



invest**Logan**

Annual Report

2018–2019





investLogan respectfully acknowledges the Traditional Custodians of the lands, and extends that respect to the Elders, past, present and emerging for they hold the memories, the traditions, the cultures and hopes of Australia's First Peoples.

Contents



Introduction	2
investLogan at a glance	3
Chair Foreword	4
Performance Highlights	6
Challenge	9
The Year Ahead	10
Part 1 – investLogan	11
Our Role	12
An Independent Board	13
Corporate Representative	16
Our Team	17
Part 2 – Reporting and Performance	18
Quarterly Shareholders Activities Report	29
Performance Against Our Pillars	20
Part 3 – Corporate Governance	28
Our Governance	29
Part 4 – Financial Management	32
Our Finances	33
Appendix 1 – Annual Financial Report	35



Introduction

investLogan at a glance



Independent

investLogan is an independent investment company that is 100 percent owned by the Logan City Council.

Our company is run by a Board which is independent from the Council.



Enriching Community

investLogan is not just about delivering strong financial returns for the people of Logan, but also significant social, community and economic benefits to the City of Logan.

We are committed to investing in social and community capital that will maximise our contribution to the Logan community.



An Economic Catalyst

investLogan is focused on delivering a broad portfolio of diverse property development activities and other investments that will contribute to the city's economic growth.

We are committed to investing in strategic projects in Logan that will not only deliver an investment return to the city but will also act as a catalyst for further investment.



Driven by Design

investLogan's vision is to be a leading, design-driven entity, bringing investment into the City of Logan and returning benefits to Logan residents.

We are committed to good design which is good for business. We are design-driven across all aspects of our business to deliver quality and innovative outcomes to create outstanding architecture and great places.



Advocator & Collaborator

investLogan is an advocate for Logan.

We are committed to actively partnering and collaborating in the local market, with local people, to deliver outcomes that build wealth in the City of Logan.



Research & Development

investLogan is thirsty for local knowledge and insights.

We are committed to undertaking Logan-based research and development as a conduit for innovation, business improvements and as an investment attractor.



Financial Sustainability

investLogan is focused on generating long-term, sustainable investments to maximise the returns to the Shareholder and Logan City's future generations which will ultimately lead to self-sufficiency.

We are committed to our long-term financial sustainability but recognise this is dependent on the good will and good faith of our Shareholders in the short to medium term.

Chair Foreword

Welcome to the second investLogan Annual Report.

We invest in Logan, for Logan.

Our plan is long-term.

Our strategies are transparent and visible.

We are a purpose-driven organisation, with a mandate not only to deliver financial returns to our Shareholder, but to create social and community benefits, both qualitative and quantitative, from our projects. This purpose makes us a unique local Government corporatised entity.

In our second year of operation we are proud to have:

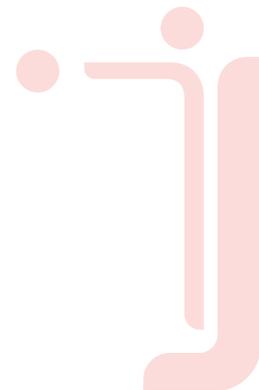
- announced our first community housing project in Marsden, consisting of two dwellings integrated into the neighbourhood which are to be developed under the Australian Government's National Disability Insurance Scheme;
- committed to undertaking the delivery of a second community housing project as part of our mandate to deliver both economic and social and community returns to Logan;
- continued the development of a mixed-use development in Beenleigh called The York, estimated to make a \$40 million contribution to the local economy and expected to bring 140 new full time jobs and 100 construction jobs to the area;
- continued prospecting on public and private land holdings to secure a diverse asset base and build long-term development pipeline opportunities;
- released a Community Benefit Assessment Framework to the industry, which provides the tools to assess how projects will enrich the community;
- released our Suburbs of Opportunity research series as part of our commitment to obtaining insights and understanding of trends in Logan;

- looked at alternative investment opportunities to cultivate new economic development and investment activities;
- actively participated in advocating for Logan, with State and Federal elected representatives, interest and industry groups and interested parties; and
- worked and collaborated with our Shareholder to deliver for the Logan community.

While we worked hard to meet the expected results in our investLogan Plan (Plan), unfortunately, we had a significant setback earlier in the year when the Queensland Government gazetted the corridor for the future Coomera Connector, essentially a second M1 Motorway between Nerang and Loganholme. The alignment of the Coomera Connector meant that the Tunnel Vision Surf Park, which was scheduled to commence in March 2019, was unviable. This city-shaping project was estimated to attract 350,000 visitors per year and was a key ingredient to achieving investLogan's short, medium and long-term financial sustainability.

This development was an essential part of the proposed Loganholme Tourism Precinct that would have also included short-term accommodation, a riverside hotel, riverside parkland and cultural and environmental facilities.

The State Government also deemed that no access would be provided to the proposed Loganholme Commercial Development land due to the Coomera Connector. This decision led to the breakdown of



negotiations with a large format retailer and prevents any further development opportunity from proceeding on this land.

These factors are the primary reasons for our unforecasted financial loss in 2018-2019. This has triggered a review of our strategy moving forward, which is reflected in our latest Plan.

Our Plan may have faced a big hurdle, but we remain focussed on the long-term, seeking value propositions and opportunities that go beyond the early years. We are focussed on responsibly managing and securing the long-term sustainability of investLogan for our Shareholder.

The Board remains committed to positioning investLogan as an exemplary local Government corporatised entity, executing the Board direction, delivering on the resolutions of our Shareholder, building our young brand and reputation and advocating for the great City of Logan.

We acknowledge in May 2019, the Minister for Local Government, Racing and Multicultural Affairs appointed Ms Tamara O'Shea as the Interim Administrator for Logan City Council, with the responsibilities and powers of the Mayor and Councillors until the next election in March 2020.

The Board understands the important role of Ms O'Shea, the Shareholder's representative and the Logan City Council administration as a whole, plays in our success, in delivering for the residents of Logan and the long-term sustainability of our business.

The staff at investLogan have been exceptional and their unwavering commitment throughout the year to our purpose and our goals. Their agility, advice and response to the Board has been outstanding.

The culture remains driven by a purpose to leave a quantifiable and qualifiable benefit to the Shareholder and, those who reside in Logan.

On behalf of the Board, I am pleased to present our Annual Report on the performance of investLogan in our second year of operation.

Steve Greenwood
Chair

Performance Highlights

investLogan has delivered a number of highlights this year as part of its long-term strategy to benefit the Shareholder and the people of Logan.



Community Housing Project – Marsden
utilising surplus Council land for community-based housing



Suburbs of Opportunity
inaugural report outlining the huge opportunity and investment growth in Logan



Community Benefit Assessment Framework
available publicly to guide developments on assessing and quantifying community benefits



The York
new mixed-use development that will be a catalyst project for Beenleigh’s revitalisation

Community Housing Project – Marsden

Utilising surplus Council land for community-based housing

The Board appointed Compass Housing in June 2019 as its strategic development partner to deliver a community-based housing solution on surplus Logan City Council land in Marsden.

Compass Housing will deliver on investLogan’s vision to create an exemplar housing solution for people eligible for the National Disability Insurance Scheme (NDIS).

The dwellings can be used as NDIS housing and the design also provides facilities for a Supported Independent Living Provider to be present on site. The overall design will seamlessly integrate with the surrounding residential community.

The dwellings will be designed and constructed to the High Physical Support Specialty Disability Accommodation (SDA) Design Category. This means the housing incorporates a high level of physical access provision for people with significant physical impairment and requiring very high levels of support. The standard is also equivalent to the Liveable Housing Australia ‘Platinum’ level.

The community and social benefit of this project is all about accessibility and inclusion. The outcome meets the Logan community’s diverse housing needs, creates opportunities for access to NDIS and is designed to be inclusive and accessible.

Expression of Interest

investLogan is seeking a strategic development partner for a community-based housing project

investLogan is seeking a strategic development partner to collaborate on the design, delivery and operation of a community-based housing project in Marsden.

investLogan’s vision for the site is to create an exemplar housing solution for people, such as for those with physical or visual impairments, or those seeking emergency accommodation.

A range of development partnership, development management and ongoing management options will be considered but, as a minimum, the strategic development partner will identify potential funding programs, be responsible for the operation and management of the property as well as all tenant management activities.

investLogan is looking for a strategic development partner who:

- shares the design-based values of investLogan;
- is committed to contributing to the City of Logan’s economic growth, whilst delivering social and community benefits; and

• has a demonstrated record in delivering projects of this type and scale.

investLogan is an independent property development and investment company that is 100 percent owned by the Logan City Council. It was established to invest in strategic projects in the City of Logan that will not only deliver an investment return to the city, but will also act as a catalyst for further investment.

investLogan is committed to bringing investment to the City of Logan and delivering economic return for the people of Logan, whilst delivering significant social and community benefits.

If you are interested in partnering with **investLogan**, download a copy of the expression of interest documentation from www.investlogan.com.au/EOI.

Responses are required by **15 March 2019 5:00pm**.

For more information, contact Anthony Jones, Head of Development, anthony@investlogan.com.au.

investLogan
investlogan.com.au



Suburbs of Opportunity Logan as the land of opportunity

investLogan, as part of its commitment to Logan based research, commissioned and published the inaugural Suburbs of Opportunity Series (the Series) in June 2019, a report highlighting the huge opportunity and investment growth in Logan.

The Series, which is a first for the city, compiles a snapshot of economic, employment, population, demographic and residential research from Logan's suburbs to assist residents, businesses and investors identify suitable lifestyle and growth opportunities.

The suburb by suburb analysis notes the exponential population growth Logan has experienced over the last five years, with families and professionals being drawn to the great living and investment opportunities the city offers.

Importantly, the research shows that Logan remains affordable and the residential market has bucked the national trend by recording continued growth.

Community Benefit Assessment Framework Community framework to help assess community impacts and quantify benefits

investLogan developed a Community Benefit Assessment Framework (the Framework) with international consultants Urbis to assess community impacts and quantify benefits of their developments and inform the industry, both locally and nationally.

Our Constitution requires us to deliver benefit to the community through our investments, and the Framework enables us to assess benefits and ensure that our developments deliver for the Logan community.

Benefits are assessed across five elements: economic and employment benefits, character and place, community services and facilities, community access and participation and accessibility and inclusion.

A full assessment involves identifying benefits within these elements and adjusting for their likelihood, which yields an assessment of the total positive impact of a development on the community.

The Framework is the first of its kind and was released to industry in May 2019.

investLogan has successfully used the framework to quantify the benefits delivered by the York Street development in Beenleigh.

The York will be a catalyst project for Beenleigh's revitalisation

The York development is inspired by the vision to revitalise Beenleigh as a compact and vibrant hub for the surrounding community. It is now a step closer with State Government approval being sought.

The development is expected to contribute an estimated \$40 million to the local economy and bring more than 100 construction jobs to Beenleigh.

The development is the first new commercial building to be constructed in Beenleigh in the last decade and features a facelift to John Lane, between John and George Streets, plus the development of a new seven-story commercial office building.

The anticipated social and community benefits that arise from the development include:

- an estimated \$250,000 to be allocated to the John Lane facelift;
- 10 short-term public car parks valued at \$250,000;
- activation of John Lane to improve casual surveillance, designed to create a vibrant place for Logan residents and visitors;
- 100 construction jobs;
- 140 ongoing new full-time jobs upon development completion;
- \$4.1 million of direct benefits and \$10.6 million of indirect benefits generated during construction; and
- \$16.5 million of direct benefits and \$8.5 million of indirect benefits generated during the operational phase.



COMMUNITY NOTICE JUNE 2019

THE YORK SET TO REINVIGORATE BEENLEIGH'S CBD

Beenleigh is set for an almost \$40m economic and job boom with the proposed development of a mixed-use precinct at 96-98 York Street.

The first new commercial office building to be constructed in Beenleigh in the last decade, the project is expected to bring 140 new full-time jobs and 100 construction jobs to the area.

The York features a facelift to John Lane, between John and George Streets, plus the development of a new seven-story commercial office building, with 4750 sqm of commercial space, comprising 155 sqm of retail, 452 sqm of SOHO and 4004 sqm of office, as well as two levels of underground car parking with 70 short-term car parks for public use.

The York will comprise premium work spaces with study or home office space (SOHO) opportunities and pedestrian access to John Lane that may include new streetlights, lighting, public art and WFP. We will be asking the community about their thoughts and ideas for the exciting transformation.

Stage of Development

The York is currently seeking Queensland Government approval to inherit a small part of its basement carpark underneath John Lane and 'retire' gardens over York Street and John Lane, which will act as a natural barrier – a touch of Beenleigh's Heritage Building.

Should this approval be successful, the project will seek Logan City Council approval with the view to start construction in late 2019. The project team is committed to keeping the community informed throughout the planning, development and construction process.

Key Facts

- Seven stories
- 4,750 sqm of commercial space, comprising 155 sqm of retail, 452 sqm of SOHO and 4,004 sqm of office
- Pedestrian access between York Street and John Lane
- John Lane revitalisation
- Underground car parking

The Development Partners

InvestLogan, in partnership with Alder Developments are committed to delivering an innovative new destination that will reinvigorate Beenleigh.

Alder Developments, an equal opportunity employer Alder Constructions, an equal opportunity employer and construction business, which has recently completed the \$55 million redevelopment at the Beenleigh Aquatic Centre in Beenleigh Street.

Contact the Team

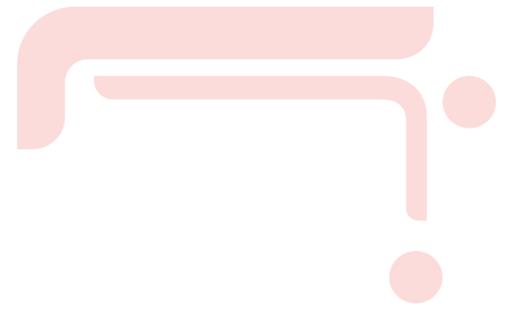
Should you have any questions or concerns please don't hesitate to contact the team.

☎ 07 3210 7700
✉ theyork@beebcommunications.com.au

InvestLogan **ALDER**



Above: Preliminary concept of the proposed development at 96–98 York Street, Beenleigh



Challenge

investLogan faced a significant setback to the investLogan Plan, and due to unforeseeable circumstances, is unable to deliver the Loganholme Tourism Precinct.



Loganholme Tourism Precinct
The alignment of the Coomera Connector has rendered the, City-shaping, Loganholme Tourism Precinct and Loganholme Commercial Development unviable

Loganholme Tourism Precinct

The alignment of the Coomera Connector has rendered the, City-shaping, Loganholme Tourism Precinct and Loganholme Commercial Development unviable

On 15 March 2019 the Queensland Government gazetted the corridor for the future Coomera Connector, essentially a second M1 Motorway between Nerang and Loganholme.

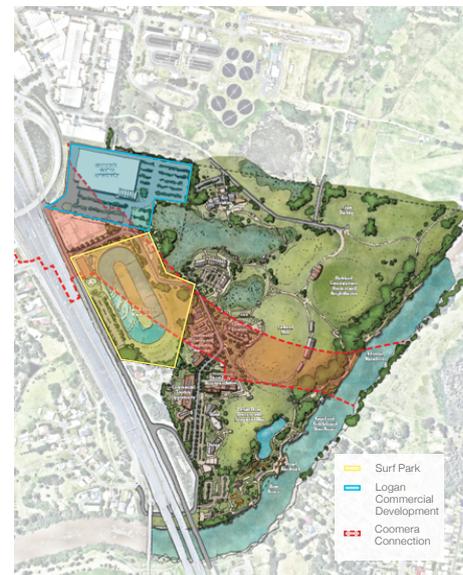
The alignment of the Coomera Connector significantly impacts on the Loganholm Tourism Precinct (Precinct) and the formerly owned Department of Transport and Main Roads (TMR) Land, known as the Loganholme Commercial Development Land.

The land requirement for the Coomera Connector is through the middle of the Precinct and across approximately 30 per cent of the Loganholme Commercial Development land.

This action meant that investLogan could no longer deliver on its vision for the Precinct, which would have started with the Tunnel Vision Surf Park that was scheduled to commence construction in March 2019.

The Tunnel Vision Surf Park was a critical component to investLogan's proposed transformation of the Precinct where the plan included short-term accommodation, a riverside hotel, a riverside parkland and cultural and environmental facilities.

Further advice from the State Government stated that no access could be provided to the Loganholme Commercial Development land which led to the breakdown of negotiations with a large format retailer and prevented any further development opportunity from proceeding on this land. investLogan has had to make the difficult decision to walk away from this catalytic project.



Above: Preliminary Design Logan Tourism Precinct, incorporating approved developments and Coomera Connection Impacts

The Year Ahead

Commence construction of, **The York**: adding an estimated \$40 million to the local economy and considered catalytic to Beenleigh and the City of Logan

Commence construction of the **Community Housing Project** in **Marsden**: delivering housing under the Australian Government, National Disability Insurance Scheme

Commence a second **Community Housing Project** in the City of Logan

Finalise **acquisition** of land development opportunities from Council and commence **delivery of industrial, residential and other development initiatives**

Plan for future delivering of community infrastructure in the south-west growth corridor

Continue **strategic property acquisition** initiatives in Logan

Research and Development: develop partnerships with local institutions and business leaders to undertake research based opportunities in the City of Logan

Social and Community Dividend: develop ways to measure and report on the social and community benefit to the Logan community

Develop the framework for the **Logan Laboratory**, a Logan based research and development hub

Create an **investLogan Design Guide** to facilitate architecture and design excellence

Alternate investment opportunities: Consideration of partnerships to deliver alternate financial, community, environmental or economic returns

Boardroom Lunch Series

Community Pro-Bono Work

Advocate for the City



Part 1 – investLogan

Our Role

investLogan's role is defined by its Constitution.

The Constitution was approved by the Shareholder on 31 January 2017.

The Constitution is, in effect, a contract between investLogan and our Shareholder. In general, it specifies the relationships between and activities of investLogan, its Directors and our Shareholder.

The investLogan Constitution identifies several specific objectives, which guide us daily in the work we do. The objectives require us to undertake activities which will benefit, or can reasonably be expected to benefit, the City of Logan, including:

- tendering, or otherwise approaching the market, negotiating with and appointing developers to assist investLogan to undertake property development;
- acquisition of and investment in property;
- development for social or community benefit, or to achieve strategic development objectives for Logan City;
- research and development;
- entering into joint venture or other project delivery arrangements to deliver property development projects;
- identifying and obtaining all necessary approvals required in relation to property development projects;
- giving guarantees, mortgages or other security over the assets of the investLogan, or any other form of security to help facilitate property development projects;
- negotiating any commercial arrangements relevant to property development projects; and
- taking any other steps, which are consistent with the undertaking property development.

The objectives of the Constitution allow other activities that investLogan determine will benefit, or can reasonably be expected to benefit, the City of Logan to be undertaken.

These activities may include any other economic development or financial investment activities. For any of these other activities to proceed they must be approved by the Shareholder by ordinary resolution.



An Independent Board

investLogan is governed by an independent Board. No elected officials sit on the Board.

Our Board can have up to six Directors and they play an important role in setting the strategic direction for investLogan, consistent with the objects of the Constitution, including the annual budget, strategic projects and major financial decisions.

All Board members are ratified by the Shareholder and are limited to a maximum term of four years to ensure renewal, refreshment and revitalisation of the Board and investLogan's direction. There are currently four Directors, including:

- Mr Steven Greenwood (Chair);
- Ms Annabelle Pegrum AM (Chair – Risk and Compliance Committee);
- Mr Medy Hassan (Chair – Finance and Audit Committee); and
- Mr Craig Newnham.



Mr Steve Greenwood

Chair

Steve currently sits on the Interim Management Committee at Ipswich City Council.

He founded and is currently Chief Executive of the Queensland Futures Institute, a unique partnership of academic, business, community and social services, government, industry and research organisations that seek faster economic and community growth through collaborative public policy reform.

Prior to this, as Chief Executive of Australian Canegrowers, he led landmark reforms to the sugar industry's environmental and productivity research programs. As Queensland Head of the Property Council of Australia, he was able to indulge in his great passion for property, planning and development. He has also held management positions with the Local Government Association of Queensland; heavily engaged in Local, State and Federal Government policy reform.

Steve has successfully led complex public policy reform initiatives, has extensive experience as a media spokesperson and regularly provides comment on current public policy issues.

His years of experience across a multitude of industries has allowed him to build extensive professional networks throughout various sectors, public and private.

Steve's career is built on the continuous improvement of organisations, with a proven history of implementing strategic transformation in the organisations he has led.



Ms Annabelle Pegrum AM

Chair – Risk and Legal Committee

Annabelle is a Canberra Architect, a Life Fellow of the Australian Institute of Architects and an Adjunct Professor in architecture at the University of Canberra.

She has held chief executive and senior management positions in city operations, urban design and planning in the private and public sector and in academe including extensive experience as a member on boards, design juries and advisory/review committees. For ten years she was the Chief Executive of the National Capital Authority responsible for the planning and development of Canberra as Australia's national capital.

Most recently she was a member of the NSW Independent Planning Commission determining state significant developments including for infrastructure.

Annabelle is recognised as a leader and advocate for excellence in city-making and has managed various promotional campaigns and communication strategies to foster an awareness of Canberra as the National Capital.

Annabelle is an award winning architect (Australian Institute of Architecture Presidents Award, 2001 Centenary Medal, Telstra ACT Business Women of the Year) with unusually broad experience and recognition in planning and design strategy and policy.

In 2007 she was appointed as a Member in the Order of Australia for service to the planning, promotion, enhancement and development of Australia's national capital, and to architecture, particularly as a mentor to women in the profession.

She is familiar with the City of Logan and Logan City Council having previously provided consultancy services to Council regarding the development of local plan codes and was invited to speak at the 2015 Planning & Development Forum.



Mr Medy Hassan (Pr)

BArch (Hons) BAppSc FRSN FAIB FIUQ

Chair – Finance and Audit Committee

Medy Hassan is an expert in private equity, property and the construction industry, and whose passion is collaborating to drive innovation, global excellence and sustainable, environmentally beneficial outcomes. He founded Haus Holdings in 2014 with a clear view to using his industry experience to add “best for project” value to his customers.

To realise key opportunities, Medy established and co-founded Vitae Capital, a culturally aligned private equity group. His approach focuses on innovation and research through the Centre of Integrated Project Solutions RMIT, influencing decision makers through national industry participation at senior levels within MBA, PCA, QBCC, and AIB; driving excellent strategic, commercial and business outcomes. In addition, Medy has recently been appointed as Executive Director and Board Member for MedCIRC National Rural Medical Health Group.

As Managing Director of Haus Holdings, Medy enjoys the complexity and diversity of operating at both a strategic leadership and operational delivery level to ensure value creation for his customers.

With over 25 years’ experience and \$3.5B of projects successfully completed in the property and construction industry, Medy has led state and national teams for one of the country’s leading integrated property and construction companies, along with working intimately with Federal, State and Local governments, major national institutions and private investors, developing new forms of whole of life innovative project funding and delivery models for use nationally and internationally.



Mr Craig Newnham

A property specialist with over 35 years’ experience across all real estate sectors and disciplines, Craig possesses a broad skill set and deep understanding of property fundamentals and the risks inherent in real estate investment and development.

Craig is a registered Valuer and licenced Real Estate Agent and runs his own property consultancy business which is focused on providing investment, development, finance and corporate real estate advice.

Prior to this Craig was a Director in charge of Lloyds International’s Investment Management business and was responsible, in his capacity as Development Director, for representing the Bank’s interests on 11 different property joint venture boards with the likes of property companies such as Mirvac and Australand.

Over the course of his career Craig has been instrumental in developing, managing and transacting major commercial office towers, retail shopping centres and residential and industrial properties.

He has worked for major property development and investment institutions including Queensland Investment Corporation and Macquarie Bank.

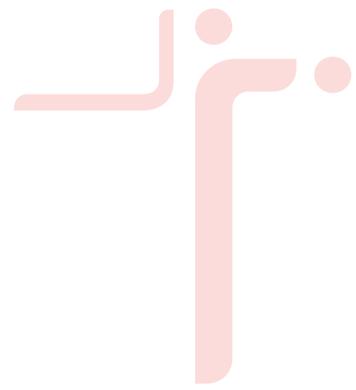
Corporate Representative

The Corporate Representative, the Chief Executive Officer of Logan City Council, is critical to the success of investLogan.

The Corporate Representative provides:

- Shareholder visibility and oversight;
- the integral feedback loop between the Shareholder, the organisation and investLogan; and
- leadership and assistance in the development of the necessary relationships between the Shareholder, organisation and investLogan to enable achievement of the company objectives, as approved by the Shareholder.

Importantly, the Corporate Representative, is invited to all investLogan Board meetings, as an observer and not a decision maker.



Our Team

Our people are our most valuable and important asset.

Each individual member is an integral cog of the investLogan wheel, all supporting and driving the achievement of our vision.

We acknowledge that team culture drives behaviours and ultimately the experience of the customer.

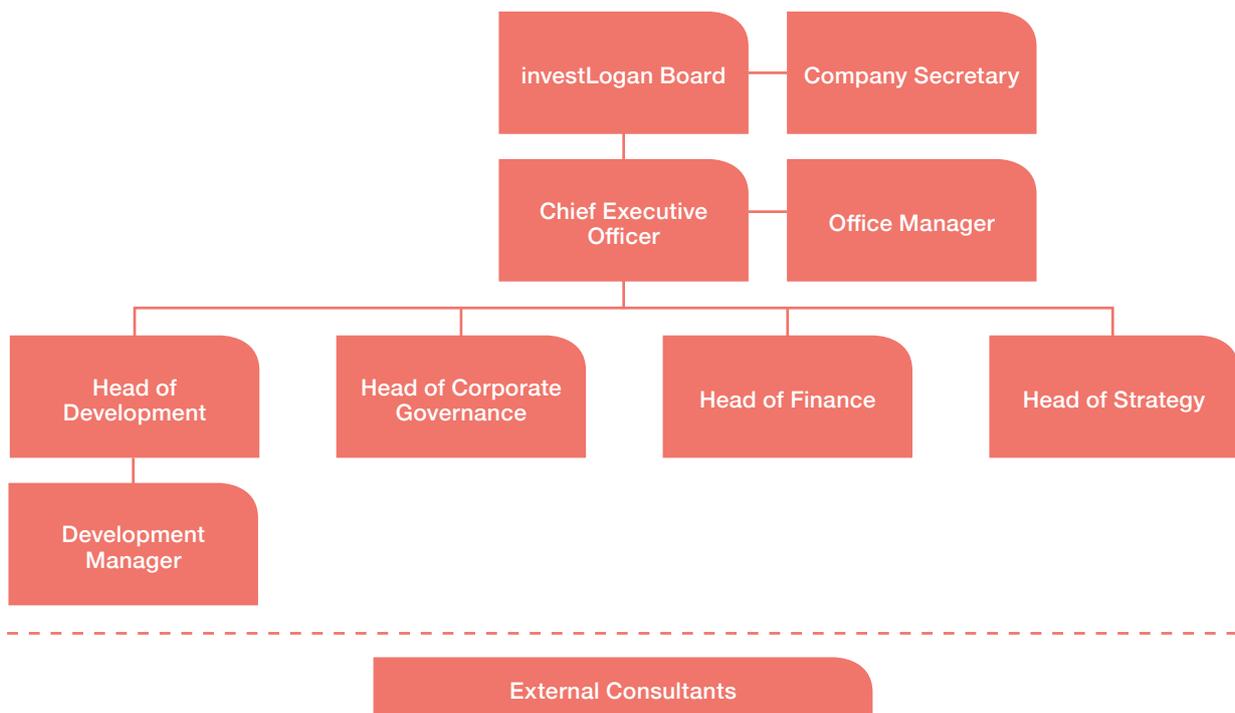
In recognising that the culture of our team is fundamental to our success, we have made the conscious decision for corporate culture to be an important part of discussions at every Board meeting.

Our team is motivated to achieve our Shareholder's goals and we believe the work we undertake is worthwhile and making a difference to the community and the City of Logan.

The team objectives are to:

- ensure that it has the right people, with the right skills, in the right jobs, at the right time;
- ensure a strong focus on achieving excellence in outcome delivery;
- focus on outstanding service to our Shareholder and customers;
- be led by a motivated, well-informed leadership team; and
- provide learning and development opportunities for all in the best interests of investLogan.

Our organisational structure is aligned to our statutory and constitutional responsibilities. To support these responsibilities our structure includes a Chief Executive Officer, Company Secretary, Head of Development, Head of Finance, Head of Corporate Governance, Head of Strategy, Development Manager and Office Manager and relies on external consultants for additional inputs.





Part 2 – Reporting and Performance

Quarterly Shareholder Activities Report

The Shareholder requested Quarterly Reports be produced to facilitate another level of oversight of investLogan activities, other than that provided by the Corporate Representative at Board meetings and those required by the *Corporations Act 2001 (Cth)*.

In 2018-2019, Logan City Council was provided with three Shareholder Activities Reports, for the first, second and third quarters. The Shareholder Activities Report for the fourth quarter is integrated into this Annual Report.

In our commitment to transparency, investLogan strives to make as much information public without compromising commercial arrangements of terms of negotiation. With that in mind, a typical Quarterly Shareholders Activities Report covers matters aligned to our Constitution and generally relating to:

- property development;
- acquisitions and investments;
- economic development;
- transparency and accountability;
- finance; and
- engagement with the Shareholder and stakeholders.

Each quarterly Shareholder Activities Report is available on the investLogan website and provides an outline of what has happened in the previous quarter and what the focus will be for the upcoming quarter.



Performance Against Our Pillars

Our performance is outlined against our pillars in our investLogan Plan (Plan).

The Plan aims to maximise the potential economic, social and community value in every dollar we earn for our Shareholder. It responds to resolutions of our Shareholder and focusses on achieving the objects set out in our Constitution.

The Plan focuses on the following six areas:



Property Development



Property Acquisitions



Social and Community Enrichment



Research and Development



Economic Development and Financial Investment Activities



Partnerships and Collaboration



Our current performance against the expected result in our Plan is outlined below.



Property Development

Property development activities are the current mainstay of our operation. We continue to focus on developing a diverse portfolio of development and redevelopment projects that can deliver economic and/or social returns to Logan.

Our initial property development activities are focussed on underutilised and surplus Council premises. We are playing a critical role in minimising the life cycle costs of these premises, and resultant impost on the ratepayers of the City of Logan. Our evolution will see us move into the private market, seeking strategic development partners to deliver outcomes for the City of Logan.

Our strategy is driven by the desire to design state of the art, innovative and sustainable places for people to live, work and play. At the heart of what we do is executing outcomes that enliven communities and create better places and jobs.

PROJECT	CURRENT RESULT
York Street, Beenleigh – Mixed Use Development	Strategic Development Partner announced. Leasing under final negotiation. State Government consent being sought. Community engagement underway.
Marsden – Community Housing Project	Expression of Interest released. Strategic Development Partner announced.
Bardon Road, Berrinba – Industrial Development	Logan City Council requested, and the Board agreed, that investLogan forgo a first right of refusal to acquire the land to allow the Council to deal directly with an adjoining landowner.
Wayne Goss Drive, Berrinba – Mixed Use Development	Development Strategy approved by the Board. Negotiation on sale of land underway.
Chetwynd Street, Loganholme – Industrial	Preparation of Development Strategy has commenced for future Board consideration.
Third Avenue, Berrinba – Residential	Preparation of Development Strategy has commenced for future Board consideration.
Gritl Court, Kingston – Residential	Preparation of Development Strategy has commenced for future Board consideration.

PROJECT	CURRENT RESULT
Lovell Street, Slacks Creek – Residential	Preparation of Development Strategy has commenced for future Board consideration.
Park Ridge Road, Park Ridge – Community Infrastructure and Residential	<p>Detailed Development Strategy prepared and endorsed by the Board. Further guidance and direction required from the Shareholder.</p> <p>A subsequent submission is currently being prepared for the Shareholder.</p>
Logan Tourism Precinct	<p>The State Government has formally gazetted the Coomera Connector which crosses the middle of the development site and prevents any realistic development outcome.</p> <p>The State Government has rejected a proposed temporary arrangement for the Tunnel Vision – Surf Park to be located in the Logan Tourism Precinct, which would not have impacted on the ability to deliver the Coomera Connector.</p>
Commercial Development, Loganholme	The State Government stated that no access could be provided to the Loganholme Commercial Development land which led to the breakdown of negotiations with a large format retailer and prevented any further development opportunity from proceeding on this land. investLogan has had to make the difficult decision to walk away from this catalytic project.
Development Pipeline	Prospecting to identify land and buildings where a return on investment, whether economic, social and/or community can be achieved is ongoing.



Property Acquisitions

Acquisitions and subsequently, investments of value which build a diverse asset base, are a key element of our growth and long-term sustainability. Our strategy is not focused on a short-term outlook, but on long-term sustainability.

We are in this for the long-haul, on the understanding that this requires patience, dedication and the ongoing support of our Shareholder in order to build a highly successful acquisition and investment portfolio.

We are actively procuring strategic acquisitions in property to grow our business organically by investing and partnering in the local market with local people to deliver outcomes that build local wealth.

PROJECT	CURRENT RESULT
Property Acquisitions Pipeline – Council owned land	<p>Immediate property development pipeline identified in the investLogan Plan includes;</p> <ul style="list-style-type: none">• two agreed acquisitions;• one agreed for acquisition, but subject to further negotiation; and• four in due diligence for acquisition. <p>Ongoing prospecting to identify land and buildings where a return on investment, whether economic, social and/or community can be achieved.</p>
Property Acquisitions Pipeline – Privately owned land	<p>Prospecting to identify land and buildings pipeline for acquisitions with short, medium and long term transformational or catalytic projects in mind.</p> <p>Long-term land assembly projects underway.</p>



Social and Community Enrichment

Delivering social and community enrichment within the Logan community is a core consideration in our decision making.

We are proactive in our contribution to the community. This takes on various forms including responding to the needs of the Logan community by providing diverse housing, contributing to public realm works to enliven places, encouraging the provision of goods and services from local suppliers or social enterprises, creating local jobs, facilitating community services and infrastructure in collaboration with the Shareholder and the private sector or participating in community and business activities.

Investing in the social and community capital of Logan creates local jobs and builds reliance. This enables wealth to be retained in the local community, creating both direct and indirect benefits flowing into the local economy.

PROJECT	CURRENT RESULT
Community Benefit Assessment Framework	<p>Community Benefit Assessment Framework (the Framework) finalised and publicly released.</p> <p>The Framework used to determine social and community benefits to the Logan community as part of the Board's consideration of individual projects.</p>
Social and Community Dividend	The formalisation of the social and community dividend framework is underway.
investLogan Community Fund	Project delayed for consideration by future elected Logan City Council.
Local Knowledge and Insight	Planning underway to determine ways to integrate local knowledge and insights into Board decision making.
Local Community, Industry and other interest groups support and sponsorship	<p>In-kind or other support has been provided to:</p> <ul style="list-style-type: none"> • sponsorship of the Logan Business Distinction Awards; • Logan Chamber of Commerce, use of the investLogan Boardroom; • Logan Angels, use of the investLogan Boardroom; • pro-bono support for Accessibili-t and Lighthouse care; • Logan Tourism Advisory Group; • Property Council of Australia, Planning Committee; and • Urban Development Institution of Australia, Gold Coast – Logan Growth and Sustainability Committee.



Research and Development

Research creates knowledge, and development turns this knowledge into outcomes. We are committed to engage the right talent to help create a workplace culture that encourages research and development. Insight and understanding of the impacts of trends and societal changes of Logan and our business is critical to staying ahead of the curve and our long-term success.

Understanding the environment we work within will keep us focussed on the needs of the local community. Ongoing development of knowledge or understanding gained from research will identify elements that will help facilitate future growth, partnerships and collaboration.

We are poised to bring stakeholders together – elected officials, community activists, business people and the community to build our business. By engaging with the unique perspectives of Queensland's most diverse community, we create an opportunity to influence the economy. This research actively assists us in understanding the kinds of businesses people want to see in Logan and help us to identify the businesses of greatest community impact.

PROJECT	CURRENT RESULT
Thought Series – Suburbs of Opportunity	Research data released to promote the growth and investment in Logan. The Series compiles residential research data on every Logan suburb covering the following key matters: <ul style="list-style-type: none">• economic and employment;• population;• demographics; and• residential market fundamentals.
Logan Laboratory	The creation of the research and development entity underway. Initial discussions on partnerships and collaboration opportunities are underway.
investLogan Design Guide	Research commenced. Grant funding being sought to assist in the preparation of the investLogan Design Guide.
Logan City Centre Summit Opportunities	Investigation underway to determine ways investLogan can assist in the delivery of the Logan City Council Summit Opportunities.



Economic Development and Investment Activities

Investing in local activities and economic development initiatives keeps us focussed on growing Logan. We look at opportunities that serve as a catalyst to the City's economic development by cultivating local business and increasing local wealth, while also monitoring global impacts.

We are a Logan business, investing in the future of Logan – its opportunity and its people.

We are looking to invest in Logan's innovators and entrepreneurs wherever possible. Supporting and partnering with the local market will, in turn, deliver outcomes that build local wealth.

PROJECT	CURRENT RESULT
Cash and Alternative Investments	Diversification of investment ongoing.
New Business Enterprise	New business opportunities identified and risks and rewards under consideration for future Board consideration.
Entrepreneur investment opportunities	Opportunities by new entrepreneurs and business opportunities continuously considered and ongoing.
Government investment opportunities	Engagement with all levels of Government as a partner to maximise community benefit underway and ongoing.
Source Future Equity Alternatives	Research underway to identify future equity alternatives and opportunities for contribute to the future sustainability of investLogan.



Partnerships and Collaboration

The challenges we face today are typically highly complex. A key factor for our future success is successful partnerships and collaboration with businesses, the community and interest groups in a bid to create increased wealth for all involved. Only through the creation of these partnerships can we expand and share our knowledge, expertise and capabilities.

investLogan will continue to look to partnership and collaboration opportunities with the broad Logan community, Chamber of Commerce and other interest groups and local businesses.

We are reliant on our Shareholder, their support and efficiency to ensure we progress our operations. Without a partnership and collaborative approach being taken by our Shareholder, our ability to succeed is limited.

PROJECT	CURRENT RESULT
Learning Institution Partnership and Collaboration	Engagement underway to create partnerships and collaboration opportunities with learning institutions.
Government Collaboration and Partnerships	<p>Quarterly Shareholder Activities Reports provided to the Shareholder.</p> <p>Bi-annual Board to Board meetings held.</p> <p>Engagement with Logan City Council public servants has been undertaken.</p> <p>Engagement with State Government elected officials and the public service has been undertaken.</p> <p>Engagement with Australian Government elected officials has been undertaken.</p>
Logan Advocacy	<p>A range of activities have been undertaken to advocate for Logan, including:</p> <ul style="list-style-type: none"> • Google and MyWork: investLogan hosted a free event alongside Google to educate local business owners on digital advertising to facilitate business growth. • Beenleigh Yatala Chamber of Commerce – “The York”: investLogan CEO Todd Rohl spoke at the Beenleigh Yatala Chamber of Commerce After Dark Event, which inspired conversations about the future of Beenleigh and how investLogan, with the support of the Logan City Council, will contribute to the further advancement of the area through strategic investments such as The York. • Jimboomba Summit: investLogan Director Annabelle Pegrum AM engaged with community members at the Jimboomba Summit about what their community means to them and what they think the important characteristics of Jimboomba are. This was a unique way to discuss what the community want to see in Logan. • Logan – A Land of Opportunity UDIA: investLogan painted Logan City as a land of great opportunity in a presentation delivered at the Urban Development Institute of Australia Heads Up: TOWARDS 2028 event, in an opportunity to highlight the investment and lifestyle opportunities on offer in Logan. • Logan Chamber of Commerce – Good Design is Good for Business: Annabelle Pegrum AM presented at a Chamber of Commerce Breakfast, outlining how the built world significantly impacts where we want to visit and where we want to live and therefore design should be factored into any sensible commercial consideration for business. • Boardroom Lunch Series: investLogan is dedicated to delivering social and community benefit to the City of Logan through its ongoing Boardroom Lunch series. The events aim to encourage the discussion of local matters and facilitate business relationships, leading to strategic partnerships and economic growth.



Part 3 – Corporate Governance

Our Governance

Our approach to Corporate Governance is to represent best practice in the sphere we operate in. Our framework has been set up to ensure transparency, accountability and efficiency while maintaining integrity in all activities undertaken by investLogan.

Governing Legislation

We were established under, and are governed by, the following key legislation:

- *Local Government Act 2009*;
- *Local Government Regulations 2012*; and
- *Corporations Act 2001 (Cth)*.

As a company wholly owned or 'controlled' by a local government, investLogan is classified as a public sector entity under the Auditor-General Act 2009. As such investLogan will be audited annually by the Auditor-General of Queensland.

Governance Framework

Our governance framework is supported by a suite of governance documents that incorporate relevant State policies and guidelines, including the Queensland Procurement Policy and the Guidelines for the Formation, Acquisition and Post Approval Monitoring of Companies.

Where applicable and appropriate, investLogan adopts relevant Australian Standards and other best practice processes and procedures.

Our governance framework strives to ensure:

- effective delivery and monitoring of strategic objectives;
- clarity of objectives;
- clarity in decision making;
- productivity and operational efficiency;
- accountability; and
- transparency.

Our governance framework, its procurement, delegation, reporting policies and procedures have undergone a full independent legal review and forensic audit to ensure it goes above and beyond the relevant legislative requirements and is achieving the objectives.

Governance Policies

investLogan continues to focus on its corporate governance framework, ensuring transparency and accountability while aiming to achieve best practice as a 'Corporatised Business Entity'.

investLogan has undergone several independent reviews of its finance and governance policies, systems, processes, procedures and transactions.

The key corporate governance documents that have been developed and reviewed include:

- Constitution;
- Board Charter;
- Board Competencies Matrix;
- investLogan Plan;
- Risk and Compliance Policy and Appetite, Guideline and Register;
- Risk and Compliance Committee Terms of Reference;
- Finance and Audit Committee Terms of Reference;
- Delegations Policy and Register (Board – CEO – Employees);
- Board Performance Evaluation Policy;
- CEO and Company Secretary Performance Evaluation Policy;
- Employee Performance Evaluation Policy;
- Directors Conflicts of Interest and Related Party Transaction Policy and Register;
- Employee Conflicts of Interest and Related Party Transaction Policy and Register;
- Managing Conflicts of Interest Guidelines;
- Code of Conduct;
- Complaints Management Policy;
- Fraud and Corruption Policy;
- Recruitment Policy;
- Remuneration Policy;
- Prohibited Donations Policy;
- Procurement Policy;
- Human Resources Policy;
- Audit Charter;
- Crisis Management Plan;
- Gifts and Benefits Policy;
- Workplace Health and Safety Policy;
- Privacy and Right to Information Policy
- Equal Employment Policy;
- Leave Policy;
- Workplace Behaviour Policy; and
- Disaster Management Policy.



Risk Management

investLogan takes a proactive approach to identifying and managing risk.

The Risk Management Framework is an essential component of our governance framework and assists in the delivery of outcomes through ongoing identification, management and monitoring of risks. We do this through:

- identification of potential risks;
- examination of possible solutions/remedies;
- selection of the most appropriate solution/remedy;
- implementation of the selected solution/remedy; and
- monitoring of the solution to ensure effectiveness.

Our Risk and Compliance Committee ensures the effective management and operation of the Risk Management Framework, which includes ethics, fraud and corruption controls, in line with our strategy.

Finance and Audit matters are managed by the Finance and Audit Committee.

Conflicts of Interest

Our Conflicts of Interest and Related Party Transaction Policy, guidelines and registers are part of our Corporate Governance Framework.

The purpose of this policy is to ensure that investLogan effectively identifies, discloses and manages any actual, potential or perceived conflicts of interest, including material personal interests or related party transactions, to ensure the integrity of investLogan.

The policy prescribes that all decisions are to be made responsibly and free from personal or commercial pressures and/or influences. It outlines investLogan's approach to managing conflicts of interest and related party transactions and the steps required to disclose and manage them.

Every Director and staff member is required to provide timely disclosure of all potential, perceived and actual conflicts and proposed related party transactions in writing to the Company Secretary which are recorded in a Register of Interests and Related Party Transactions, together with details of how the matter will be managed.

At all Board and Committee meetings there is a standing item that requires the disclosure of any conflicts of interest concerning any items of business before the Board. investLogan's Policy and Guidelines provide guidance on the identification and management of conflicts including disclosure, management, voting and meeting participation.

Some conflicts of interest may have the potential to seriously impact investLogan, and the only way to adequately manage this is to avoid any conflict. In such cases the response may require a decision not to transact business with the person conflicted or may require the conflicted person to resign from the company.

Our Finances

Our approach to financial management is to think long-term and generate sustainable investment returns that maximise outcomes for the Shareholder and Logan City's future generations. This approach requires us to work towards generating a self-funding business that can achieve our independent Board's desired asset mix and benchmark returns.

Governing Legislation

investLogan is regulated under the *Corporations Act 2001 (Cth)*. While investLogan is required by law to prepare special purpose financial reports, it has made the conscious decision, for transparency and accountability reasons, to complete the more detailed, general purpose financial reports under the Reduced Disclosure Requirements of the Australian Accounting Standards Board. These reports include the Profit and Loss Statement, Balance Sheet, Cashflow Statement, Statement of Changes in Equity, and the Notes to the Financial Statements which are presented in the Annual Report.

Governing Policies

investLogan continues to focus on its financial management, aiming to achieve best practice as a 'Corporatised Business Entity'.

Throughout the year, investLogan has undergone an independent review of its finance policies, systems, processes, procedures and transactions.

The key finance policies that have been developed and reviewed include:

- Accounting Policy;
- Acquisition of Assets Policy;
- Appropriation Capital and Equity Transactions Policy;
- Asset Management Policy;
- Bank Guarantees and Sureties Policy;
- Capital Expenditure Policy;
- Debt Policy;
- Depreciation of Non-Current Assets Policy;
- Disposal of Assets Policy;
- Electronic Funds Transfer and Banking Policy;
- Goods and Services Taxation Policy;

- Inventory & Investment Property Policy;
- Recognition and Measurement of Intangible Assets Policy;
- Use of Corporate Credit Cards and Other Devices Policy;
- Financial Risk Management Plan;
- Entertainment and Hospitality Expenditure Policy;
- Revaluation of Non-Current Assets Policy; and
- Taxation, Payroll, Online Invoice Payment and Reconciliation Procedures.

Audits

In addition to being externally audited, investLogan recruited an internal auditor to review, evaluate and contribute to continuous improvement regarding financial governance, risk management and control and system processes.

Furthermore, investLogan has a dedicated Finance and Audit Committee of the Board to provide advice in relation to investLogan's financial performance and audit process.

External Audit

Our annual external audit is undertaken by the Auditor General who audits our shareholder, Logan City Council.

Appendix 1 contains our audited financial statements.

Internal Audit

In 2019, investLogan engaged Nexia Australia to review our internal systems and processes and identify opportunities for improvement.

This independent internal audit was undertaken to evaluate and contribute to improved governance, risk management and control processes, and provide areas of focus and system improvement for investLogan.

The review identified several areas for improvement relating to subsidiaries and joint venture arrangements, treasury risk, property development, IT security, training, ethical oversight, internal audit character and vendor screening.

These were reported to the Finance and Audit Committee and the Board and subsequently have been or are being actioned by management.

Finance and Audit Committee

The Finance and Audit Committee provides advice and assistance to the investLogan Board in relation to the overall financial performance and management of investLogan.

The oversight enables the Committee to review with management matters such as:

- the annual budget and its alignment with the investLogan Plan;
- any significant variances against the approved budget;
- the adequacy and effectiveness of accounting and financial controls;
- the adequacy and effectiveness of internal controls to manage unusual or major financial transactions and/or risks;
- the processes used to monitor and comply with laws, regulations and other requirements relating to reporting of financial and non-financial information;
- the adequacy of internal and external financial reports;
- contracts, agreements or other instruments involving our financial affairs;
- guidelines and controls for all financial transactions to ensure transparency and accountability;

- annual financial statements before their presentation to the Board for approval;
- the external auditor's management letter and the Chief Executive Officer's response;
- periodical review of the appointment of the external auditor and recommend changes to the Board as appropriate; and
- the terms of the audit engagement and meet with external auditors.

Five Year Forecast

At investLogan, we think long-term.

The nature of our business and objective to deliver benefits back to the community demands a long-term approach. Other than simply good financial practice, this is, in part, why we have undertaken long-term financial forecasting. Our long-term financial planning is directly linked to our strategy and the investLogan Plan.

Nevertheless, our forecasting process remains highly adaptive, often reviewed and amended based on the changing circumstances of the property sector and economic conditions. The process considers a range of future scenarios and makes assumptions about relationships with our partners to navigate changing needs, opportunities and challenges. Our forecasting provides essential insights into future financial capacity so that strategies can be developed to achieve long-term sustainability and ensure we are on track to deliver financial, social and community benefits to Logan.



investLogan

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**ANNUAL
FINANCIAL
REPORT
2019**

Contents

Directors' Report for the year ended 30 June 2019	2
Auditor's Independence Declaration	5
Statement of Profit and Loss and Other Comprehensive Income for the year ended 30 June 2019	6
Statement of Financial Position as at 30 June 2019	7
Statement of Changes in Equity for the year ended 30 June 2019	8
Statement of Cash Flows for the year ended 30 June 2019	9
Notes to Financial Statements for the year ended 30 June 2019	10
Directors' Declaration for the year ended 30 June 2019	24

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The Directors present their report together with the financial report of investLogan Pty Ltd (the Company) for the reporting period from 1 July 2018 to 30 June 2019.

Directors

The Directors of the Company at any time during, or since the end of, the reporting period are:

Name, qualifications and independent status	Appointment
Mr Steven Greenwood BSc, Dip Education, MURpl Chairman Independent Non-Executive Director	Appointed as Director in September 2017. Appointed as Chairperson of the Board in September 2017.
Mr James Stokes LLB (Hons), LLM, CTA, GAICD Independent Non-Executive Director	Appointed as Director in September 2017. Appointed as Chairperson of the Finance and Audit Committee in September 2017. Ceased to be a Director on 8 August 2018.
Mrs Annabelle Pegrum AM BArch (Hons), BSc Arch, LFRAIA, GAICD Independent Non-Executive Director	Appointed as Director in September 2017. Appointed as Chairperson of the Risk and Compliance Committee in September 2017.
Mr Craig Newnham GAICD, AAPI, CertIV Fin and Mortgage Independent Non-Executive Director	Appointed as Director in June 2018.
Mr Medy Hassan (Pr) BArch (Hons), BAppSc, FRSN, FAIB, FIUQ Independent Non-Executive Director	Appointed as Director in June 2018. Appointed as Chairperson of the Finance and Audit Committee in October 2018.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

Chief Executive Officer

Mr Todd Rohl was appointed to the position of Chief Executive Officer in November 2017.

Company Secretary

Ms Beau-Jane De Costa was appointed to the position of Company Secretary in June 2017.

Directors' Meetings

The number of meetings of the Board of Directors and of each Board committee held during the reported period and the number of meetings attended by each of the Directors of the Company during the reported period are:

Names	Full Meeting of Directors		Risk and Compliance Committee		Finance and Audit Committee	
	A	B	A	B	A	B
Steve Greenwood (Chair) (-)	7	7	0	4	1	5
Annabelle Pegrum AM (1)	7	7	4	4	2	5
Craig Newnham (-)	6	7	4	4	4	5
Medy Hassan (2)	7	7	4	4	4	5
James Stokes (2)	1	7	0	4	1	5
Corporate representative (*)	5	7	0	4	0	5

A Number of meetings attended

B Number of meetings held during the time the Director held office or was a member of the committee during the year

(1) Appointed Chair to Risk and Compliance Committee

(2) Appointed Chair to Finance and Audit Committee

(-) Not a member of committee

(*) Not a Director of the Board or a Member of Committee

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

Board Members

Details of the members of the Board, their qualifications and independent status are set out in the Directors' Report under the heading "Directors". The Board operates in accordance with the principles set out in the Company's constitution.

Review of Operations

The loss for the Company for the reporting period amounted to \$2,547,049 (2018: \$1,741,747).

Significant Changes in the State of Affairs

There are no significant changes in the Company's state of affairs that occurred during the reported period.

Principal Activities

The Company is a for profit entity established by Logan City Council (LCC) to undertake property investment and development activities which will benefit or can reasonably be expected to benefit the City of Logan.

No significant change to the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely Developments and Expected Results of Operations

investLogan continued to assess and study the feasibility of certain Logan City Council properties for development during the year. Assessments conducted on several sites may lead to development projects commencing during the financial year ending 30 June 2020. In particular, two acquisitions have been agreed, one acquisition is subject to further negotiation and four acquisitions are in due diligence. A joint venture agreement has been signed for the development of 96-98 York Street, Beenleigh, a property that Logan City Council agreed to sell to investLogan. Construction will commence during financial year 2020. A Heads of

Agreement was struck with a long-term tenant in January 2019 and the agreement for lease negotiations are near completion. The operations of the Company continue to be influenced by the rate at which surplus Council land can be purchased and transferred to the Company.

Environmental Regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends

The Company is an Australian Proprietary Company that is limited by shares. No dividends were paid or declared by the Company during the reported period.

Indemnification of Officers

No indemnities have been given during or since the end of the reported period, for any person who is or has been an officer or auditor of the Company. A management liability insurance policy costing \$6,000 was put in place during the year.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s307C of the *Corporations Act 2001* is set out on page 5.

This report is made with a resolution of the Directors and made pursuant to s298 (2) of the *Corporations Act 2001*.

Mr Steven Greenwood
Chairman
Dated: 16 October 2019



AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Invest Logan Pty Ltd

This auditor's independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001*.

Independence declaration

As lead auditor for the audit of Invest Logan Pty Ltd for the financial year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



Patrick Flemming
as delegate of the Auditor-General

16 October 2019

Queensland Audit Office
Brisbane

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Revenue			
Rental income		19,780	-
Other revenue		109	2,636
Interest income		43,096	76,035
Total Income		62,985	78,671
Expenses			
Feasibility costs	4a	242,662	332,134
Operating expenses	4b	897,256	564,856
Employee benefits	5	1,313,698	906,949
Finance costs		12,020	-
Depreciation		144,398	16,479
Total Expenses		2,610,034	1,820,418
Loss for the year before income tax		(2,547,049)	(1,741,747)
Income tax expense	3(n)	-	-
Loss for the year after income tax		(2,547,049)	(1,741,747)
Other comprehensive income		-	-
Total comprehensive loss for the year		(2,547,049)	(1,741,747)

The above statement to be read in conjunction with the accompanying notes set out on pages 10 to 23.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
Assets			
Current Assets			
Cash and cash equivalents	6	2,038,987	3,402,715
Trade and other receivables	7	26,223	487,571
Other assets		9,849	26,987
Total Current Assets		2,075,059	3,917,273
Non-Current Assets			
Capitalised development costs	3(r)	42,634	-
Property, plant and equipment	8	495,869	589,075
Inventory properties	9	-	650,000
Investment properties	10	1,612,269	-
Investments in subsidiaries	11	10	-
Total Non-Current Assets		2,150,782	1,239,075
Total Assets		4,225,841	5,156,348
Liabilities			
Current Liabilities			
Trade and other payables	12	185,145	108,239
Lease incentive liability	13	83,064	51,063
Employee benefits provisions	14	189,965	184,785
Total Current Liabilities		458,174	344,087
Non-Current Liabilities			
Employee benefit provisions	14	25,363	35,359
Lease Incentive liability	13	129,192	204,255
Loans and borrowings	21	969,702	-
Total Non-Current Liabilities		1,124,257	239,614
Total Liabilities		1,582,431	583,701
Net Assets		2,643,410	4,572,647
Equity			
Share capital		6,932,206	6,314,394
Accumulated losses		(4,288,796)	(1,741,747)
Total Equity		2,643,410	4,572,647

The above statement to be read in conjunction with the accompanying notes set out on pages 10 to 23.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Share capital	Accumulated losses	Total
	\$	\$	\$
Balance as at 1 July 2017	-	-	-
Comprehensive income			
Loss for the year	-	(1,741,747)	(1,741,747)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(1,741,747)	(1,741,747)
Shares issued during the year	6,314,394	-	6,314,394
Balance as at 30 June 2018	6,314,394	(1,741,747)	4,572,647
Balance as at 1 July 2018	6,314,394	(1,741,747)	4,572,647
Comprehensive income			
Loss for the year	-	(2,547,049)	(2,547,049)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(4,288,796)	2,025,598
Shares issued during the year	617,812	-	617,812
Balance as at 30 June 2019	6,932,206	(4,288,796)	2,643,410

The above statement to be read in conjunction with the accompanying notes set out on pages 10 to 23.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Cash receipts from customers		19,961	2,700
Cash paid to suppliers and employees		(1,944,541)	(2,384,860)
Interest received		43,096	76,035
Net cash used in operating activities	17	(1,881,484)	(2,306,125)
Cash flows from investing activities			
Acquisition of investment properties		(977,183)	-
Investment in Capitalised development costs		(42,634)	-
Acquisition of property, plant and equipment		(37,911)	(605,554)
Investment in subsidiary		(10)	-
Net cash used in investing activities		(1,057,738)	(605,554)
Cash flows from financing activities			
Interest paid on loans and borrowings		(12,020)	-
Proceeds from issue of share capital		617,812	6,314,394
Proceeds from loans and borrowings		969,702	-
Net cash generated by financing activities		1,575,494	6,314,394
Net increase/(decrease) in cash and cash equivalents		(1,363,728)	3,402,715
Cash and cash equivalents at beginning of year		3,402,715	-
Cash and cash equivalents at end of year	6	2,038,987	3,402,715

The above statement to be read in conjunction with the accompanying notes set out on pages 10 to 23.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. General Information

Invest Logan Pty Ltd (the Company) is a company limited by shares, incorporated and domiciled in Australia, trading as investLogan. The address of the Company's registered office and principal place of business is 2/8 Cinderella Drive, Springwood Queensland 4127. The Company's parent entity is the Logan City Council. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

2. Application of new and revised accounting standards

The Company adopted the recognition, measurement and disclosure of AASB 9 in the current year. The Company does not have a significant financial instrument holding, as such, the impact on the Company of this adoption is not considered material. In addition, the Company does not have sufficient history from which to calculate any expected credit losses in respect of accounts receivable.

Standards and Interpretations in issue not yet effective

The amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report but have future commencement dates are still having their impact on the financial statements being assessed by the Directors.

i. Leases (AASB 16)

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. AASB 16 requires enhanced disclosures for both lessees and lessors to improve information disclosed about an entity's exposure to leases and is applicable to annual reporting periods beginning on or after 1 January 2019, with early application permitted.

The Company will introduce AASB16 in the annual reporting period ending 30 June 2020 and is still assessing the impact on the financial statements.

ii. Revenue from Contracts with Customers (AASB15)

The Company will apply AASB 15 in the annual reporting period ending 30 June 2020. The impact of the adoption of this accounting standard is still being assessed.

There are no other standards that are not yet effective that would be expected to have a material impact on the Company in current or future reporting periods.

3. Significant accounting policies

a. Statement of Compliance

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001. The financial statements were approved by the Board of Directors on the date shown on the Directors' Declaration.

b. Reporting period and Comparatives

Pursuant to the provisions of AASB 101 Presentation of Financial Statements, and as agreed with the Company's parent entity, the financial statements as presented are for the reporting period from 1 July 2018 through to 30 June 2019. The Comparative period represents the reporting period from 1 July 2017 to the 30 June 2018.

c. Basis of measurement

The financial report, except for the cash flow information, has been prepared on an accrual basis and is based on the historical cost basis, modified, where applicable, by the measurement at fair value. The amounts presented in the financial statements have been rounded to the nearest dollar.

d. Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

e. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. This includes employee provisions (note l), useful lives of property, plant and equipment (note i), work in progress (note r), inventory (note p) and investment properties (note q).

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

f. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with the banks and other short-term highly liquid investments with original maturities of three months or less.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

g. Trade and Other Receivables

Trade and other receivables include amounts due from other parties in the ordinary course of business. Receivables are expected to be collected within 12 months of the end of the reporting period and are classified as current assets.

h. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. Payables are expected to be paid within 12 months of the end of the reporting period and are classified as current liabilities.

i. Property, Plant and Equipment

i. Recognition and measurement

Items of property, plant and equipment with a total value of less than \$500, except for land, buildings and building improvements, are treated as an expense in the year of acquisition. All other items are capitalised and included in the relevant asset class. Property, plant and equipment are measured at historical cost less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised as "other income" in the statement of comprehensive income.

ii. Depreciation

Depreciation is recognised in expenses on a straight-line basis over the estimated useful lives of each item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

Classification of Asset Useful Life

- | | |
|-------------------------|----------|
| • Buildings | 40 years |
| • Building improvements | 5 years |
| • Computer equipment | 3 years |
| • Plant and equipment | 5 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

j. Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

k. Impairment

i. Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in finance costs and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income.

ii. Non-Financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in expenses.

l. Employee benefits

Employee benefit provisions represent amounts accrued for annual leave and long service leave. The current liability portion of this represents that portion which has vested, or is accessible, due to employees having completed the required period of service. The non-current liability portion of this includes amounts that have not yet vested in relation to those employees who have not yet completed the required vesting period of service.

m. Revenue

Revenue is recognised as income as it accrues. Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease. Interest income from bank accounts is measured using the effective interest rate method.

n. Income tax

The Company is exempt from income tax under section 24AM of the *Income Tax Assessment Act 1936 (ITAA 1936)* on the basis that it is a subsidiary of the Logan City Council and a State/Territory Body.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

o. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

p. Inventory properties

Inventories include those properties for which the intention is development. They are measured at lower of cost and Net Realisable Value.

q. Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is capitalised as land or buildings and measured using the cost method. Building improvements with a value less than \$500 are expensed and all other items are capitalised.

r. Capitalised development costs

Capitalised development costs represents costs of acquisition or preliminary development that are directly attributable to properties in advance of the purchase settlement date. Where the vendor is LCC, these are costs recognised subsequent to LCC agreeing to sell a property to the Company. Where the property is purchased on the open market, these are costs incurred after signing a conditional contract. These costs will be capitalised against specific properties once settlement has occurred.

s. Joint venture accounting

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Company established a special purpose subsidiary to enter into a joint venture for the development of 96-98 York Street, Beenleigh.

t. Going Concern

The financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors are confident of the Company generating profits once contemplated development activities are completed.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

4a. Feasibility costs

	Notes	2019 \$	2018 \$
Feasibility consultancy fees		242,662	332,134

4b. Operating expenses

	Notes	2019 \$	2018 \$
Board & governance costs		182,968	106,140
Premises costs		249,190	67,930
Insurance		22,176	14,355
IT software & support		29,060	5,727
Telecommunications		20,884	8,273
Public relations fees		81,012	-
Other Administration costs		124,928	104,523
Legal fees		128,327	167,221
Audit services - external	20	27,500	27,500
Internal audit and accounting services		30,381	9,500
Regulatory costs		830	53,687
		897,256	564,856

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

5. Employee benefits

	2019 \$	2018 \$
Salaries and wages	1,143,448	735,792
Superannuation	91,498	51,481
Other employee expenses	78,752	119,676
	1,313,698	906,949

6. Cash and cash equivalents

	2019 \$	2018 \$
Cash at bank	2,038,987	3,402,715
Cash and cash equivalents	2,038,987	3,402,715

7. Trade and other receivables

	2019 \$	2018 \$
Refundable Land Deposit	20,000	201,463
Other receivables	3,973	281,734
Interest receivable	2,250	4,374
	26,223	487,571

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

8. Property, plant and equipment

Details of the Company's property, plant and equipment and their carrying amounts are as follows:

	Plant & equipment \$	Computer related equipment \$	Total \$
Cost:			
Opening cost as at 1 July 2017	-	-	-
Additions at cost	577,933	27,621	605,554
Closing cost as at 30 June 2017	577,933	27,621	605,554
Accumulated depreciation:			
Opening accumulated depreciation as at 1 July 2017	-	-	-
Depreciation provided during period	10,937	5,542	16,479
Closing accumulated depreciation as at 30 June 2018	10,937	5,542	16,479
	566,996	22,079	589,075
	Plant & equipment \$	Computer related equipment \$	Total \$
Cost:			
Opening cost as at 1 July 2018	577,933	27,621	605,554
Additions at cost	29,524	8,387	37,911
Write offs	-	(1,633)	(1,633)
Closing cost as at 30 June 2019	607,457	34,375	641,832
Accumulated depreciation:			
Opening accumulated depreciation as at 1 July 2018	10,937	5,542	16,479
Depreciation provided during period	120,647	10,206	130,853
Write offs	-	(1,369)	(1,369)
Closing accumulated depreciation as at 30 June 2019	131,584	14,379	145,963
	475,873	19,996	495,869

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

9. Inventory properties

In the year ended 30 June 2018, the property known as 1 Briggs Road, Springwood, was purchased and recorded as inventory, a property awaiting development. The intention now, however, is to retain this property for rental return for the foreseeable future. As such it has been reclassified as Investment Property in the year ended 30 June 2019.

10. Investment properties

Details of the Company's investment properties and their carrying amounts are as follows:

	Land \$	Buildings \$	Building improve- ments \$	Total \$
Cost:				
Opening cost as at 1 July 2018	-	-	-	-
Additions at cost	241,201	725,982	10,000	977,183
Transfer from Inventory	330,000	320,000	-	650,000
Closing cost as at 30 June 2019	571,201	1,045,982	10,000	1,627,183
Accumulated depreciation:				
Opening accumulated depreciation as at 1 July 2018	-	-	-	-
Depreciation provided during period	-	14,862	52	14,914
Closing accumulated depreciation as at 30 June 2019	-	14,862	52	14,914
	571,201	1,031,120	9,948	1,612,269

11. Investment in subsidiaries

The Company established YSB Pty Ltd as a special purpose vehicle to enter into a joint venture for the development of 96-98 York Street, Beenleigh. Development had not begun by 30 June 2019 and as such no share of profits is included this year.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

12. Trade and other payables

	2019	
	\$	
Accounts payable	37,580	
Accrued expenditure	68,164	
PAYG withholding	30,572	
Superannuation liability	31,999	
Unearned Revenue	3,033	
Security deposits	13,797	—
	<u>185,145</u>	<u>—</u>

13. Lease incentive

The Company was paid an incentive at the commencement of the lease for premises at 8 Cinde Springwood, in July 2018.

This is represented by:

Level 1

Level 2

—

—

Fit out of Level 2 has been completed whilst fit out of Level 1 has not yet begun. The lease is recorded as a liability and, as regards Level 2, reduces the rent expense in equal amounts over term of the lease. One fifth of the Level 2 incentive (\$43,063) is netted against Premises costs balance of the liability at 30 June 2019 is recorded as follows:

	Level 1	Level 2	2019	
	\$	\$	Total	
			\$	
Current liability	40,000	43,064	83,064	
Non-current liability	-	129,192	129,192	—
Total liability	<u>40,000</u>	<u>172,256</u>	<u>212,256</u>	<u>—</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

14. Employee benefit provisions

	2019 \$	2018 \$
Movement in provisions as follows:		
Annual Leave		
Balance at beginning of financial year	83,378	-
Entitlements transferred from Logan City Council	-	41,240
Amount provided for in the period	80,148	44,206
Amount paid in the period	(95,949)	(2,068)
Balance at end of Financial Year	67,577	83,378
Personal Leave		
Balance at beginning of financial year	25,817	-
Amount provided for in the period	(25,817)	25,817
Amount paid in the period	-	-
Balance at end of Financial Year	-	25,817
Long Service Leave		
Balance at beginning of financial year	110,949	-
Entitlements transferred from Logan City Council	-	101,348
Amount provided for in the period	36,802	9,601
Amount paid in the period	-	-
Balance at end of Financial Year	147,751	110,949

This is represented in the Statement of Financial Position as follows:

Current liability – Employee benefit provision	189,965	184,785
Non-current liabilities – Employee benefit provisions	25,363	35,359

In the prior year, four employees of Logan City Council were transferred to investLogan. Annual Leave and Long Service Leave entitlements due to those staff at that time were transferred to investLogan.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

15. Financial instruments

The Company's financial instruments consist of cash at bank, trade and other receivables, trade and other payables, and borrowings for Investment properties.

	Notes	2019 \$	2018 \$
Financial assets			
Cash and cash equivalents	6	2,038,987	3,402,715
Trade and other receivables	7	26,223	487,571
Total financial assets		2,065,210	3,890,286
Financial liabilities			
Trade and other payables	12	185,143	108,239
Loans and borrowings	21	969,702	-
Total financial liabilities		1,154,845	108,239

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

16. Leasing and Capital expenditure commitments

a. Operating lease commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements.

	2019 \$	2018 \$
Payable – minimum lease payments:		
Not later than 12 months	290,746	290,746
Later than 12 months but not later than 5 years	872,238	1,162,984
Later than 5 years	-	-
	1,162,984	1,453,730

The property lease is a non-cancellable lease with a 5-year term commencing on 9 July 2018. Rent is payable monthly in advance and increases each year in accordance with the provisions of the lease, namely 3%. An option exists to renew the lease at the end of the 5-year term for an additional term of 5 years.

b. Capital expenditure commitments

Commitments for capital expenditure at the reporting date but not recognised in the financial statements.

	2019 \$	2018 \$
Payable – minimum payments:		
Not later than 12 months	-	17,347
Later than 12 months but not later than 5 years	-	3,827,792
Later than 5 years	-	-
	-	3,845,139

The capital commitment at 30 June 2018 related to the purchase of land from Logan City Council under a contract dated 13 February 2018. The purchase price was \$4.03 million. A refundable deposit of \$201,463 was paid with the balance outstanding at 30 June 2018. The purchase did not proceed, the deposit was refunded in the year ended 30 June 2019, and the capital commitment released.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

17. Reconciliation of cash flow from operating activities:

	2019 \$	2018 \$
Cash flows from operating activities:		
Net profit / (loss) for the year	(2,547,049)	(1,741,747)
Adjustments for:		
Depreciation	144,399	16,479
Asset write off	1,632	-
Interest paid	12,020	-
	<u>(2,388,998)</u>	<u>(1,725,268)</u>
(Increase) / Decrease in trade and other receivables	460,665	(486,888)
(Increase) / Decrease in inventories	-	(650,000)
(Increase) / Decrease in prepayments	17,138	(26,987)
Increase / (Decrease) in trade and other liabilities	77,589	107,556
Increase / (Decrease) in lease incentive liability	(43,063)	255,318
Increase / (Decrease) in provisions for employee benefits	(4,815)	220,144
Net cash used in operating activities	<u>(1,881,484)</u>	<u>(2,306,125)</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

18. Related party transactions

Related parties

The Company's main related parties are as follows:

- a. **Entities exercising control over the Company**
The parent entity, which exercises control over the Company, is the Logan City Council.
- b. **Other related parties**
Other related parties include close family members of key management personnel and entities controlled or jointly controlled by those key management personnel, individually or collectively with their close family members. No transactions with this type of entity has occurred in the period.
- c. **Transactions with related parties**
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2019	2018
	\$	\$
The following transactions occurred with related parties:		
Revenue		
Parent entity – Sales of goods and services	109	100
Expenditure		
Parent entity – Purchase of goods and services	23,632	210,254
Parent entity – Interest on borrowings	12,020	-
Parent entity – Land Deposit Paid	-	201,463
Cash Received		
Parent entity – Land Deposit Repaid	201,463	-
Parent entity – Cash received from Logan City Council for transfer of employee leave provisions for four employees	-	142,588
Loans		
Parent entity – Loan provided by Logan City Council for the purchase of property	969,702	-

d. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company directly or indirectly, including any Director of the company is considered key management personnel. Key management personnel remuneration includes the remuneration for all non-Executive Directors and the Chief Executive Officer.

Key Management personnel compensation / remuneration

Key Management personnel compensation / remuneration	580,335	328,579
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

19. Auditor remuneration

The fee relating to the external audit of the financial statements for the reporting period is as follows:

	2019 \$	2018 \$
Audit of the financial statements by the Auditor General of Queensland	27,500	27,500

20. Contingent liabilities

	2019 \$	2018 \$
Bank Guarantee provided to Roubaix Properties No. 9 Pty Ltd	53,302	53,302
	<u>53,302</u>	<u>53,302</u>

The Company issued Bank Guarantees to its landlord as detailed in its Agreement for Lease for premises at 8 Cinderella Drive, Springwood.

21. Loan facilities

	2019 \$	2018 \$
Loan facilities with parent entity	<u>25,500,000</u>	<u>25,500,000</u>
Used (amounts drawn down)	969,702	-
Unused (available for drawdown)	<u>24,530,298</u>	<u>-</u>
	<u>25,500,000</u>	<u>25,500,000</u>

The Loan Facilities are fully available. Loan documentation has been agreed between the Company and LCC designating that \$3.0 million of the total facility is available for operations and working capital and \$22.5 million for property development.

Loan drawdowns are repayable on the dates set out in each repayment instalment schedule included in the drawdown notice agreed by both parties and are secured by first ranking security to the parent entity.

Loans are interest only with the principal repayable at the end of the term which is 10 years. The interest rate is separately determined for each drawdown. Interest accrues daily and is payable quarterly in arrears. Interest on the current drawdown is fixed for 3 years.

22. Events after the reported period

The Directors are not aware of any significant events since the end of the reporting period. However, in the ordinary course of business, contracts the Company entered into on 12 June 2019 for the parcel of land known as 12-14 Main Street, Beenleigh, and 10 Kent Street, Beenleigh, for a combined consideration of \$1.3 million, went unconditional on 29 August 2019.

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2019

In the opinion of the Directors of investLogan Pty Ltd (the Company):

- a. the financial statements and notes, set out in pages 1 to 23 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Australian Accounting Standards (Reduced Disclosure Requirements), Australian Accounting Interpretations and the *Corporations Regulation 2001*;
 - ii. giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



Steven Greenwood
Chairman

Dated at Springwood this day 16 October 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Invest Logan Pty Ltd

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Invest Logan Pty Ltd (the company).

In my opinion, the financial report:

- a) gives a true and fair view of the company's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended
- b) complies with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards – Reduced Disclosure Requirements.

The financial report comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the directors' declaration.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*. I am also independent of the entity in accordance with the auditor independence requirements of the *Corporations Act 2001*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Other information comprises the information included in the Invest Logan Pty Ltd directors' report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon.

The directors are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the company for the financial report

The company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards – Reduced Disclosure Requirements, and for such internal control as the company's directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The company's directors are also responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the company.

- Conclude on the appropriateness of the company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Patrick Flemming
as delegate of the Auditor-General

23 October 2019

Queensland Audit Office
Brisbane

Contact Us

Further information about investLogan or this Annual Report may be obtained by contacting:

Ms Beau-Jane De Costa

e people@investlogan.com.au

a PO Box 1003, Springwood Qld 4127

Information on investLogan is available on www.investlogan.com.au

invest**Logan**