



SYDNEY MARKETS

TWENTY SIXTH ANNUAL GENERAL MEETING

Minutes of the Twenty Sixth Annual General Meeting

held at 2nd Floor Office Level, Building Z, Sydney Markets
222-238 Parramatta Road, Homebush West
on Tuesday 28th November 2023, commencing at 10:00am

1. Attendance

Directors (7):

Mario Messina Acting Chairperson Shaun McInerney Director Dale Doonan..... Director
Meegan George.....Director Caroline Piscuneri Director Stephen Pellizzer... Director
Billy LeeDirector

SML Senior Managers (6):

Brad Latham Chief Executive Officer Michael Golden..... CFO/Company Secretary
Stephen Russell..... Chief Operating Officer Effie Stefos Governance, Risk & Compliance Manager
John Pascucci Head of Operations Ned Tesic PR/Brand Manager

SML Staff (16):

Conrad D'CruzFinance Manager Adrian LaCava Operations Manager
Con Kapellos Environment Manager Shawn FreeburnBusiness Dev/QA Manager
Leighton Freney WHS Manager Jim Basetas..... Team Leader
Sam Marturano Team Leader, Haymarket Isabella Carabetta.....Marketing Co-ordinator
Zona Tan-Sheppard Marketing Co-ordinator Shirlene Ronniger.....Marketing Co-ordinator
Catherine RocheEA to the CEO Suzie Todorovic Executive Assistant
Vanessa Tseros..... Customer Service Officer Qin Zhang..... Accounts Payable Officer
Gayatri Barot Payroll/Customer Service Officer Dee Coupe Market Officer

Visitors (5)

Sarina Roppolo....Kardos Scanlan Corporate Lawyers Hugh Evans Gilbert + Tobin Lawyers
Scott WalshPwC – Auditors Elbert D'MellowAustralian Softnet Services

Shareholders (102):

A total of **102** Shareholders (excluding Director Shareholders) were present at the meeting representing **10.7 million** equity entitlement votes and **34** Shareholders viewed online.

176 valid proxy forms were received from Shareholders who were entitled to vote totalling **30.4 million** equity entitlement votes. This represented **18.6%** of the Company's total equity entitlements. These proxies nominated the Acting Chairperson, SML Directors and other individuals as proxy holders.

2. Apologies

Nil

3. Opening

Acting Chairperson, Mario Messina opened the meeting at 10.00 am and made an acknowledgement of country to the Wongal people of the Eora Nation, traditional custodians of the area and paid respect to the elders, past, present and emerging.

He then introduced the Directors, the CEO and the Company Secretary.

He also noted the presence of Ms Sarina Roppolo from Kardos Scanlan Lawyers, and Mr Hugh Evans from Gilbert + Tobin Lawyers, the Company's legal advisors, and Mr Scott Walsh from PricewaterhouseCoopers, the Company's auditors.

4. Quorum

Mr Messina advised the meeting the Company Secretary had confirmed a Quorum was present with 102 shareholders present at the meeting and called the meeting to order.

5. Proxies

Mr Messina noted a number of proxies had been received, were held by the Company Secretary and were available for inspection.

6. Notice of Meeting

Mr Messina advised the Notice of Annual General Meeting 2023 had been circulated to all members and would be taken as read.

7. Rules & Procedure for the Meeting

Mr Messina advised the procedure for the meeting would be that the formal part of meeting which included the confirmation of the Minutes of the 25th Annual General Meeting and the discussion and tabling of the Financial Statements would be covered first, followed by General Business.

8. Confirmation of Minutes

Mr Messina advised the Minutes of the 25th Annual General Meeting held on Tuesday 15th November 2022 had been made available on the Company's website and copies were available at the registration desk to all present.

He then proposed that the Minutes of the 25th Annual General Meeting of the Company be taken as read and adopted as a correct record.

The motion was moved by HEATH MCINERNEY and seconded by YVETTA HRUSKA.

Mr Messina declared the motion to adopt the Minutes of the Twenty Fifth Annual General Meeting as a correct record CARRIED.

9. Presentation – The Year In Review

It was noted a detailed joint message from the Acting Chairperson and the CEO was included on pages 8 to 19 in SML's Annual Report 2023, which had been circulated previously to all members.

Brad Latham, Chief Executive Officer, then gave a presentation outlining some key highlights from the year in review as follows:

INTRODUCTION

Facing the Challenges

The Sydney Markets Community has continued to face many challenges over the past year, including the recurrence of flooding in in the Greater Sydney area and throughout the Eastern states of Australia in June/ July 2022, escalating interest rates and electricity costs and an overall increase in the cost of running businesses.

The ongoing resilience and resolve of Sydney Markets stakeholders in working through these and many other obstacles are key to ensuring the best quality fresh produce, flowers and retail goods continue to be available to customers throughout Sydney, NSW and Australia.

FINANCIALS

- ***Profit before income tax*** was \$6.5 million (2022: \$4 million).
- ***Profit after tax*** of \$4.5 million (2022: \$3.5 million).

Mainly attributable to an increase in rental income across all sectors but in particular our Paddy's brand now trading without COVID rental abatements coming into calculation. In addition, a number of key policy changes introduced in the reporting period covering management of our waste portfolio, portorage lift fees, Saturday Paddy's casual stand fees and outstanding debtors fee all contributed to the upward trend.

- ***Total capital expenditure*** for the year was \$5.2 million.

Mainly driven by construction costs for the new Warehouse I and the implementation and continuing upgrade of the SML Hub (Trader Portal).

- ***Borrowings*** remained at \$20 million (2022: \$20 million) despite the challenging trading environment.

KEY HIGHLIGHTS OF THE YEAR

Corporate Matters

SML Directors

Significant changes to Board structure:

- *Mr John Pearson, Independent Director & Chair, retired in April 2023.*
- *Mr David Whiteman, Expertise Director, retired in September 2023.*

- *Mr David Hynes, Independent Director, resigned in September 2023.*
- *Mr Stephen Pellizzer was re-elected as Flower Market Nominee Director effective from July 2023.*
- *Ms Caroline Pisciuoneri was re-elected as Wholesale Nominee Director effective from July 2023.*
- *Mr Dale Doonan was elected as Expertise Director effective from September 2023.*

Chairperson Recruitment

Mr Mario Messina is currently serving as Acting Chairperson (heads the Nominations Committee) until a new permanent Chairperson is appointed.

Professional Director recruitment firm Directors Australia has been engaged to assist SML in the process of identifying potential candidates with the essential attributes, skills and experience required for this important role and we look forward to announcing the Chairperson for Sydney Markets.

Formal interviews will be taking place on Friday 1 December 2023.

The Nominations Committee are also recruiting for the vacant Independent Director position.

Strategic Planning Update

Revised Strategic Plan 2022-2027

To ensure the business remains relevant to both today's needs and future requirements, SML sets five-year Strategic Plans which are monitored quarterly and reviewed in detail every three years.

SML's Board and Management team met offsite for two days of detailed and robust discussion to establish our clear goals and initiatives which form the Strategic Plan for SML for the period from 2022 to 2027.

Part of the process included interviews with our shareholders and stakeholders across the supply chain to help shape our plans for the future. We also conducted a series of workshops and this will continue over the coming months.

In brief terms, the Strategic Plan focuses on Market efficiencies, environmental sustainability, innovation and technology improvements, the reinvention of our Paddy's brand, Aerotropolis Market presence opportunity, SML brand rollout and the financial viability of Sydney Markets Limited

Strategic Imperatives:

- *Maximise the efficiency, effectiveness and financial & environmental sustainability of both the Flemington and Haymarket sites.*
- *Continue the implementation of our innovation program, embracing new technologies that measurably improve the operating environment for SML and our stakeholders.*
- *Further advance our capabilities as a Retail Markets Operator through the successful reinvention of the Paddy's Markets Brand.*
- *Successfully expand the SML footprint within the vicinity of the Western Sydney Aerotropolis.*
- *Maximise the strength of the 'Sydney Markets' Brand.*
- *Ensure the enduring financial viability of Sydney Markets Limited.*

It is a living document and the Board and Management team will formally review the progress of our plans early in the New Year. SML will keep stakeholders informed on progress.

Master Plan Projects – Flemington Site

A comprehensive Master Plan has been created for Flemington which includes a number of projects for site improvements and development of additional warehouse space on site.

Five of these projects have been prioritised and are currently in the initial design and planning stages or under evaluation.

New Warehouse I – Northwest Precinct (Approximate Timeframe Nov 2023 – March 2024)

- *New 2,600m² warehouse in the northwest precinct of the Markets, adjacent to Warehouse X, with parking beneath.*
- *Key tenant is Perfection Fresh.*
- *Construction is currently in progress and the following works have also been completed:*
 - ☐ *Relocation of the Plaza Tenants and Staff car park.*
 - ☐ *New public parking area next to the car sales yard.*
 - ☐ *Relocation of Hammersmith Road.*
- *Completion expected by early 2024.*

New Warehouse – Northeast Precinct (Currently being evaluated)

- *Two-Level Warehouse on Suttons Motors Site – 2,900m² Ground Floor Warehouse; 3,500m² Level One Warehouse.*
- *Considering commercial component on this site.*
- *Could be opportunity for commercial/residential.*
- *Suttons Motors lease for this site expires in October 2024.*

New Warehouse – Western Precinct (Currently being evaluated)

- *Extension of Car Park V to the North – 4,000m² Warehouse on Ground Level with opportunity for the inclusion of Cooking School and permanent Retail Fresh Food Offer.*

New Elevated Warehouse – Eastern Precinct (Currently being evaluated)

- *Extension of Car Park Y to the North & South with approx. 12,000m² Elevated Warehouse space (single or multiple) on Level Two and 350-400 additional car parking spaces.*

Parramatta Road Frontage (Options being evaluated)

- *SML is continuing its evaluation of opportunities for highest best usage of the Flemington site and is in the process of exploring the possibility of obtaining change of usage/rezoning from 'Market Special Use' for the Parramatta Road frontage between Hammersmith Street and Potts Street to include the potential for residential/commercial construction, along with other options for warehouse space.*
- *The decision to proceed with this proposal will come down to the overall financial model associated with the project, with the long-term opportunity to release some capital equity from the site to fund major projects. This project is ready to resubmit to the Board for consideration in the New Year.*

Environmental Sustainability

Reflecting its role in the sustainable management and conservation of Australia's environment, SML is committed to minimising its own ecological footprint by pursuing environmental best practice and the prevention of pollution in all operations.

Waste Management Achievements

SML would like to acknowledge the entire Sydney Markets community who have embraced our new Waste Policy initiatives which has resulted in significant savings to our business.

Acknowledged Environment Committee, Management Team and Green Point Team.

We are very pleased to report that with the cooperation of Market stakeholders since the start of the program, when compared to the same time last year;

- We have achieved an impressive 19% reduction in total waste volumes – this equates to 4,700 tonnes less waste compared to last year.*
- Our combined efforts have resulted in a significant 20% decrease in General Waste, equivalent to a reduction of 1,900 tonnes.*
- Through our collaboration with EarthPower, we have achieved an outstanding 64% reduction in organic waste delivery, eliminating a staggering 2,800 tons.*
- Pallet recycling has increased by a massive 30% or 360 tonnes.*
- Cardboard recycling now exceeds 1,800 tonnes per year.*

Saving of almost \$1.2M compared to the previous 12 months.

These numbers are not only reducing costs but are having a positive effect on the environment. Also, the Market is noticeably cleaner and providing a much better working environment for everybody.

Whilst the numbers represent an outstanding achievement for which we should all be proud, there is still lots of work to do.

Our Green Point and Operations Teams will be increasing their focus on minimising waste and increasing recycling through closer engagement with our stakeholders and partners.

Additional initiatives are developed and implemented on an ongoing basis to assist our stakeholders, further improve waste management throughout the site and increase sustainability.

Thank you for your cooperation for this portfolio. We're very proud of the achievements that have been reached to date and we will provide further updates over the coming months.

Foodbank & Other Charities – Food Waste Collection

- SML continues to support Foodbank, Australia's largest hunger relief organisation, and other food rescue charities including SecondBite, Sydney Care, Reach Out, St Merkorious and various animal shelter organisations.*
- In the twelve months from July 2022 to June 2023 they collected approx. 1,200 tonnes of edible but surplus fruit and vegetables from Green Point and Market businesses that would otherwise be discarded.*
- Helps the needy and assists SML by not discarding this food through our waste streams.*

Assistance for Farmers

- *The SML Green Point Team continues to provide assistance to NSW farmers by supplying organic waste to feed livestock.*
- *Between July 2022 and June 2023 Sydney Markets provided approximately 8,000 tonnes of organic waste through Green Point to more than 30 farmers.*
- *This ongoing diversion helps to reduce the amount of organic waste sent to landfill and assists in improving our environmental sustainability.*

Innovation & Digital Technology Strategy

The SML Hub

Management is undertaking significant measures to enhance the user experience and increase the usage of the SML Hub with a new section added to the main menu called Help with SML Hub.

In this Help section an update user manual has been added which gives step-by-step instructions and tips for navigating the platform.

To compliment this manual, individual instructional videos are being created for the various functionalities within the SML Hub.

The guide and videos are designed to assist customers in discovering and effectively utilising the system's features, thereby promoting increased usage.

The Site services module has recently been added which will allow for a more streamlined process for any maintenance requests for shareholders and contractors.

Electronic Entry, Parking & Access Control

The introduction of Electronic Entry, Parking & Access Control for the site is a high priority project for SML.

Following the tender process, the contract has been awarded to Watermelon / ParkIQ to provide both technology / hardware parking and access control solution and management of the following services:

- ☐ *Vehicle Entry*
- ☐ *Reserved and Unreserved Parking*
- ☐ *Access Control*
- ☐ *Buyers Passes*
- ☐ *Back-office process*
- ☐ *Staffing for compliance*

The first stage of the project will include installation of our digital parking and entry system and the second stage will include car parks and GTA access control.

Work has subsequently commenced and it is anticipated the project will be completed in approx. four to six months.

This system will provide valuable information to base our future decision making processes on.

Retail Markets Strategy Update

Paddy's Markets Business Analysis

The Paddy's brand generally has been struggling, not only from a bottom line perspective for the SML profit centre, but also due to declining occupancy rates and customer attendance. We needed to focus on what we need to do, including improvements to our infrastructure, trading times, product mix, community engagement and many other areas.

Management has developed an Action Plan for Paddy's Markets Flemington and Haymarket based on the outcomes from the comprehensive Business Analysis undertaken during 2022.

A Retail Consultant / Specialist has been engaged to assist SML with the implementation of the Business Analysis Action Plan to maximise stand occupancy and increase customer attendance.

Paddy's Markets Haymarket Key Tenant Strategy

Plans for the introduction of a new Doltone Hospitality Group (DHG) multi-purpose food and beverage marketplace and events venue precinct at Paddy's Markets Haymarket were granted Landlord approval by Market City in June 2023.

Landowner approval by Place Management NSW was received and the Development Application Submission was lodged in August 2023 with the City of Sydney Council Planning Department for approval. Management is hoping approval will be granted soon.

It is anticipated construction will take three to six months to complete once DA approval is granted.

DOLTONE HOSPITALITY GROUP PRECINCT:

Development of the DHG precinct will require the relocation of some traders, however this exciting new concept will create a vibrant, food focused precinct that will be a popular destination for locals and international guests and will benefit all stakeholders by bringing the Market back to almost 100% stand occupancy, as well as attracting many more customers and reinvigorating the Paddy's brand.

A flyover view of the proposed new market style precinct was presented. SML is excited about the food offer this precinct will bring, creating a destination point. The various types of food will represent the diversity of Sydney and facilities will be outstanding.

Paddy's Markets Flemington Strategy Action Plan

Under the Paddy's Flemington Strategic Plan, initiatives continue to be developed and implemented aimed at improving occupancy rates on Friday and Sunday, whilst reinforcing the strong trade of the Saturday Paddy's Fresh Food Market.

Independent consultants have been engaged to assist Management with the implementation of Key Initiatives for the Action Plan developed for the Paddy's Flemington Strategy.

The Action Plan includes short-term, medium-term and long-term initiatives to provide new revenue opportunities, growth of existing categories and future planning.

Whilst Plans and initiatives were identified for our Flemington Paddy's brands, our Board agreed that SML should focus on bringing the Paddy's Brand back into a profit before any further initiatives were formally introduced.

Paddy's Markets Flemington Entry/Parking Fee

The trading environment of our Paddy's Markets brand has been very challenging, particularly since the onset of the COVID-19 pandemic. Costs associated with managing, maintaining, and cleaning the site have continued to increase substantially which has resulted in all our Paddy's operations trading at a loss. This has had a detrimental effect on SML's overall financial position.

For the Paddy's brand to continue trading in its current form, SML's focus is to return the Paddy's model back into profit which will benefit SML's overall financial position.

The introduction of an Entry/Parking Fee will do this, and is line with SML's Strategic Imperative to ensure the financial viability of Sydney Markets Limited.

Effective from Friday 5th January 2024, a \$5.00 Entry/Parking Fee will apply for customers attending our Paddy's Flemington operations on Fridays, Saturdays, and Sundays.

We understand that introducing an Entry/Parking Fee is a significant change, and we sincerely appreciate your understanding and your cooperation as we navigate these challenging times together. Our focus is and will remain to maintain a vibrant and flourishing Paddy's brand that benefits each and every one of us.

The CEO noted the following examples of SML's cost increases:

- Cleaning and waste removal charges have increased by around 36%, which equates to a massive cost of almost \$3 million p.a.*
- Council Rates are expected to increase by 35% this year, with further increases to 100% across the next four years. This could be around a \$300K increase.*
- Overall insurance costs will increase by 22% this year – in dollar terms, around \$500K.*

The introduction of a Entry/Parking Fee will return the Paddy's model back into profit and will allow for further improvements to the great brand to be introduced.

SML has held numerous meetings with shareholders and stakeholders. We have, however, received representations on this matter from a number of shareholders and other stakeholders which are to be considered by the Board when it meets later in the day, following the AGM.

Future Market Opportunities Update

Work is continuing on exploring opportunities to secure the future of Sydney Markets.

SML has extended the non-binding Heads of Agreement with the University of Sydney (USYD) to 31 March 2024. The extension has allowed both parties to continue progressing key due diligence investigations in connection with SML's expansion on USYD's land in Bringelly.

Subject to the outcomes of our investigations, SML will seek approval from shareholders prior to any formal binding arrangements being entered into.

Additionally, SML are currently in the process of engaging a new business partner/ consultant to assist SML in navigating this complex project.

We will continue to provide updates as this project progresses.

The CEO advised that the key points are firstly, the HOA with Sydney University, who own land adjacent to the Aerotropolis, expires 31 March 2024. As part of our due diligence, SML has engaged with key Government representatives over the past couple of months seeking financial and zoning assistance with this project. We are currently awaiting feedback.

Maximising the Strength of the Sydney Markets Brand

Sydney Markets Beautification Project

Earlier this year SML commenced a program to enhance the overall aesthetic of the Market.

The new logo has been installed throughout our site including all Market entry points, multi-storey carparks, directional signage and our Sydney Markets Corporate Office

New large signage has been installed for the Sydney Produce Market, the Sydney Growers Market and the Sydney Flower Market reflect the refresh of the new SML logo.

In addition to the new brand roll-out, several large murals depicting historical images of the Markets have been installed in the Sydney Produce Market buyers' walks in Buildings ABC.

Over the coming months, we will continue to enhance the overall aesthetic of the Markets including new signage and fencing, painting and other improvements. The next stage will include new fencing around the trading area.

Marketing Initiatives

2023 Sydney Markets Fresh Awards

Over 400 people from the Sydney Markets community gathered on 7th July at the highly anticipated 2023 Fresh Awards Gala Event to celebrate and honour the achievements of the high performers in our industry, including Wholesalers, Growers, Greengrocers, Florists, Providores, Fresh Content Creators and for the first time, our Paddy's Markets Retailers with the newly introduced Paddy's People's Choice Awards.

Congratulations to all of the program participants, finalists and especially the winners in the 2023 Fresh Awards categories.

Sydney Markets Fresh for Kids Program

For over 30 years, the Sydney Markets Fresh for Kids Program has been helping NSW school students choose the healthier choice at their school canteens.

The Fresh for Kids program continues to evolve and adapt to meet the needs of modern children and parents and in this new phase, is moving into the classroom to bring cooking classes to the students.

We are pleased to advise that through an agreement between SML and Jamie Oliver Foundation, Sydney Markets for Fresh For Kids has become the Australian partner for Jamie Oliver's 'Learn Your Fruit and Veg' Cooking Classes.

Students are able to participate in cooking classes, which have been extremely well received, with all produce sourced from Sydney Markets and/or an independent greengrocer.

National Retailer Program – A Better Choice!

SML have been involved with the national initiative 'A Better Choice!' for over two years, while continuing to focus on our existing programs to engage and support greengrocers in NSW.

'A Better Choice!' is a joint initiative by the industry groups Fresh Markets Australia (FMA) and the Central Markets Association of Australia (CMAA). The program was established in 2017 to create coordinated messaging across Australia and leverage economies of scale, pooling resources to achieve greater reach to consumers.

The program has grown substantially since being established and now supports more than 800 independent fruit and vegetable retail shops across Australia with a retailer satisfaction rating for the program of 83%.

Supporting this program and promoting independent greengrocers demonstrates the recognition of their long-standing commitment to the Central Markets and helps sustain the viability of the sector for future generations.

The CEO noted this is a national retailer program designed to encourage consumers to shop at independent shops and is supported by SML as a joint initiative with Freshmark. Independent shops are such an important segment of the market and represent about 60% of the total output of fresh produce spend.

Our Marketing teams meet regularly with other program sponsors to look at ways of improving the program.

Sydney Markets Site Improvements

Sprinkling of Market Buildings

SML has commenced the staged installation of Sprinkler Systems in Wholesale Market buildings at a cost of about \$4.6M.

This project will be undertaken in two stages, with installation in Building E as Stage One currently in progress, and installation in Buildings A, B & C as Stage Two following completion of Stage One.

This initiative will provide benefits for both SML and Market Tenants:

- Helps to address one of the major challenges for Sydney Markets, limited space & logistics, by providing opportunity to increase the height of storage, maximising the available storage space in existing Buildings/ Warehouses.*
- Minimises the risk of damage to assets in case of fire.*
- Assists with reducing insurance costs under SML's Industrial Special Risks Insurance Policies.*

Additional Solar Panel Installations on Site

There are currently Solar Systems installed at six locations around the Sydney Markets site that generate a total of 2.64MW of solar power.

SML is now investigating options for the installation of additional solar systems on as many buildings as possible across the whole site. Potential partner options are also being investigated.

This initiative helps to improve SML's sustainability profile, reduces Sydney Markets' carbon footprint and benefits the environment.

It was noted SML is currently evaluating a proposal to install additional solar panels on remaining suitable buildings and investigating potential partner options moving forward. We believe this is timely considering the anticipated increases in electricity consumption cost in the new year.

Repair & Maintenance Programs

To ensure both the Flemington and Haymarket sites continue to operate as efficiently and safely as possible for the benefit of all stakeholders, the SML Site Services Department works tirelessly to carry out a wide range of ongoing Repair & Maintenance Programs.

Works are carried out 24/7 on the site.

When carrying out works under these programs it is sometimes necessary for the power supply to sections of the Market to be temporarily shut down. SML appreciates the cooperation of all Market Tenants in the coordination of these shutdowns.

Sydney Markets Site Operations

Work Health & Safety

SML treats matters of health and safety with the utmost importance at all times and dedicates significant time and resources into adopting and upholding safe work practices, as well as educating stakeholders. We remain vigilant in enforcing Work Health and Safety laws and are in constant communication with SafeWork NSW, Roads & Maritime Services and the NSW Police to support those efforts.

SML staff undertake training on a regular basis for a range of Work Health & Safety related processes and procedures.

SML maintains ongoing communication and consultation with Market stakeholders on all aspects of Work Health & Safety.

Work health and safety continues to be a focus, and this is highlighted by a clear reduction in the number of incidents on site – well done to all shareholders and the Operations Teams.

Sydney Markets & SafeWork NSW Workshops

In collaboration with SML, SafeWork NSW conducted safety information workshops during April 2023 for Sydney Markets stakeholders, especially forklift drivers and those working around forklifts, to provide an opportunity to speak with industry experts and hear first-hand the impacts of workplace incidents.

This collaboration was well received by the media.

Other News

Sydney Markets Foundation Gala Dinner & Cherry Auction

The Sydney Markets Foundation Charity Gala Dinner and 42nd Annual Sydney Markets Cherry Auction was held on 11th November 2023.

The theme for the evening was “A Night in Paris”.

This year’s Cherry Auction raised a total of \$70,000, with all proceeds donated to the Sydney Children’s Hospitals Foundation. The winning bid of \$50K was from Narinda Singh of QE Foods, plus an additional \$20K was donated by the Sydney Markets Credit Service (SMCS).

This was just one of the many worthy causes supported by the Foundation.

Sponsors for the 2023 function:

- *Platinum Sponsor Sydney Markets Limited*
- *Gold Sponsor Toyota Forklifts*
- *Silver Sponsor Fresh Produce Group*
- *Bronze Sponsor Perfection Fresh*
- *Photo Booth Sponsors Flemington Unloading Service / Fruitwheels Transport*

We acknowledge Meegan George, CEO of the Sydney Markets Foundation, the Foundation Board and the SML Team and congratulate them on a successful evening.

Industry Participation

SML’s focus on Industry participation continued over the past twelve months through attending and presenting at a range of events, both locally and overseas, including:

- ***World Union of Wholesale Markets (WUWM) Conference***
Abu Dabi, United Arab Emirates – October 2022
- ***WUWM Asia-Pacific Regional Working Group Meeting***
Abu Dabi, United Arab Emirates – October 2022
- ***Hort Connections Conference***
Adelaide – June 2023
- ***Joint FMA / CMAA Meetings***
Adelaide – June 2023
- ***Asiafruit Congress / Asia Fruit Logistica***
Hong Kong – September 2023
- ***WUWM Asia-Pacific Regional Working Group Meeting***
Hong Kong – September 2023

Acknowledgements

The Acting Chair acknowledged the importance of the ongoing collaboration, participation and cooperation of all Stakeholders throughout the Sydney Markets community in the development, completion and implementation of the comprehensive range of initiatives, undertakings and achievements outlined above.

The Board, Management and Staff at SML highly value your assistance in helping Sydney Markets to continue operating as efficiently and as safely as possible.

Our sincere thanks go to our Directors, Management, staff and contractors and to all stakeholders, in particular those who give their time to represent on the Council of Market Representatives the Fresh for Kids Committee, and the Paddy's Advisory Committees.

10. Financial Report – 30 June 2023

The Acting Chair, Mario Messina noted the Financial Report containing the Directors' Report and the Auditors' Report in respect of the year ended 30 June 2023 had been distributed.

It was noted that the accounts recognise that a retirement payment was made to the former Chair, John Pearson at the time of his departure prior to 30th June. This payment was made at the time of his leaving on the understanding that Mr Pearson was due the payment on his departure from the role of Chairman.

A review undertaken post 30th June identified that Mr Pearson was not entitled to receive any payment on his resignation, and he repaid the amount in full on 26th September 2023.

Mr Messina then called for any questions on the Financial Report and the Directors' Report or any questions of the Auditor in respect of the Auditors' Report or the conduct of the audit.

YVETTA HRUSKA – Paddy's Flemington Trader

- Requested that the payment to Mr Pearson be checked and audited, noting shareholders had not seen any documentation regarding the payment.

Mr Messina advised that the Board has commissioned an independent legal firm to conduct a confidential and privileged investigation into Mr Pearson's resignation and associated retirement payment and advised that due to the ongoing investigations, the Board would not be discussing or answering questions on this matter. The Board will await the outcome of the investigation being undertaken by our legal firm before considering any further actions.

SAL RUSSO – Flower Market Trader

- Stated his opinion that under Section 200B of the Corporations Act, the "unauthorised payment" to Mr Pearson constitutes a criminal offence with up to six months' imprisonment for those who authorised it.
- Asked whether or not Sydney Markets Limited will ask ASIC to prosecute those Directors who authorised the payment and whether or not there had been any other payments to other retiring Directors over the past ten years.

- Noted that the notation in the accounts indicates the company identified the discrepancy – asked if the discrepancy was identified by the company or by the auditors so that further questions can be raised into what needs to be undertaken.
- Suggested that the Directors who authorised the payment to Mr Pearson should resign from the Board.

Mr Messina advised Mr Russo that his questions were noted, however he reiterated his earlier statement that while the investigation by our legal firm is ongoing, the Board would not respond to any questions in relation to this matter.

11. Directors' Remuneration

Mr Messina asked the Company Secretary to address the meeting regarding the resolutions on Directors' Remuneration.

The Company Secretary, Michael Golden, advised that Clause 10.11 of the Constitution requires the Company, in general meeting, to determine Directors' remuneration, and hence any changes of Directors fees. He noted Directors' Remuneration has not increased for the past three years therefore the remuneration pool for Director Fees for 2022/2023 remained at \$537,152 p.a. The published annualised Sydney CPI this year to June is 7.1%.

It was further noted that whilst the current economic climate remains challenging, it is recommended Directors' fees be increased in line with the annualised Sydney CPI of 7.1%.

Mr Golden provided information on Members present at the meeting and proxy forms received:

☐ Members Present:

102 Members present who are entitled to vote, holding a total of approximately 10.7 million equity entitlements representing 6.3% of the total shareholders' equity entitlements (EE).

☐ Proxies Received:

176 Proxies totalling 30.4 million equity entitlements from Members who are entitled to vote, representing 18.6% of the total shareholders' equity entitlements.

The Company Secretary read Resolution 1:

That the TOTAL remuneration pool for Directors be increased from \$537,152 p.a. to \$579,290 p.a. from 1st July 2023.

The motion was moved by HEATH McINERNEY and seconded by SAM SAFRGLIANI.

☐ Voting on Resolution 1 from proxies received was as follows:

- In favour: 72.1% (21.9 million EE)
- Against: 27.9% (8.5 million EE)
- Abstained: 0.0% (0.0 million EE)

Based proxy votes already received in favour of Resolution 1, the equity held by Members present at the meeting who are entitled to vote was not sufficient to change the proxy vote, therefore the motion was declared CARRIED.

The Members were advised that as SML is currently recruiting a new Chair, approval is also sought for an additional \$50,000 salary to be available, if required, to secure the best candidate for the role.

The Company Secretary read Resolution 2:

That an additional \$50,000 be available in the remuneration pool for Directors to be used solely for additional salary for the SML Chair, if required, to secure the best candidate for the position.

The motion was moved by SAM SAFRGLIANI and seconded by WARREN SCANLAN.

□ Voting on Resolution 2 from proxies received was as follows:

- In favour: 90.3 % (27.4 million EE)
- Against: 9.7 % (2.9 million EE)
- Abstained: 0.0% (0.0 million EE)

Based proxy votes already received in favour of Resolution 2, the motion was declared CARRIED.

12. General Business

Having dealt with the formal business of the Notice of Meeting, Mr Messina noted the meeting would move on to General Business and opened the meeting for questions or comments from Shareholders.

PADDY'S HAYMARKET

Yiming Weng (Paddy's Haymarket Trader), Scott Kopuz (Paddy's Haymarket Trader), Omar Rustom (Aussie Roma - Wholesaler / Paddy's Flemington Trader), and David Chen (Paddy's Haymarket Trade) raised concerns and commented on the Doltone Hospitality Group (DHG) development at Paddy's Haymarket and the requirement for relocation of some traders.

Issues raised included:

- Some traders who are required to be relocated feel they have been treated unfairly and unjustly as shareholders in the company.
- The company has a duty of care to all shareholders and to deal fairly with every shareholder.
- While Haymarket traders are limited to a maximum of 10 stands, DHG will not be subject to the same restriction.

- Moving traders – especially from a high traffic (“waterfront”) location to a low traffic, and even no traffic location – is destroying the livelihood of those small business owners.

The CEO acknowledged that SML does have a duty of care to all shareholders, and that is why SML is undertaking the DHG precinct development at Paddy’s Haymarket.

Key points noted were:

- *Paddy’s Haymarket is currently only 50% occupied and the financial viability does not stack up. SML undertook comprehensive studies with the assistance of independent experts to address the issues and determine a suitable strategy to improve the Market. The strong opinion of the Board and Management team is that the introduction of this exciting initiative will bring more people to the market.*
- *With regards to the relocation of some traders, SML’s view and the view of the independent experts is that with the new DHG precinct there will be no quiet trading areas in the market. With this initiative we will have this key tenant trading and bringing more people to the market, resulting in the market being almost 100% occupied.*
- *Doltone Hospitality Group will not be a shareholder in the Company.*

Both Sam Safrigliani (Paddy’s Haymarket Trader), and Sam Famularo (Paddy’s Haymarket Trader), noted that in their opinion:

- Many traders are in favour of the DHG project for the benefit of the whole market, and are looking forward to the changes.
- There will be no bad location in the Market once the new precinct is completed.
- The project will bring financial viability and stability to the market and will provide a better future for all Paddy’s Haymarket traders.

PADDY’S FLEMINGTON

Omar Rustom (Aussie Roma - Wholesaler / Paddy’s Flemington Trader), Peter Razi (Paddy’s Flemington Trader), Eileen Yip (Yep Lum & Co. / Paddy’s Flemington Trader), Guy Gaeta (Paddy’s Flemington Trader / Grower), Yvetta Hruska (Paddy’s Flemington Trader), Ash Ahmed (Paddy’s Trader Flemington), Heath McInerney (Fresh Fellas - Wholesaler), Leanne James (Paddy’s Flemington Trader) and Sam Theocharous (Paddy’s Flemington Trader) raised concerns and commented on the Paddy’s Flemington \$5 Entry/Parking Fee proposed to be introduced from early January 2024.

There was very robust discussion and strong opinions expressed by shareholders. Some of the main issues raised included:

- Introduction of a \$5 Entry/Parking Fee at Paddy’s Markets Flemington would likely result in a dramatic decrease in customer attendance. In their opinion, this will have a detrimental effect on the livelihoods of Paddy’s Flemington traders.
- Some traders would prefer that SML increase rent charges to the standholders rather than charging their customers.

- The Board and Management do not understand the consequences of their decision to implement this initiative.
- The Retail Markets sector has previously not been singled out as a separate sector of the business.
- Shareholders have not been provided figures relating to why Paddy's Flemington is operating at a loss.
- Request that as a matter of transparency, the material used to make the decision be made available to Shareholders and that the decision on introducing the fee be deferred indefinitely.
- Request that the Board consider reducing the \$5 Entry/Parking Fee.
- Asked which Board member had proposed the \$5 Entry/Parking Fee initiative and which Directors had voted in favour of it.

It was noted that once a matter is voted on by Directors, the outcome is then a decision of the whole Board.

- Guy Gaeta proposed to make a motion of no confidence in the Board.

The Company Secretary noted any motions to be made at an AGM must be submitted for distribution to shareholders at least 21 days before the meeting. Therefore, the motion could not be voted on today but Mr Gaeta's comments would be noted and minuted.

Lengthy discussion included the following responses:

- *While the Paddy's brand is successful, the Paddy's Flemington Market is currently not viable.*
- *There are plans to improve Paddy's but SML needs the capital to be able to make these improvements.*
- *SML has received representations from stakeholders on the proposed \$5 Entry / Parking fee and the Board and Management has listened to shareholders' concerns raised during the meeting. All of the issues raised will be considered at the Board meeting to be held following the AGM.*
- *Alternative options to ensure the viability of Paddy's Flemington will be considered, such as stand rental increases and/or waste levies for Paddy's Flemington traders.*

FUTURE OF THE MARKETS PROJECT

Sal Russo (Flower Market Trader) and Tony Campisi (Paddy's Flemington Trader) asked that details be provided to shareholders on how much of the total shown in the accounts as payments to PricewaterhouseCoopers for consultancy relates to the Future of the Markets Project.

The Company Secretary advised that approximately \$1.8 million has been spent over the last three years relating to the new Markets project. He noted there has been a limited amount spent on legal fees for the project. He noted that there had been several engagements with PwC on various projects including the innovation project, risk and governance as well as the Future of the Markets. The Acting Chair undertook to provide more details to Mr Russo within seven days.

WHOLESALE MARKET OPERATIONS AND TRADING HOURS

Warren Scanlan (J H Gotts Pty Ltd - Wholesaler) commented on the lack of effectiveness of the Security Officers that are being utilised with the Operations Teams.

These concerns were noted and will be addressed with the Operations Team.

Warren Scanlan (J H Gotts Pty Ltd - Wholesaler) and Alexander Helou (Australian Global Marketing - Wholesaler) commented that in their opinion,

- Current Wholesale Market Opening times continue to be an issue, especially for the younger generation, and are detrimental to traders' family life and health.
- Businesses are struggling to attract employees and the next generation are reluctant to continue in the industry.

The CEO advised that the issue of Market trading times is to be reviewed again in the new year. It was a conscious decision by the Board to defer this matter until the new year based on the opportunity for the new Automated Entry/Parking/ Access Control system to come into operation, which will gather valuable data to inform SML's decision making processes and strategies moving forward.

He further advised that staffing issues will also be considered following the implementation of the new automated system.

PAYOUT TO FORMER CHAIR

Carl Calabro (T & F Marketing - Wholesaler) asked whether the payout to former Chair, John Pearson, was a Management decision or a Board decision.

Mr Messina advised Mr Calabro that his question was noted but as advised in his statement earlier in the meeting, while the investigation by our legal firm is ongoing, the Board is unable respond to any questions in relation to this matter.

OTHER MATTERS

Heath McInerney (Fresh Fellas - Wholesaler) noted that he has served on several Market related boards and committees over the past 10 years, including the NSW Chamber of Fruit & Vegetable Industries and the Sydney Markets Credit Services Co-op. In his time in the Markets and on those boards and committees, there has not been a decision that is not made in the best interest of the shareholders.

13. Close of Meeting

Mr Messina thanked all those present for their attendance and declared the meeting closed at 12:25pm.

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ACTING CHAIRPERSON