services	1,301	4,000

# Directors' declaration

In the Directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that Brisbane Markets Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



**A J Joseph**  
Chairman



**A Young**  
Director

3 September 2020 at Brisbane



## INDEPENDENT AUDITOR'S REPORT

To the members of Brisbane Markets Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Brisbane Markets Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of Brisbane Markets Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors' report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the directors for the Financial Report**

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf)

This description forms part of our auditor's report.

**BDO Audit Pty Ltd**



**P A Gallagher**  
Director

Brisbane, 3 September 2020

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# Corporate governance statement

The Board of Directors is responsible on behalf of the shareholders for the overall corporate governance of the company, including direction and oversight of the company's business and affairs.

## Board composition

The Board comprises eight Directors including seven Non-Executive Directors, being Anthony (Tony) Joseph, Anthony (Tony) Kelly, Bruce Hatcher, Stuart Lummis, Evonne Collier, Noel Greenhalgh and Peter Tighe. The other Director is the Chief Executive Officer, Andrew Young.

The constitution states that the number of Directors should be determined by the company, but be not less than three and no more than eight at any time.

## Role of Directors

The Board of Directors is responsible for corporate governance matters. It has established principles under which the Board and management operate to ensure that business is carried out in the best interests of shareholders and other stakeholders, with proper sharing of responsibilities between Directors and management.

The Board is responsible for adopting business plans, investment strategies, corporate policies, budgets and the approval of longer term strategic plans for the company, delegating management of the business and the implementation of Board strategies and plans to the Chief Executive Officer.

The Board also reviews and, if appropriate, approves major capital expenditure, acquisitions and funding issues. It has the responsibilities of overseeing the audit and compliance functions.

## Frequency of meetings and attendance

The Board must meet at least six times per year and will hold as many additional meetings as the operations of the company may require. Board meetings are scheduled at the commencement of each calendar year to ensure as many Directors as possible are able to be present at meetings.

## Performance of Directors and Chief Executive Officer

The performance of all Directors, the Board as a whole and the Chief Executive Officer is to be reviewed at least annually in accordance with the company's corporate governance guidelines.

## Independent professional advice

Each Director has the right to seek independent professional advice at the company's cost, subject to the approval of the Chairman.

## Committees of the Board

To assist in the execution of the Board's corporate governance responsibilities, the Board has established four committees with a Non-Executive Director as Chair of each.

### Finance and Audit Committee

The key matters which will be dealt with by the Finance and Audit Committee include the review of:

- the appointment and continuation of external auditors;
- the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
- all areas of significant capital risk and the arrangements in place to contain those risks to acceptable levels;
- the effectiveness of management information or other systems of internal control;
- the application of accounting standards and policies to the company; and
- the financial statements of the company with both management and external auditors.

The Finance and Audit Committee comprises five Directors, being Bruce Hatcher (Chair), Anthony (Tony) Kelly, Stuart Lummis, Evonne Collier and the CEO, Andrew Young. The Chairman has a standing invitation to attend any or all meetings of Board Committees.

### Legal and Compliance Committee

The key areas of responsibility for the Legal and Compliance Committee include:

- monitoring legal and procedural issues to ensure the company is complying with all regulatory requirements;
- broadly understand the risks that may impact on company performance; and
- advising the Board regarding potential conflicts of interest and related policy matters.

The Legal and Compliance Committee comprises five Directors, being Anthony (Tony) Kelly (Chair), Stuart Lummis, Evonne Collier, Peter Tighe and the CEO, Andrew Young. The Chairman has a standing invitation to attend any or all meetings of Board Committees.

### Remuneration Committee

The key areas dealt with by the Remuneration Committee include:

- reviewing the remuneration policies and practices for the company by taking into account market conditions and comparable market rates to attract, retain and motivate Directors, Executives and employees of the highest calibre and quality.

The Remuneration Committee comprises three Directors, being Anthony (Tony) Joseph (Chair), Anthony (Tony) Kelly, Stuart Lummis and the CEO, Andrew Young.

### Strategy and Investment Committee

The key areas dealt with by the Strategy and Investment Committee include:

- reviewing the organisations investment and expansion strategy in accordance with the BML Strategic Plan and agreed risk appetite; and
- considering potential acquisitions, expansion opportunities and other strategic investments against BML's growth and risk appetite.

The Strategy and Investment Committee comprises four Directors, being Stuart Lummis (Chair), Noel Greenhalgh, Peter Tighe and the CEO, Andrew Young. The Chairman has a standing invitation to attend any or all meetings of Board Committees.

### Ethical standards

The company recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity.

All Directors and employees are expected to act in accordance with the law and with the highest standards of propriety.

# Corporate directory

## Share registry

### **Link Market Services**

Level 21  
10 Eagle Street  
Brisbane QLD 4000  
Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)  
Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)  
Shareholder inquiries: 1300 554 474

## Auditors and independent accountant

### **BDO Audit Pty Ltd**

Level 10  
12 Creek Street  
Brisbane QLD 4000

## Solicitors

### **HopgoodGanim Lawyers**

Level 8 Waterfront Place  
1 Eagle Street  
Brisbane QLD 4000

## BML's Senior Management Team

### **Chief Executive Officer**

Andrew Young

### **Chief Financial Officer**

Murray Stewart

### **Chief Operating Officer**

Tricia Williams

### **Corporate Services Manager**

Joady Raph

### **Operations Manager**

Jessie Field

### **Technology and Network Manager**

Luke Williams

## Share trading

As an unlisted public company, shares in BML are not traded on the Australian Stock Exchange or any other share trading exchange system. BML does, however, maintain a register of parties interested in buying shares in the company and offers guidance in the process.

If a shareholder wants to sell shares in the company they can do so by private treaty where they have identified a buyer, or alternatively advise BML and provide information which will be circulated to all parties who have registered an interest in buying shares. The individuals concerned can then negotiate a price and progress the sale.

If a sale is finalised, BML's share registry, Link Market Services, must be sent a copy of the original transfer form and share certificate so that the change of ownership can be recorded on the company's share register.

People interested in buying or selling shares in BML, or who need any information in this regard, may register their interest by emailing [shares@brisbanemarkets.com.au](mailto:shares@brisbanemarkets.com.au) or visit the shareholder/investor section of our website [www.brisbanemarkets.com.au](http://www.brisbanemarkets.com.au).



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SOUTH GATE**

**2020**

**BRISBANE MARKETS LIMITED**

ACN 064 983 017 | ABN 39 064 983 017

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