



Perth Markets Group Limited ACN 633 346 184

TARGET'S STATEMENT

**in response to the unsolicited off-market proportional takeover bid made by
Brisbane Markets Limited (BML)
to acquire 65% of each Shareholder's Shares in Perth Markets Group Limited**

**THE PERTH MARKETS INDEPENDENT BOARD COMMITTEE
(IBC) UNANIMOUSLY RECOMMENDS THAT YOU**

REJECT

BML's PROPORTIONAL OFFER

**The Independent Expert has concluded that the Offer is
FAIR and REASONABLE**

If your investment horizon is short term and you seek immediate liquidity the IBC
unanimously recommends that you **ACCEPT** the Offer in the absence of a superior
proposal.

TO REJECT the OFFER YOU SHOULD

TAKE NO ACTION

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION
If you are in any doubt as to its contents, you should promptly consult your legal, financial or other
professional adviser immediately.





IMPORTANT INFORMATION

Target's Statement

This is the Target's Statement dated 30 November 2022 made by Perth Markets Group Limited ACN 633 346 184 (**PMGL or Company**) under Part 6.5 Division 3 of the *Corporations Act 2001* (Cth) in response to the off-market proportional takeover bid made by Brisbane Markets Limited ACN 064 983 017 (**BML or Bidder**) to acquire 65% of the fully paid ordinary shares in PMGL held by each Shareholder (other than BML).

ASIC disclaimer

A copy of this Target's Statement was lodged with ASIC on 30 November 2022. Neither ASIC nor any of its respective officers take any responsibility for the contents of this Target's Statement.

Nature of proportional takeover bid

Shareholders should note that the BML Proportional Offer is a proportional takeover bid, not a full takeover bid. BML is offering to acquire 65% of the PMGL Shares held by each Shareholder (other than BML). If all Shareholders accept the BML Proportional Offer, BML will obtain a Relevant Interest of approximately 79.6%.

No account of personal circumstances

This Target's Statement does not take into account your individual investment objectives, financial situation or particular needs. It does not contain personal advice. The Independent Board Committee encourages you to seek independent legal, financial and taxation advice before deciding whether to accept or reject the BML Proportional Offer.

Disclaimers as to information in respect of BML

The information in respect of BML in this Target's Statement has been prepared by PMGL using publicly available information (including that contained in the Bidder's Statement). The information in this Target's Statement concerning BML has not been independently verified by PMGL. Accordingly, subject to the Corporations Act, none of PMGL, PMGL's officers and employees, any person named in this Target's Statement with his or her consent nor any person involved in the preparation of this Target's Statement makes any representation or warranty, express or implied, as to the accuracy or completeness of such information and none of them takes any responsibility for that information.

Forward-looking statements

Some of the statements appearing in this Target's Statement (including in the Independent Expert's Report) may be forward-looking in nature, including statements of current intention, statements of opinion and predictions as to possible future events.

You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to matters to which the statements relate. Forward-looking statements and statements of a forward-looking nature are only predictions and are subject to inherent risks and uncertainties before actual outcomes are achieved. Those risks and uncertainties are not all within PMGL's control and cannot be predicted with assured accuracy by PMGL and could cause actual values or results, performance or achievements to differ materially from implied values or anticipated results, performance or achievements expressed or implied in those forward-looking statements. These risks, variables and factors include matters specific to the industry in which PMGL operates, as well as general economic and financial market conditions, forces of nature and legislative, fiscal, or regulatory developments.

Although PMGL believes that the expectations reflected in any forward-looking statements included in this Target's Statement are reasonable, no assurance can be given that such expectations will prove to be correct.



None of PMGL, any of its officers, or any person named in this Target's Statement with their consent or anyone involved in the preparation of this Target's Statement makes any representation or warranty (expressed or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any outcomes expressed or implied in any forward-looking statement and any statement in the nature of a forward-looking statement, except as required by law.

You are cautioned not to place undue reliance on any forward-looking statements and statements of a forward-looking nature having regard to the fact that the outcome may not be achieved. The forward-looking statements and statements of a forward-looking nature in this Target's Statement reflect views held only as at the date of this Target's Statement.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Defined terms

Defined terms used in this Target's Statement are capitalised. Definitions of these terms are set out in the Glossary in section 13. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement have the same meaning and interpretation as in the Corporations Act.

Charts, diagrams and rounding

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available as at the date of this Target's Statement. Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement may be subject to the effect of rounding. Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value or fractions may differ from the figures set out in this Target's Statement.

Websites

Any website links in this Target's Statement are for your reference only. Information contained in, or otherwise accessible from, those websites does not form part of this Target's Statement.

Privacy Statement

PMGL has collected your information from the PMGL share register for the purpose of providing you with this Target's Statement. Such information may include the name, contact details and shareholdings of Shareholders. Without this information, PMGL would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to PMGL's related bodies corporate and external service providers (such as One Registry Services Pty Limited) and may be required to be disclosed to regulators such as ASIC. If you would like details about the information about you held by PMGL, please see PMGL's privacy policy which is available at <https://perthmarket.com.au/privacy-policy/>.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Target's Statement, you should immediately consult with your broker or your legal, financial or other professional adviser.



Should you have any questions about this Target's Statement, please call PMGL on 08 9456 9200 from within Australia between 9am and 5pm AWST Monday to Friday.



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KEY DATES

Announcement of Offer	6 October 2022
Date Bidder's Statement lodged with ASIC	1 November 2022
Offer Period commences	15 November 2022
Date of Target's Statement	30 November 2022
Close of Offer Period	5:00pm (Sydney time) on 23 December 2022



Chair's Letter

Dear Shareholder,

REJECT BML's PROPORTIONAL OFFER FOR YOUR PMGL SHARES BY TAKING NO ACTION

You have recently received a Bidder's Statement from Brisbane Markets Limited (**BML**), outlining a conditional off-market proportional takeover offer to acquire 65% of PMGL Shares held by each Shareholder (other than BML) for \$3.30 cash per Share (**BML Proportional Offer**). This Target's Statement sets out PMGL's formal response to the BML Proportional Offer.

The recommendations provided in this Target's Statement are provided by the PMGL Independent Board Committee (**IBC**) which excludes Mr Andrew Young, who is the Managing Director and CEO of BML and a non-executive director of PMGL. Mr Young has not made a recommendation on whether the Offer should be accepted for the reasons set out in section 1.3 titled, "Mr Young's reasons for not making a recommendation".

The IBC appointed RSM as the Independent Expert to give an independent opinion as to whether the BML Proportional Offer is fair and reasonable to Shareholders not associated with BML. The Independent Expert concluded that the BML Proportional Offer is **fair and reasonable**. A full copy of the Independent Expert's Report is included as Annexure A to this Target's Statement. Shareholders are encouraged to consider its contents carefully.

After careful consideration, notwithstanding the Independent Expert's opinion, the IBC unanimously recommends you **REJECT** the BML Proportional Offer for the following reasons:

1. the Offer does NOT provide full liquidity for Shareholders;
2. there is no certainty on what price Shareholders might receive for their remaining 35%, or when;
3. BML's intentions remain unclear;
4. the Offer is opportunistically timed, potentially depriving Shareholders of future value. The Board is confident in its long-term vision and value creation strategy;
5. PMGL's Board has a strong track record of creating value for Shareholders;
6. PMGL stewardship should remain in the hands of Western Australians;
7. if you accept the Offer, you risk missing out if a superior offer from a third party emerges;
8. Shareholders representing 44.87% of PMGL have stated that they intend to reject the BML Proportional Offer in its current form (see section 2.9); and
9. BML may seek to increase leverage in PMGL under its majority ownership.

The IBC believes these are the compelling reasons why you should **REJECT** the BML Proportional Offer. Details of the reasons to **REJECT** the Offer are set out in section 2.2 to 2.10 of this Target's Statement. Our core focus is to deliver value to **all** Shareholders and we want **all** Shareholders to benefit from the future value we believe is available through PMGL. To **REJECT** the BML Proportional Offer, you should take **NO ACTION** in respect of the Offer.

The IBC recognises that the personal circumstances of Shareholder's may vary. If liquidity is your key priority (even though limited to 65% of your PMGL Shares) and you have a short-term investment horizon, the IBC recommends that subject to any relevant taxation or financial implications, in the absence of a superior offer and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable to Shareholders other than BML, and, you should **ACCEPT** the BML Proportional Offer. Details of the reasons to accept the Offer are set out in section 2.11 and in the Independent Expert's Report included as Annexure A and summarised in section 2.12 of this Target's Statement. If you accept the Offer you should be aware of the disadvantages of doing and the risks set out in sections 2.12 section 9.2



respectively of this Target's Statement.

I urge you to read this Target's Statement (including the Independent Expert's Report set out in Annexure A to this Target's Statement) and to consider the BML Proportional Offer having regard to your personal circumstances. You should also seek any independent financial, legal and taxation or other professional advice prior to deciding what action you should take in respect of the Offer.

The IBC will continue to keep you informed of all material developments in relation to the Offer.

Thank you for being a Shareholder.

Yours faithfully

Patricia Skinner
Chair



1. Recommendation

1.1. The IBC's recommendation

The IBC recommends that you REJECT the Offer for 65% of your PMGL Shares.

The IBC recommends that you **REJECT** the Offer, having considered each of the matters in the Bidder's Statement and in this Target's Statement including the Independent Expert's Report set out in Annexure A.

If, however your primary concern is immediate liquidity (even though limited to 65% of your PMGL Shares), and you have a short-term investment horizon, subject to any relevant taxation or financial implications, the IBC recommends that you **ACCEPT** the Offer in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable.

In considering whether to REJECT or ACCEPT the Offer, the IBC encourages you to:

- read this Target's Statement in its entirety (including the independent Experts Report (set out in Annexure A) and the Bidder's Statement;
- consider your individual risk profile, investment strategy, tax position and financial circumstances; and
- obtain financial advice from your financial adviser in respect of the Offer and obtain taxation advice on the effect of accepting the Offer.

1.2. Background and reasons for the IBC's recommendation

As permitted by PMGL's Constitution, the IBC did not approve the registration of share transfers with respect to the Attempted 3% Creep Acquisition by BML to move to a controlling position prior to such transfers being revoked by BML on 1 November 2022.

The actions of the IBC have, in part, resulted in the current BML Proportional Offer being made. The BML Proportional Offer reflects a superior price to the initial offer which BML had made to select Shareholders and, most importantly, is now an offer being made to **all** Shareholders.

The IBC believes that it has acted in the best interests of **all** Shareholders and achieved the following significant outcomes:

- The BML Proportional Offer is an offer available to each and every Shareholder;
- The Offer Price is above the historic lows and above BML's offer price made to select Shareholders under the Attempted 3% Creep Acquisition, the "disturbed" share price of \$3.25 and is considerably in excess of the net asset value of \$2.36 for your PMGL Shares;
- Those Shareholders who accepted BML's initial offers at an initial price of \$2.30 and subsequently \$2.60 per PMGL Share under the Attempted 3% Creep Acquisition in the absence of full disclosure were protected from selling at what the IBC believes to be below the true, underlying value of PMGL's shares and the fair market value per PMGL Share (on a controlling basis) opined by the Independent Expert of \$2.90;
- Because the BML Proportional Offer is a regulated bid under Chapter 6 of the Corporations Act, BML is required to make a number of disclosures upon which the



Independent Expert can opine and upon which all Shareholders can rely and base their decision as to whether or not to accept the Offer.

The IBC has acted in the best interest of all Shareholders to ensure that **all** Shareholders are afforded a reasonable and equal opportunity to participate in any benefits accruing to shareholders through BML's proposal to acquire majority control of BML.

The reasons for the IBC's recommendation that you **REJECT** the Offer are that:

- 1 The Offer does NOT provide full liquidity for Shareholders.**
- 2 There is no certainty on what price Shareholders might receive for their remaining 35%, or when.**
- 3 BML's intentions remain unclear.**
- 4 The Offer is opportunistically timed, potentially depriving Shareholders of future value. The Board is confident in its long-term vision and value creation strategy.**
- 5 PMGL's existing Board has a strong track record of creating value for Shareholders.**
- 6 PMGL stewardship should remain in the hands of Western Australians.**
- 7 If you accept the Offer, you risk missing out if a superior offer from a third party emerges.**
- 8 Shareholders representing 44.87% of PMGL Shares have stated that they intend to reject the BML Proportional Offer in its current form.**
- 9 BML may seek to increase leverage in PMGL under its majority ownership.**

Full details of the reasons why you should **REJECT** the Offer are set out in section 2.2 to 2.10 of this Target's Statement. If you are not motivated primarily by immediate liquidity but instead seek to realise the full underlying value of PMGL over time, and you have a longer-term earnings outlook, you should consider rejecting BML's Proportional Offer.

If you have a short-term investment horizon and your primary concern is immediate liquidity (even though limited to 65% of your PMGL Shares), the IBC recommends subject to any relevant taxation or financial implications, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable to Shareholders other than BML that you **ACCEPT** the Offer.

A summary of the key reasons to **ACCEPT** the Offer is set out below:

- The Independent Expert's Report has determined the Offer to be "fair and reasonable";
- The Offer provides partial liquidity (65%);
- There are no alternative offers currently available;
- The Offer is at a higher price than historically traded PMGL prices;



- BML is a proven market operator and has made representations that it will operate PMGL as business as usual, if successful; and
- If you accept into the Offer, you retain an investment in PMGL and exposure to any potential future upside BML may deliver should it acquire a controlling interest.

Details of these reasons are set out in section 2.11 of this Target's Statement.

1.3. Mr Young's reasons for not making a recommendation

Mr Andrew Young, a nominee director of BML on the PMGL Board, is the Managing Director and CEO of BML, and as such does not consider himself to be independent for the purposes of the Offer.

Mr Young has declared his interest as noted above and recused himself from all relevant PMGL Board and committee meetings (or parts thereof) related to the BML Offer.

For this reason, Mr Young has not participated in the consideration of the Offer and will not make a recommendation on whether the Offer should be accepted.

In addition, this Target's Statement does not contain information known only to Mr Young in accordance with an ASIC exemption granted to PMGL (as set out in section 12.5).

1.4. Shareholder intention statements

Shareholders, who hold a total of 26,402,926 Shares (44.87%) as at the date of this Target's Statement intend to reject the BML Proportional Offer in its current form (see section 2.9 for further details).



2. Reasons to REJECT the BML Proportional Offer

2.1. Summary of reasons to REJECT the BML Proportional Offer

Based on the information currently available to them, the IBC **unanimously** recommends that Shareholders REJECT the BML Proportional Offer.

The IBC's reasons for recommending that Shareholders **REJECT** the Offer are:

- 1** The Offer does NOT provide full liquidity for Shareholders.
- 2** There is no certainty on what price Shareholders might receive for their remaining 35%, or when.
- 3** BML's intentions remain unclear.
- 4** The Offer is opportunistically timed, potentially depriving Shareholders of future value. The Board is confident in its long-term vision & value creation strategy.
- 5** PMGL's existing Board has a strong track record of creating value for Shareholders.
- 6** PMGL stewardship should remain in the hands of Western Australians.
- 7** If you accept the Offer, you risk missing out if a superior offer from a third party emerges.
- 8** Shareholders representing 44.87% of PMGL Shares have stated that they intend to reject the BML Proportional Offer in its current form.
- 9** BML may seek to increase leverage in PMGL under its majority ownership.

Sections 2.2 to 2.10 of this Target's Statement contain further information regarding the above reasons for the IBC's recommendation.

2.2. The Offer does NOT provide full liquidity for Shareholders.

The Offer does not provide full liquidity, only partial liquidity. There is no option to sell 100% of your Shares at the Offer Price.

BML claims to have structured the BML Proportional Offer to provide Shareholders with "the best of both worlds" by enabling the sale of a portion of your PMGL Shares at a premium and retaining the balance for participation in the future of PMGL. In reality, the BML Proportional Offer only allows you to liquidate part of your holding (up to 65%) and forces you to retain at least 35% of your PMGL Shares, which will have a materially different ownership structure should BML obtain majority control.



If enough Shareholders accept BML's Proportional Offer, your remaining 35% investment in PMGL will be in a vehicle effectively controlled by BML.

If BML acquires a controlling interest in PMGL (over 50%), BML will be able to pass ordinary resolutions (such as for the appointment or removal of directors) at Shareholder meetings with no other Shareholder support. BML will also be able to block any resolutions as it sees fit. This may be to the detriment of minority shareholders, including yourself.

If you accept the Offer for 65% of your PMGL Shares and if BML acquires a controlling interest, your ability to liquidate your remaining PMGL Shares will likely be adversely affected insofar as minority shareholders will have lower ownership and less influence than if there was not a single majority shareholder. This will likely limit the pool of investors who may be interested in buying your remaining 35% stake. It is likely to be more difficult to sell your remaining 35% stake because:

- your ownership in PMGL will be materially smaller and less influential;
- PMGL will have a single, majority shareholder with greater Board representation, meaning minority shareholders will have less Board influence in any of PMGL's decisions;
- BML will be able to pass ordinary resolutions at Shareholder meetings with no other Shareholder support;
- new potential investors may be unlikely to invest in PMGL on the above basis; and
- BML's majority shareholding may diminish the prospects of a potential superior offer. That is, a third party would be even less likely to make a takeover bid for PMGL without BML's support, in which case, it would be less likely that the PMGL share price will reflect a control premium in the future.

Given the above points, the potential buyer market for your remaining PMGL Shares may be very limited.

The IBC recommends that you REJECT BML's Proportional Offer given the likely lack of liquidity following the sell down of the majority of your PMGL Shares.

2.3. There is no certainty on what price Shareholders might receive for their remaining 35%, or when.

The IBC expects resultant lower ownership and less influence to limit the pool of potential future investors who might acquire your remaining 35% shareholding. On this basis, it is considered unlikely that you will be able to sell your remaining stake at, or even near, the Offer Price.

BML may, at some later time, acquire further PMGL Shares in a manner consistent with the Corporations Act and any other applicable law. According to section 3.2 (c) of the Bidder's Statement, BML has made no decision in this regard, but has not ruled out doing so and accordingly reserves the right to do so. As at the date of this Target's Statement there is no indication that BML will seek to increase its interest beyond the scope of the current Offer. Further, as outlined on page 5 of the Bidder's Statement, BML's "vision is that Central Markets like Perth and Brisbane may look at the option of merging in the future...". BML has itself caveated this by expressly stating that it "has not made a decision in this regard and accordingly, PMGL Shareholders should not place undue reliance upon this potential outcome ultimately occurring".

However, the IBC believes that BML has limited incentive to buy further PMGL Shares as it will already hold a majority position and will have achieved a positive outcome – to include its investment in PMGL in certain financial covenants of BML's financing facilities.

The IBC expresses its concerns that, absent of any assurances from BML to acquire more PMGL shares, there is limited opportunities, if any, for minority shareholders to exit their remaining position if BML gains a majority.



There is also no assurance provided by BML on what price they may be willing to acquire further PMGL shares at. The IBC expresses its concerns on what price you may get for your remaining stake if BML gain a majority position.

Shareholders seeking an immediate liquidity event in respect of their entire Shareholding may seek to sell their shares by private sale treaty. The ability of Shareholders to sell their Shares by private treaty (as opposed to accepting the BML Proportional Offer) continues to operate subject to the provisions of the Corporations Act and PMGL's Constitution. As the BML Proportional Offer is only an offer for part of your Shares, Shareholders may seek alternate opportunities to sell their entire Shareholding. The IBC is aware that some minority PMGL Shareholders are considering whether to sell their entire PMGL Shareholding and have previously registered their interest in doing so on the PMGL register of interested sellers. Similarly, various parties, including, the Company's Financial Adviser, Poynton Stavrianou (on behalf of third parties), have registered their interests in buying PMGL Shares. The use of, or reference to, the PMGL register of interested buyers and sellers is subject to the Rules and Procedures for Transfers of Securities available on PMGL's website or on request from PMGL.

The IBC is aware that some minority Shareholders have been in contact with Poynton Stavrianou in respect of potential share sale transactions. Insofar as any such share sale transactions conducted by private treaty do not amount to a control transaction, the IBC considers that this is a matter for the Shareholder and buyer to determine on agreed terms (including as to price) satisfactory to each party's personal and commercial interests. As at the date of this Target's Statement, the IBC is not aware of any concluded negotiations for the sale of minority Shareholdings. To the extent that such transactions do not constitute a control transaction, the IBC intends to assess any arising transfers in the ordinary course for approval.

As at the time of printing of this Target's Statement, the potential third party buyers are not related parties¹ of PMGL.

The IBC recommends that you REJECT BML's Proportional Offer given the uncertainty of when you may be able to sell your minority stake, and at what price.

2.4. BML's intentions remain unclear

The PMGL Board has previously expressed its concerns as to BML's intentions in acquiring control of PMGL.

Whilst some additional context has been provided by BML in the Bidder's Statement, there remains a lack of specificity in terms of BML's:

- anticipated value of alleged synergies, including:
 - extent;
 - timing;
 - costs to implement; and
 - return on investment hurdles;
- specific dividend policy, especially given BML's previously indicated growth desires;
- clear intentions in respect of the PMGL management composition, including retaining and appointing key management;
- intentions with respect to the Board composition following the proposed appointment of up to two additional BML representatives;
- BML's future acquisition pathway and funding plan (if any);
- future capital-raising intentions; and
- future leveraging given BML's history of heavy indebtedness.

¹ within the meaning of section 228 of the Corporations Act.
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BML has provided insufficient information to evaluate the merit of expected 'synergies' and 'cost savings'. In the period during which the IBC did not approve the registration of share transfers received from BML, PMGL sought additional information from BML to support its claims that by taking control of PMGL, several 'synergies' and 'cost savings' would benefit both BML and PMGL.

The Bidder's Statement asserts that BML and PMGL will be able to benefit from collaborating more closely, accessing synergies and extracting costs savings in how both companies operate². This assertion may suggest that BML could intend to alter the operations of PMGL, which is inconsistent with other statements made in the Bidder's Statement.

Whilst BML lists multiple potential areas of where synergies could be obtained, there is no clear indication of how PMGL or Shareholders will benefit.

Notwithstanding Mr Young's significant involvement in both BML and PMGL, BML itself concedes in the Bidder's Statement that it "is not currently in a position to quantify the benefit of these synergies"³.

Whilst BML suggests it cannot quantify the perceived benefits of its plans (e.g. synergies), the IBC considers that BML does have sufficient information to do so with more specificity than provided in the Bidder's Statement. This is especially the case given Mr Young's dual directorship across both companies and participation in PMGL's Master Planning and Finance, Audit & Risk Committees. Further, the references to "[s]hared services with other markets and further operating efficiencies" and "assessment of future growth opportunities and synergies" referred to in BML's Summary of Strategic Plan 2018/19 – 2023/24⁴ (Strategic Plan Summary), suggests that information underpinning these strategic objectives should exist. This lack of quantification is a concern for the PMGL Board as it suggests BML does not have an adequate plan to implement and cost these so-called synergies.

Further, if BML considers PMGL has not obtained these synergies or benefits with its current shareholding and Board composition, notwithstanding Mr Young's presence, the Board questions how BML's majority controlling interest in PMGL would make any substantive difference to those outcomes.

The potential direct cost savings, time savings or operational efficiencies from using shared resources has not been demonstrated. Using the same format leases is not likely to achieve synergies given PMGL already has leases, one of which runs to 2040, and as recognised by BML, State legislation relating to leases differs.

Significant savings could only likely be made by doing things that have been explicitly ruled out in the Bidder's Statement such as reducing on-the-ground staff, management and the Board in Perth. In this respect, BML proposes to increase the size and cost of the Board with the appointment of two additional BML nominee directors.

It is also unclear why these perceived benefits can only be realised if BML is a majority shareholder. If clearly articulated and specific cost saving strategies were presented to the Board with precision and they were in the best interest of Shareholders, it is likely that the Board would implement them.

If you accept the BML Proportional Offer, and BML acquires a controlling position in PMGL and greater Board representation, BML will be able to implement its plans and your input may have less influence on these decisions.

A change in PMGL's Board, its management or its strategic direction has the potential to cause significant ongoing disruption to the business and create further uncertainty and instability for key stakeholders.

² Page 5 Bidder's Statement.

³ Section 7.1 Bidder's Statement.

⁴ Refer to BML's Summary of Strategic Plan 2018/19 – 2023/24 prepared by BML at https://brisbanemarkets.com.au/wp-content/blogs.dir/9/files/2020/09/Summary-of-Strategic-Plan_FINAL-2019-2024.pdf. BML has not provided its consent for the use of this information in this Target's Statement.

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Increased board representation

If BML obtains over 50% of PMGL Shares, it intends to seek one further nominee to be appointed to the PMGL Board with a third nominee (whose identity has not been decided by BML) to be appointed in due course, regardless of the extent of any increase in BML's Relevant Interest in PMGL Shares. This would result in there being three BML nominated directors on the PMGL Board.

The IBC believes that BML's proposal to increase the size of the PMGL Board with an additional two BML nominees is not in the best interests of all Shareholders. The composition of the PMGL Board is unique, historically comprising of a mix of significant Shareholder representatives, commercial investors and independents.

The current maximum number of directors is 9 of which 2 must be industry nominees pursuant to an entrenched right in PMGL's Constitution.

The IBC believes that there should be a mix of industry, independent and Shareholder nominee directors who, collectively, have an appropriate mix of skill sets and experience. Based on BML's proposed Board composition, there would be limited director representation for the minority shareholders.

BML has asserted in its Bidder's Statement that despite its approximate 41.73% shareholding in PMGL, it has only been afforded one position of the PMGL Board, a situation which it says has ultimately resulted in BML having limited influence over the strategic direction and actions of PMGL. For a minority Shareholder, BML has, through its nominee director, Mr Young, been in a position to exert significant influence over PMGL insofar as Mr Young is a member of all PMGL Board Committees except for the Corporate Transactions Sub Committee (**CTSC**), recently constituted for the purpose of assessing the BML Proportional Offer, for which he is directly conflicted.

The PMGL Board regularly reviews whether the PMGL Directors individually, or collectively, have the skills, knowledge and familiarity with PMGL's business and its operating environment that are required to fulfil their role on the PMGL Board and Board committees and takes necessary action where gaps are identified.

Any proposal for additional BML representation on the Board ought to be considered by the independent directors of PMGL on its merits at the appropriate time alongside a discussion on overall Board composition at that time, including the Board possessing (as a whole) an appropriate mix of skill sets and experience.

The IBC recommends that you REJECT BML's Proportional Offer given the lack of clarity and contradictions in BML's intentions for PMGL.

2.5. The Offer is opportunistically timed, potentially depriving Shareholders of future value. The Board is confident in its long-term vision and value creation strategy.

Although the Independent Expert has concluded that the Offer Price is fair and reasonable including through reflecting a control premium, the IBC believes that the Offer is opportunistically timed, potentially depriving Shareholders of future value. Significant value generating steps have already been accomplished setting up the organic growth of PMGL for the future. BML could take advantage of this in the short term while potentially jeopardising the full potential by altering the Master Plan and / or direction at its discretion as a controlling Shareholder.

PMGL's Board and Planning Committee has spent significant time and resources on its Site Master Plan, which sets out the Board's vision for the future direction of the Perth Markets. Further details of the Site Master Plan are set out in section 5.9(b) of this Target's Statement.

Strategically, the PMGL Board has focused on the future of the Perth Markets' site to provide sustainable, high value returns to our shareholders through organic growth that will produce additional revenue and



profit for PMGL. The recent annual revaluation of the site demonstrated the value in PMGL's landholding with an increase of 32% to \$250 million for the 12-month period to 30 June 2022.

There are a number of opportunities being considered for the site to increase density and life cycle replacement for major assets including buildings. The Site Master Plan will define the next 5-20 years of the Perth Markets Site.

In particular, the Site Master Plan considers 20-year staged development and optimisation plans to increase PMGL's total lettable area. This includes a material increase in cold chain warehousing and significantly over 3,500sqm retail/commercial opportunities identified, of which Board-approved MOUs and submissions to local council have progressed well.

The Master Plan is on track to be completed by the end of this calendar year and to be approved by the Board in early-2023. The timing for approval of the Site Master Plan is consistent with that stated in the 2022 PMGL Annual Report which is available to all Shareholders, including BML.

While there can be no assurance, the IBC considers that the Board's long-term vision will drive strong earnings growth and create value and upside for Shareholders. BML's desire to acquire a controlling interest in PMGL at a relatively early stage of PMGL's development by offering a cash exit to Shareholders may suggest that BML sees greater value in PMGL in the future which accepting Shareholders will not participate in to the full extent of their current holding. The IBC considers that the timing of the BML Proportional Offer in this context is opportunistic and believes that the Offer may deprive shareholders of this potential significant value creation over the long term.

The IBC believes that it is in all Shareholder's interests to support PMGL's current strategy rather than facing an ongoing minority investment in a company controlled by BML. Your current PMGL Board is best placed and has the appropriate skills and relevant experience to drive PMGL's performance.

The IBC recommends that you REJECT BML's Proportional Offer and retain ownership of all your PMGL Shares to benefit fully from PMGL's Site Master Plan.

2.6. PMGL's existing Board has a strong track record of creating value for Shareholders

Under the stewardship of PMGL's Board, the net asset value per PMGL Share has increased by 2.7x (compared to BML's 1.7x) from FY16 to FY22.

PMGL's net asset value per share increased from \$0.86 to \$2.36 from FY16 to FY22 representing a compound annual growth rate of approximately 18%. **This is a near tripling of the value of your PMGL Shares from FY16 to FY22.**

BML's net asset per value per share has, in comparison increased from \$2.84 to \$4.90, over the same period, for a compound annual growth rate of approximately 9%.



Net asset value per share – FY16 to FY22⁵



This growth delivered by the Board and management of PMGL from FY16 to FY22 highlights the success of PMGL's historical strategy and is the best leadership team for the execution of the Site Master Plan.

PMGL's Board and management team has worked tirelessly to increase the value of your PMGL Shares by implementing and executing a clear growth plan for the Company. These plans have been developed through extensive on-the-ground experience and knowledge of the WA market, built over many years. These plans also have strong regard for all relevant WA stakeholders.

We are excited about the future for, and the strategic direction of, PMGL. The Board has spent considerable time identifying the next opportunities for the Company to continue driving its development and, ultimately, the net asset value for Shareholders. Further information in respect of this is outlined in section 2.5 above.

The Board believes that it is in the best position to execute on its strategy which it has developed. Its past performance should be taken as strong proof of its capabilities.

The IBC recommends that you REJECT BML's Proportional Offer to support PMGL's current Board to deliver on its plans for the Company.

2.7. PMGL stewardship should remain in the hands of Western Australians

PMGL is intrinsically a Western Australian company and the only wholesale fresh produce market in WA. The current iteration of the market has been in operation for the past 33 years, and there has been a WA-led wholesale market held for the benefit of the growers and the community for over 100 years.

Western Australian Shareholders represent 89% of PMGL's Shareholders in number. The number of Shareholders by registered address as at November 2022 is shown in the pie chart below.

⁵ Calculated as Net Asset Value (NAV) divided by ordinary shares on issue for each respective year. PMGL: FY16 NAV of \$50.84m divided by 58.84m shares (\$0.86), FY22 NAV of \$138.7m divided by 58.84m shares (\$2.36) (2.7x). Refer to PMGL Annual Reports for FY2016 and 2022. BML: FY16 NAV of \$120.85m divided by 42.50m shares (\$2.84), FY22 NAV of \$267.12m divided by 54.50m shares (\$4.90) (1.7x). Refer to BML Annual Reports for FY2016 and 2022. BML has not provided its consent for the use of the BML information in this Target's Statement.

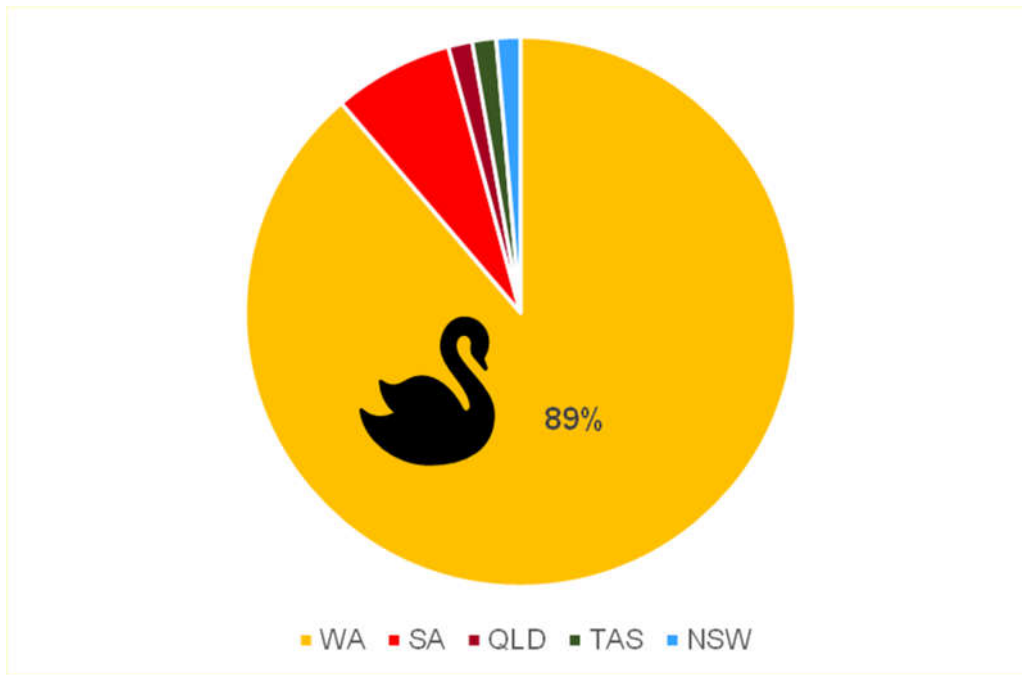


Diagram 1: PMGL Number of Shareholders by Registered Address, as at November 2022.

PMGL is currently run by a Board with both Perth-based and interstate members. However, it is the IBC’s opinion that PMGL should be run by a Board of majority Perth-based members (and a minority interstate) to appropriately represent its WA-based Shareholders (by number) and WA-based stakeholders.

BML has stated its intention to seek, in time, two further nominees on the PMGL board. This would result in BML having three nominated directors on the PMGL board (of a maximum nine directors). In addition, a potential majority shareholding (and therefore a majority vote at a general meeting) would enable BML, if it desired, to call a meeting of PMGL’s members to put resolutions for the removal of non-BML nominee directors and to also propose the appointment of further BML nominated and independent directors (subject to the relevant provisions of PMGL’s Constitution summarised in section 5.3 of this Target’s Statement).

In section 3.2(a) of the Bidder’s Statement, BML states that “[s]ave for the additional BML nominees, BML intends to support the existing Board”. This however is subject to recognition being given to “BML’s strong desire for PMGL and BML to collaborate in their operations”. That the board will not be comprised of a majority of non-Perth directors is a statement of BML’s current intentions only.

The Bidder’s Statement states that BML’s intentions are to “*continue to operate the business of PMGL in substantially the form that it currently operates*”⁶. Further, it states that “BML has no intention of moving operational control of the business away from the Perth Markets”⁷. The Bidder’s Statement goes on, however, to say further that those statements are subject to “*final decisions regarding these matters... [being] reached by BML in light of material information, facts and circumstances at the relevant time... [a]ccordingly, the statements set out in this section are statements of **current intention only** and may vary as new information becomes available or circumstances change*”⁸. (emphasis added). BML’s statement as to its intentions in this regard is demonstrably equivocal.

Furthermore, while BML has stated in its Bidder’s Statement that it “*does not intend to move operational control of the PMGL business away from Perth*”, Shareholders should understand that although the majority

⁶ Sections 3.1 and 3.2(b) of the Bidder’s Statement

⁷ Page 10 of the Bidder’s Statement

⁸ Section 3.2 of the Bidder’s Statement



of the PMGL board may remain located in Western Australia, BML's controlling interest in the company will mean 'operational control' will not be within Western Australia.

If you bought PMGL Shares not only for financial returns, but to have some say in the strategic direction of PMGL, you should consider that a single, majority shareholder would likely lessen your influence over the Company's strategy.

There is a risk that BML may seek to replace some or all of the experience, knowledge and expertise of PMGL's Directors. Your current PMGL Board members have the understanding of PMGL's business and the industry in which it operates, to make them best positioned to oversee management in driving long term value.

The IBC believes the strength of PMGL's core business and strategic value will not be fully realised with non-WA operational control.

The IBC recommends that you REJECT BML's Proportional Offer to ensure PMGL's stewardship remains in the hands of Western Australians.

2.8. If you accept the Offer, you risk missing out if a superior offer from a third party emerges

If you choose to accept BML's Proportional Offer for 65% of your PMGL Shares, you will give up your right to sell those PMGL Shares or otherwise deal with them while the BML Proportional Offer remains open, and subject to the Conditions being fulfilled or waived, BML will be entitled to all the rights to which you become entitled on or after the Bidder's Statement in respect of those PMGL Shares accepted into the Offer.

If BML declares the BML Proportional Offer unconditional, BML will be able to exercise the rights attaching to your PMGL Shares accepted into the BML Proportional Offer. BML will be entitled to attend any general meetings of PMGL and vote on your behalf in relation to your PMGL Shares accepted into BML's Proportional Offer, and you will have agreed that in exercising those rights BML may act in its own interests. These rights will be in addition to BML's current voting power of 41.73% of PMGL Shares.

If you accept BML's Proportional Offer, you will not be able to withdraw your acceptance in the event of a superior proposal, (as determined by your own specific circumstances), from an alternative bidder. Therefore, you will not be entitled to the benefit of any such superior proposal in relation to those PMGL Shares accepted into BML's Proportional Offer. There can be no assurance that such a superior proposal may emerge. Subject to the matters set out in section 2.3 in respect of potential PMGL Share sales by private treaty, as at the date of this Target's Statement, the IBC is not aware of alternate proposals, superior or otherwise.

The IBC recommends that you REJECT BML's Proportional Offer to allow you the flexibility to assess any other offers that may materialise.

2.9. Major Shareholders have stated that they do not intend to accept the BML Proportional Offer in its current form.

Twelve of PMGL's top 20 Shareholders plus several other minority Shareholders have provided written confirmation of their intention to reject the BML Proportional Offer in its current form. Those Shareholders are set out below and hold 44.87% of PMGL Shares as at the date of this Target's Statement:

- United Crates Co-operative Limited, which holds at the date of this Target's statement 10,628,464 Shares (18.06%), intends to reject the BML Proportional Offer in its current form.
- South Australia Produce Market Ltd, which holds at the date of this Target's statement 7,609,686 Shares (12.93%), intends to reject the BML Proportional Offer in its current form.



- The Chamber of Fruit and Vegetable Industries WA (Inc) (Market West), which holds at the date of this Target's statement 2,110,400 Shares (3.59%), intends to reject the BML Proportional Offer in its current form.
- M Lendich entities⁹ which hold at the date of this Target's statement 1,038,000 Shares (1.76%), intends to reject the BML Proportional Offer in its current form.
- Trammit Pty Ltd which holds at the date of this Target's statement 1,000,300 Shares (1.70%), intends to reject the BML Proportional Offer in its current form.
- Yuan Chang Fresh Food Pty Ltd which holds at the date of this Target's statement 1,000,000 Shares (1.70%), intends to reject the BML Proportional Offer in its current form.
- Thomas Nominees Pty Ltd, which holds at the date of this Target's statement 500,000 Shares (0.85%), intends to reject the BML Proportional Offer in its current form.
- Maria Ann Lendich, who holds at the date of this Target's statement 500,000 Shares (0.85%), intends to reject the BML Proportional Offer in its current form.
- Bluerise Enterprises Pty Ltd, which holds at the date of this Target's statement 455,300 Shares (0.77%), intends to reject the BML Proportional Offer in its current form.
- Fat Boy Nominees Pty Ltd, which holds at the date of this Target's statement 310,060 Shares (0.53%), intends to reject the BML Proportional Offer in its current form.
- Nunn Holdings Pty Ltd, which holds at the date of this Target's statement 310,060 Shares (0.53%), intends to reject the BML Proportional Offer in its current form.
- BJ & JM Lantzke Family Trust which holds at the date of this Target's statement 250,000 Shares (0.42%), intends to reject the BML Proportional Offer in its current form.
- Top Tourist Nominees Pty Ltd which holds at the date of this Target's statement 195,238 Shares (0.33%), intends to reject the BML Proportional Offer in its current form.
- Porschalaca Pty Ltd which holds at the date of this Target's statement 195,238 Shares (0.33%), intends to reject the BML Proportional Offer in its current form.
- Demar Holdings Pty Ltd which holds at the date of this Target's statement 100,000 Shares (0.17%), intends to reject the BML Proportional Offer in its current form.
- Langley Family Trust which holds at the date of this Target's statement 30,030 Shares (0.05%), intends to reject the BML Proportional Offer in its current form.

This means that, out of the 34,288,630 shares that BML does not own, Shareholders that collectively own 26,402,926 shares have stated their intention to reject the offer in its current form.

This is a strong show of support from those Shareholders who continue to back PMGL's current structure and Board.

Major Shareholders support PMGL's current structure and Board

2.10 BML may seek to increase leverage in PMGL under its majority ownership

⁹ M Lendich entities comprise: Miroslav Lendich 500,000 Shares (0.85%); Mr Miroslav Lendich and Mrs Maria Ann Lendich <Lendich Superannuation Fund> 238,000 Shares (0.40%); Miroslav Lendich <Rachel Samantha Lendich A/C> 100,000 Shares (0.17%); Miroslav Lendich <Nicole Louise Lendich A/C> 100,000 Shares (0.17%); and Miroslav Lendich <Jonathan Michael Lendich A/C> 100,000 Shares (0.17%)

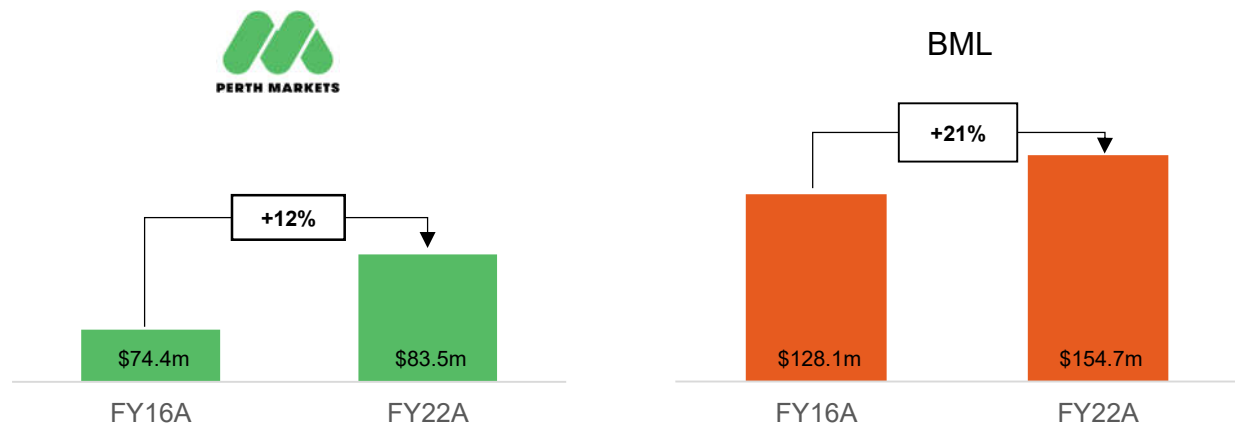


BML has relied more on leverage and increased it at a faster rate historically than PMGL has.

Part of BML's strategy over the last 5 years has been to implement growth through material capital expenditure programs. Accordingly, BML's borrowings have increased materially by 21% from FY16-22. BML's borrowings as at 30 June 2022 were \$155m.

By comparison, PMGL's borrowings have increased by 12%, which is almost half the growth rate of BML's borrowings over the same period. PMGL's borrowings as at 30 June 2022 were \$84m.

Borrowings – FY16A to FY22A¹⁰



Through its increased representation on PMGL's Board, BML could seek to increase leverage in PMGL to pursue capex programs for PMGL (which it has done itself). Any increase in debt will both leverage PMGL and increase interest costs, which may have an impact on PMGL's dividends and financial covenants

BML's Strategic Plan Summary lists market management and ownership as a strategic direction. BML's stated focus is to achieve growth through ownership and investment in Central Markets and associated infrastructure in Australia¹¹. In the Bidder's Statement, reference is made to future capital investment in PMGL, including by way of BML's participation in capital raisings by PMGL (that is, for refurbishment for ageing PMGL infrastructure or new infrastructure). Any capital raisings undertaken by PMGL could require you to 'tip in' further cash to avoid diluting your stake in PMGL.

In the Bidder's Statement, BML has stated that "if BML acquires at least 50% of the PMGL Shares on issue, BML expects that its investment in PMGL will be recognised in the calculation of certain financial covenants relevant to BML's financing facilities (including, BML's Loan to Valuation Ratio)". Effectively, with a majority shareholding in PMGL, BML's bank will include BML's equity investment in PMGL (which is underpinned by PMGL's net assets) to allow BML to increase its own leverage. This "would undeniably be a positive outcome for BML"¹². Any benefits to PMGL from this increased leverage will likely be inconsequential.

Overall, BML will derive significant value for itself by increasing its stake in PMGL which will allow it to include its ownership in PMGL to increase its own leverage. BML, as a majority shareholder and with greater Board representation, may seek to influence the PMGL Board to increase its debt or equity capital. This will impact you as a minority PMGL Shareholder.

The IBC recommends that you REJECT BML's Proportional Offer to ensure PMGL's expansion plans are executed by PMGL's current Board.

¹⁰ Refer to PMGL FY16 and FY22 Annual Reports and BML FY16 and FY22 Annual Reports.

¹¹ Refer to BML's Summary of Strategic Plan 2018/19 – 2023/24 prepared by BML at https://brisbanemarkets.com.au/wp-content/blogs.dir/9/files/2020/09/Summary-of-Strategic-Plan_FINAL-2019-2024.pdf

¹² Page 6 of the Bidder's Statement.



2.11 Reasons you may wish to ACCEPT the BML Proportional Offer

If you have a short-term investment horizon and your primary concern is immediate liquidity (even though limited to 65% of your PMGL Shares), the IBC recommends subject to any relevant taxation or financial implications, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable to Shareholders other than BML, that you ACCEPT the Offer.

Shareholders should base their decision to accept or reject the BML Proportional Offer on their personal circumstances.

The following factors may be relevant to a decision by you accept the BML Proportional Offer:

(a) **The Independent Expert's Report has determined the BML Proportional Offer to be fair and reasonable**

The Independent Expert has determined the BML Proportional Offer to be fair on the basis that the BML bid of \$3.30 per share exceeds their assessed fair market value per share of \$2.90 (controlling basis). The Offer is determined to be reasonable on the basis that it is fair. A summary of the Independent Expert's Report is set out below in section 2.12. A full copy of the report is included in this Target's Statement as Annexure A. Shareholders should read the report in full.

(b) **The Offer provides partial (65%) liquidity**

The Offer Price provides PMGL Shareholders with an opportunity to achieve liquidity for up to 65%. Historically the shareholding of PMGL does not have a high level of liquidity. Accepting the BML Proportional Offer allows Shareholders to realise investment more readily than may otherwise occur, albeit only for a portion of their PMGL Shares.

(c) **There are no alternative offers**

Subject to the matters in section 2.3 of this Target's Statement, the BML Proportional Offer is the only offer that presently exists for PMGL's Shares, no other offer exists (superior or otherwise).

(d) **The BML Proportional Offer is at a higher price than historically traded PMGL price**

The BML Proportional Offer represents a higher price than historically traded prior to the announcement of the Offer and therefore presents an opportunity for most Shareholders to realise part of their investment for a cash profit. The cash and profit, after tax if any, may compensate sufficiently for being locked in as a minority Shareholder in the BML controlled PMGL (if that is the outcome of the Offer).

(e) **BML is a proven market operator and has made representations that it will operate PMGL as business as usual, if successful**

BML is a proven market operator with a deep understanding of the industry and has been a cornerstone Shareholder in PMGL. BML has made public representations in the Bidder's Statement regarding continuing with business-as-usual at PMGL (including paying a competitive dividend and maintaining a strong staff and management presence on the ground in Perth).

(f) **Accepting into the Offer allows Shareholders to retain an investment in PMGL and exposure to future upside BML may deliver**

Retaining an interest in PMGL allows Shareholders to maintain involvement in the future of PMGL and exposure to potential upside. BML suggests additional growth, putative synergies and cost savings may be available, which, if achieved, could be positive for PMGL Shareholders (e.g. via dividends).



Shareholders should also consider the risk factors in accepting and rejecting the BML Proportional Offer set out in section 9 of this Target's Statement.

2.12 Independent Expert's Report

The IBC appointed RSM Corporate Australia Pty Ltd as Independent Expert to assess the merits of the BML Proportional Offer. The Independent Expert concluded that the Offer is both **fair and reasonable** to Shareholders other than BML.

The Independent Expert has assessed the fair market value per PMGL Share on a controlling and 100% basis as \$2.90. As the value of the Offer consideration for each PMGL Share of \$3.30 is greater than the Independent Expert's assessed value of a PMGL Share, the Independent Expert has concluded that the BML Proportional Offer is fair to Shareholders other than BML.

ASIC Regulatory Guide 111 states if an Offer is fair, then it is reasonable. In the absence of any other relevant information or a superior proposal, the Independent Expert considers the Offer to be reasonable to Shareholders other than BML.

In assessing whether the Offer is reasonable, the Independent Expert considered the advantages and disadvantages of the Offer.

The key advantages of the Offer considered by the Independent Expert are:

- **Premium to assessed value:** The Offer consideration represents a 13.9% premium to the assessed fair market value of a PMGL Share, which is consistent with the average control premiums in Real Estate industry transactions identified in the RSM Control Premium Study 2021.
- **Liquidity event:** The Offer consideration provides Shareholders with a liquidity event for up to 65% of their shareholding, in an unlisted public company which has been highly illiquid historically with only 2.2% of the total shares on issue traded in the last three years.
- **Continued exposure to PMGL assets and future prospects:** As the Offer is a proportional takeover offer for up to 65% of Shares held by Non-Associated Shareholders, they will retain exposure to PMGL and its assets and future prospects for the proportion of their Shares not sold into the Offer, albeit on a diluted basis.
- **Absence of a superior offer:** The Offer is the only offer that presently exists for PMGL's Shares and the Directors have advised that no superior proposal has emerged as at the date of the Independent Expert's Report.

The key disadvantages of the Offer considered by the Independent Expert are:

- **Dilutionary impact:** Shareholder's will be diluted from a current interest of 58.3% to a potential minimum interest of 20.4% (if all Non-Associated Shareholders accept the Offer) and therefore the ability to influence the direction and operations of PMGL will be reduced.
- **Controlling interest:** If BML obtains an interest of more than 50% following the Offer, BML will have a controlling interest in PMGL and the ability to pass ordinary resolutions without the support of other Shareholders. This includes the potential to control the Company's dividend policy, composition of the Board and financing strategies, amongst others. In addition, BML has stated its intention to nominate a further two Directors to the Board of PMGL which would increase its influence on the Board and the strategic direction of PMGL. If BML obtains an interest of more than 75% following the Offer, which would require almost full take-up of the Offer, BML would have the ability to pass Special Resolutions of the Company.
- **Potential reduction in liquidity:** If BML obtains an interest in more than 50% following the offer, BML will gain effective control of PMGL. This may reduce the appeal of the Company to other potential investors, resulting in a reduction of trading volume and free float which may diminish the ability of Shareholders to sell their remaining Shares at fair market value.



- **Loss of potential superior proposal:** It is possible that a superior proposal, which is more attractive to Non-Associated Shareholders, may be made in the future. If the Offer is accepted by a number of Shareholders and BML's shareholding increases to a majority interest, it is less likely that another takeover offer would be forthcoming since any potential purchaser would need to secure the support of BML as majority shareholder.
- **Potential tax consequences:** The tax implications of the Offer may not be suitable to the financial circumstances or position of Non-Associated Shareholders. The tax treatment may vary between Shareholders depending on their individual nature and characteristics and therefore individual taxation advice should be obtained.

A copy of the Independent Expert's Report is attached to this Target's Statement as Annexure A. The IBC encourages Shareholders to read the Independent Expert's Report in its entirety before making a decision as to whether or not to accept the Offer



3. Frequently Asked Questions

This section answers some frequently asked questions about the Offer. It is not intended to address all issues relevant to Shareholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer
Who is the Bidder?	The Bidder is Brisbane Markets Limited (BML). BML is an unlisted public company incorporated in Queensland on 4 July 1994.
Who is the Target?	The Target is Perth Markets Group Limited (PMGL). PMGL is an unlisted public company incorporated in Western Australia on 8 May 2019.
What is this Target's Statement?	This Target's Statement has been prepared by the PMGL IBC and provides PMGL's response to the Offer, including the recommendation of the IBC.
What is the Bidder's Statement?	The Bidder's Statement is the document setting out the terms of the Offer, a copy of which was lodged with ASIC on 1 November 2022.
What is BML's current interest in PMGL Shares	BML holds 24,551,501 PMGL Shares. BML and its Associates have approximately 41.73% of the voting power in PMGL.
What is the BML Proportional Offer for my PMGL Shares?	<p>The Offer is an unsolicited off-market proportional takeover bid.</p> <p>BML is offering to acquire 65% of your ordinary shares in PMGL for \$3.30 cash per Share.</p> <p>You may accept the Offer for any proportion of your PMGL Shares up to a maximum of 65% of your PMGL Shares (rounded down to the nearest whole number of shares).</p> <p>If you accept the Offer for the full 65% of your PMGL Shares, you will receive \$3.30 per PMGL Share and retain the remaining 35% of your PMGL Shares.</p>
What choices do I have as a Shareholder?	<p>You have the following choices in respect of your PMGL Shares:</p> <ul style="list-style-type: none"> (a) reject the Offer by doing nothing; (b) sell your PMGL Shares by private treaty; or (c) accept the Offer up to 65% of your PMGL Shares. <p>There are several implications in relation to each of the above options. A summary of these implications is set out in section 2 of this Target's Statement.</p> <p>You should carefully consider the IBC's unanimous recommendation to REJECT the Offer.</p> <p>You may wish to seek independent financial and taxation advice from your professional adviser in relation to the action you should take in relation to the BML Proportional Offer.</p>



<p>Why was the IBC established?</p>	<p>The IBC is a committee of the PMGL Board, which was established pursuant to internal conflict management protocols which were put in place by PMGL in relation to the Offer. At the time BML announced its intention to make the Offer, it held 41.73% of PMGL Shares and Mr Young (who is the Managing Director and CEO of BML and a non-executive director of PMGL) was not considered independent for the purposes of assessing and making a recommendation in relation to the Offer.</p> <p>The role of the Independent Board Committee is to consider, respond to and vote in relation to the Offer, and otherwise manage any real or perceived conflicts which may arise in relation to the Offer in an appropriate manner.</p> <p>The IBC comprises the PMGL Board other than Mr Young. Mr Young has declared his interest as Managing Director and CEO of BML and recused himself from all relevant PMGL Board and committee meetings (or parts thereof) related to the Offer.</p>
<p>What is the IBC recommending?</p>	<p>The IBC recommends that you REJECT the PMGL Offer by TAKING NO ACTION.</p> <p>If however your investment horizon is short term and/or you seek immediate liquidity, the IBC recommends that subject to any relevant taxation or financial implications, you consider accepting the BML Proportional Offer in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable to Shareholders other than BML.</p> <p>The reasons for the IBC recommendations are set out in section 2 of this Target's Statement.</p> <p>If there is any change in this recommendation or any material developments in relation to the BML Proportional Offer, PMGL will lodge a supplementary target's statement.</p>
<p>Who are the IBC members?</p>	<p>The IBC members are each of the directors on the PMGL Board, except for Mr Young, who is the Managing Director and CEO of BML and a non-executive director of PMGL.</p>
<p>Why is the IBC recommending that I REJECT the Offer?</p>	<p>The IBC recommends that you REJECT the Offer because:</p> <ul style="list-style-type: none"> (a) the Offer does NOT provide full liquidity for Shareholders; (b) there is no certainty on what price Shareholders might receive for the remaining 35%, or when; (c) BML's intentions remain unclear; (d) the Offer is opportunistically timed, potentially depriving Shareholders of future value. The Board is confident in its long-term vision & value creation strategy; (e) PMGL's existing Board has a strong track record of creating value for Shareholders; (f) PMGL stewardship should remain in the hands of Western Australians; (g) if you accept the Offer, you risk missing out if a superior



	<p>offer from a third party emerges;</p> <p>(h) Shareholders representing 44.87% of PMGL Shares have stated that they intend to reject the BML Proportional Offer in its current form; and</p> <p>(i) BML may seek to increase leverage in PMGL under its majority ownership.</p>
<p>In what circumstances is the IBC recommending that I ACCEPT the Offer and why?</p>	<p>As set out above, if your investment horizon is short term and/or you seek immediate liquidity, the IBC recommends that subject to any relevant taxation or financial implications, you consider accepting the BML Proportional Offer in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable to Shareholders other than BML. The reasons are as follows:</p> <p>(a) the Independent Expert's Report has determined the BML Proportional Offer to be fair and reasonable;</p> <p>(b) the Offer provides partial (65%) liquidity;</p> <p>(c) subject to paragraph 2.3, there are no alternative offers;</p> <p>(d) the BML Proportional Offer is at a higher price than the historically traded PMGL price;</p> <p>(e) BML is a proven market operator and has made representations that it will operate PMGL as business as usual, if successful; and</p> <p>(f) accepting into the Offer allows Shareholders to retain an investment in PMGL and exposure to future upside BML may deliver.</p>
<p>What is the Independent Expert's opinion?</p>	<p>Section 640 of the Corporations Act requires that an independent expert report is commissioned by the target when the bidder's voting power in the target is at least 30% of the target or when the bidder and the target have common directors.</p> <p>The IBC appointed RSM (an independent expert not associated with PMGL or BML), to prepare an Independent Expert's Report assessing the Offer, and to provide an opinion on whether or not the Offer is fair and reasonable to Shareholders.</p> <p>The Independent Expert has concluded that the Offer is FAIR and REASONABLE.</p> <p>Annexure A to this Target's Statement includes a copy of the Independent Expert's Report. You should read the report carefully and in its entirety as part of your assessment of the Offer.</p>
<p>How do I reject the Offer?</p>	<p>To reject the Offer, simply do nothing. You should take no action in relation to the correspondence from BML in relation to the Offer.</p>



How do I accept the Offer?	Details of how to accept the Offer are set out in the 'How to accept this BML Offer' in section 8.4 of the Bidder's Statement.
What happens if I accept the Offer now and the Offer price is increased?	If BML increases the consideration under the Offer, all Shareholders whether or not they have accepted the Offer before that increase in price, will be entitled to the benefit of that improved price.
Will BML increase the Offer Price?	BML has not declared its Offer to be final. Accordingly, BML could amend its Offer price if it chooses. However, PMGL cannot speculate on whether BML will increase its Offer price as this is a matter for BML.
What are the consequences of accepting the Offer now?	If you accept the Offer, unless withdrawal rights are available (see below), you will give up your right to otherwise deal with your PMGL Shares while the Offer remains open.
If I accept the Offer, can I withdraw my acceptance?	If you accept the BML Proportional Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. If the Offer is extended for any reason for less than one month, you will not be able to withdraw from the offer. You may only withdraw your acceptance if BML varies the Offer in a way that postpones the time when BML is required to satisfy its obligations by more than one month. Section 7 of this Target's Statement contains further details on withdrawing your acceptance.
When does the Offer close?	<p>The Offer is scheduled to close at 5:00pm (Sydney time) on 23 December 2022, but the Offer can be extended in certain circumstances.</p> <p>Section 7 of this Target's Statement contains further details of the circumstances in which the Offer can be extended.</p>
What are the conditions to the Offer?	<p>The Offer is subject to the following Conditions which must be satisfied or waived before the end of the Offer Period:</p> <ul style="list-style-type: none"> (a) The Registration of Shares Transfers Condition; (b) That between the Announcement Date and the end of the Offer period (each inclusive), no prescribed occurrences occurring.
What is the Registration of Shares Transfer Condition	<p>Article 6.6 of PMGL's Constitution provides that the PMGL Directors may refuse to register a transfer of shares, without having to give any reason.</p> <p>It is a term of the Offer that by no later than the date of the Target's Statement, the PMGL Directors Independent of BML, publicly confirm (including by way of a PMGL Circular or the Target's Statement) that for the purposes of Article 6.6 and for all other purposes they will register (or cause the registration of) the transfer of PMGL Shares to BML where a Shareholder</p>



	<p>chooses to accept the Offer, subject to:</p> <ul style="list-style-type: none"> (a) the Offer being, or becoming, unconditional; (b) BML complying with its obligations pursuant to the Offer; (c) the relevant transfers being in registrable form; and (d) the payment by BML of any stamp duty (if applicable).
<p>Statement as to Registration of Share Transfers Condition</p>	<p>The PMGL Directors independent of BML have provided a statement as to confirmation of the Registration of Share Transfers Condition in section 7.5 of this Target's Statement. The terms of the confirmation, being subject to any necessary consents for a change of control in respect of the Material Change of Control Contracts, do not strictly satisfy the terms of the "Registration of Share Transfers Condition" provided in the Bidder's Statement and accordingly, such Condition cannot be satisfied in accordance with its terms.</p> <p>Information on the change of control requirements under the Material Change of Control Contracts is set out in sections 12.1 and 12.2 of this Target's Statement.</p> <p>BML has agreed with the PMGL Directors independent of BML the terms on which BML will waive the "Registration of Share Transfers Condition" such that the Offers will become free of that Condition.</p> <p>In summary those terms include confirmation that PMGL Directors independent of BML will register (or cause the registration of) the transfer of PMGL Shares to BML (up to BML holding a shareholding of 49.99%) where a Shareholder chooses to accept the Offer, subject to paragraphs (a) to (d) of the Condition and that PMGL will seek the required change of control consents for a change of control that may arise as a result of the Offer in respect of the Change of Control Contracts if the consents become, or are reasonably likely to become, necessary to obtain.</p> <p>Full details are set out in section 7.5 of this Target's Statement.</p>
<p>What happens if the conditions of the Offer are not satisfied or waived?</p>	<p>If the conditions are not satisfied or waived before the Offer closes, the Offer will lapse. You would then be free to deal with your PMGL Shares even if you had accepted the Offer.</p>
<p>How is BML funding the Offer?</p>	<p>BML has stated in its Bidder's Statement that the Offer will be funded by a mixture of its existing cash reserves, an existing debt facility with Westpac Banking Corporation under a facility agreement and a bridge facility. Section 5 of the Bidder's Statement includes further details on how BML is funding the Offer.</p>



What are the risks associated with continuing to hold PMGL Shares	The risks are outlined in section 9 of this Target's Statement.
When will I be sent my consideration if I accept the Offer?	<p>If you accept the Offer, you will have to wait for the Offer to become unconditional before you will be sent your consideration from BML.</p> <p>Section 8.2 of the Bidder's Statement contains details on when you will be sent your consideration.</p>
Can I be forced to sell my PMGL Shares?	You cannot be forced to sell your PMGL Shares. BML is making a proportional offer for 65% of the Shares in PMGL. If all other Shareholders were to accept the Offer at the maximum proportion of 65%, BML would hold 46,839,110 Shares, being 79.6%. Therefore, even if all Shareholders accept the Offer, BML will not be entitled to proceed to compulsory acquisition of those PMGL Shares it does not already own at the end of the Offer period.
What are the tax implications of accepting the Offer?	<p>A general outline of the tax implications of accepting the Offer is set out in section 11 of this Target's Statement.</p> <p>As the outline is general only, you are encouraged to seek your own specific professional advice as to the taxation implications applicable to your circumstances.</p>
What if I require further information?	If you have further queries in relation to the Offer, you can call the Company on +61 9456 9200.



4. Your choices as a Shareholder

4.1. IBC unanimous recommendation

The IBC unanimously recommends that you **REJECT** BML's Proportional Offer.

4.2. Your choices as a Shareholder

The IBC encourages you to consider your personal risk profile and appetite, investment strategy, tax position, and financial circumstances before making any decision whether to reject or accept the Offer in respect of all your PMGL Shares.

The IBC unanimously recommends that you **REJECT** the Offer.

However, as a Shareholder you have the following choices available to you:

(a) **Reject the Offer**

If you reject the Offer, you should do nothing.

You should note that despite the fact that BML will not be able to proceed to compulsory acquisition, if BML's holding increases to 50.1% it will be able to control the outcome of all ordinary resolutions for which it is entitled to vote.

(b) **Sell your PMGL Shares**

During a takeover, shareholders of a target company who have not already accepted the bidder's offer may still sell their shares. As PMGL is an unlisted public company, any such sale would be by private treaty and the market for PMGL Shares is generally illiquid.

You should be aware that if you choose to sell your PMGL Shares during the Offer Period (that is, other than by way of accepting the Offer):

- (i) you will not be able to accept a superior proposal from any bidder if such an offer is made;
- (ii) you will lose the opportunity to receive future benefits as a Shareholder other than in respect of your remaining Shares; and
- (iii) you may incur a tax liability as a result of the sale.

(c) **Accept the Offer**

Shareholders may elect to accept the Offer. Details of the consideration that will be received by Shareholders who accept the Offer are set out in section 8.2 of the Bidder's Statement.

You should be aware that if you choose to accept the Offer in relation to a proportion of your Shares:

- (i) You will not be able to accept a superior proposal from any other bidder if such an offer is made in respect of those Shares;
- (ii) You will lose the opportunity to receive future benefits as a Shareholder in respect of those Shares; and
- (iii) You may incur a tax liability as a result of the sale.

You should be aware that if you accept the Offer, you may be liable for CGT on the disposal of your PMGL Shares.

Details of how to accept the Offer are set out in section 8.4 of the Bidder's Statement.

4.3. Timing of your decision



If you decide to accept the BML Proportional Offer, you have a choice whether to lodge your Acceptance Form immediately or at some later time before the Closing Date. After your Acceptance Form is lodged, you will be unable to sell your PMGL Shares which are the subject of that form.



5. Information about PMGL

5.1. Introduction and history

Perth Markets Limited ACN 608 334 989 as trustee for the Perth Markets Land Trust acquired the Perth Markets from the State on 31 March 2016.

The ownership of Perth Markets was restructured and transferred to PMGL pursuant to a scheme of arrangement implemented on 1 October 2019, pursuant to which Market City Operator Co Pty Ltd, Market City Asset Manager Co Pty Ltd and Perth Markets Limited (since deregistered) became wholly owned subsidiaries of PMGL.

PMGL owns and operates the Perth Markets from the Perth Markets Site in Canning Vale.

The Perth Markets Site is situated on 51 hectares of land in Canning Vale, 16 km south of the CBD of Perth, WA and is the only wholesale fresh produce market in Western Australia (WA).

5.2. Business overview

PMGL is an industry-based facility owner, manager and developer that primarily serves the fresh produce industry.

The Perth Markets Site, owned by PMGL, includes a diverse cluster of businesses involved in wholesale trading, food retailing, business service providers and weekend consumer markets. The vacancy rate for the site as at the end of June 2022 was 0.82%, which is an improvement over 2021 where the vacancy rate was 0.91%.

Perth Markets is WA's only wholesale fruit and vegetable market and plays a pivotal role in connecting the grower to the consumer. More than 13,000 individuals access the market each week and more than 220,000 tonnes of produce valued at more than \$600 million is traded annually. On weekends, the Perth Markets Site is home to a Saturday wholesale clearance market and a Sunday community market.

The Perth Markets Site is a consumer retail/commercial centre containing businesses, shops, healthcare providers and eateries. The operations on the Perth Markets Site not only play a critical role in fresh produce supply, but they also contribute significantly to Western Australia's economy which benefits local communities and families.

5.3. Constitution

(a) Board of directors

Unless otherwise determined by the Company by special resolution in general meeting, the number of directors of PMGL is to be at least three and no more than nine.

For as long as Market West holds a share in PMGL, and the Company is not admitted to the official list of a recognised securities exchange, Market West has the right (but not the obligation) to appoint up to two board members (each as Industry Director) for a term determined by Market West, provided such term does not exceed 3 years and nevertheless subject to certain provisions of the Constitution.

At all material times, the Board of Directors must have at least two independent directors. An independent director must not be appointed pursuant to the exercise by a member of a contractual or constitutional right to appoint a director or be an associate of a member that holds voting power of 5% or more in the past 5 years.

(b) Transfer of PMGL Shares/restrictions



The Directors may refuse to register a transfer of Shares, without having to give a reason.

Unless the Board otherwise resolves, the Directors must refuse to register a transfer of shares if the proposed transferee is not both an Australian resident and an Exempt Investor.

If at any time section 606 of the Corporations Act does not apply to PMGL by reason of the Company having 50 or fewer members, the Directors may refuse to register a transfer of Shares if it would result in a person acquiring voting power of 25% or more; or a person increasing their voting power from 25% or more. This power to refuse to register a transfer does not apply to the extent that the acquisition of voting power is expressly permitted under the terms of any written agreement between the Company and the member.

PMGL is not currently subject to proportional takeover provisions. The Company may in general meeting by special resolution renew the proportional takeover provisions.

5.4. Capital structure of PMGL

As at the date of this Target's Statement, PMGL's capital structure comprises 58,840,131 fully paid ordinary Shares.

5.5. Substantial Shareholders of PMGL

As at the date of this Target's Statement, details of PMGL's substantial shareholders are as set out below:

Shareholder	Number of PMGL Shares	% of PMGL Shares
Brisbane Markets Limited	24,551,501	41.73%
United Crate Co-operative Ltd	10,628,464	18.06%
South Australian Produce Market Limited	7,609,686	12.93%

5.6. Top 20 Shareholders of PMGL

As at the date of this Target's Statement, the top 20 Shareholders of PMGL are as set out below:

	Shareholder	Number of PMGL Shares	%
1	Brisbane Markets Limited	24,551,501	41.73%
2	United Crate Co-operative Ltd	10,628,464	18.06%
3	South Australian Produce Market Limited	7,609,686	12.93%
4	The Chamber of Fruit and Vegetable Industries WA (Inc)	2,110,400	3.59%
5	Oresusa Pty Ltd	1,205,173	2.05%
6	BRSF Pty Ltd	1,105,000	1.88%
7	Jalup Pty Ltd	1,060,000	1.80%
8	Trammit Pty Ltd	1,000,300	1.70%
9	Yuan Chang Fresh Food Pty Ltd	1,000,000	1.70%
10	Miroslav Lendich	500,000	0.85%
11	Maria Ann Lendich	500,000	0.85%
12	Thomas Nominees Pty Ltd <The Bacich Family Trust.	500,000	0.85%
13	Bluerise Enterprises Pty Ltd <Bluerise Trust>	455,300	0.77%
14	Shane and Janet Patching	340,300	0.58%
15	Fat Boy Nominees Pty Ltd <Damon Watling Family Trust>	310,060	0.53%
16	Nunn Holdings Pty Ltd <Nunn Family	310,060	0.53%



	Trust>		
17	Tradition Holdings Pty Ltd	300,000	0.51%
18	Vallelonga Nominees Pty Ltd <The Vallelonga Family Trust>	275,000	0.47%
19	Kalgoorlie Mine Management Pty Ltd	250,000	0.42%
20	Bruce John Lantzke & Judith Marie Lantzke <BJ & JM Lantzke Family Trust>	250,000	0.42%
	Other Shareholders	4,589,609	7.80%
	Total Shares	58,840,131	100%

5.7. PMGL Board of Directors

The PMGL Directors as at the date of this Target's Statement are listed below. Details of their Relevant Interests in PMGL Shares as at the date of this Target's Statement are set out in section 10.1.

Name	Position
Patricia Skinner	Chair and Non-Executive Director
Frank Romano	Non-Executive Director
Andrew Young	Non-Executive Director and nominee director of BML
Miroslav Lendich	Non-Executive Director
Richard Thomas	Non-Executive Director
James Ryan	Non-Executive Director
Antonio Ceravolo	Non-Executive Director

All Directors of PMGL, other than Mr Young, are considered independent of BML. In addition, on 7 July 2022, the Board approved the terms of reference for the establishment of the Corporate Transaction Sub-Committee (**CTSC**) comprising Patricia Skinner, Richard Thomas and Frank Romano. The CTSC's primary function is to review, manage and recommend to the Board corporate actions with respect to any proposed share transfers in PMGL. The CTSC reports to the IBC in respect of the BML Proportional Offer.

5.8. Key management personnel

The following people are key management personnel (excluding PMGL Directors) of PMGL at the date of this Target's Statement:

- (a) Michael Bryden, Chief Executive Officer; and
- (b) Quentin Hooper (Chief Financial Officer and Company Secretary).

5.9. PMGL's strategic priorities

(a) Strategic Asset Management Plan

The Strategic Asset Management Plan was progressed throughout the year with the capital works program ensuring critical asset improvement. Close to \$4 million in capital was spent on asset upgrades with a further \$4 million due to be spent this financial year. The reinvestment by PMGL has been planned and executed well contributing to the increase in the value of the asset.

Capital works undertaken in the financial year ended 30 June 2022 included bitumen resurfacing, roof upgrades and replacements (Central Trading Area, Eastern Warehouses), the installation of a wet fire suppression system for the SE1 warehouse.

Sustaining capital investment planned for the 2023 financial year will see further road resurfacing and the installation of a wet fire suppression system for the SE2 warehouse.



In addition, PMGL is investigating (solar) renewable energy as a potential energy efficiency initiative. The solar feasibility study is expected to be completed in the first half of the 2023 financial year.

(b) Master Plan

Strategically, the Board has focussed on the future of the Perth Market's site to provide sustainable, high value returns to our shareholders through organic growth that will produce additional revenue and profit for PMGL. There are a number of opportunities being considered for the site primarily around the vacant 11 hectares, infilling existing site to increase density and life cycle replacement for major assets including buildings. The recent annual revaluation of the site demonstrated the value in the landholding with an increase of 32% to \$250 million for the 12 months to 30 June 2022.

The development of the Master Plan for our 51 hectare site commenced in the second half of 2021 and is on track to be finalised by the end of 2022. The aim of the Master Plan is to assist in the strategic development of the site over the next 20 years aligning with PMGL's objective of maintaining a leading facility for cold chain warehousing, marketing and distribution of fresh produce as well as creating a commercial / retail precinct, aimed at adding more diversity in property development and ultimate increased profitability and value to shareholders. Subject to future viable demand, over the 20-year horizon, the Master Plan (pending Board approval) accommodates a net addition of cold chain warehouse development (with significant square meterage) and over 3,500m² retail / commercial development. This assumes the removal of older buildings over the 20-year period that no longer have economic value. There will be further information released in the Master Plan which may materially increase these numbers.

The preparation of the Master Plan has coincided with the Western Australian State Government Metronet project. This project will see the introduction of a passenger rail line that will adjoin the southern boundary of our PMGL site and on completion in 2024 the Metronet project will include the development of the Ranford Road train station within metres of Perth Markets.

The Metronet project has presented the opportunity for PMGL to capitalise on government funded, value adding, infrastructure that will complement our plans to redefine how the commercial, retail, and other activities integrate and service the broader community as part of our Master Plan. This development will play an important part in supporting our growth plans.

The Master Plan has been assessed over the short, medium and long-term horizons. PMGL has recently obtained City of Canning development approval for three cold chain warehouses to be constructed on the land available for expansion within the southeast triangle of our site. PMGL is well into the development of this stage having completed the construction of the 3,500m² cold chain warehouse S1 in 2020 on a fully leased basis to three tenants. Construction documentation is currently being completed for the second cold chain warehouse S2 to be tendered in early 2023. Two tenants are requesting to lease the total 3,500m² S2 warehouse.

An important part of the Master Plan is the future development of the land area outside the fence currently comprising retail, commercial, restaurant, tavern and service station uses. This area provides the opportunity within the short term to develop an anchor supermarket tenant within an existing under-utilised carpark (>3,500 sqm lettable). PMGL is well into discussions and planning stages for this development to come to fruition. This will enable us to increase our total retail floor space from ~7,000m² to well over ~10,000m² of revenue generating space. A scheme amendment seeking this increase has been lodged with the City of Canning and is currently progressing positively.

(c) Strategic Relationships & Marketing

As part of our strategic relationship with Market West we have continued our financial support of the "A Better Choice" national retailer marketing program. This included seasonal campaigns that add value for independent retailers who support the central market process. Additionally, and collectively, we



support Market West's daily produce sale pricing and statistics reporting which assists the industry along with other stakeholder initiatives, industry advocacy and events.

A commercial lease was secured for an electronic sign on the corner of Bannister and Ranford Road. The sign has significant presence and has provided a good exposure for not only the market activities but also third-party advertising.



STRATEGIC DIRECTION

Strategic Plan

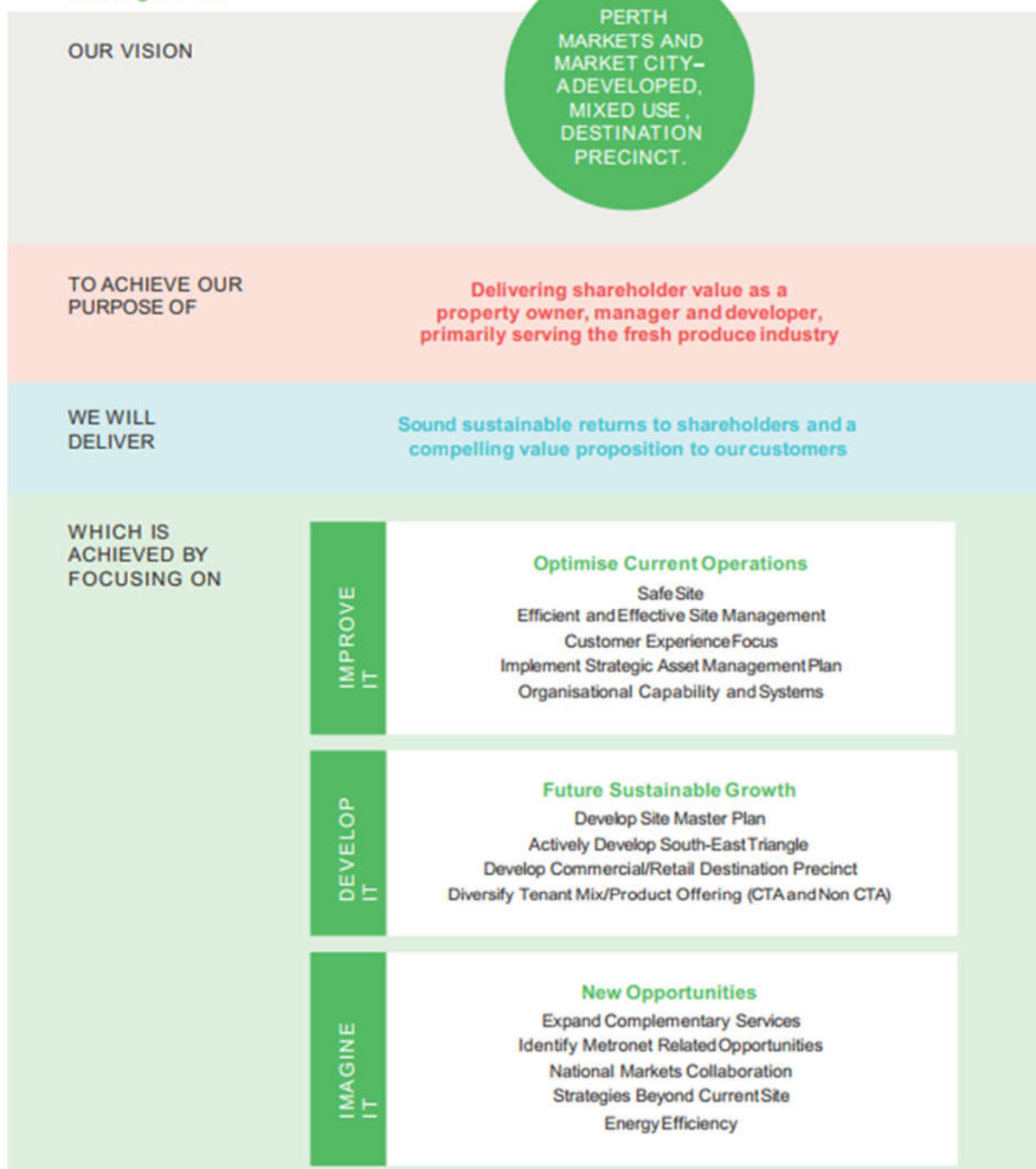


Diagram 2: PMGL Strategic Plan as set out in the PMGL 2022 Annual Report.

5.10. Historical financial information

On 31 August 2022, PMGL released its financial results for FY2022. Highlights included:



- PMGL achieved an Underlying Pre-Tax Net Operating Profit of \$10.88m;
- a property valuation was completed by CBRE in respect of the property owned at the Perth Markets Site. The market valuation of the property increased from \$189 million as at 30 June 2021 to \$250 million as at 30 June 2022;
- due to the increase from the market valuation, the Statutory Net Profit after income tax in FY22 was 478% higher than FY21; and
- the total dividends paid to shareholders in the FY22 is 6.9c per share, whereas in FY21 the total dividends paid was 6.58 c per share.

A summary of key financial results and comparatives are provided in the table below:

	2022	2021	%
	\$'000	\$'000	Change
Underlying Net Operating Profit	10,879	10,892	(0.12)%
<i>Fair Value gain on revaluation of investment properties</i>	58,214	7,440	682%
Net Profit before income tax	66,574	15,311	334%
Net Profit / (Loss) After income tax expense	46,875	8,104	478%

The following historical financial information is taken from PMGL's audited financial report for the financial year ended 30 June 2022 and should be read in conjunction with the accompanying notes in the full copy of the audited financial report, which is included at pages 13 to 51 of PMGL's 2022 Annual Report.

The Annual Report is available in full on the PMGL website at https://perthmarket.com.au/wp-content/uploads/2022/11/16723_Perth-Markets_FY22-Annual-Report.pdf



Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Continuing operations			
Revenue	4a	26,215	24,780
Other income	4b	494	655
Total Revenue from continuing operations		26,709	25,435
Operating expenses			
Weekend markets expenses		(483)	(461)
Operational expenses	5	(3,972)	(3,676)
Commercial site management expenses	6	(10,512)	(9,961)
Depreciation and amortisation expenses	10	(863)	(445)
Operating profit		10,879	10,892
Gain on revaluation of investment properties	11	58,214	7,440
Fair value gain on financial assets through profit or loss	9a	582	57
Finance expenses		(2,769)	(2,759)
Acquisition related costs		(332)	(319)
Profit before income tax		66,574	15,311
Income tax expense	7	(19,699)	(7,207)
Profit after income tax for the year		46,875	8,104
Other comprehensive income			
<i>Items not reclassified subsequently to profit or loss:</i>			
Changes in the fair value of cash flow hedges (net of tax)	18b	3,145	1,247
Total other comprehensive Income for the year		3,145	1,247
Total comprehensive Income for the year		50,020	9,351



Consolidated Statement of Financial Position

As at 30 June 2022

	Note	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Assets			
Current assets			
Cash and cash equivalents	20a	9,214	9,650
Receivables	8	789	486
Other Financial Assets	9a	1,900	1,783
Other assets	9b	848	662
Total current assets		12,751	12,581
Non-current assets			
Property, plant and equipment	10	4,784	5,157
Investment property	11	250,000	189,000
Deferred tax asset	7	750	1,906
Financial assets at fair value through profit or loss	9a	4,578	3,995
Other assets	9b	498	150
Total non-current assets		260,610	200,208
Total assets		273,361	212,789
Liabilities			
Current liabilities			
Payables	13	3,556	3,661
Employee benefit obligations	15	127	139
Other current liabilities	16	87	78
Total current liabilities		3,770	3,878
Non-current liabilities			
Borrowings	14	83,538	83,538
Employee benefit obligations	15	21	40
Deferred tax liability	7	36,584	18,408
Other non-current liabilities	16	10,730	14,179
Total non-current liabilities		130,873	116,165
Total liabilities		134,643	120,043
Net assets		138,718	92,746
Equity			
Contributed equity	18a	54,718	54,718
Reserves	18b	134	(3,011)
Retained earnings	18b	83,866	41,039
Total equity		138,718	92,746



Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Note	2022 \$000	2021 \$000
Cash flows from operating activities			
Receipts and Payments			
Receipts from customers		27,514	28,582
Payments to suppliers and employees		(16,088)	(16,457)
Interest payments		(2,790)	(2,725)
Income tax		(1,934)	(1,703)
Net cash flows from operating activities	20(b)	6,702	7,607
Cash flow from investing activities			
Payment for property, plant, equipment and assets under construction		(3,275)	(1,306)
Payment for construction of cold chain warehouse		-	(7,373)
Dividends received		185	165
Investment in Unlisted Securities		-	(535)
Net cash flows used in investing activities		(3,090)	(9,049)
Cash flow from financing activities			
Proceeds from borrowings		-	7,207
Dividend / Distribution paid	19	(4,048)	(3,472)
Net cash flow used in financing activities		(4,048)	3,735
Net increase in cash and cash equivalents		(436)	2,293
Cash and cash equivalents at the beginning of the year		9,650	7,357
Cash and cash equivalents at the end of the year	20(a)	9,214	9,650

So far as the IBC is aware:

- the financial position of PMGL has not materially changed since the date of the annual report for the year ending 30 June 2022; and
- there has not been any matter or circumstance, other than those referred to in the annual report for the year ending 30 June 2022 and this Target's statement that has significantly affected, or may significantly affect the operations or the financial position of PMGL, the results of operations of PMGL, or the state of affairs of PMGL in future financial years.

5.11. Funding and restructure of funding facilities

Current PMGL borrowings relate to an \$87.4 million debt facility with Commonwealth Bank entered into on 17 July 2019 and maturing 1 October 2022. The facility maturity term was extended on 30 June 2022 to 1 October 2025. The facility comprises a \$84.8 million cash advance and construction facility which is interest bearing at a floating rate linked to BBSY, an overdraft facility of \$2.0 million, an asset finance facility of \$0.5 million and a corporate credit card facility of \$100,000. As at 30 June 2022 \$83.5 million was drawn down.

The loans are secured by a first registered mortgage over all current and future real property at the Perth



Markets Site and a general security interest over the assets and undertakings of the Company. Financial covenants under the loan facility include a loan to value ratio not greater than 55%, and interest cover (EBITDA to interest expenses) of not less than 2.5 times.

Other non-current liabilities include \$2.4 million in security deposits (tenant leases), a balance of \$8.7 million in deferred settlement consideration payable to the State for the initial acquisition of Perth Markets and -\$0.3m cash flow hedges.

5.12. Further information

PMGL is required to lodge certain documents with ASIC. Copies of such documents are publicly available and may be inspected at an office of ASIC or obtained for a fee from ASIC.

In addition, information about PMGL (including Shareholder Announcements) is located on the PMGL website at <https://perthmarket.com.au/corporate-information/investor-information/>.



6. Information about BML

6.1. Disclaimer

The following information about BML is based on publicly available information, including information in the Bidder's Statement, and has not been independently verified by PMGL. PMGL does not make any representation or warranty express or implied, as to the accuracy or completeness of this information.

The information on BML in this Target's Statement should not be considered comprehensive.

Further information about BML is set out in the Bidder's Statement and may also be obtained from BML's website at <https://brisbanemarkets.com.au/bml/investor-information/>.

6.2. Overview of BML

The BML Proportional Offer is being made by BML.

BML is an Australian unlisted public company and a disclosing entity.

6.3. BML's interest in PMGL

As at the date of this Target's Statement, BML has a Relevant Interest in 24,551,501 PMGL Shares (being 41.73% of PMGL Shares).

Section 3.2 of the Bidder's Statement contains further information about BML's interest in PMGL.

6.4. BML's intentions

BML's intentions in relation to PMGL are set out in section 3 of the Bidder's Statement.

6.5. BML's representations going forward

BML has represented in the Bidder's Statement that it expects that there are only approximately 11,197,907 PMGL Shares that may otherwise be accepted into the Offer. If all those Shareholders were to accept the Offer, BML will hold 31,829,490 PMGL Shares or 54.09% of PMGL.



7. Summary of the BML Proportional Offer

7.1. The BML Proportional Offer

BML announced its intention to make a proportional takeover bid for PMGL on 6 October 2022. A summary of the key terms of the BML Proportional Offer is contained in this section 8 of this Target's Statement. The full terms of the Offer are set out in section 8 of the Bidder's Statement which we are informed has been sent to all Shareholders on 15 November 2022.

The Offer is to acquire **65%** your PMGL Shares.

7.2. Offer Period

The Offer will be open for acceptance from 15 November 2022 until 5.00 pm (Sydney time) on Friday, 23 December 2022, unless extended or withdrawn in accordance with the Corporations Act.

If, within the last 7 days of the Offer Period, the Offer Price is varied to improve the Offer Price, or BML's voting power in PMGL increases to more than 50%, the Offer Period will be extended automatically so that it ends 14 days after either of these events.

The circumstances in which the BML Proportional Offer may be withdrawn by BML are set out in section 8.12 of the Bidder's Statement.

7.3. Consideration payable to Shareholders who accept the BML Proportional Offer

The consideration being offered by BML under the BML Proportional Offer is \$3.30 cash for each PMGL Share it does not already own. You may accept the BML Proportional Offer for any proportion of your Shares up to a maximum of 65% of your PMGL Shares (rounded down to the nearest whole number of shares).

7.4. Conditions of the PMGL Proportional Offer

The BML Proportional Offer is conditional on the following conditions:

- (a) Registration of Share Transfers Condition (as set out in section 8.8(a) of the Bidder's Statement); and
 - (b) No Prescribed Occurrences Condition (as set out in section 8.8(b) of the Bidder's Statement,
- (Conditions)** and your acceptance will only result in the payment of cash to you if the Conditions are satisfied or if BML agrees to waive the Conditions.

7.5. Registration of Share Transfers Condition

The PMGL Directors independent of BML confirm that subject to obtaining any necessary consents for a change of control in respect of the Material Change of Control Contracts, for the purposes of Article 6.6 of the PMGL Constitution and for all other purposes, they will register (or cause the registration of) the transfer of PMGL Shares to BML where a PMGL Shareholder chooses to accept the Offer, subject to:

- (a) the Offer being, or becoming unconditional;
- (b) BML complying with its obligations pursuant to the Offer;
- (c) the relevant transfers being in registrable form; and



- (d) the payment by BML of any stamp duty (if applicable).

Information on the change of control requirements under the Material Change of Control Contracts is set out in sections 12.1 and 12.2 of this Target's Statement.

The PMGL Directors independent of BML also confirm that having regard to the relevant thresholds for a 'change of control' in respect of the Material Change of Control Contracts, that they will register (or cause the registration of) the transfer of PMGL Shares to BML (up to BML holding a shareholding of 49.99%) where a Shareholder chooses to accept the Offer, subject to paragraphs (a) to (d) above.

The above confirmation does not strictly satisfy the terms of the "Registration of Share Transfers Condition" provided in the Bidder's Statement and accordingly, such Condition cannot be satisfied in accordance with its terms.

However, BML has agreed with the PMGL Directors independent of BML that on the above basis and provided that PMGL publicly confirms (including by way of this Target's Statement) that:

- (a) in respect of the CBA Facility, the PMGL Directors independent of BML will seek consent from the CBA for a change of control that may arise as a result of the Offer if it becomes, or is reasonably likely to become, necessary to obtain such consent; and
- (b) in respect of the Market City Sale Agreement, the PMGL Directors independent of BML will seek consent from the State for a change of control that may arise as a result of the Offer if it becomes, or is reasonably likely to become, necessary to obtain such consent,

that BML will waive the "Registration of Share Transfers Condition" such that the Offers will become free of that Condition.

Accordingly, the PMGL Directors Independent of BML confirm that PMGL will seek the required change of control consents for a change of control that may arise as a result of the Offer in respect of:

- (a) the CBA Facility from the CBA; and
- (b) the Market City Sale Agreement from the State,

if the consents become, or are reasonably likely to become, necessary to obtain.

7.6. Notice of Status of Conditions

Section 8.11 of the Bidder's Statement states that the date for giving the notice on the status of conditions is 15 December 2022 (subject to extension in accordance with section 630(2) if the BML Proportional Offer is extended).

BML is required to set out in its Notice of Status of Conditions:

- (a) whether the BML Proportional Offer is free of any or all Conditions;
- (b) whether, so far as BML knows, any of the Conditions have been fulfilled; and
- (c) BML's voting power in PMGL.

If the Offer Period is extended by a period before the time the Notice of Status of Conditions is required to be given, the date for giving the notice is taken to be postponed for the same period. Further, BML is required, as soon as practicable after the extension, to give a notice that states the new date for giving the Notice of Status of Conditions and whether the Offer has been freed from the Conditions and whether so far as BML knows, the Conditions have been fulfilled.

If a Condition is fulfilled (so that the BML Proportional Offer becomes free of the Condition) during the



bid period but before the date in which the Notice of Status of Conditions is required to be given, BML must publish as soon as practicable a notice that states the Condition has been fulfilled.

7.7. Variation of Offer

BML may at any time and from time to time vary the BML Proportional Offer in accordance with the Corporations Act.

7.8. Withdrawal of BML Proportional Offer

BML may withdraw the BML Proportional Offer at any time with the written consent of ASIC and subject to the conditions as may be specified by ASIC in such consent.

If the Conditions have been freed or satisfied at the time the Offer is withdrawn, all contracts arising from acceptances before the Offer is withdrawn will remain enforceable.

If the Offer remains subject to the Conditions at the time the Offer is withdrawn, all contracts arising from its acceptance will become void (regardless of whether the events referred to in the Condition have occurred).

7.9. Effect of acceptance

Accepting the BML Proportional Offer would:

- (a) prevent you from accepting any higher takeover bid for your affected PMGL Shares that may be made by a third party or any alternative transaction proposal; and
- (b) prevent you from otherwise selling your affected PMGL Shares.

The effect of acceptance of the BML Proportional Offer is set out in more detail in sections 8.2(e) to (g) and 8.7 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your affected PMGL Shares and the representations and warranties that you are deemed to give to BML by accepting the Offer.

7.10. Your rights of withdrawal

If you accept the BML Proportional Offer, you can only withdraw your acceptance if a withdrawal right arises under the Corporations Act.

You may only withdraw your acceptance of the BML Proportional Offer if BML varies the Offer in a way that postpones for more than one month the time when BML needs to meet its obligations under the BML Proportional Offer. This will occur if BML extends the Offer Period by more than one month and the BML Proportional Offer is still subject to Conditions.

7.11. When will you be paid your consideration if you accept the BML Proportional Offer

If you accept the BML Proportional Offer and the Offer is, or becomes, unconditional, you will be paid on the earlier of:

- (a) one month after you accept the Offer, or one month after the Conditions have been satisfied or waived (whichever is the later); and
- (b) 21 days after the end of the Offer Period.

There are certain exceptions to the above timetable for paying the consideration. Further details of when payments will be made are set out in section 8.2 and 8.4(d) of the Bidder's Statement

7.12. Effect of an improvement in consideration on Shareholders who have already accepted the BML Proportional Offer



If BML improves the consideration offered under the BML Proportional Offer, all Shareholders, whether or not they have accepted the BML Proportional Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration.

7.13. Lapse of BML Proportional Offer

If the Conditions of the BML Proportional Offer are not satisfied or waived by the end of the Offer Period, the Offer will lapse, any acceptances will be cancelled and you will retain your PMGL Shares even if you have accepted the Offer.



8. Important matters for Shareholders to consider

8.1. Consequences for Shareholders if BML acquires a majority interest in PMGL

If PMGL acquires more than 50% of the PMGL Shares then BML will acquire a majority shareholding in PMGL. This has several possible consequences, including the following:

- (a) BML currently has one nominee director on the board of PMGL, Mr Young. As set out in section 3.2(a) of its Bidder's Statement, BML intends to seek one further nominee to be appointed to the PMGL Board, with a third nominee to be appointed in due course, regardless of the extent of any increase in BML's Relevant Interest in PMGL Shares. This would result in there being three BML nominee directors on the BML Board. BML has also stated that save for the additional BML nominees that BML intends to support the existing Board. This however is subject to recognition being given to "BML's strong desire for PMGL and BML to collaborate in their operations"¹³.
- (b) A majority shareholding would enable BML to control PMGL insofar as it would be in a position to cast the majority of votes at any general meeting of PMGL and therefore have the ability to significantly influence the composition of PMGL's Board. Through control of the composition of the PMGL Board (and subject to the discharge by all PMGL Directors of their directors' duties) BML will likely be in a position to influence PMGL's Management, dividend policy and strategic direction and operations.
- (c) BML has stated its intention to drive a renewed strategic direction for PMGL of closer collaboration between the Brisbane Markets and the Perth Markets with a goal of accessing operating efficiencies, costs savings and improved effectiveness. There is a risk that any alternative strategy pursued by BML may be unsuccessful and/or have a detrimental effect on the value of your PMGL Shares.
- (d) If BML acquires control of PMGL, there may be consequences in respect of PMGL's material contracts and financing arrangements (as set out in sections 12.1 and 12.2 of this Target's Statement.
- (e) BML has stated that if it acquires at least 50% of PMGL Shares, it expects its investment in PMGL will be included in the calculation of certain financial covenants relevant to BML's financing facilities (including, BML's Loan to Valuation Ratio). BML asserts that whilst this would "undeniably be a positive outcome for BML, it may also in due course, indirectly assist PMGL as it may assist BML in accessing additional or increased financing facilities which BML may need to access in order to support future capital investment in PMGL, including by way of participation in capital raisings by PMGL (i.e. refurbishment of aging PMGL infrastructure or new infrastructure."
- (f) BML has stated in its Bidder's Statement that "Shareholders will not be exposed to BML's flood related costs, expenses and mitigation programs (other than, perhaps in a very remote manner as a result of, for example, BML committing its capital towards such programs at a time where PMGL requires further equity support, meaning that BML may not be able to participate in PMGL's equity raising in such a specific circumstance"¹⁴. While BML states that it "considers that the likelihood of such a circumstance arising is rather remote"¹⁵, this nevertheless poses a potential risk to Shareholders.
- (g) If all Shareholders accept BML's Proportional Offer (an outcome considered unlikely by the Bidder),

¹³ Section 3.2(a) Bidder's Statement, page 23.

¹⁴ Page 11 of the Bidder's Statement.

¹⁵ Page 11 of the Bidder's Statement.



BML may obtain up to 79.6% of PMGL Shares. If BML acquires 75% or more of PMGL Shares it will be able to pass a special resolution of PMGL at Shareholder meetings which among other things would allow BML to change PMGL's Constitution.

8.2. Taxation consequences of accepting the BML Proportional Offer

The taxation consequences of accepting the BML Proportional Offer depend on a number of factors and will vary depending on your particular circumstances. A general outline of the Australian taxation considerations of accepting the BML Proportional Offer is set out in section 11 of this Target's Statement.

You should carefully read and consider the taxation consequences of accepting the BML Offer. The outline provided in section 11 of this Target's Statement is of a general nature only. You should obtain independent professional advice as to the taxation consequences applicable to your personal circumstances.



9. Risk factors

9.1. General

There are a number of risks associated with either accepting BML's Proportional Offer or rejecting BML's Proportional Offer and continuing to hold PMGL Shares. PMGL's current and future business, assets and operations may be subject to risks which are specific to PMGL, while other risks are more general in nature. Those risks (and other risks) will continue to be relevant to Shareholders whether they accept BML's Proportional offer or reject BML's Proportional Offer. While some of these risks can be mitigated, many risks are outside the control of PMGL and the PMGL Directors and cannot be mitigated.

The risks identified below are not exhaustive and do not take into account the personal circumstances of Shareholders. Prior to deciding whether to do nothing, sell your shares or accept BML's Proportional Offer, Shareholders should read this Target's Statement in its entirety, including the risks set out in this section 9 and seek professional advice if they have any doubt about the risks associated with accepting or rejecting BML's Proportional Offer, having regard to their investment objectives and financial circumstances.

9.2. Risks associated with accepting BML's Proportional Offer

The IBC unanimously recommends that Shareholders **REJECT** BML's Proportional Offer.

Shareholders may disagree with the IBC's unanimous recommendation and instead choose to accept BML's Proportional Offer for 65% of their PMGL Shares. In that case you will retain 35% of your PMGL Shares and may choose to hold them or sell some or all of your remaining PMGL Shares, but any purchaser will not be able to accept BML's Proportional Offer in respect of those Shares.

If you accept BML's Proportional Offer in respect of some or 65% of your PMGL Shares:

(a) Possible appreciation of PMGL Shares in the future

You will lose your right to sell those PMGL Shares in the future at which point the PMGL Shares may be able to be sold for more valuable consideration than the BML Proportional Offer of \$3.30 per Shares (although the IBC can give no assurances and make no forecast of whether this will occur).

(b) Possibility of superior proposal emerging

You will relinquish your right to participate in any superior proposal, as defined by you and your own financial circumstances, that may emerge (although the IBC can give no assurances that this will occur), and you will not be able to obtain any potential benefit associated with any such superior offer, in respect of those PMGL Shares.

(c) Taxation consequences of accepting BML's Proportional Offer

The taxation consequences of disposing of a proportion of your PMGL Shares pursuant to BML's Proportional Offer depend on a number of factors and your particular circumstances. A general outline of certain Australian tax considerations of such a disposal is set out in section 11 of this Target's Statement.

9.3. Risks associated with rejecting BML's Proportional Offer and continuing as a Shareholder

If you choose to reject BML's Proportional Offer, you will not receive the Offer Price for 65% of your PMGL Shares. Instead, you will retain your entire Shareholding and will continue to be subject to the



risks associated with holding PMGL Shares.

You will remain exposed to those risks to some extent even if you accept BML's Proportional Offer as you will retain 35% of your PMGL Shares (or such greater number should you accept the Proportional Offer for less than 65% of your PMGL Shares).

Set out below is a summary of the key risks to which Shareholders will continue to be exposed whether or not they accept BML's Proportional Offer.

In preparing the information on BML included in this Target's Statement, the IBC has relied only on information known to it and has not conducted any due diligence on BML. PMGL has not otherwise had direct access to BML in relation to the Offer. In addition, it is possible that additional risks may exist in relation to BML's business which are unknown to PMGL.

The risks identified in sections 9.4 and 9.5 of this Target's Statement are not an exhaustive list of all the risks applicable to maintaining an investment in PMGL. No assurances or guarantees are given as to PMGL's future performance, profitability or distributions.

9.4. Risks relating to the Offer

(a) No competing Offer

As at the date of the Bidder Statement, the Offer is the only available offer which has been made to all Shareholders. The absence of a competing offer is considered to be a risk associated with continuing to hold PMGL Shares because BML will control PMGL and in the absence of a competing offer, the share price of PMGL Shares may return to its pre-bid market price levels and thin trading volumes/liquidity. A substantial increase in BML's shareholding in PMGL is likely to lead to a further reduction in liquidity of PMGL Shares.

(b) Less than 50% ownership

It is possible that BML will acquire a Relevant Interest in less than 50% in the PMGL Shares as a result of the BML Proportional Offer. The impact of BML of acquiring a Relevant Interest in less than 50% of the PMGL Shares will depend on the ultimate level of ownership achieved. BML's intentions in this regard are unknown.

(c) Majority ownership

As set out in the Bidder's Statement, BML does not consider it likely that PMGL's other large shareholders will accept the Offer. Accordingly, BML expects that if all of the Shares that may otherwise be accepted into the Offer accept the Offer, BML would hold 54.09%. A shareholding in excess of 50% would be sufficient to enable BML to materially influence the appointment of the Directors and Senior management of PMGL. This in turn will enable BML, acting alone, to determine PMGL's dividend policy and capital structure and to control the strategic direction of PMGL.

(d) 75% or more ownership

As at the date of this Target's Statement, BML holds 41.73% of PMGL Shares. If all other Shareholders accept the Offer to the maximum 65% of their Shares, BML would hold, 79.6% of PMGL. A shareholding in PMGL of 75% or more will enable BML to pass a special resolution of PMGL. This would enable BML to, among other things, change the PMGL Constitution. This outcome is however unlikely if all Shareholders who have provided Shareholder Intention Statements (as set out in section 2.9) reject the BML Proportional Offer. If the Shareholders set out in section 2.9 reject the Offer, BML will not be able to acquire an interest in 75% or more of PMGL Shares.

(e) Potential impact on material contracts and financing arrangements



As set out in section 12 of this Target's Statement, if BML acquires control of PMGL, there may be consequences in respect of PMGL's material contracts and financing arrangements.

The Market City Sale Agreement dated 12 February 2016 relevantly novated to PMGL on 5 September 2019 provides for restrictions on a change of control. Accordingly, for a period of 20 years from completion of the Market City Sale Agreement, PMGL must ensure that a change of control does not occur unless it has obtained the prior written consent of the State approving the change of control, such consent not to be unreasonably withheld. Such consent is not required if PMGL is subject to Chapter 6 of the Corporations Act and the relevant change of control occurs pursuant to a transaction undertaken in accordance with Chapter 6 of the Corporations Act. As PMGL is currently subject to Chapter 6 and BML's Proportional Offer is subject to Chapter 6 consent is not required. If for any reason, PMGL is no longer subject to Chapter 6, PMGL will be required to obtain consent.

Under CBA Facility, a change of control without the consent of the CBA constitutes an event of default whereby the amount owing under the facility may become payable on demand or immediately due for payment and or the commitments may be cancelled.

(f) Potential impact on subsequent bids

BML's Shareholding may become of such a size that a third party would be even less likely to be able to successfully make a takeover bid for PMGL without the support of BML, in which case, it may be less likely that the PMGL Share price will reflect a control premium in the future.

(g) Share price

PMGL Shares are not listed on a prescribed financial market. Any share price of PMGL Shares outside of PMGL's Proportional Offer will be subject to various economic, market and PMGL specific factors and may or may not meet the expectations of Shareholders.

9.5. PMGL Specific risks

(a) Economic risks relating to PMGL owned properties

PMGL owns and manages several properties in the operation of its business. A downturn in the economy or economic recession could result in, among other things:

- reduced offer prices for property or ability to lease assets in line with asset management plans and forecasts;
- adversely impacting on PMGL's future growth and ability to make regular distributions to PMGL Shareholders;
- a negative impact on the ability of PMGL tenants to pay their rents in a timely manner or continue their leases, thus reducing PMGL cashflow; and
- a decline in the demand for leased premises and negotiated lease arrangements on less favourable terms.

(b) Dependence upon key personnel

PMGL depends on the talent and experience of its key management and staff. It is essential that appropriately skilled persons, in sufficient numbers, be available to support the PMGL business. The loss of any number of key personnel may adversely impact the performance of PMGL's operations.

(c) Change in value of rental income of investment properties

Returns from investment properties largely depend on rental income generated from the property and expenses incurred in its operation, including its management and maintenance, as well as changes in its market value. Rental income and/or market value of properties may be adversely affected by a number of



factors including risk appetite and business and consumer confidence, local real estate conditions, including the volume of sales and the ability to procure tenants, tenant and customer perception regarding the attractiveness and convenience of property, and intensity of competition with other participants in the real estate industry, operating, maintenance and refurbishment expenses (including capital expenditure), the financial position, performance and condition of tenants and the availability and cost of debt funding to potential purchasers of various investment properties.

(d) Ability to execute the Site Master Plan

PMGL is in the process of developing a Site Master Plan to develop the Perth Markets Site. The Site Master Plan will outline the range of future development opportunities available to PMGL for the next 5 - 20 years. As with any site development, there are a significant number of risks in implementing the design. Relevant risks include but are not limited to failure to obtain appropriate local government planning approvals from the City of Canning, utility compliance risks, risks of delay, construction risks, supplier continuity risks, funding risks, labour shortage risks and a range of other general development risks including but not limited to those outlined in paragraph (i) below.

(e) Regulatory issues, changes in Australian law and Australian Accounting Standards affecting rental income

Changes in laws or regulations impact rental income and operational expenditure of PMGL, for example the ability to recover certain property expenses from tenants, changes to regulatory requirements or changes to operating practices as a result of COVID-19, or changes to climate change legislation. In addition, PMGL's ability to take advantage of future acquisition opportunities in Australia may be limited by regulatory intervention by the Australian Competition and Consumer Commission. Changes in Accounting Standards may also change the basis upon which PMGL reports financial results in respect of its assets and properties deriving rental income, performance fees, rental revenue (non-lease components), funds management fees, development income and interest revenue. There can be no assurance that changes in laws, regulations or standards will not have a material adverse effect on PMGL, PMGL Shares, Shareholders, PMGL's business, operational performance, or PMGL's financial results.

(f) Property market valuations

PMGL will be subject to prevailing property market conditions. Adverse changes in market sentiment, oversupply or overdevelopment in surrounding areas, property damage, building regulations or market conditions may impact PMGL's ability to acquire, manage or develop assets, and impact the value of PMGL's properties and other assets. These market impacts could lead to a reduction in overall earnings and the carrying value of assets into the future having an adverse impact on the value of PMGL's asset portfolio and PMGL Shares. There is also a risk that PMGL properties will require unforeseen capital expenditure in order to maintain them in a condition appropriate for the purposes intended and which expenditure is not fully reflected in the financial forecasts.

(g) Deterioration in financial performance and breach of financial covenants

PMGL is subject to various covenants, including interest cover and loan to value ratio requirements. Factors such as falls in asset values or property income could lead to a breach of PMGL's debt covenants. If this is the case, PMGL lenders may require their loans to be repaid immediately or additional interest and any further borrowing costs may become due and payable. Additionally, if PMGL's financial performance deteriorates, including due to a decline in rental income or the value of its properties, PMGL may be unable to meet its debt obligations and may need to seek amendments to debt facilities, waivers in relation to debt covenants, or compliance or alternative borrowing arrangements to reduce debt or raise additional equity. Breaches in debt obligations may also result in the enforcement of a security by a debt financier over a PMGL asset which may result in the forced sale of a PMGL property. If this occurs, there is a risk that the realised value for that property may be less than the optimal price for that asset.



If PMGL is unable to repay or refinance a facility upon maturity, PMGL may have to seek further equity, dispose of assets (possibly at less than current valuations) or enter into new debt arrangements on less favourable terms. These factors could materially adversely affect the financial performance of PMGL, its operations and distributions to PMGL Shareholders.

(h) Tenant and vacancy risk

There is a risk that PMGL may not be able to negotiate suitable lease extensions with existing tenants or replace outgoing tenants on the same terms. The ability to secure lease renewals or to obtain replacement tenants may be influenced by various leasing incentives and market conditions. If PMGL is unable to secure a replacement tenant for a period of time or if a replacement tenant leases a property on less favourable terms, this will result in lower rental returns to PMGL or lower fees from external funds which could materially adversely affect PMGL's financial performance. Existing tenants may default on their rent or other contractual obligations, leading to a reduction in rental income from, or capital losses to the value of, PMGL's assets. Tenants may decide not to or be unable to renew a lease cycle. Factors that affect the ability of tenants to meet their obligations under these leases which contribute to leasing and tenant defaults include a tenant's financial position, local economic conditions in which a tenant has business operations and the ability of tenants to compete with their competitors. A force majeure event may also adversely impact PMGL's ability to perform its obligations until it has the ability to remedy the force majeure event, which may have adverse financial impacts on PMGL's Shareholders. If such events result in a tenant defaulting under a particular lease, PMGL's asset portfolio may be adversely impacted, which may subsequently materially impact its business, operational performance and financial results.

(i) Development

PMGL is involved in the development and refurbishment of property from time to time. Generally, these activities have a number of risks, including:

- the risk that planning and regulatory approvals are not obtained;
- unforeseen increases in project costs;
- funding not being available on reasonable terms;
- unexpected project delays or various project milestones not being achieved;
- timing on sales and anticipated sales prices not being achieved;
- default on pre-sales on projects, prices which are not guaranteed;
- non-performance or breach of contract by a contractor or sub-contractor; and
- competing projects adversely affecting the overall investment return achieved on the applicable asset.

If the property market faces a sustained downturn caused by a deterioration in the economic climate this could have an adverse impact on completion of PMGL's current and future projects.

(j) Realisation, interest rates and financial instruments

Property assets are illiquid investments. This may make it difficult for PMGL to realise assets in the short term if there are changes in economic or other conditions (e.g., interest rate rises), which may impact cashflow liquidity on PMGL assets and property. Such events may also have an adverse impact on PMGL's income, finance arrangements and its ability to service its interest repayments. PMGL's exposure to interest rate risks relates primarily to the long-term debt obligations that are at a floating rate of interest determined with reference to the BBSY. Credit risk may arise with respect to PMGL's receivables and cash balances held by banking institutions and PMGL is exposed to liquidity risk through its approach to capital management and its trading in the normal course of business. Such a risk may arise if PMGL is unable to meet its financial obligations as they fall due.



(k) Fixed nature of significant costs

Significant expenditures associated with property investment and the operations of PMGL, such as interest payments, maintenance costs, employee costs and statutory charges are generally not reduced significantly when circumstances cause a reduction in income from property. The value of an asset owned by PMGL may be adversely affected if the income from the asset declines and other property related expenses remain unchanged.

(l) Technology failure

PMGL relies on information technology networks and systems to process, transmit and store electronic information and to manage or support a variety of its business processes, including financial transactions and maintenance of records, which may include personally identifiable information of tenants, lease data, unlisted investors in PMGL managed funds and PMGL Shareholders. PMGL relies on commercially available systems, software, tools and monitoring to provide security for processing, transmitting, and storing confidential tenant information, such as individually identifiable information relating to financial accounts and individually identifiable information held with respect to the credit services provided by Market West. Although PMGL takes steps to protect the security of the data maintained in its information systems, it is possible that such security measures will not be able to protect against loss of data or security breaches, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches, which can create system disruptions, shutdowns, or authorised disclosure of confidential information. Any failure to maintain proper function, security, business continuity or disaster recovery strategies in respect of PMGL's information systems could interrupt its operations, damage its reputation, subject PMGL to liability claims or regulatory penalties and could materially and adversely affect it.

(m) Deferred consideration payment

Under the terms of the Market City Sale Agreement entered into between PMGL and the State, PMGL is obliged to pay \$10,000,000 in deferred consideration to the State 10 years after the completion date of the agreement. Depending on the timing of such events, there is a risk that PMGL may be unable to service this payment when it becomes due and payable.

(n) Health, safety, security, and environment

PMGL's operations are subject to extensive laws, regulations and standards governing health, safety, security, and environmental matters as well as stakeholder expectations. These regulatory frameworks and expectations may change over time and may have a material adverse effect on PMGL's operations and reputation. Failure to comply with applicable health, safety, security and environmental laws and regulations may result in, among other things, enforcement actions including fines, penalties, compensation claims, corrective measures requiring capital expenditure, or the cessation of operations. There are also risks associated with incidents relating to health and safety that do not result from any breach of health and safety laws and regulations including for example:

- a terrorist activity at a property owned or managed by PMGL;
- machinery accidents (e.g. a forklift incident) at a property owned or managed by PMGL;
- airplane accidents or other interferences caused by the proximity of some of PMGL's properties to airports and flightpaths; and
- an illegal activity (e.g. sale or transport of drugs, tampering with fruit and vegetables etc.) at a property owned or managed by PMGL.

(o) Industry specific

PMGL's operations may be disrupted by general industry risks, including but not limited to:

- growers choosing to supply customers direct to their homes;



- alternative distribution centers or markets being made available to growers and customers;
- an increase in market share by the large fruit and vegetable retailers; and
- supply issues due to transport disruption, weather events, increasing fertiliser prices and/or environmental considerations.

(p) Transport

PMGL's operations may be disrupted by risks associated with the following transport related events:

- interruptions which effect the availability of truck drivers (e.g. labour shortages, fuel price increases, disputes etc.);
- future developments by Metronet which may result in disruptions to traffic, train services, delivery routes and planning/zoning requirements;
- issues which arise with respect to waste transfer at a property owned or managed by PMGL.

(q) Electricity supply

PMGL relies on a consistent supply of electricity to maintain the produce stored at the properties owned or managed by PMGL. Any substantial and sustained interruptions to the electricity supply may jeopardise the cooling systems used at the properties which may have an adverse impact on PMGL's operations.

9.6. General risk factors

As with any public operating company, the future prospects and performance and value of PMGL Shares are affected by a wide variety of factors including those set out below. Such factors may result in the fluctuations to the value of PMGL Shares that are not explained by the fundamental operations and activities of PMGL:

(a) Disruption to general economic conditions

PMGL's operating and financial performance relating to its direct property investment and asset management is influenced by a variety of general and economic business conditions, including the level of inflation, interest rates, ability to access funding, oversupply and demand conditions and governmental fiscal, monetary and regulatory policies. Changes in various economic conditions could potentially have a prolonged impact on PMGL's operating and financial performance. Such economic impacts could include increases in interest rates or increases in the cost of capital, which could have a material adverse impact on PMGL's operating and financial performance into the future.

(b) Changes in accounting policy

PMGL must report and prepare financial statements in accordance with prevailing accounting standards and policies. Changes in these accounting standards and policies in the future may have an adverse impact on PMGL's reported financial performance.

(c) Effects on debt, refinancing and future funding

Property investment is highly capital intensive. The ability of PMGL to raise funds on favourable terms for future expenditure and asset enhancements depends on a number of factors including general economic, geopolitical, capital and credit market conditions. These factors could potentially increase the cost of future funding or reduce the availability of funding for existing or new projects or increase refinancing risk of maturing debt facilities. The inability for PMGL to raise funds on favourable terms for PMGL Shareholders in respect of future funding could adversely affect PMGL's ability to acquire or enhance new properties or refinance its debts.



(d) Uncertainty in interest rates and financial instruments

Adverse fluctuations in interest rates, to the extent that they are not hedged, may impact PMGL's earnings and PMGL Shareholders. Where interest rates are hedged by way of financial instruments, the value of those instruments can vary substantially which can impact both earnings and net assets.

(e) Regulatory issues and changes in the law

The financial performance of PMGL may be materially affected by adverse change in laws and other governmental regulations. Changes in government policy including fiscal, monetary, and regulatory policies at federal, state and local levels, may affect the amount of timing and distribution of PMGL's future profits.

(f) Governance and compliance

PMGL is subject to various governance and compliance obligations and has a legal duty to ensure compliance with the various regulatory requirements. Non-compliance could impact PMGL's legal and reputational standing and may have a materially adverse impact on PMGL Shareholders.

(g) Taxation changes

Future changes in Australian taxation law, including changes in interpretation or application of the law by Australian courts or Australian tax authorities, may affect the taxation treatment of PMGL Shareholders. Further, changes in law or changes in the way tax law is expected to be interpreted in the jurisdiction in which PMGL operates may impact the future tax liabilities of PMGL and PMGL Shareholders.

(h) Environmental matters

PMGL is exposed to a range of environmental risks which may result in additional expenditure on current properties or from project delays. PMGL may be required to undertake remedial works and potentially will be exposed to third party facility claims, fines, penalties, or other liabilities generally as a result of the various federal, state, and local government environmental laws. For example, PMGL may become liable for the cost of removal or remediation of hazardous or toxic substances on PMGL properties. There is also a risk that federal, state, and local environmental laws will change or become more stringent in the future. Changes in climate change legislation may also impact disclosure requirements, rental income and operational expenditure of PMGL; for example, the ability to recover certain property expenses from tenants, increased electricity prices, environmental taxes, mandatory emission standards or energy targets.

(i) Inflation

Higher than expected inflation rates could be expected to increase operating costs, interest and project costs and could potentially reduce the value of PMGL's investment properties and other assets or PMGL Shares. These inflationary cost increases would need to be considered and offset by increased selling prices or rentals from PMGL assets and properties, which may not be immediately possible given PMGL's existing lease obligations.

(j) Litigation and disputes

Litigation and other disputes (including industrial disputes) may arise from time to time in the ordinary course of operations. Any such dispute or litigation may impact or affect the value of PMGL assets and securities of PMGL Shareholders.

(k) Insurance

PMGL generally enters into contracts of insurance that provide a degree of protection over assets, liabilities and people. While such policies typically cover against material damage to assets, contract workers, business interruption, general and professional liability and workers compensation, there are certain risks that cannot be mitigated by insurance either wholly or in part (such as nuclear, chemical or biological incidents) or where the insurance coverage is reduced (such as natural disasters). Unforeseen factors may result in that insurance cover being inadequate or the cost of the insurance premiums being in excess of



that forecast. This may have a negative impact on PMGL's net income and/ or value of its assets for future valuations.

(l) Counterparty credit or default risk, and material contract risk

Counterparty credit or default risk is the potential risk of loss being sustained by PMGL as a result of payment default or non-performance by counterparties with whom PMGL has contracted. This could subsequently affect the timing and amount of future earnings for PMGL Shareholders. Further, the management of interest rate risk by PMGL associated with borrowing by entering into interest rate hedging agreements could be adversely affected.

(m) Health pandemics

The outbreak of an infectious disease such as COVID-19 globally, together with any resulting restrictions on travel and/ or imposition of quarantine restrictions, could have a negative impact on the economy and business activities in the jurisdictions in which PMGL operates, which may adversely impact PMGL's revenues, financial condition and financial results.



10. Information relating to PMGL's Directors

10.1. Interests in PMGL Shares

As at the date of this Target's Statement, the PMGL Directors had the following Relevant Interests in PMGL Shares:

PMGL Director	Number of PMGL Shares	% of PMGL Shares
Patricia Skinner	20,000 ¹⁶	0.03
Frank Romano	1,205,173 ¹⁷	2.05
Andrew Young	0	0
Miroslav Lendich	11,666,464 ¹⁸	19.83
Richard Thomas	0	0
James Ryan	0	0
Antonio Ceravolo	0	0
Total	12,891,637	21.91%

10.2. Dealings in PMGL Shares

In the 4-month period ending on the date immediately before the date of this Target's Statement Miroslav Lendich increased his Relevant Interest in PMGL by 643,273 shares (being approximately 1.09% of the total PMGL capital) when United Crate Co-operative Limited acquired those additional shares.

Other than this dealing, no other PMGL Director has acquired or disposed of a Relevant Interest in any PMGL Shares in the 4-month period ending on the date immediately before the date of this Target's Statement.

10.3. Interests and dealings in BML Shares

As at the date of this Target's Statement, PMGL has a Relevant Interest in 1,089,922 BML Shares (1.99%).

No PMGL Director acquired or disposed of a Relevant Interest in any BML Shares in the 4-month period ending on the date immediately before the date of this Target's Statement.

10.4. Benefits and agreements

(a) Benefits connection with retirement from office

As a result of the BML Proportional Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of PMGL or a related body corporate of PMGL.

(b) Agreements connected with or conditional on the Offer

There are no agreements made between any PMGL Director and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of PMGL Shares.

¹⁶ Shares registered to Davish Pty Ltd.

¹⁷ Shares registered to Oresusa Pty Ltd.

¹⁸ This comprises 10,628,464 Shares held by United Crate Co-operative Limited and 500,000 Shares (0.85%) held by Miroslav Lendich; 238,000 Shares (0.40%) held by Mr Miroslav Lendich and Mrs Maria Ann Lendich <Lendich Superannuation Fund> 100,000 Shares (0.17%) held by Miroslav Lendich <Rachel Samantha Lendich A/C>; 100,000 Shares (0.17%) held by Miroslav Lendich <Nicole Louise Lendich A/C> and 100,000 Shares (0.17%) held by Miroslav Lendich <Jonathan Michael Lendich A/C>



(c) **Benefits from BML**

None of the PMGL Directors comprising the IBC have agreed to receive, or are entitled to receive, any benefit from BML which is conditional on or is related to, the BML Offer, other than in their capacity as a holder of PMGL Shares. The IBC is not aware of whether Mr Young has agreed to receive, or is entitled to receive, any benefit from BML which is conditional on or is related to, the BML Offer, other than in his capacity as a holder of PMGL Shares.

(d) **Interests of Directors in contracts with BML**

None of the IBC has any interest in any contract entered into by BML. Mr Young, who is not making a recommendation in this Target's Statement, has an interest in agreements entered into between himself and BML relating to his executive positions with BML.



11. Taxation implications

11.1 The Taxation Treatment of the Sale of PMGL Shares

An acceptance of the Offer will involve participating PMGL Shareholders disposing of up to 65% of their PMGL Shares.

The following overview of Australian taxation implications associated with accepting the Offer is confined to Australian tax resident PMGL Shareholders who hold their PMGL Shares on capital account. The overview does not apply to Australian resident PMGL Shareholders who hold their PMGL Shares on revenue account or as trading stock.

The acceptance of the Offer by a PMGL Shareholder will give rise to a capital gains tax (**CGT**) event in relation to the PMGL Shares sold into the Offer.

The PMGL Shareholder will:

- (a) make a capital gain where the capital proceeds received on the disposal of the share exceed the cost base of the share;
- (b) make a capital loss where the capital proceeds received on the disposal of the share are less than the reduced cost base of the share.

11.2 Capital proceeds

The capital proceeds will be equal to the cash amount received for the disposal of the PMGL Shares which will be \$3.30 per PMGL Share.

11.3 Cost base

A PMGL Shareholder's cost base in their PMGL Shares will generally include the amount paid to acquire the PMGL Shares, as well as certain incidental costs of acquisition and disposal that are not otherwise deductible to the PMGL Shareholder. A PMGL Shareholder's reduced cost base of the PMGL Shares will be similarly determined.

Where the PMGL Shareholders have acquired PMGL Shares in more than one tranche at different acquisition prices, the Shareholders may be able to choose for the purpose of calculating their tax which PMGL Shares are being disposed.

11.4 CGT discount

If a PMGL Shareholder is an individual, trust or a complying superannuation fund, and has held the PMGL Share for at least 12 months or more before the acceptance of the Offer, the PMGL Shareholder may be entitled to a CGT discount for any capital gain made on the disposal of the PMGL Share.

The CGT discount is applied after available current and prior year capital losses have been offset to reduce the capital gain.

Under the CGT discount rules, any capital gain may be reduced by:

- (a) 50% for individuals and trusts; or
- (b) 33⅓% for complying superannuation funds.

PMGL Shareholders that are companies are not entitled to the CGT discount.

Any resulting net capital gain is included in the PMGL Shareholder's assessable income.



For most PMGL Shareholders, this will typically result in a tax leakage within a range of broadly **50c to 70c per \$3.30 of proceeds** received.

Please refer below worked example.

11.5 Worked example

Worked example:

A PMGL Shareholder acquired 100,000 shares at \$1.00 a share in September of 2016.

If the PMGL Shareholder were to accept the Offer for the maximum of 65% of their PMGL Shares, they would receive \$214,500 cash consideration for the Shares which will have a cost base (assuming no incidental costs) of \$65,000.

Assuming the PMGL Shareholder has no current or prior year capital losses and is taxed at the top relevant tax rate, the amount of tax payable for alternative taxpayer profits would be as follows:

1. Individuals

Capital proceeds: $\$3.30 \times 65,000$	\$214,500
Less Cost base of the Shares	(\$65,000)
Capital gain	\$149,500
Less CGT discount: $\$149,500 \times 50\%$	(\$74,750)
Net capital gain	\$74,750
Tax payable: $\$74,750 \times 47\%$	\$32,132

2. Investment companies

Capital proceeds: $\$3.30 \times 65,000$	\$214,500
Less Cost base of the Shares	(\$65,000)
Capital gain	\$149,500
Less CGT discount:	N/A
Net capital gain	\$149,500
Tax payable: $\$149,500 \times 30\%$	\$44,850



3. Super funds (not in pension mode)

Capital proceeds: $\$3.30 \times 65,000$	\$214,500
Less Cost base of the Shares	(\$65,000)
Capital gain	\$149,500
Less CGT discount: $\$149,500 \times 33\frac{1}{3}\%$	(\$49,833)
Net capital gain	\$99,667
Tax payable: $\$99,667 \times 15\%$	\$14,950

11.6 GST

No GST will be payable by the PMGL Shareholders in respect of the disposal of their PMGL Shares.



12. Additional Information

12.1. Effect of the Offer on PMGL's financing arrangements

PMGL has a facility agreement with the Commonwealth Bank of Australia which includes a cash advance facility of A\$84,800,000 and an overdraft facility of A\$2,000,000 (**CBA Facility**).

The CBA Facility contains a change of control provision which is triggered when without the consent of the financier, a person acquires an interest in more than 50% of PMGL Shares. In such circumstances, the lender may at any time declare that the amount owing under the CBA Facility is payable on demand or immediately due for payment or cancel the commitments under the facility.

12.2 Other material contracts

The Market City Sale Agreement dated 12 February 2016 novated to PMGL on 5 September 2019 provides for restrictions on a change of control. Accordingly, for a period of 20 years from completion of the Market City Sale Agreement, PMGL must ensure that a change of control does not occur unless it has obtained the prior written consent of the State approving the change of control, such consent not to be unreasonably withheld. Such consent is not required if PMGL is subject to Chapter 6 of the Corporations Act and the relevant change of control occurs pursuant to a transaction undertaken in accordance with Chapter 6 of the Corporations Act.

As PMGL is currently subject to Chapter 6 and BML's Proportional Offer is subject to Chapter 6 consent is not required.

If for any reason, PMGL is no longer subject to Chapter 6, PMGL will be required to obtain consent. PMGL considers that it is unlikely that the number of Shareholders would fall to 50 or less such that PMGL would no longer be a public company and therefore not subject to Chapter 6 of the Corporations Act. Whilst PMGL does not intend to undertake any of the corporate transactions referred to in section 8.8(b) of the Bidder's Statement that could have the effect of reducing the number of Shareholders, it is possible that PMGL Shareholders could themselves enter into share sale transactions that could ultimately have this effect. On this basis, PMGL has given the modified confirmation of the Registration of Share Transfers Condition set out in section 7.5 of this Target's Statement.

12.2. Material litigation

As at the date of this Target's Statement, PMGL is not a party to any material litigation or disputes.

12.3. Consents and disclaimers

The following parties have each given and have not withdrawn before the lodgment of this Target's Statement with ASIC, written consent to be named in this Target's Statement in the form of the context in which they are so named.

Name	Role
Lavan	Legal adviser to PMGL's Board
Poynton Stavrianou Pty Ltd	Financial adviser to PMGL's Board
One Registry Services Pty Limited	Share Registry

Each person named in this section 12.3 has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement, other than a reference to its name and to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility



for any part of this Target's Statement other than a reference to its name.

RSM Corporate Australia Pty (RSM) has given, and not withdrawn before the lodgment of this Target's Statement with ASIC its written consent to be named in the Target's Statement in the form and context in which it is so named as the Independent Expert and to the inclusion of the Independent Expert's Report, as set out in Annexure 1 to this Target's Statement. RSM has not caused or authorised the issue or preparation of this Target's Statement and to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for, any part of this Target's Statement other than the references specified above.

Each of the following entities:

- (a) United Crates Co-operative Limited;
- (b) South Australia Produce Market Ltd;
- (c) The Chamber of Fruit and Vegetable Industries WA (Inc) (Market West);
- (d) M Lendich entities as defined in section 2.9 of this Target's Statement;
- (e) Trammit Pty Ltd;
- (f) Yuan Chang Fresh Food Pty Ltd;
- (g) Thomas Nominees Pty Ltd;
- (h) Maria Ann Lendich
- (i) Bluerise Enterprises Pty Ltd;
- (j) Fat Boy Nominees Pty Ltd;
- (k) Nunn Holdings Pty Ltd;
- (l) BJ & JM Lantzke Family Trust;
- (m) Top Tourist Nominees Pty Ltd;
- (n) Porschalaca Pty Ltd;
- (o) Demar Holdings Pty Ltd; and
- (p) Langley Family Trust,

has given and not withdrawn before the lodgment of this Target's Statement with ASIC, its written consent to be named in the Target's Statement in the form and context in which it is so named in sections 1, 2 and 3 of this Target's Statement and to the inclusion of a shareholder intention statement. They have not caused or authorised the issue of the Target's Statement and to the maximum extent permitted by law, expressly disclaim, and take no responsibility for, any part of this Target's Statement other than the references specified above.

Mr Andrew Young has given and not withdrawn before the lodgment of this Target's Statement with ASIC, his written consent to be named in the Target's Statement in the form and context in which he is so named in the Chair's Letter, Corporate Directory and sections 1, 3, 5, 10 and 12 of this Target's Statement. Mr Andrew Young has not caused or authorised the issue of the Target's Statement and to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for, any part of this Target's Statement other than the references specified above.

12.4. ASIC relief

As permitted by ASIC Class Order 13/521 this Target's Statement contains statements which are



made, or based on statements made, in documents lodged by BML with ASIC as set out below:

Document	Date of Document
2016 Annual Report	29 September 2016
2022 Annual Report	9 September 2022

In addition, on 11 November 2022, PMGL was granted a modification or variation to section 638 of the Corporations Act as notionally modified by ASIC Class Order [13/521] (**Class Order**) and by ASIC Corporations (Consents to Statements) Instrument 2016/72 (**ASIC Instrument**) to permit PMGL to use or otherwise reference information that BML has released in its Circulars to Shareholders, Summary of Strategic Plan 2018/19-2023/24 (all of which can be accessed on the BML website: [www.https://brisbanemarkets.com.au/bml/investor-information/](https://brisbanemarkets.com.au/bml/investor-information/))

The Target's Statement contains statements which are made in, or based on statements made in, documents sent to BML Shareholders and published on BML's website as set out below:

Document	Date of Document
Summary of Strategic Plan 2018/19 – 2023/24	Undated

In accordance with the Class Order and ASIC Instrument, the consent of the parties making those statements is not required for, and those persons have not consented to, the inclusion of such statements in the Target's Statement,

On request by a PMGL Shareholder during the Offer Period, PMGL will provide a copy of the documents identified in the two tables above (or the relevant parts of those documents) free of charge and within 2 Business Days of such request.

12.5. ASIC exemption

On 21 November 2022, ASIC granted PMGL an exemption from the requirements of section 638 of the Corporations Act so that this Target's Statement does not need to contain information to the extent that it is known only to Mr Young for the reasons set out in section 1.3. This is on the basis that Mr Young has not at any time been involved in making decisions in relation to, or the consideration of PMGL's response to, the Offer.

12.6. No other material information

This Target's Statement is required to include all the information that Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept or not accept the Offer, but only:

- (a) to the extent to which it is reasonable for Shareholders and their professional advisers to expect to find this information in this Target's Statement; and
- (b) if the information is known to any PMGL Director (other than Mr Andrew Young).

The IBC are of the opinion that the information that Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is the information contained in:

- (a) the Bidder's Statement;



- (b) PMGL's statements to Shareholders prior to the date of this Target's Statement (which are available on its website www.perthmarket.com.au); and
- (c) subject to section 1.3 and 12.5 above, this Target's Statement (including the information contained in the Independent Expert's Report).

The IBC has assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless it has expressly indicated otherwise in this Target's Statement). However, the IBC does not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the IBC has had regard to the:

- (a) nature of the PMGL Shares;
- (b) matters that Shareholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to Shareholders' professional advisers; and
- (d) the time available to PMGL to prepare this Target's Statement.



13. Glossary

The following defined terms are used throughout this Target Statement unless the context otherwise requires.

Defined Term	Definition
\$, AUD	Australian dollars.
Acceptance Form	The acceptance form accompanying the Bidder's Statement and which forms part of the Offer, or any replacement or substitute acceptance form provided by the Bidder.
AEST	Australian Eastern Standard Time.
ASIC	The Australian Securities and Investments Commission
Associate	has the same meaning given in Division 2 of Part 1,2 of the Corporations Act as if section 12(1) of the Corporations Act included a reference to this Target's Statement.
Attempted 3% Creep Acquisition	The attempted acquisition by BML of approximately 3% of PMGL through the period of May 2022 to July 2022.
AWST	Australian Western Standard Time.
Bidder's Statement	The bidder's statement in respect of the Offer issued by BML as bidder under Part 6.5 of the Corporations Act dated 1 November 2022.
BML	Brisbane Markets Limited ACN 064 983 017
BML Proportional Offer or Offer	The proportional offer by BML set out in section 8 of the Bidder's Statement
Board or PMGL Board	The board of directors of PMGL.
CBA	Commonwealth Bank of Australia
CBA Facility Agreement	The Facility Agreement originally dated 20 August 2019 between PMGL, Market City Operator Co Pty Ltd and Market City Asset Manager Co Pty Ltd (as Initial Borrowers and Initial Guarantors) and Commonwealth Bank of Australia as amended on 31 March 2022 and 5 September 2022.
CGT	Capital gains tax.
Closing Date	The date on which the Offer Period ends, being 5:00pm (Sydney time) on 23 December 2022 unless varied.
Conditions	The conditions to the Offer as set out in section 8.8 of the Bidder's Statement.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).



Exempt Investor	A “sophisticated investor” within the meaning of section 708(8) of the Corporations Act. An “experienced investor” within the meaning of section 708(10) of the Corporations Act or a “professional investor” within the meaning of section 708(11) of the Corporations Act.
GST	Goods and services tax.
IBC or Independent Board Committee	The Board excluding Mr Andrew Young.
Independent Expert	RSM Corporate Australia Pty Ltd (RSM).
Independent Expert’s Report	The independent expert’s report prepared by RSM and dated 29 November 2022 and included as Annexure A to this Target’s Statement.
Market City Sale Agreement	The Market City Sale Agreement between the State, Perth Market Limited ACN 608 334 989, One Funds Management Limited ATF the Perth Markets Land Trust ACN 117 797 403, Market City Operator Co Pty Ltd ACN 610 129 149 and Market City Asset Manager Co Pty Ltd ATF the Market City Asset Trust ACN 610 128 688 dated 12 February 2016 novated to PMGL on 5 September 2019.
Material Change of Control Contracts	The CBA Facility Agreement and the Market City Sale Agreement.
Non-Associated Shareholders	Shareholders who are not associated with BML
No Prescribed Occurrences Condition	has the meaning given in section 8.8(b) of the Bidder’s Statement.
Notice on Status of Conditions	The notice required by section 630(1) of the Corporations Act.
Offer Period	The period during which the Offer is open for acceptance, being 15 November 2022 to the Closing Date.
Offer Price	\$3.30 cash per Share.
Perth Markets	The business described in section 5.2 of this Target’s Statement.
Perth Markets Site	<p>The following freehold real estate:</p> <ul style="list-style-type: none"> • Lot 1002 on Plan 16227 being the whole of the land comprised in Certificate of Title Volume 2129 Folio 88; and • Lot 1004 on Plan 16228 being the whole of the land comprised in Certificate of Title Volume 1832 Folio 28, together with all land and buildings, improvements and structures thereon.
PMGL or Company	Perth Markets Group Limited ACN 633 346 184.



PMGL Directors	A director of PMGL as at the date of this Target Statement.
PMGL Share	A fully paid ordinary share in the capital of PMGL.
Prescribed Occurrences	has the meaning given in section 8.8(b) of the Bidder's Statement.
Registration of Share Transfers Condition	has the meaning given in section 8.8(a) of the Bidder's Statement.
Related Body Corporate	has the meaning given in section 50 of the Corporations Act.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Share or PMGL Share	A fully paid ordinary share in the Company.
Shareholder	A registered holder of one or more Shares.
Subsidiary	has the same meaning as given to that term in section 46 of the Corporations Act.
State	The State of Western Australia, acting through the Treasurer.
Target's Statement	This target's statement which is issued by PMGL in response to the Offer and otherwise in accordance with the requirements of the Corporations Act.
Voting Power	has the meaning given to that term in section 610 of the Corporations Act.

13.1. Interpretation

In this Target Statement, unless the context otherwise requires:

- (a) headings used in this Target Statement are inserted for convenience and do not affect the interpretation of this Target Statement;
- (b) words or phrases defined in the Corporations Act have the same meaning in this Target Statement;
- (c) a reference to dollars, A\$, AUD, \$ and cents is a reference to Australian currency;
- (d) a reference to time is a reference to AEST;
- (e) a reference to a section is a reference to a section of this Target Statement;
- (f) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and any consolidations, amendments, re-enactments or replacements of any of them;
- (g) the singular includes the plural and vice versa; and

the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency.



14. Authorisation

This Target's Statement has been approved by a resolution passed by the IBC. All members of the IBC voted in favour of that resolution.

Signed for and on behalf of Perth Markets Group Limited:
Date: 30 November 2022

Patricia Skinner
Chair



PERTH MARKETS CORPORATE DIRECTORY

Directors

Trish Skinner (Chair)
Antonio (Tony) Ceravolo
Miroslav Lendich
Frank Romano
James Ryan
Richard Thomas
Andrew Young

Principal Place of Business

Unit 1 G Unit,
280 Bannister Road
Canning Vale WA 6155

Chief Executive Officer

Michael Bryden

Company Secretary

Quentin Hooper

Website

www.perthmarket.com.au

Legal Adviser

Lavan
Level 20
1 William Street
Perth WA 6000

Financial Adviser

Poynton Stavrianou Pty Ltd
Level 22
240 St Georges Terrace
Perth WA 6000

Independent Expert

RSM Corporate Australia Pty Ltd
Level 32
2 The Esplanade
Perth WA 6000

Share Registry

One Registry Services Pty Limited
Level 16, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000



ANNEXURE 1: Independent Expert's Report



PERTH MARKETS GROUP LIMITED

Financial Services Guide and Independent Expert's Report

November 2022

We have concluded that the Offer is fair and reasonable

FINANCIAL SERVICES GUIDE

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("RSM Corporate Australia Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No. 255847;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

For the purposes of our report and this FSG, the financial services we will be providing to you is the provision of general financial advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints Resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination. If a complaint is received in advance of a shareholder meeting or other key date where shareholders or investors may be making decisions which are influenced by our report, we will make all reasonable efforts to respond to complaints prior to that date.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("AFCA"). AFCA is an independent dispute resolution scheme that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au. You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll Free: 1800 931 678
Email: info@afca.org.au

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

Contact Details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.

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29 November 2022

The Directors
Perth Markets Group Ltd
280 Bannister Road
Canning Vale WA 6155

Dear Directors

INDEPENDENT EXPERT'S REPORT ("REPORT")

1. Introduction

- 1.1 This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Target's Statement to be provided to shareholders of Perth Markets Group Limited ("PMGL" or "the Company") in relation to an off-market proportional takeover offer by Brisbane Markets Limited ("BML") of up to 65% of each Shareholder's issued shares in PMGL (which it does not already own) ("the Offer").
- 1.2 The cash offer of \$3.30 per Share ("Offer Consideration") was announced on 1 November 2022, via BML's Bidder's Statement, to PMGL and the Australian Securities and Investments Commission ("ASIC").
- 1.3 Full acceptance of the Offer would result in BML's interest in PMGL increasing from 41.73% to 79.61%.
- 1.4 As BML currently holds more than a 30% interest in the voting power in PMGL, Section 640 of the Corporations Act 2001 ("the Act") requires an Independent Expert's Report to accompany the Target's Statement.
- 1.5 The Directors of the Company have requested that RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion as to whether the Offer is fair and reasonable to shareholders not associated with BML ("Non-Associated Shareholders").
- 1.6 This Report has been prepared to assist the Directors of PMGL in making their recommendation to PMGL Shareholders in relation to the Offer and to assist the Shareholders in assessing the merits of the Offer. The sole purpose of this report is to set out RSM's opinion as to whether the Offer is fair and reasonable.
- 1.7 The ultimate decision whether to accept the Offer should be based on each Shareholders' assessment of their circumstances, including their risk profile, liquidity preference, tax position, and expectations as to value and future market conditions. If in doubt about the Offer or matters dealt with in this Report, Shareholders should seek independent professional advice.

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2. Summary and Conclusion

Basis of Assessment

- 2.1 Our report has been prepared under s640 of the Act which requires an Independent Expert's Report to accompany the Target's Statement issued by PMGL in response to BML's proportional takeover offer. Consequently, in preparing our report we have given due consideration to the Regulatory Guides issued by ASIC, particularly Regulatory Guide 111 – Content of Expert Reports ("RG 111").
- 2.2 RG 111 distinguishes "fair" from "reasonable" and considers:
- an offer to be "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. A comparison must be made assuming 100% ownership of the target company.
 - an offer to be "reasonable" if it is fair. An offer may also be "reasonable" if, despite not being "fair" but after considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.
- 2.3 Our report has therefore considered:

Fairness

- the market value of 100% of the shares of PMGL;
- the value of the consideration offered;
- the extent to which (a) and (b) differ (in order to assess whether the Offer is fair under RG 111); and
- the extent to which a control premium is being paid to a PMGL Shareholder.

Reasonableness

- the implications to PMGL Shareholders if the Offer is accepted;
- the implications to PMGL Shareholders if the Offer is not accepted; and
- other risks, advantages and disadvantages for PMGL Shareholders.

Is the Offer Fair to Non-Associated Shareholders?

- 2.4 In assessing whether we consider the Offer to be fair to Non-Associated Shareholders, we have valued a Share in PMGL, on a controlling basis, and compared it to the value of the consideration offered per PMGL Share.
- 2.5 The table below sets out the value of the Offer Consideration payable per PMGL Share compared to our assessed value of a PMGL Share on a controlling basis:

Table 1 Comparison of assessed value of a PMGL Share and Offer Consideration

	Assessed Value
Fair market value per PMGL Share (controlling basis)	\$ 2.90
Offer Consideration	\$ 3.30
Implied Premium of Offer per PMGL Share (cents)	\$ 0.40
Implied Premium of Offer per PMGL Share (%)	13.9%

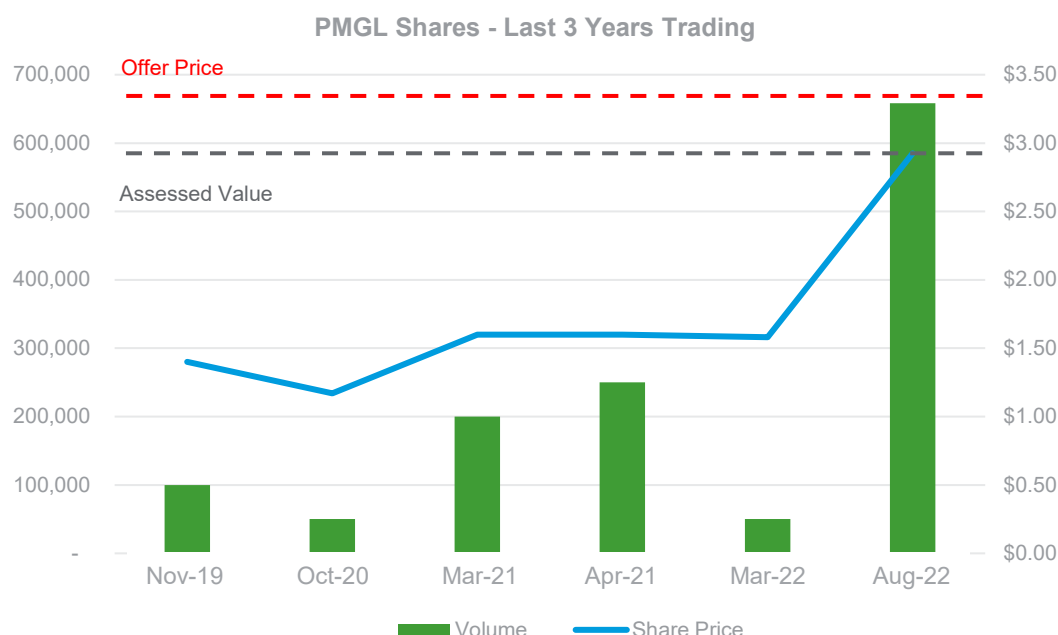
Source: RSM Analysis

- 2.6 As the value of the Offer Consideration for each PMGL Share is greater than the assessed value of a PMGL Share, we consider the Offer to be **Fair** to the Shareholders of PMGL.

The extent to which a control premium is being paid

- 2.7 The Offer Consideration per PMGL Share comprises cash consideration of \$3.30 which represents a 13.9% premium on our assessed value of a PMGL Share.
- 2.8 The RSM 2021 Control Premium Study, a study of 605 takeovers and schemes of arrangement involving companies listed on the Australian Securities Exchange over the 15.5 years to 31 December 2020, revealed that control premiums of 14.4% to 12.6% were paid on the 20 day pre-bid and 2 day pre-bid share prices respectively on transactions in the Real Estate Industry in Australia.
- 2.9 The implied 13.9% premium of the Offer Consideration based on our assessed value is consistent with the control premium range observed in the study.
- 2.10 An analysis of previous PMGL Share transactions shows a low level of liquidity with less than 2.2% of PMGL Shares traded within the last 3 years. A graph showing the traded share prices over the last 3 years is provided below.

Figure 1 PMGL Share Transaction History (2019-2022)



Source: PML Company Website

- 2.11 In April 2022, BML outlined an intention to move to a majority shareholding of approximately 51% in PMGL via the 3% creep provision of the Act. Over the following few months, share transfer applications were lodged for existing PMGL Shareholders to sell their shares to BML at an initial price of \$2.30 and subsequently at \$2.60 per Share. In accordance with the rights and obligations under the PMGL Constitution, the Board of PMGL did not approve the registration of these transfers but engaged in correspondence with BML as to its intentions.
- 2.12 In July 2022, updated transfer forms were lodged with a new price of \$3.25 following the revaluation of PMGL's investment property as at 30 June 2022. These transfers to BML were not approved by the PMGL Board and were subsequently revoked on 1 November 2022 on announcement of the Offer. The PMGL Board did approve share transfers to another buyer in August 2022 at a price of \$3.25 per Share.
- 2.13 We consider that the historic traded share price of PMGL Shares was impacted by the announcement of the property revaluation as at 30 June 2022 but also the stated intention of BML to move to a controlling interest in PMGL and, as such, is considered to be a disturbed share price.

2.14 Notwithstanding this assessment, the Offer Consideration is at a premium against previous share transfers as illustrated in the graph above.

Consideration of other factors relating to the Offer

2.15 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of a higher bid. Section 10 of this Report sets out our consideration of other factors relating to the Offer which are likely to be relevant to the decision of Non-Associated Shareholders as to whether to accept the Offer. We set out a summary of these factors below.

2.16 PMGL's Independent Directors have unanimously recommended that Non-Associated Shareholders reject the Offer for the following reasons stated in the Target's Statement:

- The Offer does not provide full liquidity to Shareholders;
- There is no certainty on what price Shareholders might receive for their remaining 35%, or when;
- BML's intentions remain unclear;
- The Offer is opportunistically timed, potentially depriving Shareholders of future value. The Board of PMGL is confident in its long-term vision and value creation strategy for Shareholders;
- PMGL's existing Board has a strong track record of creating value for Shareholders;
- PMGL stewardship should remain in the hands of Western Australians;
- If Shareholders accept the Offer, they risk missing out if a superior offer from a third party emerges;
- Shareholders representing 44.87% of PMGL Shares have stated that they intend to reject the Offer in its current form; and
- BML may seek to increase leverage in PMGL under its majority ownership.

2.17 Further explanation of the Independent Directors' considerations are contained within the Target's Statement which Shareholders should read in full.

Future Prospects of PMGL

2.18 The Board of PMGL has spent significant time developing a Master Plan for the further development of the Perth Markets over the last 12 months, which is intended to be released to Shareholders in early 2023. The Master Plan will set out a range of development opportunities for the next 5-20 years, including ESG initiatives, alternative potential site uses for vacant land and interaction with the broader community in line with the City of Canning's infrastructure review.

2.19 Under the terms of the original acquisition from the WA Government in 2016, PMGL must continue operating the Central Trading Area exclusively as a wholesale fruit and vegetable market for 20 years post acquisition. As part of the sale agreement, the WA Government committed to ensuring restrictions on local government establishing a wholesale market for 10 years.

2.20 There is a requirement for the operator to maintain the existing level of warehouse storage for market related purposes for 20 years and a restriction on future development at the site unless at each stage PMGL can demonstrate an achievable plan to deliver additional 24,000 sqm of warehouse storage exclusively for market related purposes. The Master Plan has been developed with these considerations incorporated.

Intentions of BML

- 2.21 BML has stated in its Bidder's Statement that it does not intend to manage PMGL should the Offer be successful, and would operate PMGL and BML as two separate legal entities.
- 2.22 BML refers to potential operating and cost synergies which could be realised between the two entities but does not quantify these potential benefits, noting that it intends to investigate and implement these opportunities for synergies post closure of the Offer depending on the level of shareholding held by BML. Our valuation therefore does not consider any potential synergies which could be realised, due to the lack of detail provided by BML.

Liquidity of PMGL Shares

- 2.23 Historically, the liquidity of PMGL's shares has been extremely low with only 2.2% of PMGL Shares being traded over the last three years. PMGL is an unlisted public company with a tightly held shareholding structure, and strong industry links across its shareholder base.
- 2.24 The Offer therefore provides Non-Associated Shareholders with an opportunity to realise value for up to 65% of their PMGL Shares held.
- 2.25 However, if a sufficient number of Non-Associated Shareholders accept the Offer, BML could obtain a shareholding interest of more than 50% in PMGL which would enable BML to pass ordinary resolutions of the Company without support from any other Shareholder. The remaining 35% of Non-Associated Shareholders' interest in PMGL would therefore be held in an entity effectively controlled by BML.
- 2.26 Whilst the liquidity of PMGL Shares has historically been low, we consider it possible that it would further reduce in this scenario since a minority interest in an unlisted public entity with a single controlling shareholder is generally considered to be less attractive given the limited influence any such shareholding can have on the Company.

Advantages and Disadvantages

- 2.27 In determining whether the Offer is reasonable for the Non-Associated Shareholders of PMGL, we have considered the advantages and disadvantages to the Shareholders as a consequence of the accepting the Offer.
- 2.28 The key advantages of the Offer are:

Advantage	Explanation
The Offer provides a liquidity opportunity	As stated above, PMGL Shares have a low level of historic liquidity, therefore the Offer provides an opportunity for Non-Associated Shareholders to realise value for up to 65% of their PMGL Shares held.
Premium to assessed value	The Offer Consideration represents a 13.9% premium to our assessed fair market value of a PMGL Share, which is consistent with the average control premiums in Real Estate industry transactions identified in the RSM Control Premium Study 2021.
Non-Associated Shareholders will retain exposure to PMGL assets and future prospects	The Offer is a proportional takeover offer for up to 65% of the Non-Associated Shareholders' interest in PMGL. Shareholders may accept the Offer for any proportion of their PMGL Shares held up to the maximum of 65%. The Offer therefore allows Non-Associated Shareholders to continue their exposure to PMGL assets and future prospects, albeit on a diluted basis.
Absence of superior offer	The Offer is the only offer that presently exists for PMGL's shares and the Directors have advised that no superior proposal has emerged as at the date of this Report.

2.29 The key disadvantages of the Offer are:

Disadvantage	Details
Dilutionary impact	The Non-Associated Shareholders' interest in PMGL will be diluted from a current interest of 58.3% to a potential minimum interest of 20.4% (if all Non-Associated Shareholders accept the Offer) and therefore their ability to influence the direction and operations of PMGL will be reduced.
Controlling interest	<p>If BML obtains an interest of more than 50% following the Offer, BML will have a controlling interest in PMGL and the ability to pass Ordinary Resolutions without the support of other Shareholders. This includes the potential to control the Company's dividend policy, composition of Board and financing strategies, amongst others.</p> <p>In addition, BML has stated its intention to nominate a further two Directors to the Board of PMGL which would increase its influence on the Board and strategic direction of PMGL.</p> <p>If BML obtains an interest of more than 75% following the Offer, which would require almost full take-up of the Offer, BML would have the ability to pass Special Resolutions of the Company.</p>
Potential reduction in liquidity	If BML obtains an interest of more than 50% following the Offer, BML will gain effective control of PMGL. This may reduce the appeal of the Company to other potential investors, resulting in a reduction of trading volume and free float which may diminish the ability of PMGL Shareholders to sell their remaining Shares at fair market value in the future.
Loss of potential superior proposal	It is possible that a superior proposal, which is more attractive for Non-Associated Shareholders, may be made in the future. If the Offer is accepted by a number of shareholders and BML's shareholding increases to a majority interest, it is less likely that another takeover offer would be forthcoming since any potential purchaser would need to secure the support of BML as majority shareholder.
Potential tax consequences	The tax implications of the Offer may not be suitable to the financial circumstances or position of Non-Associated Shareholders. The tax treatment may vary between shareholders depending on their individual nature and characteristics and therefore individual taxation advice should be obtained.

Alternative Offers

2.30 We are unaware of any alternative offer at this time which would offer the Non-Associated Shareholders of PMGL a premium over the value ascribed to that resulting from the Offer.

Conclusion on Reasonableness

2.31 RG 111 states that if an Offer is fair then it is reasonable. Non-Associated Shareholders should carefully consider the matters outlined above in the context of their decision as to whether to accept the Offer.

2.32 In the absence of any other relevant information or a superior proposal, RSM therefore considers the Offer to be **reasonable** to Non-Associated Shareholders.

Opinion

2.33 In the absence of any other relevant information and/or a superior proposal, RSM considers the Offer to be **fair and reasonable** to Non-Associated Shareholders.

2.34 Further details on our reasons and the approach we have taken in assessing our opinion is set out in Sections 9 and 10 of this Report.

2.35 An individual shareholder's opinion in relation to the Offer may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

3. Summary of the Offer

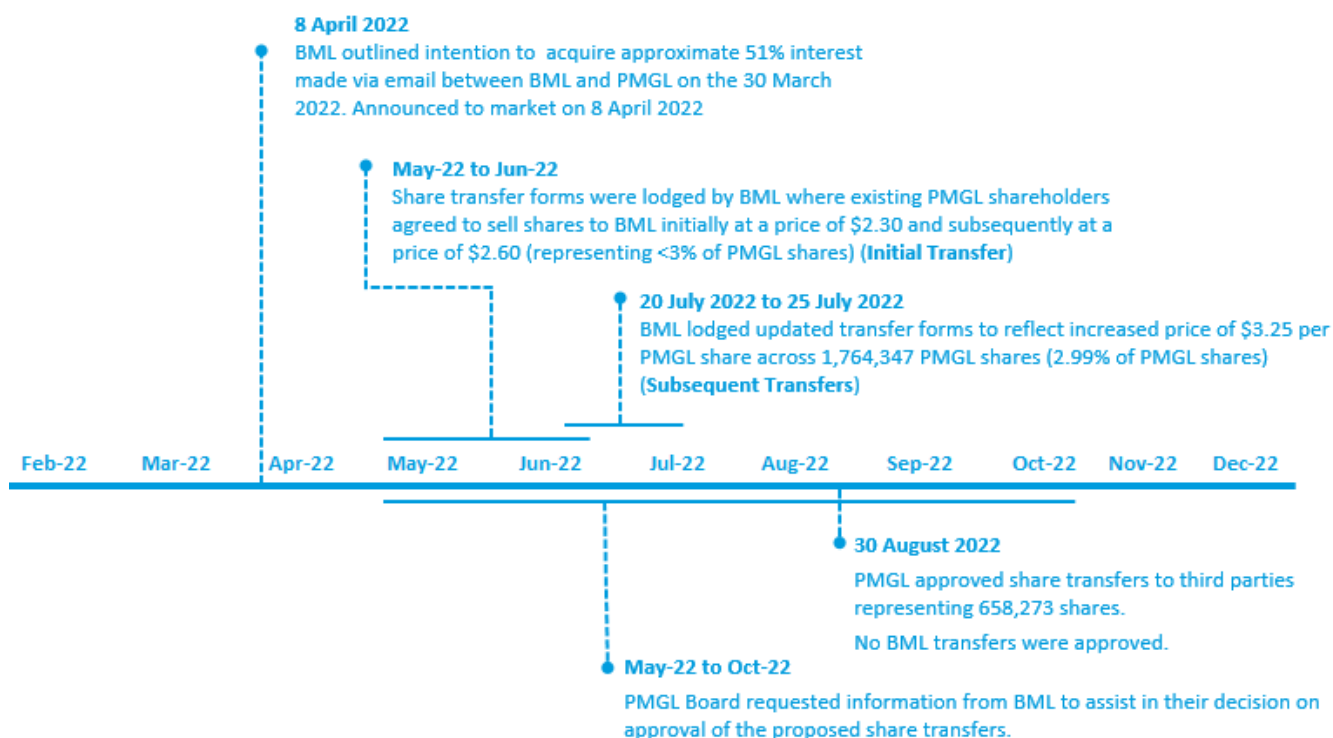
Overview

- 3.1 As announced in the Bidder's Statement provided to ASIC on 1 November 2022 and to PMGL Shareholders on 15 November 2022, BML has offered to make a proportional takeover to acquire up to 65% of each Shareholder's Shares in PMGL at an offer price of \$3.30 per PMGL share.
- 3.2 The Offer to PMGL shareholders opens on 15 November 2022 and closes at 5:00pm (Sydney time) on 23 December 2022 (unless extended or withdrawn).
- 3.3 Shareholders may accept the Offer for any proportion of their PMGL Shares held up to a maximum of 65%. If a Shareholder accepts the Offer for the full 65% of their PMGL Shares held, they will receive \$3.30 per PMGL Share sold and retain the remaining 35% of their PMGL Shares held.

Offer History

- 3.4 The time line below details key events leading up to the Offer:

Figure 2 Key events leading up to BML's offer



Source: Bidder's Statement and PMGL Website

Key conditions of the Offer

3.5 Completion of the Offer is subject to the following conditions;

- PMGL Directors publicly confirming that they will register the transfer of PMGL Shares to BML where a PMGL shareholder chooses to accept the Offer, subject to:
 - i. the Offer being, or becoming, unconditional;
 - ii. BML complying with its obligations pursuant to the Offer;
 - iii. the relevant transfers being in registrable form; and
 - iv. the payment by BML of any stamp duty (if applicable).
- During the period from the Bidder's Statement issuance to the end of the Offer period, PMGL or a subsidiary of PMGL cannot split, consolidate, or issue shares, enter into a buy-back agreement, issue convertible notes, issue grants, dispose of a material part of its business property, wind up the Company or have an administrator appointed.

BML's Intentions

3.6 As disclosed in section 3 of the Bidder's Statement, BML's intentions, based on their understanding of PMGL and its operations, are stated to be:

- To continue to operate the business of PMGL in substantially the same form that it currently operates;
- Not to dispose of any assets of PMGL or to make any changes to the underlying business of PMGL;
- To continue the operations of PMGL with the current employment structure;
- To work with tenants and stakeholders in respect of relevant matters of interest in a cooperative and constructive manner;
- To continue developing the Perth Markets site to meet the needs of tenants and the fresh produce industry and the commercial opportunities which exist; and
- To work collaboratively with PMGL in accessing opportunities for operating and cost efficiencies.

3.7 BML has stated in its Bidder's Statement that it does not intend to manage PMGL should the Offer be successful, and would operate PMGL and BML as two separate legal entities.

3.8 BML currently holds a shareholding of 41.73% in PMGL and has one nominee Director on the PMGL Board, Mr Andrew Young.

3.9 If the Offer is successful and BML obtains a shareholding of more than 50% of PMGL, BML proposes the following:

- in relation to the Board composition of PMGL:
 - Appointment of Anthony Kelly (see Appendix E) to the PMGL Board, with another nominee to be appointed in due course, resulting in there being three BML nominated directors on the PMGL Board; and
 - Appointment of an independent Chair of the Board with current Chair, Patricia Skinner, remaining as a Director of PMGL.
- To potentially acquire further PMGL Shares; and
- To monitor and influence PMGL's dividend policy having regard to any capital funding and ongoing operational requirements with the appropriateness of paying dividends to PMGL Shareholders.

Impact of the Offer on PMGL's capital structure

3.10 The tables below set out a summary of the capital structure of PMGL prior to and post the Offer, under various scenarios impacting BML's level of control.

Table 2 Share structure of PMGL if all Shareholders accept the Offer

	Prior to the Offer		Post the Offer	
Brisbane Markets Limited	24,551,501	41.7%	46,839,110	79.6%
Non-Associated Shareholders	34,288,630	58.3%	12,001,021	20.4%
Total shares on issue	58,840,131	100.0%	58,840,131	100.0%

Source: PMGL shareholder listing

Note: The number of shares held by the Non-Associated Shareholders post the Offer is based on 65% of total fully paid ordinary shares being transferred to BML.

3.11 If the Offer is accepted in full by all Non-Associated Shareholders, then BML's ownership of PMGL will increase from 41.7% to 79.6%.

3.12 A voting power above 75% would enable BML to exercise the following rights:

- Appoint and remove directors from the Company Board;
- Approve any other resolution that requires an ordinary resolution of the Company;
- Amend PMGL's constitution; and
- Approve any other resolution that requires a special resolution of the Company.

3.13 The Target's Statement lists twelve of the Top 20 Shareholders of PMGL who have confirmed their intention to reject the Offer in its current form, including the three largest Shareholders after BML. These 12 Shareholders collectively hold 26,402,926 PMGL Shares, or 44.87% of the issued capital.

3.14 The share structure of PMGL assuming these 12 Shareholders reject the Offer but all other Shareholders accept, is illustrated below:

Table 3 Share structure of PMGL if all other Shareholders accept the Offer

	Prior to the Offer		Post the Offer	
Brisbane Markets Limited	24,551,501	41.7%	29,677,209	50.4%
Shareholders who intend to Reject the Offer	26,402,926	44.9%	26,402,926	44.9%
Other Shareholders	7,885,704	13.4%	2,759,996	4.7%
Total shares on issue	58,840,131	100%	58,840,131	100%

Source: PMGL shareholder listing

3.15 If the Offer is accepted by all Non-Associated Shareholders except those who have confirmed their intention to reject the Offer, then BML's shareholding in PMGL will increase from 41.7% to 50.4%.

3.16 A voting power above 50% would allow BML to exercise the following rights:

- Appoint and remove directors from the Company Board; and
- Approve any other resolution that requires an ordinary resolution of the Company.

Table 4 Share structure of PMGL if all Shareholders reject the Offer

	Prior to the Offer		Post the Offer	
Brisbane Markets Limited	24,551,501	41.7%	24,551,501	41.7%
Non-Associated Shareholders	34,288,630	58.3%	34,288,630	58.3%
Total shares on issue	58,840,131	100%	58,840,131	100%

Source: PMGL shareholder listing

3.17 If the offer is rejected by all Shareholders, BML's voting rights will remain unchanged to that prior to the Offer.

4. Purpose of this Report

Purpose

- 4.1 As BML currently holds in excess of 30% of the voting power in PMGL, and BML and PMGL share a common director (Andrew Young), the PMGL Target's Statement is required to include an Independent Expert's Report opining on whether the Offer is "fair and reasonable".
- 4.2 This report has been prepared to assist the Directors of PMGL in making their recommendation to PMGL Shareholders in relation to the Offer and to assist the Shareholders in assessing the merits of the Offer. The sole purpose of this report is to set out RSM's opinion as to whether the Offer is fair and reasonable.

Basis of Evaluation

- 4.3 Our report has been prepared under s640 of the Act. Consequently, in preparing our report we have given due consideration to the Regulatory Guides issued by ASIC, particularly RG 111.
- 4.4 RG 111 distinguishes "fair" from "reasonable" and considers:
 - (a) an offer to be "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. A comparison must be made assuming 100% ownership of the target company.
 - (b) an offer to be "reasonable" if it is fair. An offer may also be "reasonable" if, despite not being "fair" but after considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.
- 4.5 Our report has therefore considered:

Fairness

- (a) the market value of 100% of the shares of PMGL;
- (b) the value of the consideration offered;
- (c) the extent to which (a) and (b) differ (in order to assess whether the Offer is fair under RG 111); and
- (d) the extent to which a control premium is being paid to a PMGL Shareholder.

Reasonableness

- (a) the implications to PMGL Shareholders if the Offer is successful;
 - (b) the implications to PMGL Shareholders if the Offer is not successful; and
 - (c) other risks, advantages and disadvantages to the PMGL Shareholders.
- 4.6 Our assessment of the Offer is based on economic, market and other conditions prevailing at the date of this Report.

5. Profile of Perth Markets Group Limited

Background

- 5.1 PMGL operates the only wholesale fruit and vegetable market in Western Australia and is branded as Perth Markets ("Perth Markets"). The Perth Markets provide a critical link between growers, wholesalers, retailers and the fresh produce supply chain, trading more than 220,000 tonnes of produce annually.
- 5.2 The Perth Markets site, owned by PMGL, comprises of 51 hectares of land located in Canning Vale, offering customers a variety of products from more than 100 businesses on premises.
- 5.3 As an industry based facility owner, manager and developer, PMGL's primary focus is ensuring the Perth Markets facility remains a marketing and distribution hub for fresh produce in WA, along with providing other related products and services.
- 5.4 The directors and key management of PMGL are summarised in Appendix D. Currently the PMGL Board has seven elected Directors.

Constitution

- 5.5 PMGL is an industry focused, unlisted public company. Specific clauses within PMGL's Constitution relating to the appointment of Directors to the PMGL Board include:
 - Unless otherwise determined by the Company in general meeting, the number of Directors is to be not less than three and not more than nine (per clause 10.1);
 - For as long as the Chamber of Fruit and Vegetable Industries WA ("the Chamber") holds a share in the Company, and the Company is not admitted to the official list of a recognised securities exchange, the Chamber has the right (but not the obligation) to appoint up to two people to the Board of Directors (each as an Industry Director) (per clause 10.3); and
 - The Board of Directors, at materially all times, must have at least two Independent Directors. To be eligible as an Independent Director a person must not be appointed pursuant to the exercise by a Member of a contractual or constitutional right to appoint a Director, or, be an Associate of a Member that holds voting power of 5% or more in the past five years (per clause 10.10 to 10.12).
- 5.6 The Constitution also sets out specific rules in relation to the transfer of PMGL Shares which are detailed later in this section.

Perth Markets History

- 5.7 The Perth Markets were originally acquired by Perth Markets Limited as trustee of the Perth Markets Land Trust on 31 March 2016 from the State Government.
- 5.8 The sale price was \$125,500,000 plus a 10-year deferred consideration of \$10,000,000 (i.e. total consideration of \$135,500,000). The property was marketed for sale publicly and followed a formal sales campaign which included several interested parties.
- 5.9 The conditions of the sale and the intentions of the seller (State Government) to retain function of the property as approved are considered to have had an effect on the achieved sales price. Particularly we understand that price was not the primary factor for consideration in the sale process.
- 5.10 The sale included several conditions which pass with the property for a period of 20 years. We have summarised a few pertinent conditions below:
 - PMGL must continue to operate the property exclusively as a wholesale fruit and vegetable market;

- PMGL must maintain as a minimum the current level of warehouse storage for market related purposes; and
- Restrictions on future development of the property unless PMGL can deliver an additional 24,000 sqm of warehouse storage exclusively for market related purposes.

5.11 The ownership of the Perth Markets was restructured pursuant to a Scheme Booklet dated 28 August 2019 under which, through a number of stages, the ownership of the Perth Markets was transferred to PMGL.

Development of Perth Markets

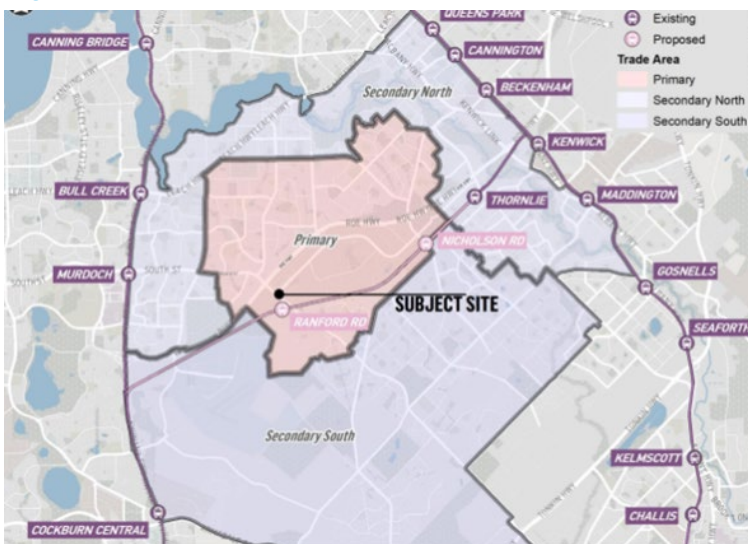
5.12 Construction of a new Cold Chain Warehouse was completed in November 2020 at a cost of \$8.4 million, with three existing tenants expanding operations into this facility on completion.

5.13 In the year ended 30 June 2022, \$4.2m was committed to major Capital Works relating to roofing upgrades on the main Central Trading Area and addition of wet fire systems infrastructure in some of the warehousing areas. A further \$4.25 million of sustaining capital investment is planned in FY23.

5.14 During 2021, PMGL commenced a “whole of site Master Planning process” to provide the framework for ongoing and future development plans of the Perth Markets site. The Master Plan aims to add value to PMGL’s current land asset and existing retail / commercial spaces over the next 5 – 20 years. It is expected to be completed by the end of 2022.

5.15 The draft Master Plan includes ESG incentives such as a green waste recycling facility, cardboard recycling facility and solar panel installations. It also considers future government infrastructure works, and alternate uses that could benefit from having such infrastructure in the immediate surrounding area such as entertainment, residential, healthcare, Council facilities or other retail and commercial options. Any alternative use would be subject to approval from the Western Australian Government as per paragraph 5.10 above.

Figure 3 Perth Markets Site



Source: PMGL Website

5.16 Infrastructure works that could benefit the existing market related purpose of the property may include:

- Additional warehouse facilities;
- Loading / unloading services;
- Increase in car / truck parking space; and
- Central Trading Area.

Financial Performance

5.17 The audited consolidated financial performance of PMGL for the years ended 30 June 2020, 30 June 2021 and 30 June 2022 is set out in the table below.

Table 5 Historical Financial Performance of PMGL

\$'000	FY20	FY21	FY22
Rental revenue	13,103	13,599	14,545
Provision of services revenue	9,868	10,285	10,900
Weekend markets revenue	675	896	770
Total Revenue	23,646	24,780	26,215
Interest revenue	19	-	-
Other income	562	655	494
Total Other Income	581	655	494
Total Revenue from Continuing Operations	24,227	25,435	26,709
Operating Expenses			
Weekend market expenses	364	461	483
Operational expenses			
Information technology and telecommunications	211	197	202
Professional fees	566	288	537
Salaries and board fees (excl. contractors)	1,577	1,428	1,408
Legal fees	609	90	87
Land tax	1,043	722	434
Other	1,030	951	1,304
Total Operational Expenses	5,036	3,676	3,972
Commercial site management expenses			
Rates and water consumption	2,327	2,806	3,170
Cleaning and waste removal	650	676	763
Electricity	3,343	3,203	3,223
Repairs and maintenance	570	775	779
Insurance	469	521	560
Staff costs	1,566	1,456	1,440
Other	496	524	577
Total Commercial site management expenses	9,421	9,961	10,512
Depreciation and amortisation expenses	432	445	863
Total Operating Expenses	15,253	14,543	15,830
Operating Profit	8,974	10,892	10,879
Gain on revaluation of investment properties	3,000	7,440	58,214
Fair value gain on financial assets through profit or loss	122	57	582
Finance expenses	2,847	2,759	2,769
Acquisition related costs	490	319	332
Profit before income tax	8,759	15,311	66,574
Income tax expense	(13,975)	(7,207)	(19,699)
(Loss)/Profit after income tax	(5,216)	8,104	46,875

Source: Company

-
- 5.18 The net profit after income tax for the year ended 30 June 2022 was \$46.875 million. The net operating profit before income tax was \$10.879 million.
- 5.19 PMGL enters into contractual rental arrangements with tenants for its investment properties, with the income being recognised as 'rental income' on a straight-line basis over the lease term.
- 5.20 Revenue for services consists of variable outgoings, provision of electricity and waste transfer, which are invoiced to tenants on a monthly basis.
- 5.21 PMGL operates a weekend market selling fresh produce. This income is recognised as 'weekend markets revenue' with a fee payable by the public to access the market. During FY20, the weekend markets were closed for 3 months due to the initial impact of the Covid-19 pandemic.
- 5.22 Other revenue comprises dividend income from share investments, access cards and infrastructure recovery from tenants.
- 5.23 The Land and Buildings of the Perth Market site were independently valued in June 2022 by CBRE at \$250 million. The financial statements reflect the revaluation of "Investment Property" to \$250 million at 30 June 2022 from \$189 million at 30 June 2021. The revaluation gain of \$58.214 million comprises movements on both the investment property and shares held in BML, the gain is unrealised and non-cash.
- 5.24 The vacancy rate at the Perth Markets Site at 30 June 2022 was 0.82%, a reduction from 1.26% at 31 December 2021.

Financial Position

5.25 The audited consolidated financial position of PMGL as at 30 June 2021 and 30 June 2022 is shown below.

Table 6 Historical Financial Position of PMGL

\$'000	30-Jun-21	30-Jun-22
Current Assets		
Cash and cash equivalents	9,650	9,214
Receivables	486	789
Other Financial Assets	1,783	1,900
Other assets	662	848
Total Current Assets	12,581	12,751
Non-current assets		
Property Plant and equipment	5,157	4,784
Investment Property	189,000	250,000
Deferred tax asset	1,906	750
Financial assets at fair value	3,995	4,578
Other assets	150	498
Total non-current assets	200,208	260,610
Total Assets	212,789	273,361
Current Liabilities		
Trade and other payables	3,661	3,556
Employee benefit obligations	139	127
Other current liabilities	78	87
Total Current Liabilities	3,878	3,770
Non-Current Liabilities		
Borrowings	83,538	83,538
Employee benefit obligations	40	21
Deferred tax liability	18,408	36,584
Other non-current liabilities	14,179	10,730
Total non-current liabilities	116,165	130,873
Total Liabilities	120,043	134,643
Net Assets	92,746	138,718

Source: Company

5.26 As at 30 June 2022, PMGL had a net assets position of \$138.7m, an increase of \$46.0m from 30 June 2021.

5.27 As noted above, this increase is predominantly driven by the revaluation of Investment Properties to \$250 million at 30 June 2022 from \$189 million at 30 June 2021 net of the associated deferred tax liability.

5.28 Other current financial assets are comprised \$1.9m of tenancy security deposits in an interest-bearing term deposit with Commonwealth Bank. Other non-current financial assets at 30 June 2022 comprise 1,089,922 shares held in BML valued at \$4.58m, with the carrying value of the shares based on \$4.20 per share at 30 June 2022, an increase from \$3.67 per share at 30 June 2021.

- 5.29 Other current assets are comprised of prepayments and inventories, whereas other non-current assets include receipts from customer security deposits held in a separate bank account and a separate term deposit and capitalised software.
- 5.30 Property, plant and equipment had an original cost before accumulated depreciation of \$7.4m at 30 June 2022. The Investment Properties balance comprises \$232.0m of investment property and \$18.0m of undeveloped land.
- 5.31 Borrowings relate to a \$87.4m debt facility with Commonwealth Bank entered into 17 July 2019 and maturing 1 October 2022; the facility maturity term was extended on 30 June 2022 to 1 October 2025. The facility comprises a \$84.8m cash advance and construction facility which is interest bearing at a floating rate linked to BBSY, an overdraft facility of \$2.0m, an asset finance facility of \$0.5m and a corporate credit card facility of \$0.1m. As at 30 June 2022 \$83.5m was drawn down.
- 5.32 The loans are secured by a first registered mortgage over all current and future real property at the Perth Markets site and a general security interest over the assets and undertakings of the Company. Financial covenants under the loan facility include a loan to value ratio not greater than 55%, and interest cover (EBITDA to interest expenses) of not less than 2.5 times.
- 5.33 Other non-current liabilities includes \$2.4m in security deposits (tenant leases), \$8.7m deferred settlement consideration and -\$0.3m cash flow hedges. Deferred settlement consideration is in respect of the \$10m payable to the Western Australian Government for the initial acquisition of Perth Markets, recorded at present value.

Capital Structure

- 5.34 The Top 20 Shareholders in PMGL as at November 2022 are set out in the table below.

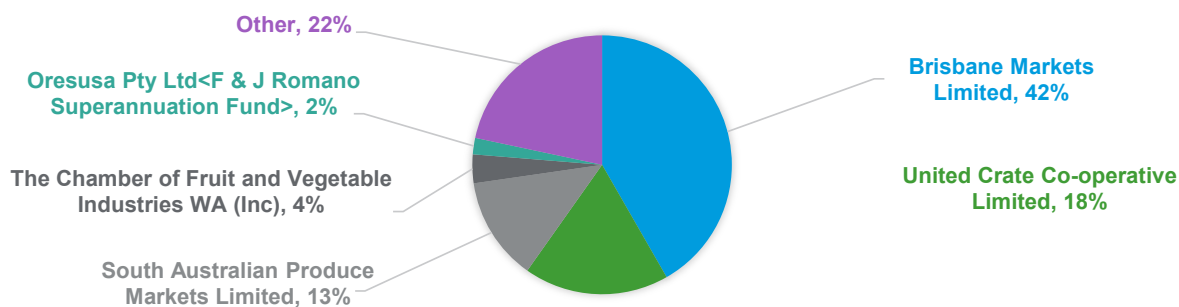
Table 7 Top 20 Shareholders of PMGL

	Shareholder	Number	%
1	Brisbane Markets Limited	24,551,501	41.72%
2	United Crate Co-operative Limited	10,628,464	18.06%
3	South Australian Produce Markets Limited	7,609,686	12.93%
4	The Chamber of Fruit and Vegetable Industries WA (Inc)	2,110,400	3.59%
5	Oresusa Pty Ltd<F & J Romano Superannuation Fund>	1,205,173	2.05%
6	BRSF Pty Ltd<Big Rooster Superannuation Fund>	1,105,000	1.88%
7	Jalup Pty Ltd	1,060,000	1.80%
8	Trammit Pty Ltd<The Mitcham Family Trust>	1,000,300	1.70%
9	Yuan Chang Fresh Food Pty Ltd	1,000,000	1.70%
10	Miroslav Lendich	500,000	0.85%
11	Maria Ann Lendich	500,000	0.85%
12	Thomas Nominees Pty Ltd<The Bacich Family Trust>	500,000	0.85%
13	Bluerise Enterprises Pty Ltd<Bluerise Trust>	455,300	0.77%
14	Shane & Jannet Patching	340,300	0.58%
15	Fat Boy Nominees Pty Ltd<Damon Watling Family Trust>	310,060	0.53%
16	Nunn Holdings Pty Ltd<Nunn Family Trust>	310,060	0.53%
17	Tradition Holdings Pty Ltd	300,000	0.51%
18	Vallelonga Nominees Pty Ltd<The Vallelonga Family Trust>	275,000	0.47%
19	Kalgoorlie Mine Management Pty Ltd	250,000	0.42%
20	Bruce John Lantzke & Judith Marie Lantzke<BJ & JM Lantzke Family Trust>	250,000	0.42%
	Other Shareholders	4,578,887	7.78%
	Total Shares	58,840,131	100.00%

Source: Company

5.35 BML is the largest shareholder of PMGL with a 42% shareholding. The figure below shows the top five shareholders of PMGL who collectively hold 78% of the shares in PMGL.

Figure 4 Shareholdings in PMGL



Source: PML Share Register

5.36 Directors and Director-related entities hold directly, indirectly or beneficially the following shareholdings in PMGL:

Table 8 PMGL Related Party Shares

Account Name	Number of Shares	Percentage of Company (%)
Brisbane Markets Limited	24,551,501	41.73%
United Crate Co-operative Limited	10,628,464	18.06%
South Australian Produce Markets Limited	7,609,686	12.93%
Oresusa Pty Ltd	1,205,173	2.05%
Maria Ann Lendich	500,000	0.85%
Miroslav Lendich	500,000	0.85%
Mr Miroslav Lendich and Mrs Maria Ann Lendich	238,000	0.40%
Miroslav Lendich	100,000	0.17%
Miroslav Lendich	100,000	0.17%
Miroslav Lendich	100,000	0.17%

Source: PMGL Annual Report 2022

PMGL Share Transaction History

5.37 PMGL is an unlisted public company with specific rules around the transfer of PMGL Shares contained within the Constitution. These rules require the application of all proposed transfers to be submitted to the Company, and any agreement for the sale and purchase of PMGL Shares must be conditional on Board approval. Where the Directors approve the proposed transfer, the transfer forms will be forwarded to the Company's share registry.

5.38 The PMGL Constitution also imposes the following restrictions on share transfers:

- The buyer must be an Australian resident;
- The buyer must be a 'sophisticated investor' or 'professional investor' or 'experienced investor' within the meaning of section 708 of the Act;

- Where section 606 of the Act applies, the buyer's voting power is not permitted to increase from 20% or below to more than 20%, or from a starting point that is above 20% and below 90% as a result of the transfer of the Shares;
- The registration of the transfer of Shares must not result in the buyer gaining a relevant interest in 25% or more of the PMGL Shares on issue; and
- Where section 606 of the Act does not apply by reason of having fewer than 50 shareholders, the Directors may refuse to register a transfer of shares if it would result in a person acquiring voting power of 25% or more, or a person who has voting power of 25% or more increasing their voting power.

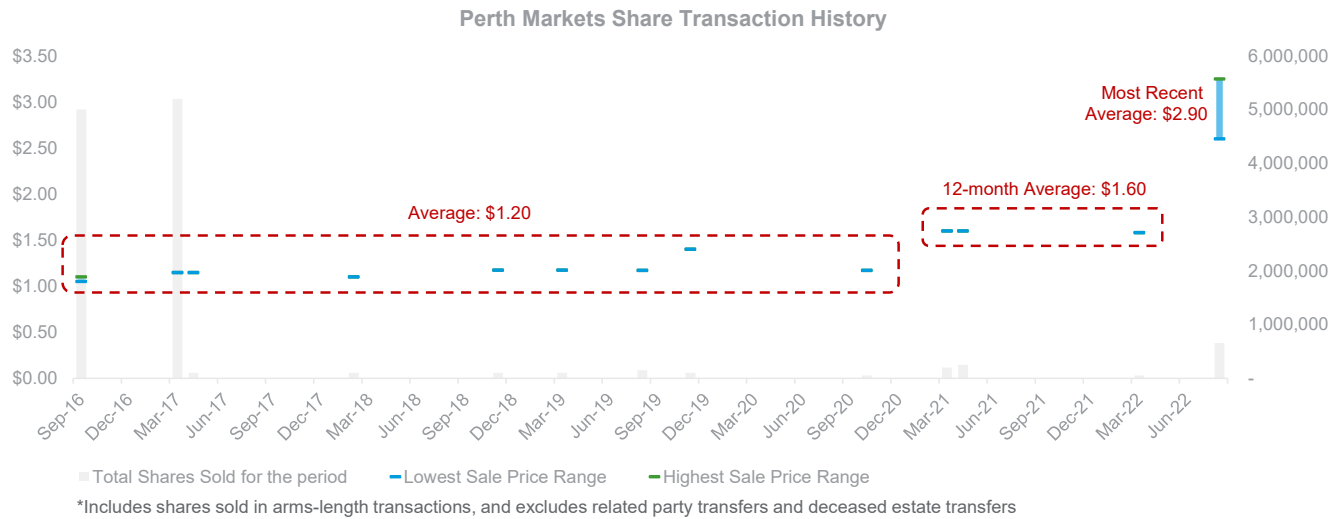
- 5.39 The Board of Directors of PMGL is entrusted with the duty of enforcing the Company Constitution; the Directors are entitled to refuse to approve and register a proposed Share transfer if they form the view that the proposed transfer is likely to breach the above restrictions or is otherwise inconsistent with the requirements of the Company's Constitution.
- 5.40 PMGL discloses historic share transactions in a publicly available PMGL Security Transaction Register on its website. The Company also maintains the PMGL Register of Interested Buyers and Sellers which is not publicly available. The purpose of these documents is to provide a basic register service only, no member of PMGL is involved in the negotiation of proposed Share transfers.
- 5.41 The table and graph below highlight the share transaction history for PMGL as disclosed in this register.
- 5.42 The most recent share transactions in August 2022 involved 658,273 Shares which were exchanged for prices varying between \$2.60 and \$3.25 per Share. We note that these trades occurred after the announcements of both the uplift in the property valuation as at 30 June 2022 and the intention of BML to move to a controlling interest in PMGL. We understand that the majority of the shares traded in August 2022 were acquired by an entity related to a Director of PMGL.

Table 9 PMGL Share Transaction History

Month of Transfer	Number of Transactions	Low Sale Price	High Sale Price	Approx. number of shares traded
Sep-16	21	\$1.05	\$1.11	<5,000,000
Mar-17	4	\$1.147	\$1.147	<5,200,000
Apr-17	1	\$1.147	\$1.147	<100,000
Feb-18	1	\$1.10	\$1.10	<100,000
Nov-18	1	\$1.175	\$1.175	<100,000
Mar-19	1	\$1.175	\$1.175	<100,000
Aug-19	3	\$1.17	\$1.17	100,000-200,000
Nov-19	1	\$1.40	\$1.40	<100,000
Oct-20	1	\$1.17	\$1.17	50,000
Mar-21	1	\$1.60	\$1.60	200,000
Apr-21	1	\$1.60	\$1.60	250,000
Mar-22	1	\$1.58	\$1.58	50,000
Aug-22	12	\$2.60	\$3.25	658,273

Source: PML Company Website

Figure 5 PMGL Share Transaction History

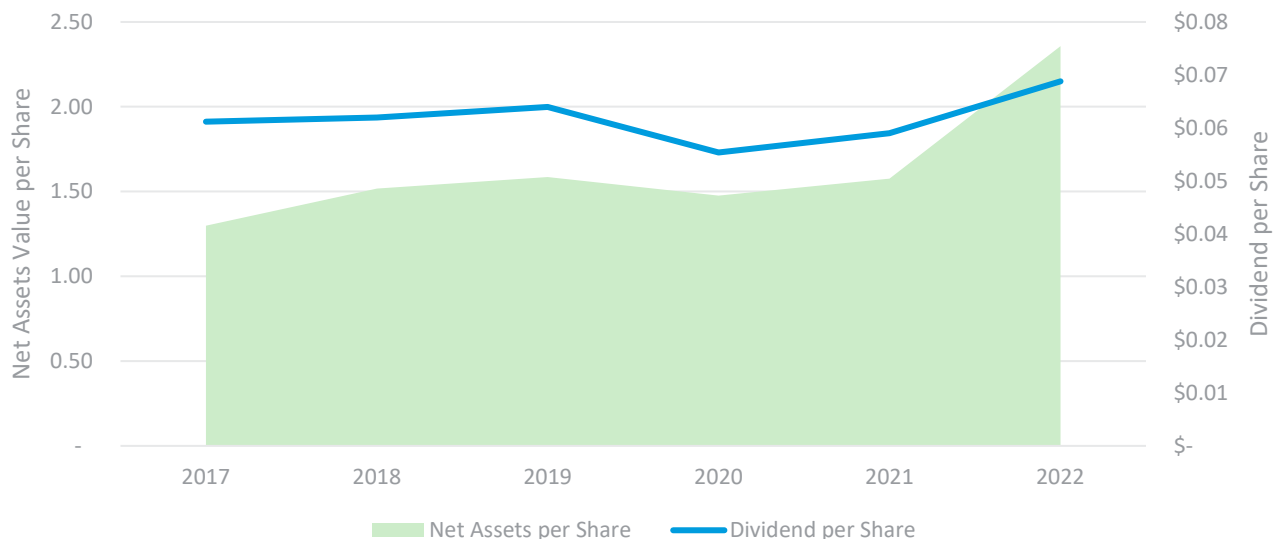


Source: PML Company Website

Dividend History of PMGL

- 5.43 In January 2019, the PMGL Board confirmed its policy objective of distributing to security holders approximately 70% of net profit after tax with the retention to provide appropriate funding and capital management options for the Company
- 5.44 The figure below shows a history of the total annual dividend per Share declared by PMGL, and the net asset value per Share disclosed at 30 June in each financial year.

Figure 6 Dividend History of PMGL



- 5.45 The dividend per Share has fluctuated over the period reviewed from a low of \$0.055 in FY20 to a high of \$0.069 in FY22, but broadly remaining around \$0.06 per Share. The net assets per Share value has increased steadily from \$1.30 in FY17 to \$2.36 in FY22 following the property revaluation.

6. Profile of Brisbane Markets Limited

Background

- 6.1 Brisbane Markets Limited (BML) owns and operates the Brisbane Markets, having acquired it 20 years ago. BML provides infrastructure and services to facilitate the marketing and distribution of fresh food, flowers, and other ancillary products.
- 6.2 The principal activities of BML consist of:
- i. facilitating the efficient and effective operation and growth of the Brisbane Markets site;
 - ii. providing infrastructure and services to facilitate the marketing and distribution of fresh produce, together with flowers and other ancillary products, to domestic and international customers; and
 - iii. preserving and promoting the role of the central market for the benefit of industry stakeholders and consumers.
- 6.3 The profiles of the directors and company secretary of BML are set out in Appendix E.
- 6.4 Currently there is a development project under construction at the Brisbane Markets site, the Building H1 development. This \$23.2 million development is a 5,667 sqm warehouse being constructed in consultation with the tenant, Green Endeavour, which is the parent entity of existing BML tenants, Fruitlink and Suncoast Fresh. Approximately 30% of the concrete hardstand was in place as at 30 June 2022 with practical completion expected early in 2023.

Financial Performance

- 6.5 The financial performance of BML for the years ended 30 June 2020, 30 June 2021 and 30 June 2022 is set out in the table below.

Table 10 Historical Financial Performance of BML

\$'000	FY20	FY21	FY22
Financial Performance	Audited	Audited	Audited
Revenue			
Rent revenue	29,946	27,417	25,827
<i>Revenue from contracts with customers</i>			
Service revenue	10,795	10,060	9,760
Entry fees and parking	2,844	2,446	2,237
Marketing revenue	-	137	232
Recoveries revenue	294	5,213	5,669
Other	488	420	397
Total Revenue from contracts with customers	14,421	18,276	18,295
Other income			
Increase in value of investment properties	-	18,105	42,849
Share of net profits of associates	4,655	3,289	19,241
Insurance recovery	-	-	15,041
Other	31	1,080	1,058
Total other income	4,686	22,474	78,189
Total revenue and other income	49,053	68,167	122,311

Expenses

Site operating costs	4,680	6,421	6,731
Direct costs of services provided	7,583	6,655	6,653
Employee benefits expenses	7,035	6,451	6,489
Finance costs	7,260	6,032	5,719
Decrease in value of investment properties	8,434	-	-
Flood recovery operating expenses	-	-	3,502
Other expenses	1,142	1,652	1,857
Repairs and maintenance	1,238	1,387	1,003
Depreciation and amortisation expense	994	1,013	716
Impairment of goodwill	-	143	-
Defined contribution superannuation expense	564	531	552
Marketing and promotion - general	494	520	521
Marketing and promotion - retail market	300	114	174
Total expenses	39,724	30,919	33,917
Profit before income tax expense	9,329	37,248	88,394
Income tax benefit /(expense)	(2,808)	(18,800)	(26,001)
Profit after income tax for the year	6,521	18,448	62,393

Source: 2022 & 21 Annual Report

- 6.6 BML's net profit after tax for the year ended 30 June 2022 was \$62.4m.
- 6.7 The BML group revenue was \$122.31 million for the year ended 30 June 2022, however underlying operating revenue was relatively unchanged at \$46.32 million for the year, as summarised below:

Table 11 Revenue Analysis of BML

\$'000	FY20	FY21	FY22
Total Reported Revenue	49,053	68,167	122,311
Investment property movements Brisbane Markets	-	(18,110)	(42,850)
Perth Markets Group Limited contribution	-	(3,290)	(19,240)
Share investment return and movement	(300)	(210)	(1,000)
Insurance recoveries (net)	-	-	(12,900)
Underlying Brisbane Markets operating revenue	48,753	46,557	46,321
<i>Growth p.a.</i>		<i>(4.5%)</i>	<i>(0.5%)</i>

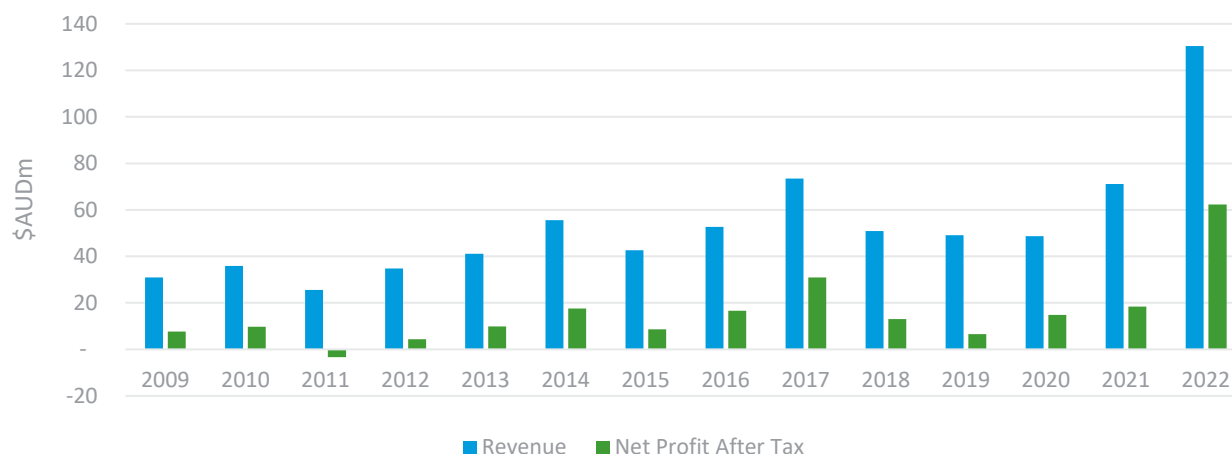
Source: 2022 & 21 Annual Report

- 6.8 BML operations were affected in FY22 due to the severe Queensland floods in February and March 2022. The Brisbane Markets site was inaccessible for a period due to flood waters inundating the site. After an intense clean-up period, the markets were fully operational by the end of March 2022 and final repairs completed by September 2022.
- 6.9 An insurance claim was submitted by BML in relation to material damage costs and business interruption losses incurred as a result of the above flood event. The insurers approved a payment up to the full value of the policy sub-limit of \$15m, which has been recognised in Other Income in FY22.
- 6.10 As a significant shareholder in PMGL, BML recognises a share of the profits generated by PMGL which amounted to \$19.24m for FY22.

6.11 The average site vacancy at 30 June 2022 for BML was stated to be 1.33%.

6.12 The figure below shows the trend in BML's total revenue and net profit after tax position. The growth in FY21 and FY22 was primarily driven by the upward revaluation of BML's investment property.

Table 12 BML Total Revenue and Net Profit after Tax



Source: Brisbane Markets Limited

Financial Position

6.13 The financial position of BML for the years ended 30 June 2021 and 30 June 2022 is set out in the table below.

Table 13 Historical Financial Position of BML

\$'000	30-Jun-21	30-Jun-22
Financial Position	Audited	Audited
Assets		
Current assets		
Cash and cash equivalents	5,794	5,591
Other current assets	1,833	12,513
Trade and other receivables	950	1,557
Short term finance receivables	66	71
Inventories	12	79
Total current assets	8,655	19,811
Non-current assets		
Investment properties	372,000	425,000
Investment accounted using the equity method	37,628	56,492
Property, plant and equipment	2,276	1,929
Financial asset at fair value through profit or loss	1,624	2,561
Right of use asset	35	25
Intangible assets	500	500
Other long-term receivables	729	656
Total non-current assets	414,792	487,163
Total assets	423,447	506,974

Liabilities

Current liabilities

Trade and other payables	5,064	8,732
Current tax liabilities	377	137
Employee entitlements	263	294
Lease liabilities	10	10
Total current liabilities	5,714	9,173

Non-current liabilities

Borrowings	153,693	154,693
Deferred tax liabilities	45,093	72,860
Derivatives	12,077	2,031
Trade and other payables	672	960
Employee entitlements	123	114
Lease liabilities	27	17
Total non-current liabilities	211,685	230,675

Total liabilities	217,399	239,848
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Net Assets	206,048	267,126
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Source: 2022 & 21 Brisbane Markets Annual Report

- 6.14 Net assets of BML were \$267.13m at 30 June 2022, an increase of \$61.08m from 30 June 2021 primarily due to fair value adjustments to investment properties.
- 6.15 The major asset of BML is the Brisbane Markets site located at Rocklea, which was independently valued at \$425 million at 30 June 2022, and the statement of financial position reflects this fair value.
- 6.16 Other current assets are comprised of \$2.5m prepayments and \$10m insurance recoveries receivable.
- 6.17 As at 30 June 2022, BML held a 41.73% interest or 24,551,501 shares in PMGL valued at \$56.5m, which is accounted for using the equity method of accounting.
- 6.18 BML holds 98,500 shares in South Australian Produce Market Ltd at \$26 per share, which is recognised as a financial asset at fair value through profit and loss.
- 6.19 BML has a debt facility in place with Westpac Banking Corporation ("Westpac"), which has a \$200m limit, and an expiry date of 31 July 2025. As at 30 June 2022, BML has drawn \$154.7m of this facility. The facility has financial undertakings requiring the outstanding debt to not exceed 60% of the value of the Brisbane Markets property, the EBIT to interest expense ratio being not less than 2.5 times and the net tangible worth being not less than 85% of the net tangible worth for the previous financial year. Further details on BML funding facilities are cited below.
- 6.20 As the loan facility exposes BML to interest rate fluctuations, BML enters into 30 day and 90 day interest rate swap contracts as part of its credit risk and hedging policy.

BML Funding Capacity

- 6.21 If all PMGL Non-Associated Shareholders accepted BML's Offer, BML would be required to pay \$73.55 million (Maximum Offer Amount).
- 6.22 At paragraph 5.2 of the Bidder's Statement, BML has summarised its capacity to fund the Maximum Offer Amount.
- 6.23 As detailed in the Bidder's Statement, BML stated it holds approximately \$4 million in cash, short-term deposits and equivalent liquid assets, of which up to \$3 million will be applied for payment of the Offer consideration. As at 30 June 2022, BML had \$5.59m in cash and cash equivalents as outlined in the financial position above.
- 6.24 In addition, BML has stated in the Bidder's Statement that it has an existing debt facility with Westpac documented under a facility agreement with headroom of approximately \$44 million. This is a revolving cash advance facility. Under the terms of this facility, BML can use these funds for a broad range of purposes, which includes purchasing shares in PMGL. The maturity date under the existing debt facility is 31 July 2025.
- 6.25 BML has also stated in the Bidder's Statement that it has in place with Westpac, by way of an amendment to its existing facility agreement, an additional Bridge Facility of up to \$40 million. This Bridge Facility is specifically to support BML in the Proportional Takeover Bid of PMGL. The availability period of the Bridge Facility is 5 months from its effective date and the maturity date is 12 months from its effective date. If utilised, this facility would therefore either need to be repaid or refinanced within 12 months.

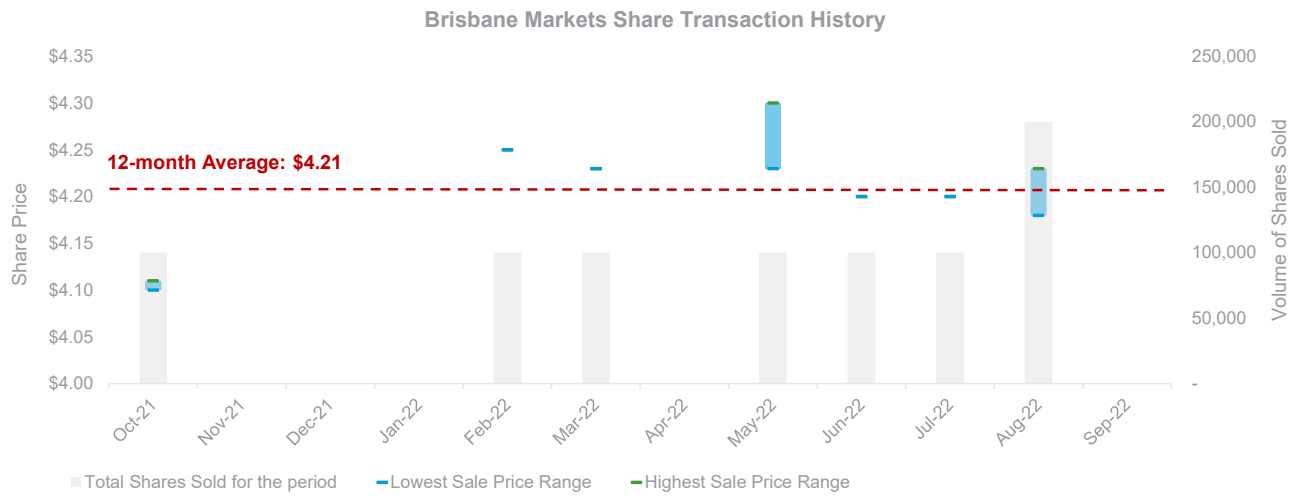
Brisbane Markets Limited Share Transaction History

- 6.26 The share transaction sales history for BML over the last 12 months is shown in the table and graph below.

Table 14 BML Share Transaction History

Month	Number of Transactions	Lowest Sale Price Range	Highest Sale Price Range	Total Shares Sold for the period
October 2021	1	\$4.10	\$4.11	<100,000
November 2021	-	-	-	-
December 2021	-	-	-	-
January 2022	-	-	-	-
February 2022	1	\$4.25	\$4.25	<100,000
March 2022	1	\$4.23	\$4.23	>100,000
April 2022	-	-	-	-
May 2022	3	\$4.23	\$4.30	<100,000
June 2022	1	\$4.20	\$4.20	100,000
July 2022	1	\$4.20	\$4.20	<100,000
August 2022	3	\$4.18	\$4.23	>200,000
September 2022	-	-	-	-

Figure 7 BML Share Transaction History



Source: Brisbane Markets Limited - Company Website

7. Valuation Approach

Valuation Methodologies

- 7.1 In assessing the value of the shares in PMGL, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:
- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
 - the application of earnings multiples to the estimated future maintainable earnings or cashflows added to the estimated realisable value of any surplus assets;
 - the amount which would be available for distribution on an orderly realisation of assets;
 - the quoted price for listed securities; and
 - any recent genuine offers received.

Market Based Methods

- 7.2 Market based methods estimate the fair value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include:
- the quoted price for listed securities; and
 - industry specific methods.
- 7.3 The recent quoted price for listed securities method provides evidence of the fair value of a company's securities where they are publicly traded in an informed and liquid market.
- 7.4 Industry specific methods usually involve the use of industry rules of thumb to estimate the fair value of a company and its securities. Generally, rules of thumb provide less persuasive evidence of the fair value of a company than other market based valuation methods because they may not account for company specific risks and factors.

Income Based Methods

- 7.5 Income based methods estimate fair value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:
- discounted cash flow; and
 - capitalisation of future maintainable earnings.
- 7.6 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.
- 7.7 The capitalisation of earnings methodology is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings ("FME") of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

Asset Based Methods

- 7.8 Asset based methodologies estimate the fair value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods are particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows, and include:
- orderly realisation of assets method;
 - liquidation of assets method; and
 - net assets on a going concern basis.
- 7.9 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.
- 7.10 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame.
- 7.11 The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs.

Selection of Valuation Methodology

Valuation of a PMGL share

- 7.12 We consider the most appropriate valuation methodology for valuing PMGL to be the net assets on a going concern basis.
- 7.13 Since PMGL's business is based around its core investment property asset, we have adopted the net asset-based valuation methodology, which is commonly adopted in valuing property rich businesses.
- 7.14 We have also considered the recent trading history of PMGL Shares, although noting that as an unlisted public company the historic liquidity of PMGL Shares has been limited.

8. Valuation of Perth Markets Group Limited

- 8.1 The basis of our evaluation of “fairness” is to consider how the value of a PMGL Share compares to the consideration offered. Therefore, we have considered:
- the fair value of an ordinary share in PMGL on a 100% ownership basis; and
 - the consideration offered of \$3.30 cash per Share for up to 65% of each Shareholder’s issued shares in PMGL (which BML does not already own).

Valuation of PMGL

- 8.2 The values determined in this Report are consistent with the concept of fair market value, being the price which would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.
- 8.3 Fair market value does not incorporate any special value. Special value is the additional value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special (synergistic) value that they expect to realised from the acquisition.
- 8.4 The Directors of BML state in the Bidder’s Statement that synergies are expected to be achieved if BML takes a controlling interest in PMGL, however these synergies are not specifically identified or quantified. Our valuation does not consider any potential synergies which would be available to BML, and we are unable to comment on the potential special value which BML may anticipate due to the lack of detail provided by BML.

Net Assets Approach

- 8.5 We have estimated the fair market value of an ordinary PMGL Share based on net assets on a going concern basis. Our approach has involved estimating the fair market value of PMGL’s underlying net assets by aggregating the fair market value of its investment property and other net assets.
- 8.6 A summary of our assessed values of the fair market value of PMGL’s net assets is set out in the table below.

Table 15 PMGL Net Assets

Fair Market Value of Net Assets	\$'000
Reported net assets at 30-Jun-22	138,718
<i>Add/(deduct):</i>	
Movement in working capital	(1,139)
Deferred tax liability	33,106
Transaction costs	(270)
Fair market value of net assets	170,415

Source: RSM Analysis

- 8.7 The audited net assets at 30 June 2022 are the starting point for our assessment of the net asset value of PMGL.
- 8.8 We are not aware of any indicators that the reported book value of key investment assets such as the Perth Markets site and the shareholdings in BML as at 30 June 2022 differ materially from their market value as at the date of this Report. We have considered the reliability of the reported market value at 30 June 2022 of these assets later in this section.

- 8.9 We have reviewed the management accounts of PMGL as at 30 September 2022 and adjusted for the movement in net working capital (including cash) to that date in our assessed net asset value.
- 8.10 We have adopted an asset-based methodology on a going concern basis which assumes the assets and liabilities would continue to be used in operating the business, therefore we have added back the deferred tax liability associated with the revaluation of the investment property. Deferred tax is provided on the balance sheet of PMGL using the liability method on temporary differences between the tax bases of assets and their carrying amounts for financial reporting purposes. As we are not assuming a sale of the property asset, this liability would not be realised; likewise we have not included liquidation costs (such as sale costs and taxes).
- 8.11 The transaction costs expected to be incurred comprise this Report, legal, corporate advisor and shareholder communication costs, and have been estimated at \$270,000 by management.
- 8.12 Management has advised that it is not aware of any actual or potential liabilities of PMGL other than those disclosed in PMGL's 30 June 2022 Annual Report.
- 8.13 Based on the above, our assessed value of PMGL's net assets per Share is \$2.90 on a controlling basis, since the net assets on a going concern valuation methodology assumes 100% ownership and control of all assets.

Table 16 PMGL Net Asset Value per Share

Assessed Net Asset Value per PMGL Share		Assessed Value
Assessed fair market value of net assets	\$'000s	170,415
Number of shares	000's	58,840
Assessed net assets value per Share		\$ 2.90

Source: RSM Analysis

Valuation of Investment Property

- 8.14 In order to determine the fair market value of the Perth Markets investment property, we have considered an independent property valuation performed as at 30 June 2022 by CBRE.
- 8.15 In determining the fair market value of the investment property, CBRE's valuation was subject to the following assumptions:
- PMGL history and the terms of the acquisition of the property from the WA State Government;
 - Review of individual tenancy leases and tenancy schedules;
 - Information provided by PMGL such as, income, outgoings and associated expenditure; and
 - Current market yields and discount rates.
- 8.16 CBRE adopted two valuation methodologies, the market capitalisation approach and discounted cash flow. The market capitalisation approach estimates the total income on a face market basis adjusted to reflect anticipated operating costs and future rental income from existing vacancies to produce a net income on a fully leased basis. This amount has then been capitalised at a rate of 5.50% with subsequent capital adjustments made for surplus land, other business activities at the markets and existing vacancies.
- 8.17 The DCF valuation is based on cash flows for a period of 10 years, and a terminal value assuming the markets are sold at the start of the 11th year. CBRE adopted assumptions for each year's income, expenses and capital expenditure and present valued the resulting cash flows at a discount rate of 6.25%.
- 8.18 In both approaches, CBRE considered the FY23 forecast operating expenses and owner costs for the overall operation of the markets.

- 8.19 CBRE determined the valuation of the Perth Markets investment property to be \$250 million as at 30 June 2022, a gain of \$61 million from the previous valuation as at 30 June 2021.
- 8.20 Based on our review of the independent valuation performed by CBRE, we consider that the value and calculations are sufficiently recent and provide a reasonable estimate of the fair market value of PMGL's investment property as at the valuation date.

Valuation of BML Shareholding

- 8.21 The reported fair value of the BML shareholding as at 30 June 2022 was based on the 1,089,922 BML shares held by PMGL at a value of \$4.20 per share.
- 8.22 We have considered the most recent trading in BML shares, as set out in paragraph 6.26, shows that shares have traded at prices of between \$4.18 and \$4.23 since 30 June 2022 with an average of \$4.20 per share. Therefore we do not consider that the recorded value requires any adjustment at the date of this Report.

Valuation cross-check

- 8.23 As a cross-check to our net assets approach, we have also considered the recent trading history of PMGL Shares.
- 8.24 As a public unlisted entity with a tightly held shareholder base, the historic liquidity of PMGL Shares has been very low. Our analysis at Table 9 shows that approximately 1.3 million Shares have been traded in the last 3 years, which represents only 2.2% of the total Shares on issue.
- 8.25 The most recent trades of PMGL Shares in August 2022 were at prices of between \$2.60 and \$3.25 per Share; we note that these trades occurred after the announcement of the revised property valuation as at 30 June 2022 and after BML had signalled its intention to move to a 51% controlling interest in PMGL and had submitted share transfer applications for approximately 3% of PMGL Shares. These applications were not approved by the PMGL Board in line with the obligations set out in the PMGL Constitution, however another shareholder purchased 658,273 Shares subsequently. The traded price of these Shares is likely to have been impacted by the knowledge that BML was attempting to increase its shareholding interest in PMGL.
- 8.26 In our opinion there is insufficient trading and therefore liquidity in PMGL Shares to consider recent trading as a proxy for the fair market value, however we have presented below the implied control value based on the August 2022 trades by including a control premium.

Table 17 PMGL Recent Share Trades on a Control Basis

Assessed Value per Share (Controlling)	Low		High	
Traded share price	\$	2.60	\$	3.25
Control premium		15%		10%
Adjusted value per share - control basis	\$	2.99	\$	3.58

Source: RSM Analysis

- 8.27 The trading prices of PMGL Shares represent parcel shareholding trading, i.e. not of a controlling interest but on a minority interest basis. Therefore the prices must be adjusted to reflect a premium of control, since BML is seeking to take a controlling interest in PMGL.
- 8.28 We have adopted a control premium of between 10% and 15% based on the RSM Control Premium Study 2021, a study of 605 takeovers and schemes of arrangement involving companies listed on the Australian Securities Exchange over the 15.5 years to 31 December 2020, control premiums of 14.4% to 12.6% were paid on the 20 day pre-bid and 2 day pre-bid share prices on transactions in the Real Estate Industry in Australia over that period, with average 20-day premiums nearer to 10% in the last five years of the study period. In determining the control premium, the offer price was compared to the closing trading price of the target company 20, 5 and 2

trading days pre the date of the announcement of the offer. Where the consideration included shares in the acquiring company, the closing share price of the acquiring company on the day prior to the date of the offer was used.

- 8.29 The adjusted value per Share on a control basis is between \$2.99 and \$3.58 which is above our assessed value per PMGL Share adopting the net assets valuation methodology. As discussed above, we consider this to be a result of the disturbance to the PMGL traded share price once BML had signalled an intention to move to a controlling interest in PMGL.
- 8.30 We note that the midpoint of the assessed control value based on recent traded share prices is \$3.28 which is consistent with the Offer Consideration of \$3.30 per Share.

Valuation Summary

- 8.31 We have assessed the value of a PMGL Share to be \$2.90 adopting the net assets valuation approach as we do not consider that trading in PMGL Shares has sufficient depth to support a fair market value assessment.

9. Is the Offer Fair to Non-Associated Shareholders?

- 9.1 ASIC RG 111 defines a takeover offer as being fair if the value of the consideration offered under the takeover or in this case is equal to or greater than the value of the securities being the subject of the offer.
- 9.2 In assessing whether we consider the Offer to be fair to PMGL Shareholders eligible to receive the Offer Cash Consideration, we have valued a share in PMGL and compared it to the value of the consideration offered per PMGL Share.

Assessment of Fairness

- 9.3 The table below sets out the value of the Offer Consideration payable per share for PMGL as compared to the valuation of each share.

Table 18 Comparison of assessed value of a PMGL Share and Offer Consideration

	Assessed Value
Fair Value per PMGL Share (controlling basis)	\$ 2.90
Offer Consideration	\$ 3.30
Implied Premium of Offer (cents)	\$ 0.40
Implied Premium of Offer (%)	13.9%

Source: RSM Analysis

- 9.4 As the value of the Offer Consideration per PMGL share is greater than our assessed value of a PMGL Share, on a controlling basis, in our opinion the Offer is **Fair** to the Shareholders of PMGL.
- 9.5 Shareholders should be aware that our assessed value per PMGL Share does not reflect the price at which PMGL Shares would exchange hands should the Offer be unsuccessful. The traded share price depends on a number of factors, including buyer and seller motivation, macroeconomic conditions, perceptions of the future prospects of PMGL and the liquidity of PMGL Shares.

10. Is the Offer Reasonable to Non-Associated Shareholders?

- 10.1 RG 111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the Offer, we have given consideration to the advantages and disadvantages to the Non-Associated Shareholders as a consequence of accepting the Offer.

The extent to which a control premium is being paid

- 10.1 The Offer Consideration per PMGL share is \$3.30 which represents a 13.9% premium on our assessed value of a PMGL Share of \$2.90.
- 10.2 As noted earlier, the RSM 2021 Control Premium Study found that over the 15.5 years to 31 December 2020, control premiums of 12.6% to 14.4% were paid on the 20 day pre-bid and 2 day pre-bid share prices on transactions in the Real Estate Industry in Australia.
- 10.3 The 13.9% premium of the Offer Consideration above our assessed value of a PMGL Share is therefore consistent with the control premium range observed in the study.
- 10.4 As set out in Section 8, we note that the Offer Consideration of \$3.30 per Share is broadly consistent with the midpoint of recent share trades after adjusting for a control premium of between 10% and 15%. Table 17 shows a range of \$2.99 and \$3.58 per Share based on trades completed in August 2022 on a controlling basis. However, we consider that the offered price in these trades was impacted by the clear intention of BML to move to a controlling interest in PMGL and therefore represents a “disturbed” share price.

Liquidity of PMGL Shares

- 10.5 Historically, the liquidity of PMGL’s shares has been extremely low with only 2.2% of the total shares on issue traded in the last 3 years.
- 10.6 As an unlisted public company, the market for trading PMGL Shares is controlled (but not operated) by the PMGL Board, with processes for enquiring about potential buyers and sellers, and an application to transfer Shares subject to approval by the Board.
- 10.7 PMGL may be considered a niche investment, being heavily linked with the fruit and vegetable industry in WA. The Top 5 shareholders of PMGL hold 78% of the shares on issue as at the date of this Report, all of which are industry players.
- 10.8 The Offer therefore provides Non-Associated Shareholders with an ability to convert their investment in PMGL to cash, from a historically illiquid stock.

Proportional Takeover Offer

- 10.9 The Offer is proportional and restricted to 65% of PMGL Shares held by each Non-Associated Shareholder. In our assessment of fairness, in accordance with RG 111, we have assessed the fair market value of PMGL on a 100% and control basis.
- 10.10 For completeness we also provide below an illustration of the value that could effectively be realised by Non-Associated Shareholders if they sold 65% of their Shares under the Offer and the remaining 35% on the existing market for PMGL Shares. Given the low liquidity of PMGL Shares and the recent disturbance to the traded share price as a result of BML’s intention to move to a controlling interest, we have assumed that PMGL Shares would be sold on the market at a price equivalent to our assessed net asset value of PMGL after a minority discount is applied.

10.11 The table below illustrates that the total consideration which would be received of between \$3.03 and \$3.07 sits marginally above our assessed value of a PMGL Share on a control basis.

Table 19 Illustrative Calculation – Proportional Takeover

	Low	High
Fair market value per PMGL Share (controlling basis)	\$2.90	\$ 2.90
Minority Discount (inverse of 10% to 15% control premium)	(13%)	(9%)
Fair market value per PMGL (minority interest basis) – retain min. 35%	\$2.52	\$2.63
Offer Consideration for up to 65% of PMGL Shares	\$3.30	\$3.30
Illustrative Consideration for PMGL Shareholders	\$3.03	\$3.07

Source: RSM Analysis

10.12 However, given the limited market and liquidity of PMGL Shares, whether the remaining 35% of PMGL Shares would be easily disposed is uncertain particularly in circumstances where BML holds a controlling interest in PMGL which may reduce the attractiveness of minority parcels of PMGL Shares.

Funding of the Offer

10.2 As detailed in the Bidder's Statement, BML stated it holds approximately \$4 million in cash, short-term deposits and equivalent liquid assets, of which up to \$3 million will be applied for payment of the Offer consideration. BML has an existing debt facility with Westpac with headroom of approximately \$44 million and also has in place an additional Bridge Facility of up to \$40 million for the purposes of the Offer.

Advantages and Disadvantages of the Offer

10.3 In assessing the reasonableness of the Offer, we have considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders if they accept the Offer.

Advantages of accepting the Offer

10.4 The key advantages to PMGL Shareholders accepting the Offer are:

Table 20 Advantages of accepting the Offer

Advantage	Details
Premium to assessed value	The Offer Consideration represents a 13.9% premium to our assessed fair market value of a PMGL Share, which is consistent with the average control premiums in Real Estate industry transactions identified in the RSM Control Premium Study 2021.
Liquidity event	The Offer Consideration provides Non-Associated Shareholders with a liquidity event for up to 65% of their shareholding, in an unlisted company which has been highly illiquid historically with only 2.2% of the total shares on issue traded in the last three years.
Continue exposure to PMGL	As the Offer is a proportional takeover for up to 65% of Shares held by the Non-Associated Shareholders, they will retain exposure to PMGL and its assets for the proportion of Shares which are not sold under the Offer (albeit to a lesser extent). The Non-Associated Shareholders can elect for any proportion of Shares to be included in the Offer, up to a maximum of 65% of their holding.
Absence of superior offer	The Offer is the only offer that presently exists for PMGL's shares and the Directors have advised that no superior proposal has emerged as at the date of this Report.

Disadvantages of accepting the Offer

10.5 The key disadvantages to PMGL Shareholders accepting the Offer are:

Table 21 Disadvantages of accepting the Offer

Disadvantage	Details
Dilutionary impact	The Non-Associated Shareholders' interest in PMGL will be diluted from a current interest of 58.3% to a potential minimum interest of 20.4% (if all Non-Associated Shareholders accept the Offer in full) and therefore their ability to influence the direction and operations of PMGL will be reduced.
Controlling interest	<p>If BML obtains an interest of more than 50% following the Offer, BML will have a controlling interest in PMGL and the ability to pass Ordinary Resolutions without the support of other Shareholders. This includes the potential to control the Company's dividend policy, composition of Board and financing strategies, amongst others.</p> <p>In addition, BML has stated its intention to nominate a further two Directors to the Board of PMGL which would increase its influence on the Board and strategic direction of PMGL.</p> <p>If BML obtains an interest of more than 75% following the Offer, which would require almost full take up of the Offer, BML would have the ability to pass Special Resolutions of the Company.</p>
Potential reduction in liquidity	If BML obtains an interest of more than 50% following the Offer, BML will gain effective control of PMGL. This may reduce the appeal of the Company to other potential investors, resulting in a reduction of trading volume and free float which may diminish the ability of PMGL Shareholders to sell their remaining Shares at fair market value in the future.
Loss of potential superior proposal	It is possible that a superior proposal, which is more attractive for Non-Associated Shareholders, may be made in the future. If the Offer is accepted by a number of shareholders and BML's shareholding increases to a majority interest, it is less likely that another takeover offer would be forthcoming since any potential purchaser would need to secure the support of BML as majority shareholder.
Potential tax consequences	The tax implications of the Offer may not be suitable to the financial circumstances or position of Non-Associated Shareholders. The tax treatment may vary between shareholders depending on their individual nature and characteristics and therefore individual taxation advice should be obtained.

Alternative proposals and likelihood of an alternative takeover offer

10.13 The Directors have advised us that no formal alternative offers or approaches by potential acquirers have been received since the announcement of the Offer on 1 November 2022.

10.14 The alternative to the Offer is for Non-Associated Shareholders to reject the Offer and retain 100% of their shares in PMGL. Non-Associated Shareholders may consider that they can realise greater value from their investment in PMGL either through retaining their interest or through the emergence of a superior proposal to the Offer.

Future prospects of PMGL

10.6 The Board of PMGL has spent significant time developing a Master Plan for the further development of the Perth Markets over the last 12 months, which is intended to be released to Shareholders in early 2023. The Master Plan will set out a range of development opportunities for the next 5-20 years, including ESG initiatives, alternative potential site uses for vacant land and interaction with the broader community in line with the City of Canning's infrastructure review.

Directors Recommendation

10.7 PMGL's Independent Directors have unanimously recommended that Non-Associated Shareholders reject the Offer for the following reasons stated in the Target's Statement:

- The Offer does not provide full liquidity to Shareholders;
- There is no certainty on what price Shareholders might receive for their remaining 35%, or when;
- BML's intentions remain unclear;
- The Offer is opportunistically timed, potentially depriving Shareholders of future value. The Board of PMGL is confident in its long-term vision and value creation strategy for Shareholders;
- PMGL's existing Board has a strong track record of creating value for Shareholders;
- PMGL stewardship should remain in the hands of Western Australians;
- If Shareholders accept the Offer, they risk missing out if a superior offer from a third party emerges;
- Shareholders representing 44.87% of PMGL Shares have stated that they intend to reject the Offer in its current form; and
- BML may seek to increase leverage in PMGL under its majority ownership.

10.8 Further explanation of the Independent Directors' considerations are contained within the Target's Statement which Shareholders should read in full.

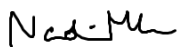
Conclusion on Reasonableness

10.9 RG 111 states that if an offer is fair then it is reasonable. Non-Associated Shareholders should carefully consider the points outlined above in the context of their decision as to whether to accept the Offer.

10.10 In the absence of any other relevant information and/or a superior offer, we consider that the Offer is **reasonable** for the Non-Associated Shareholders of PMGL.

10.11 An individual shareholder's decision in relation to the Offer may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

Yours faithfully



Nadine Marke
Director



Justin Audcent
Director



APPENDICES

APPENDIX A - DECLARATIONS AND DISCLOSURES

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Ms Nadine Marke and Mr Justin Audcent are directors of RSM Corporate Australia Pty Ltd. Both Ms Marke and Mr Audcent are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting the Shareholders of the Company in considering the Offer. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of Perth Markets Group Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this Report, none of RSM Corporate Australia Pty Ltd, RSM, Nadine Marke, Justin Audcent, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM Australia has any interest in the outcome of the Offer, except that RSM Corporate Australia Pty Ltd are expected to receive a fee in the region of \$45,000, excluding GST, based on time occupied at normal professional rates for the preparation of this Report. The fees are payable regardless of whether Brisbane Markets Limited receives Perth Markets Group Limited Shareholder approval for the proportional takeover, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this Report in the form and context in which it is included with the Target's Statement to be issued to Shareholders. Other than this Report, none of RSM Corporate Australia Pty Ltd, RSM Australia and RSM Australia Partners has been involved in the preparation of the Target's Statement. Accordingly, we take no responsibility for the content of the Target's Statement.

APPENDIX B - SOURCES OF INFORMATION






In preparing this report we have relied upon the following principal sources of information:

- PMGL Constitution;
- PMGL audited financial statements for the years ended 30 June 2020, 30 June 2021 and 30 June 2022;
- PMGL half year report for the period ended 31 December 2021;
- PMGL budgets for the year ending 30 June 2023;
- CBRE property valuation report as at 30 June 2021 and 30 June 2022;
- Bidder's Statement issued by BML;
- Target's Statement issued by PMGL;
- Current financing arrangements of PMGL;
- Shareholder listing of PMGL;
- Draft PMGL Master Plan and forecast capital expenditure;
- Publicly available information including from subscription services including IBISWorld; and
- Information provided to us during meetings and correspondence with management and directors of PMGL.

APPENDIX C - GLOSSARY OF TERMS AND ABBREVIATIONS

Term or Abbreviation	Definition
\$	Australian dollar
ACFA	Australian Financial Complaints Authority
Act	Corporations Act 2001 (Cth)
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX as amended from time to time
BML	Brisbane Markets Limited
Chamber	The Chamber of Fruit and Vegetable Industries WA
Company	PMGL
Controlling basis	As assessment of the Fair Market Value of an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
Directors	Directors of the Company
Fair Market Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FME	Future Maintainable Earnings
FSG	Financial Services Guide
IER	This Independent Expert Report
Non-Associated Shareholders	Shareholders who are not associated with BML
Offer	The off-market proportional takeover offer by BML for up to 65% of each shareholders' issued shares in PMGL (which it does not already own)
Offer Consideration	\$3.30 cash per PMGL Share
Option or Options	Unlisted options to acquire Shares with varying vesting conditions
Perth Markets	The wholesale fruit and vegetable markets operated by PMGL located in Canning Vale
PMGL	Perth Markets Group Limited
Related Party Shareholders	PMGL Shareholders associated with Directors or required to hold an interest under the PMGL Constitution
Report	This Independent Expert's Report prepared by RSM
RG 111	ASIC Regulatory Guide 111 Content of Expert Reports
RSM	RSM Corporate Australia Pty Ltd
Share or PMGL Share	Ordinary fully paid share in the capital of the Company
Shareholder	A holder of Share
Westpac	Westpac Banking Corporation

APPENDIX D – DIRECTORS AND MANAGEMENT OF PMGL

Name and Position	Profile
 Patricia Skinner Non-Executive Chair	<p>With over 30 years' experience in the fresh produce wholesaling industry, Patricia has fulfilled many positions, beginning with the Sumich Group in 1989, to her current role with the Australian Produce Brokers. Ms Skinner has also undertaken the roles of President of Market West (since 2011), Director of Fresh Markets Australia (since 2001), a member of the Market West Management Committee and Director of FPAA Credit Service (since 2002), and an industry representative on numerous industry committees including reviews of the Perth Market Act and the Bylaws and two government reviews of the Mandatory Horticultural Code of Conduct.</p> <p><i>Member of the Audit, Finance Risk & Committee, Nominations & Remuneration Committee and Master Planning Committee.</i></p>
 Andrew Young Non-Executive Director	<p>Andrew is currently the Chief Executive Officer of Brisbane Markets Limited, a role he has held since 2002, with tertiary qualifications in agricultural science, accounting and corporate management. Mr Young was appointed to the PMGL Board in 2014 and has detailed knowledge of the operations of the fresh produce industry, central markets and property development experience.</p> <p><i>Member of the Audit, Finance Risk & Committee, Nominations & Remuneration Committee and Master Planning Committee.</i></p>
 Frank Romano Non-Executive Director	<p>Frank is the current owner of Olympic Fine Foods Pty Ltd which specializes in snacks, nuts, cereal and confectionary. He is a Director of Perth Children's Hospital Foundation Ltd and has significant corporate transaction and expansion experience through establishing, owning, and managing food franchise companies including Chicken Treat, Red Rooster and Oporto. He holds investments in sandalwood plantations, vineyards; and various commercial, retail, residential property including property development interests.</p> <p><i>Chair of the Master Planning Committee and member of the Nominations & Remuneration Committee.</i></p>
 James Ryan Non-Executive Director	<p>James has extensive knowledge of the fresh produce industry and central markets having worked in both the Sydney and Perth Markets. He is a member of Market West. Aside from his experience in the fresh produce industry, Ryan has a background in Civil Engineering, with managerial experience at a plant hire organisation.</p> <p><i>Member of the Master Planning Committee.</i></p>
 Miro Lendich Non-Executive Director	<p>Miro is the chairman of United Crates Co-Operative Ltd, being WA's largest supplier of plastic crates and bins to Perth Markets. He is a second generation viticulturist and grower based in the Swan Valley, growing predominately table grapes and other produce. Mr Lendich was appointed to the Board in 2019, and prior to that was a Director of Perth Markets Ltd from 2016-19.</p> <p><i>Member of the Master Planning Committee.</i></p>



Richard Thomas
Non-executive Director

Recently retired Partner of Deloitte Australia, where he headed up the Perth Risk Advisory practice. Richard has more than 30 years' experience of risk advisory, internal audit, regulatory reviews, corporate regulation, external audit, forensic accounting, management consulting and investigations across organisations in most industry sectors. Strong risk management, financial analysis and investigation skills, wide experience in both the public and private sectors and change management implementation expertise.

Chair of the Audit, Finance & Risk Committee.



Antonio (Tony) Ceravolo
Non-Executive Director

Tony has over 35 years' experience in orchards and in wholesale of fruit and vegetables. He is a Director of South Australian Produce Market Limited and a member of the Committee of Management for the Apple & Pear Growers Association of SA Inc. Tony is also the Managing Director of R Ceravolo & Co Pty Ltd, a Director of Ashton Valley Fresh Pty Ltd and Ceravolo Orchards Pty Ltd.






Michael Bryden
CEO

Michael has over twenty-five years' executive level experience across the consultancy, oil & gas, mining, green energy, logistics, construction, hospitality, health care, government, tech start-ups, private and not-for-profit sectors. In his most recent role as Director/COO of Safesoft & VCEX Pty Ltd, an international cloud-based software start-up, Michael provided strategic direction, capital raising, finance and governance, market analysis and negotiation expertise. Michael's academic achievements include two Bachelor's Degrees and four Diplomas across the disciplines of Physics, Psychology, Law, Construction, Electronics, Management and Leadership

Quentin Hooper
CFO & Company Secretary

Quentin is a Finance leader with over twenty-five years' experience across the mining, oil & gas, construction, agriculture, and manufacturing sectors. He most recently held a 16 year career at Fortescue Metals Group Limited where he delivered significant construction projects. Quentin is a Fellow of CPA Australia (FCPA), a Graduate of the Australian Institute of Company Directors, (GAICD), holds a Masters of Business Administration (MBA) from Deakin University and a Bachelor of Commerce (BCom) from The University of Western Australia

APPENDIX E – DIRECTORS AND MANAGEMENT OF BML

Name and Position	Profile
 Anthony (Tony) Kelly Chair	<p>Anthony's career portfolio of directorships includes Brismark (President), Brisbane Markets Limited, Gladstone Ports Corporation, Carter and Spencer Group, Brisbane Lions AFL Football Club (Chairman), Lindsay Australia and Horticulture Innovation Australia Limited, chairing the International Trade Advisory Panel and International Market Access Assessment Panel.</p> <p>Anthony graduated with a Bachelor of Laws (UQ), and worked in the legal profession as Judge's Associate and Solicitor. More recently, Anthony's business experience has extended into his co-ownership of the emerging Veracity Technology in the IT industry. Anthony has been a Non-Executive Director of Brisbane Markets Limited since 2002.</p>
 Peter Tighe Deputy Chair	<p>Peter has been a Non-Executive 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 45 years' experience in fruit and vegetable wholesaling. He is currently a consultant for Global Fresh Australia and New Zealand.</p> <p>Peter was a Director of Brismark from 1988-2021, and is also a Director of a number of private companies. Peter is also the Managing Director of Magic Bloodstock Racing, a thoroughbred horse racing and breeding business.</p> <p>Peter is a member of the Australian Institute of Company Directors</p>
 Bruce Hatcher Non-Executive Director	<p>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.</p> <p>Bruce has a Bachelor of Commerce, is a Fellow Chartered Accountant and a Fellow of the Australian Institute of Company Directors. Bruce is also an Adjunct Professor at the Australian Centre for Family Business, Bond University</p>
 Stuart Lummis Director	<p>Stuart brings many years of experience as a senior executive in the property sector, specifically within 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 Corporate Property for Yourtown and previously as the Director of Building, Planning Facilities and Property with the Roman Catholic Archdiocese of Brisbane.</p> <p>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.</p>
 Nicole Radice Director	<p>Nicole is a Partner in the Corporate Advisory and Governance practice of HopgoodGanim Lawyers and has worked at the firm for more than 24 years. Throughout her career she has built a corporate law practice advising public and private companies on corporate structuring, due diligence and corporate governance, capital raisings and mergers and acquisitions. Nicole's experience includes advising ASX-listed organisations, midcap companies, international firms and overseas entities seeking to expand into the Australian market.</p> <p>Nicole holds both a Bachelor of Commerce and a Bachelor of Law (Honours) and was admitted to the Supreme Court of Queensland and the High Court of Australia in 1999. She is a member of the Australian Institute of Company Directors and is a Fellow of the Australian Institute of Management.</p>



Noel Greenhalgh
Director

Noel was the 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.



Stephen Edwards
Director

Stephen brings 25 years' experience to the Board with an understanding of board and corporate governance, succession planning and expertise in a range of compliance matters including quality assurance, food safety and work health and safety. As Managing Director of Murray Bros, Stephen has overseen the growth of the company which is now one of the largest wholesalers in the Brisbane Markets involved in both the domestic and export markets and in servicing all sectors of the industry.

Stephen holds Bachelor of Laws from the University of Queensland and has been admitted to both the Supreme Court of Queensland and the High Court of Australia



Andrew Young
Managing Director and CEO

Andrew has a history of employment at a senior management level with extensive experience in policy and strategy formulation, service development, industry representation and market operation and development. Andrew played a leading role as part of 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.

Andrew is a Non-Executive Director of Perth Markets Group Limited having been appointed in 2015 ahead of the acquisition of the Perth Markets in 2016, and an Executive Director of Fresh Markets Australia.

Andrew holds a Bachelor of Commerce, a Bachelor of Agricultural Science with Honours, a Diploma of Corporate Management, is a Certified Chief Executive Officer, is a member of the Australian Institute of Company Directors and is a Fellow Certified Practising Accountant.



Murray Stewart B. Bus
CFO and Company Secretary

Murray is a Chartered Accountant and Chartered Secretary with significant 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 worked for Brisbane Markets Limited since 2014 and manages finance, contract management, and human resources functions of the organisation in addition to overseeing the Brisbane MarketPlace operation.

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

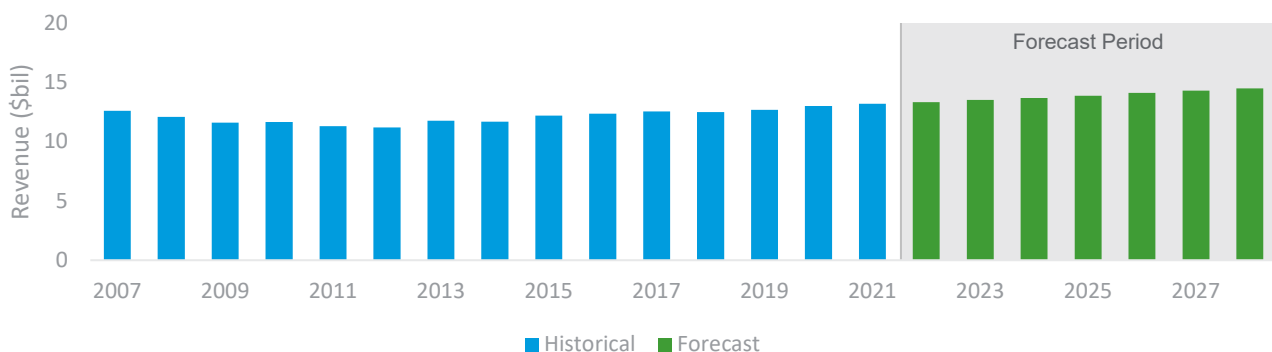
APPENDIX E – INDUSTRY PROFILES

Fruit and Vegetable Wholesaling in Australia

Overview

- 1.1 RSM has access to IBISWorld industry reports and has concluded that report F3605 'Fruit and Vegetable Wholesaling in Australia', released in March 2022, is most appropriate to PMGL's operations.
- 1.2 The fruit and vegetable wholesaling industry has faced mixed conditions over the past five years. Rising health consciousness and household disposable income has boosted demand for industry produce over the period. In addition, sales of premium fruits and vegetables, such as organic produce, has also contributed to revenue growth.
- 1.3 Demand from supermarkets and grocery stores has slowly declined over the period, as they are increasingly buying directly from producers as opposed to wholesalers. Furthermore, the effects of COVID-19, and the government-imposed lockdowns and restrictions have had a negative effect on demand from cafes, restaurants, and takeaway outlets nationally.
- 1.4 Overall, industry revenue is anticipated to grow at an annualised 1.2% over the five years through 2021-22, including a 0.8% rise in the current year. This trend is illustrated in the figure below.

Figure 8 Industry Revenue - Historical and Forecast



Source: IBISWorld

Key External Drivers

- 1.5 The key external drivers of the fruit and vegetable wholesaling industry in Australia are outlined below:
 - 1.5.1 **Demand from fruit and vegetable retailing:** There is a direct correlation between demand from fruit and vegetable retailing and industry revenue, as downstream retailers that specialise in selling fresh fruit and vegetables to consumers are a major market for the industry.
 - 1.5.2 **Demand from supermarkets and grocery stores:** supermarkets and grocery stores are a major sales channel for fruits and vegetables, significantly influencing trends in industry demand. Demand for wholesaled fruits and vegetables tend to decline when demand from supermarkets and grocery stores fall.
 - 1.5.3 **Real household disposable income:** Fluctuations in real household disposable income affects how much income consumers are able to spend on groceries. Increases in real household disposable income creates demand for premium fruits and vegetables, in contrast to cheaper substitutes.

-
- 1.5.4 **Demand from cafes, restaurants and takeaway food services:** As food-service outlets are increasing in popularity with consumer preferences shifting favourably towards convenience and dining-out experiences, the number of food-service establishments are increasing, creating a rising demand for wholesaled fruits and vegetables.
 - 1.5.5 **Domestic price of fruit:** Rising fruit prices increases the price received by wholesalers, increasing industry demand. Despite the perception of increasing prices reduces demand, the demand for fruit is relatively inelastic, meaning that changes in price have a small effect on demand. T
 - 1.5.6 **Domestic price of vegetables:** Higher vegetable prices often result in greater revenue for wholesalers as they typically increase the prices received for sales. Similar to fruit prices, higher vegetable prices can potentially reduce demand, however these higher prices typically have a positive effect on the industry.

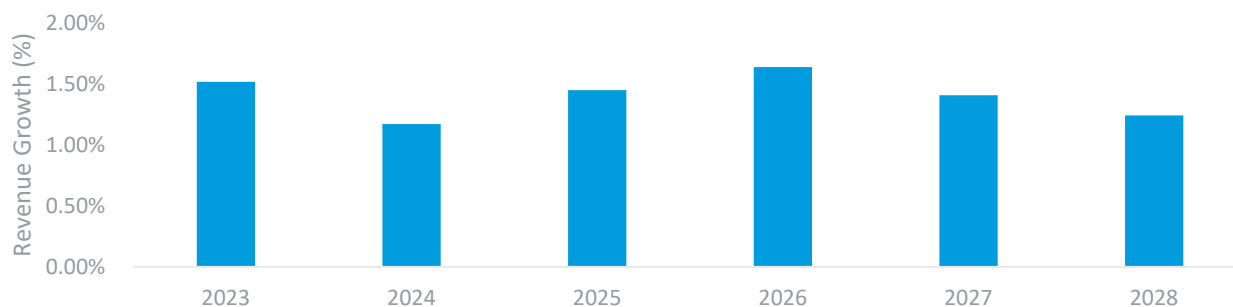
Key Success Factors:

- 1.6 The key success factors are outlined below:
 - 1.6.1 **Having contacts within key markets:** Wholesalers with contacts within key markets benefit from having a network of downstream outlets to sell their products, as they typically have a steady and guaranteed stream of revenue.
 - 1.6.2 **Guaranteed supply of key inputs:** companies that establish links with upstream growers and farmers typically benefit from a steady supply of high-quality fruit and vegetables.
 - 1.6.3 **Superior financial management and debt management:** Wholesalers with good cashflow management practices are able to maintain better relationships with both upstream suppliers and downstream purchasers of their produce.
 - 1.6.4 **Ability to effectively communicate and negotiate:** Businesses with strong negotiation skills can often secure lower prices for contracted purchases, or higher prices for contracted sales
 - 1.6.5 **Ability to control stock on hand:** Wholesalers that effectively manage inventory are better positioned to maintain lower storage costs and fresher produce.

Industry Outlook

- 1.7 The wholesale fruit and vegetable industry is forecast to continue growing over the coming five years, as the increasing trend in health consciousness is projected to drive demand for fresh produce and premium products, such as organic fruit and vegetables.
- 1.8 As supermarkets and grocery stores, such as Coles and Woolworths, are increasingly purchasing directly from farmers, this segment of demand has consequently fallen, forcing industry players to seek demand from the export market. Free trade agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) are likely to boost revenue from export sales through wholesalers, and partially offset this decline in demand from supermarkets.
- 1.9 Furthermore, trends in domestic fruit and vegetable output will continue to influence industry prices, revenue and profit over the next five years.
- 1.10 Overall, industry revenue is projected to rise at an annualised 1.4% over the five years through 2026-27. This trend is illustrated in the figure below:

Figure 9 Industry Outlook (2023-28)

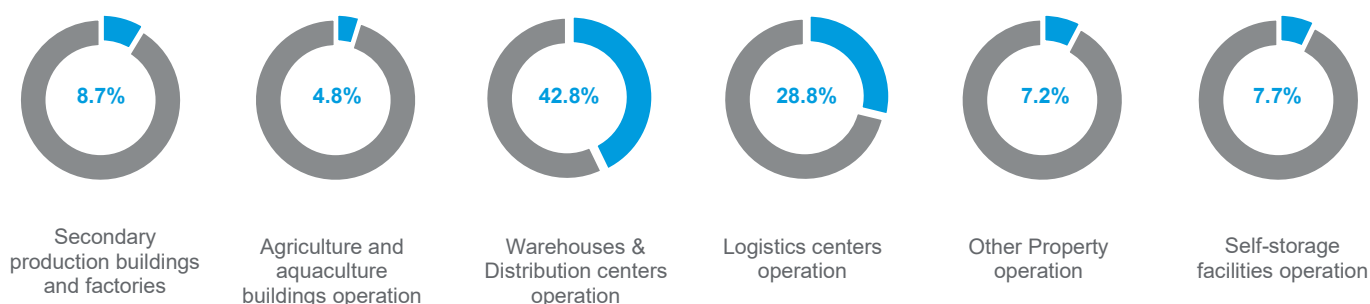


Source: IBISWorld

Industrial and Other Property Operators in Australia

- 1.11 Market places are operated on industrial sites which facilitate storage, distribution and retail of wholesale fresh produce.
- 1.12 IBISWorld industry report L6712C 'Industrial and Other Property Operators in Australia' issued in August 2022 outlines the performance of operators who primarily lease industrial and other commercial property excluding office and retail property. The main activities in the industry include the leasing or rent of industrial properties, agriculture and aquaculture buildings, factories, logistics centres, self-storage, warehouses and transport distribution centres.

Figure 10 Industry Products and Services Segmentation



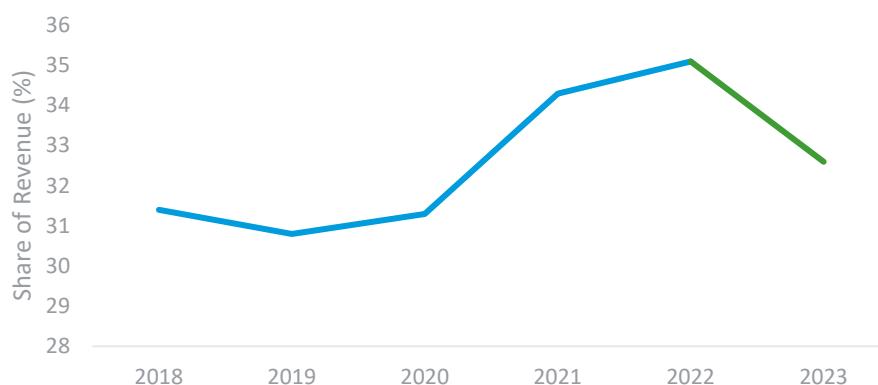
Source: IBISWorld

Operating and Competitive Conditions

- 1.13 Industry operators generate revenues primarily by leasing property assets and demand significant profit margins to offset the risk of holding premises vacant for periods of time. Profit margins were initially reduced due to the COVID-19 pandemic related rental concessions, however this was offset by increased demand for logistics and warehousing capacity as online sales increased.
- 1.14 Major costs of operators are interest payments on debt and the cost of acquisitions. Wages tend to be relatively minor compared to other costs.
- 1.15 The industry is highly fragmented with no major player controlling significant market share. The industry consists mostly of smaller operators with one or a few properties. There are few larger players which operate real estate investment trusts.

- 1.16 There are high levels of competition in the industry from other operators and from owner-occupied businesses. Competition for properties tend to be heavily dependent on the specific characteristics of the property.
- 1.17 IBISWorld projects profits as a share of revenue declining in 2023 after significant increases in 2021 and 2022 following increased demand from the logistics sector.

Figure 11 Profit as a Share of Revenue (%)



Source: IBISWorld

Key Drivers

- 1.18 IBISWorld has identified the following key external drivers of industry performance:
- 1.18.1 *Business confidence* – Business operators' confidence in future economic conditions drive decisions to lease properties, and thus demand for industrial and commercial properties.
 - 1.18.2 *10 year bond rate* – Bond rates are directly related to yields on geared properties. In periods of low bond rates, there is increased demand for investment in industrial properties.
 - 1.18.3 *Total merchandise imports and exports* – Increased levels of merchandise trade drives tenant demand for industrial property for warehouse, distribution and manufacturing functions.
 - 1.18.4 *Business inventories* – Increased business inventories indicate demand for warehouse for storage and distribution capacity.

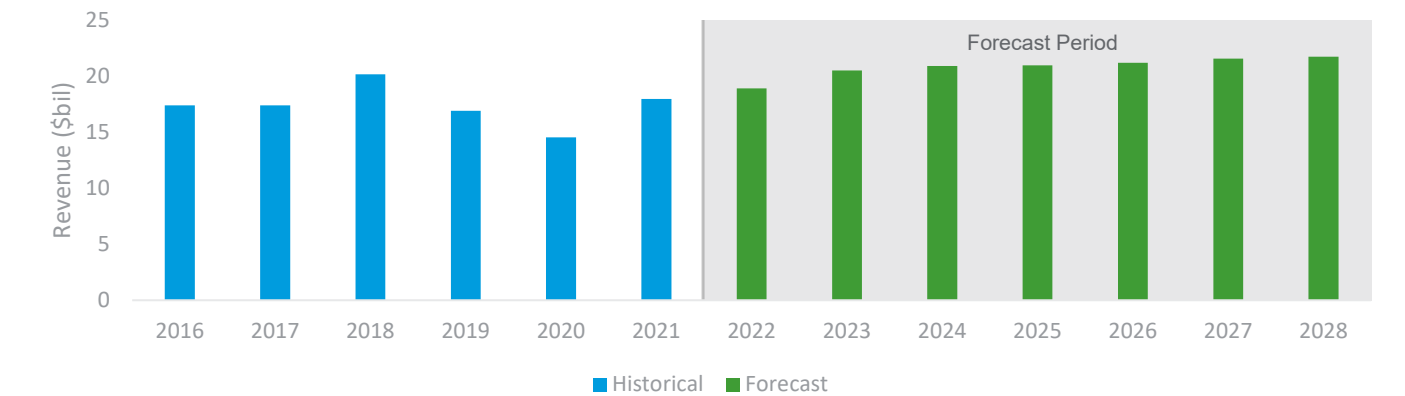
Industry Performance

- 1.19 Industry revenue is expected to grow over the five years leading to 2022-23 at an annualised 0.3% to \$20.5 billion, supported by increased demand for transport and logistic facilities related to increased merchandise trade and business inventories, as well as increased demand for warehousing and distribution facilities related to increasing online shopping activity. Additionally pandemic and geopolitical related supply change disruptions have led to increased focus on improving logistic and transport capabilities. Conversely, demand has been constrained by anticipation of continuing interest rate rises.
- 1.20 Industry performance has been supported by rising property values related to prolonged low interest rates as well as rising rental yields related to increased demand for leased industrial and commercial properties. Occupancy rates have remained high for warehousing and logistics centres.
- 1.21 The COVID-19 pandemic led to supply chain disruptions and rental payment concessions for some tenants, offset largely by increased demand for warehouse and distribution to support increased online shopping activity.

Industry Outlook

- 1.22
- Industry revenue is expected to grow over the five years leading to 2027-28 at an annualised 1.2% to \$21.8 billion, reflecting improving COVID-19 pandemic conditions and increased business confidence. Downstream business will likely experience increasing demand for online shopping, leading to increased business inventories and demand for industrial properties for warehousing and distribution.
- 1.23
- Supply of industrial properties is expected to increase driven by increasing construction, although rising interest rates and inflation may temper downstream demand and restrict demand for industrial properties.

Figure 12 Industry Revenue - Historical and Forecast



Source: IBISWorld

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