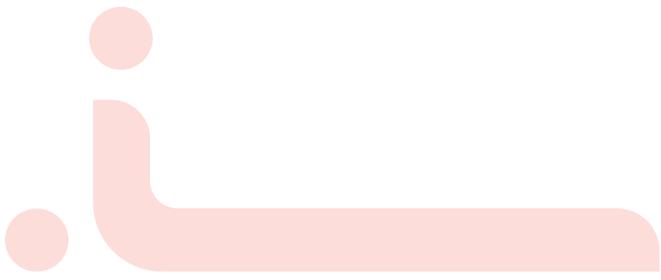




investLogan

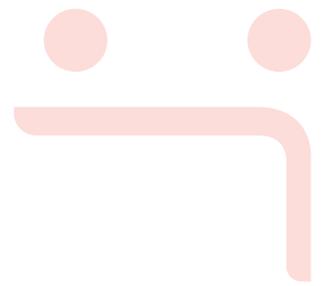


Q3 Shareholder Activities
Update 2018–2019



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Property Development

investLogan has been progressing several development opportunities across the City of Logan.

Community Housing: Expression of Interest

At the 7 February 2019 Board Meeting, the Board determined to go to market and seek a Strategic Development Partner to deliver and operate a community housing development outcome on surplus Logan City Council land.

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 benefit; and
- has a demonstrated record in delivering projects of this type and scale.

An expression of interest process has been completed which resulted in five complying and one non-complying submission which will be considered at the 18 April 2019 Board Meeting.

Expression of Interest

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 benefit; 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.

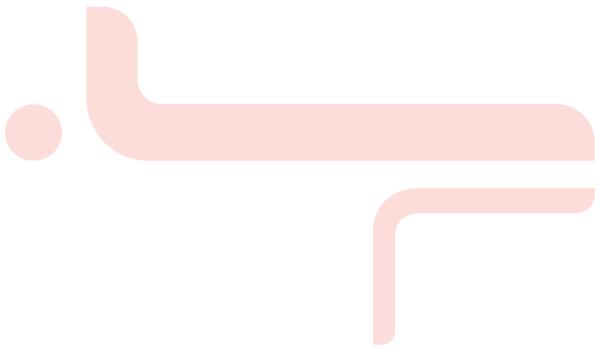
investLogan is committed to bringing investment to the City of Logan and delivering economic return for the people of Logan, whilst delivering significant social and community benefits.

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

Responses are required by **15 March 2019 5:00pm**. For more information, contact Anthony Jones, anthony@investlogan.com.au.

investLogan investlogan.com.au

Figure 1: Expression of Interest advertisement



96–98 York Street, Beenleigh

The Development

The development is inspired by the vision to revitalise Beenleigh as a compact and vibrant hub for the surrounding community.

A key mid-point destination along the high frequency Brisbane to Gold Coast rail corridor and the Pacific Motorway, with a proliferation of close by employment generators have been key catalysts in determining the mix and ultimate design of this development.

Special attention is applied to the John Lane interface which forms part of a unique system of existing lane ways in the area and transforming it into a place for people.

The development, the first new commercial building to be constructed in the last decade features:

- a facelift to John Lane, between John and George Streets;
- 4000 sqm, seven-storey commercial building;
- 156 sqm ground floor retail space;
- 455 sqm for four SOHO apartments.

THE BENEFIT

Social and Community Benefits

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

- an estimated \$250,000, to be allocated to the John Lane facelift between John Street and George Street, with new amenity which may include public art and smart technology, including WIFI;
- integrating 10 short-term publicly accessible car parking sites in the development at an estimated \$250,000;
- the John Lane facelift will activate the Lane and substantially improve casual surveillance opportunities of the space support greater casual surveillance opportunities during hours of operation critical factors in designing for vibrant places for people.

This ideal employment location benefits from walking access (500m) to Beenleigh's recreation heart, Duath Park, easy access (550m) to Beenleigh Train Station and provision of end-of-trip facilities.

Economic Benefits

This development is estimated to create a \$40m economic and jobs boom from 2019 on the back of investLogan's investment.

The development is estimated to:



100
construction jobs

Source: Urbis



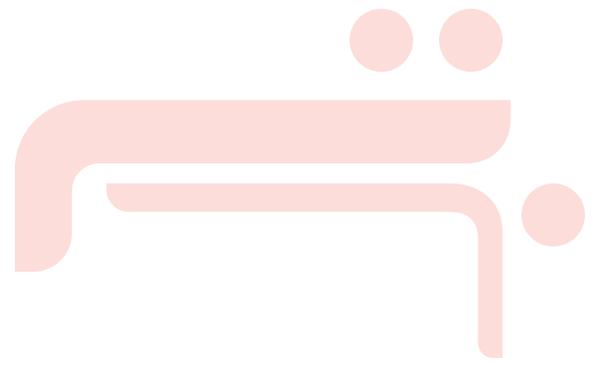
140 new full-time jobs
once the redevelopment is complete



\$4.1m of direct benefits and \$10.6 of indirect benefits
generated during the construction phase



\$16.5m of direct benefits and \$8.5m of indirect benefits
generated during the operational phase



Current Status

The joint venture with Alder Developments has been established to progress the development. The key priority during this quarter was to finalise the design, in collaboration with Conrad Garget architects, and to prepare supporting material to assist with the statutory approvals processes of the State Government and Logan City Council.

An application has been lodged with the State Government to facilitate a volumetric lease of land within the York Street and John Lane road reserves.

Recognising the current use of the site as a public car park, the development outcome will include 10 short term, public car parks in the basement. This has necessitated an innovative design outcome whereby the area of land underneath John Lane immediately adjacent the property is used for basement car parking. This also allows for a more efficient vehicle circulation pattern in the basement, like the current design of the public car park.

The development is designed to provide a modern interpretation of the distinctive character of Beenleigh’s historic buildings, like the heritage listed Archville building at 137 City Road – the former Farrelly’s Bakery. This includes elements like the ‘winter-gardens’, which protect the street like an awning over York Street and John Lane and enable passive surveillance of the active spaces and streetscape.

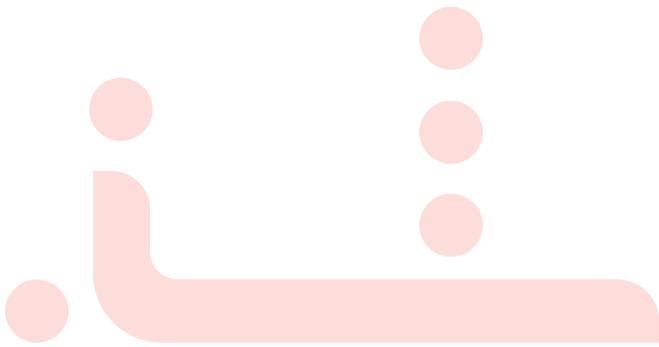
A development application is prepared and ready to be lodged with Logan City Council once the application with the State Government is finalised.

In parallel, investLogan is continuing to:

- finalise lease negotiations with the primary tenant (Logan City Council for Logan Water and the Logan Water Alliance); and
- finalise acquisition of the land.



Figure 2: Preliminary concept image of John Lane for the proposed development at 96–98 York Street, Beenleigh



Loganholme Tourism Precinct and Loganholme Commercial Development

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 Loganholme Tourism Precinct and the TMR Land (refer to Figure 1). The land requirement for the Coomera Connector is through the middle of the Loganholme Tourism Precinct land and across approximately 30 per cent of the Loganholme Commercial Development land.

This action of the State Government means that investLogan can no longer deliver on its vision for the Loganholme Tourism Precinct, which would have started with the Tunnel Vision Surf Park that was scheduled to commence construction in March 2019, a critical component to achieving financial sustainability in the short to medium term.

It also means that investLogan cannot deliver the tourism infrastructure that is in significant demand in the City of Logan, including short-term accommodation, a riverside hotel, a riverside parkland and cultural and environmental facilities.

The State Government has also advised that no access can be provided to the Loganholme Commercial Development land which led to the breakdown of negotiations with a large format retailer and prevents any further development opportunity from proceeding on this land.

investLogan has had to make the difficult decision to walk away

from what could have been the most significant development for the City of Logan in decades. The matter will be considered at the 18 April 2019 Board Meeting. As the Loganholme Tourism Precinct was the key facet to the establishment of investLogan, this will be a significant decision that requires a revised financial strategy and close consultation and collaboration with the Shareholder and a review of the longer-term development pipeline and strategy.

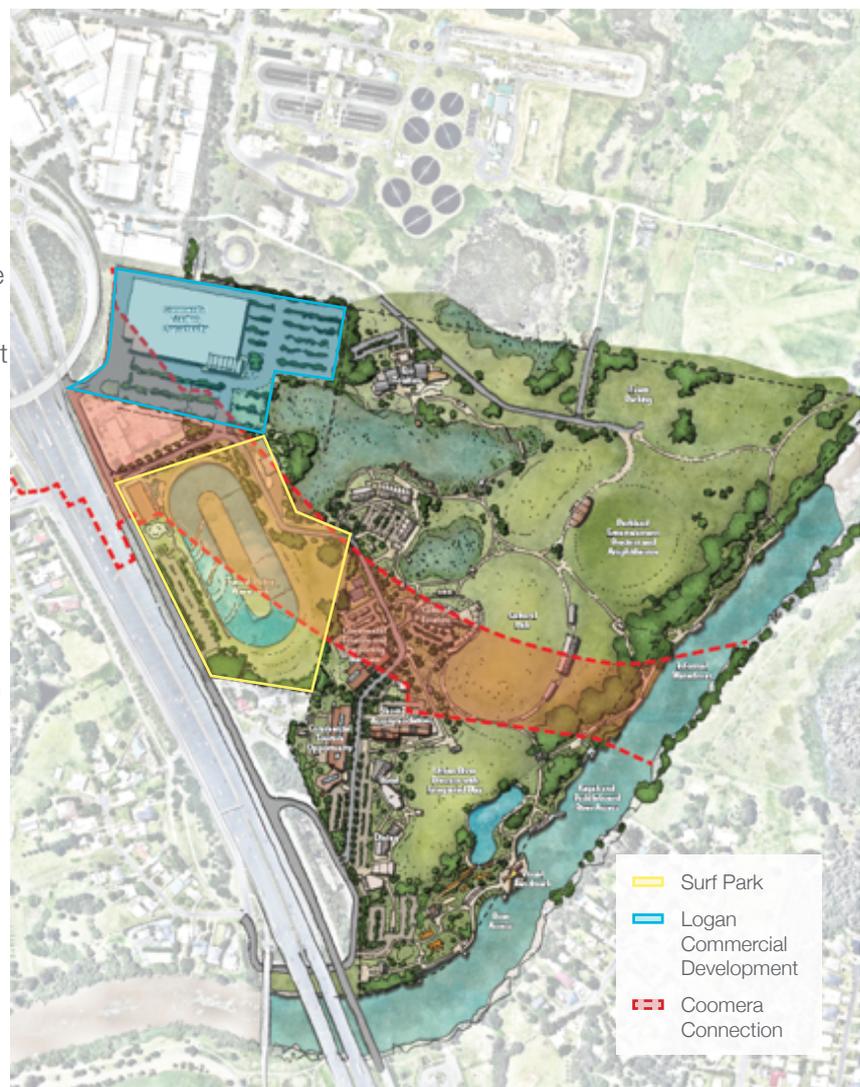
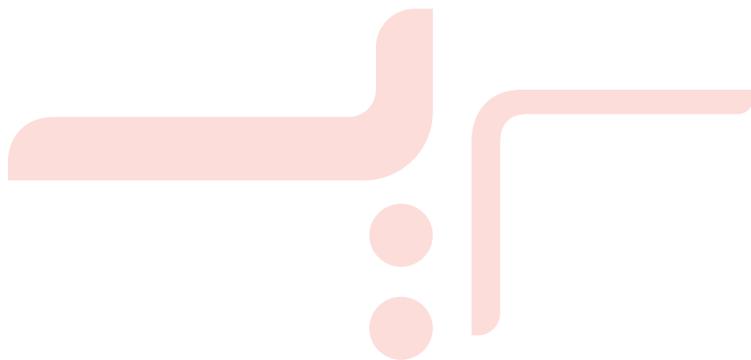


Figure 3: Preliminary Design Logan Tourism Precinct, incorporating approved developments and Coomera Connection Impacts

Acquisitions



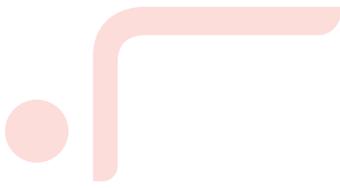
Council Land

investLogan has identified an interest in a number of Council land holdings as opportunities for acquisition and development. The following table sets out the status of each request as at 31 March 2019.

Council Land Holding	Preliminary Feasibility Assessment Completed	Requested Confirmation of Surplus Status and Consideration for Disposal	Advice on status of land Provided by LCC	Response Provided by investLogan	Value for Acquisition Provided by LCC	Offer for Acquisition Provided by investLogan	Detailed Acquisition Negotiations	Executed Contract
Loganholme Commercial Development (former TMR land)	●	●	NA	NA	●	●	●	●
Loganholme Tourism Precinct	●	●	NA	NA	●	●		
Briggs Rd and Murrajong Rd, Springwood	●	●	NA	NA	●	●	On hold pending LCC community infrastructure strategy	
York St, Beenleigh	●	●	NA	NA	●	●	●	
Cinderella Dr, Springwood	●	●	●	●	acquisition discontinued			
Lovell St, Slacks Creek	●	●	●	●				
Whitey St, Logan Central	●	●	●	●	acquisition discontinued			
Blackwood St / Croydon Rd, Logan Central	●	●	●	●				
Benz St / Mayes Ave, Logan Central	●	●	●	●	acquisition discontinued			
Gritl Ct, Kingston	●	●	●	●				
Bardon Rd, Berrinba	●	●						
Janita Dr, Browns Plains	●	●	●	●	acquisition discontinued			
Wayne Goss Dr, Berrinba	●	●	●	●	●	●	●	
Third Ave, Marsden	●	●	●	●				
Brandon St, Marsden	●	●	●	●	●	●	●	
Loganlea Rd, Loganlea	●	●	●	●	acquisition discontinued			
Martens St, Beenleigh	●	●	●	●	acquisition discontinued			
Chetwynd St, Loganholme	●	●	●	●				

investLogan has been advised that the following land holdings are not surplus at this time and not available for acquisition by investLogan:

- Cinderella Drive, Springwood;
- Whitey Street, Logan Central;
- Benz Street / Mayes Avenue, Logan Central;
- Janita Drive, Browns Plains;
- Loganlea Road, Loganlea; and
- Martens Street, Beenleigh.



180–186 Wayne Goss Drive, Berrinba

In parallel to negotiations with Logan City Council for acquisition of 180–186 Wayne Goss Drive, investLogan has commenced design activities on a small scale industrial / business development. The industrial /business units have been designed for small and emerging businesses, providing a flexible work and living space that can adapt as the business grows. This development product follows research of gaps in the market and directly responds to the demands of the nearly 20,000 small businesses in the City of Logan.

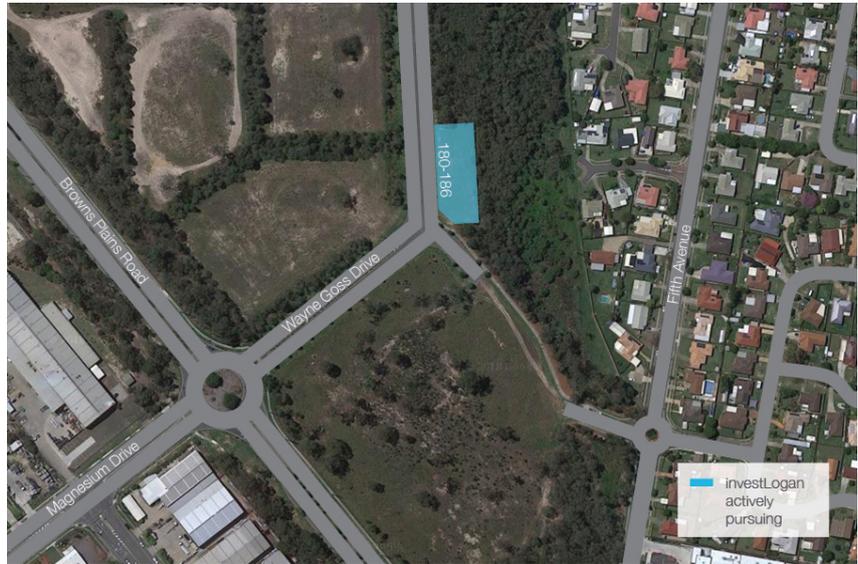


Figure 4: 180–186 Wayne Goss Drive, Berrinba

261 Bardon Road, Berrinba

In parallel to negotiations with Logan City Council for acquisition of 261 Bardon Road, Berrinba, investLogan have commenced preliminary design activities for a warehouse / logistics development. Negotiations have commenced with a potential tenant.

On 13 March 2019, correspondence was received from Logan City Council formally requesting that investLogan forgo its first right of refusal to acquire the property so that Logan City Council can deal directly with a third party who wanted to develop the site. This request was based on the short-term investment and job creation for Logan residents that would result from the development by the third party. The request will be considered at the 18 April 2019 Board Meeting.

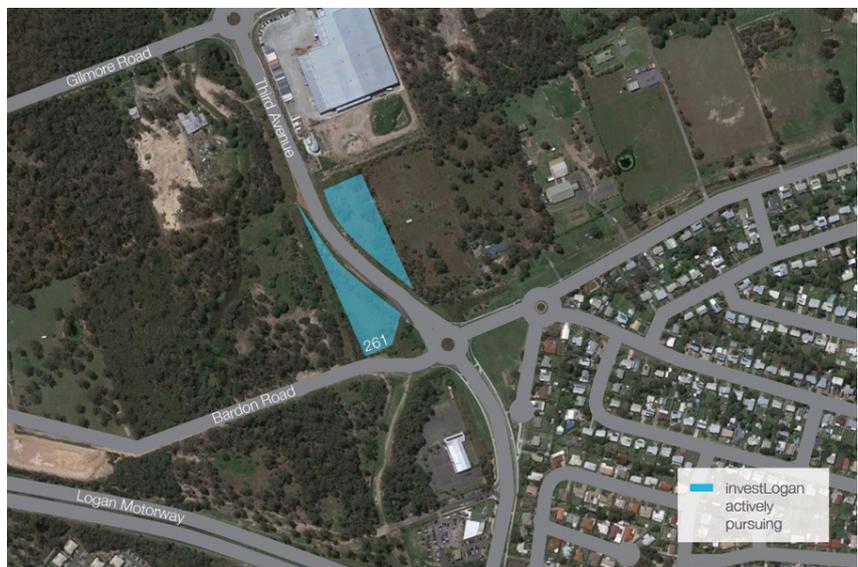


Figure 5: 261 Bardon Road, Berrinba

Economic Development

Logan Angels

investLogan has hosted another successful Logan Angels meeting with pitches from Logan-based Forward and Brisbane-based Plus60 and Monarc Global.

Logan Angels is part of nation-wide network of angel investment groups that facilitate matching investors with start-up businesses to help them get up-and-running.

There are a growing number of angel investors attending these events which shows there is strong support for small business in the community. Hearing the stories behind start-up businesses, like Forward, Plus60 and Monarc Global is inspiring and investLogan is proud to be able to assist them to find capital to bring their ideas to fruition.

investLogan is committed to encouraging investment and prosperity in the City of Logan and we will continue to support the Logan Angels to deliver outstanding social and community benefits.



investLogan Community Fund

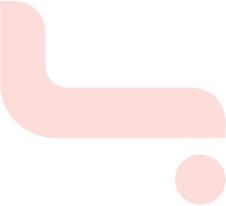
It was resolved by Council (Shareholder) to charge investLogan with the establishment and Management of a City of Logan Philanthropic Fund (The Fund) for the purposes of attracting donated funds to deliver community benefit projects on behalf of Logan City Council. Since the establishment of investLogan the following actions have been undertaken:

- 5 April 2018 the establishment of the Philanthropic and Consultancy entity commenced;
- 6 June 2018 the draft Philanthropic and Consultancy Entity report was presented to the Board containing the suite of governance documents required to undertake such a venture. It was also determined that the fund be known as the investLogan Community Fund;

- 26 June 2018 The Chief Executive Officer wrote to the Corporate Representative; and
- consultation with the Shareholder's Board took place between 27 July 2018 and 20 September 2018.

The investLogan Board considered a further report regarding the investLogan Community Fund at the December meeting to implement the Shareholders resolution.

investLogan wrote to the Corporate Representative on 17 December 2018 requesting appropriate funding for the investLogan Community Fund be obtained by Logan City Council to facilitate the commencement of operations.



Transparency and Accountability

Annual Governance Review

investLogan has invested significant effort in the establishment of its corporate governance arrangements and the maintenance of best practice. In accordance with the adopted Governance Documents Review Schedule a yearly review of all governance documents is to be undertaken and amendments are to be presented to the Board for adoption. The 2019 annual governance review has now been completed.

All investLogan's governance documents were reviewed to ensure that the information contained in each document is still correct, accurately reflects the practices of investLogan and ensures they remain compliant with relevant legislation and investLogan's governing documents.

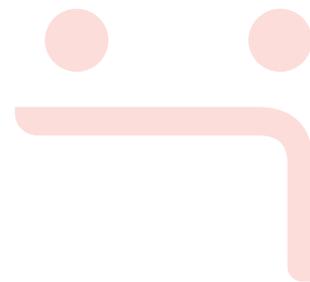
The governance review did not result in policy revision in relation to all policies. In some cases, we needed to make big changes to address new regulations or gaps in policy and in others we just made a few small tweaks.

Additionally, we have created a number of new policies and procedures in response to the growth of the company's operations and external reviews and audits.

PWC/QTC Recommendations

In accordance with the Board resolution investLogan has now developed all proposed policies and procedures recommended by the QTC/PWC Report. The development and implementation of the policies and procedures are designed to:

- prevent, mitigate or manage risk;
- improve financial management, accountability, efficiency and transparency;
- ensure a high performing team; and
- improve the company's robust corporate governance framework.



Finance

The investLogan financial position:

- retains a strong equity, cash, liquidity and solvency financial position;
- has a cashflow position that allows us to take advantage of future market development opportunities;
- key variance is cost savings in operations reflects timing difference between the planned execution and actual execution of property development opportunities;
- key risks to investLogan have been:
 - » the loss of the Loganholme Tourism Precinct and associated planned development a direct result of the decision on the Coomera Connector;
 - » request to Logan City Council to transfer 19 council owned land holdings to investLogan, and since its first request in December 2017, investLogan has executed one contract with Logan City Council, with four currently under negotiation which may impact on the future success, financial sustainability and operations of investLogan;
- current ratios of current assets compared to current liabilities exceeds the market benchmark ratio of 1.5 and is a strong indicator that commitments can be met as they fall due.

Highlights



\$397k

in cost savings



> 1.5

Current Ratio



\$2.48m

in cash at bank



Strong

Liquidity & Solvency

Lowlights



\$136k

lease revenue shortfall



Independent Forensic Risk Review and Internal Audit

Every year since its inception, investLogan has undertaken an independent internal audit of its operations. The review is undertaken to assess the policies, procedures and controls in place at investLogan against best practice, and to provide feedback to management and the Board on areas for improvement. An annual review is an essential tool in our financial management and integral to our ongoing improvement.

The Report titled Independent Forensic Risk Review and Internal Audit Report (the Forensic Report) details the findings and recommendations resulting from the Nexia Australia internal audit and fraud risk review conducted during the months of February and March of 2018.

Significantly, the Forensic Report stated:

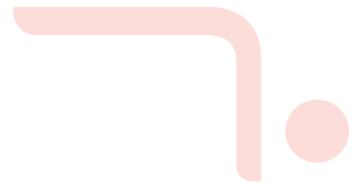
“Overall the procedures and controls that are currently in place at investLogan appear effective and well implemented to mitigate risks. It also conducted a series of fraud identification procedures and have not identified any evidence of fraud and states that these procedures should be conducted annually during each internal audit.”

The independent review by Nexia Australia, who has conducted audits of Queensland Government Offices (including the Queensland Audit Office, Queensland Ombudsman, Queensland Legislative Assembly) and various Local Government Councils in Queensland and NSW, reaffirms the risk identified by Price Waterhouse Coopers in 2018, as it

relates to obtaining land from Logan City Council and subsequently Logan City Council’s potential material impact on investLogan. As expressed in the 2018 Director’s Report of the Annual Financial Statements, Logan City Council remains a material risk to investLogan in terms of the ongoing concern to meet Council’s strategic objectives.. This concern is highlighted by the fact that no new contracts between investLogan and Logan City Council have been entered into the current financial year. This report recommends, that this matter be further discussed by the investLogan Board and Shareholder.

Several recommendations have been identified for consideration and implementation now, relating to subsidiaries and joint venture arrangements, treasury risk, property development, network and IT security, internal training, ethical oversight, Internal Audit Charter and vendor screening. The detailed Findings and Recommendations that should be implemented now include:

- 1A – Implement and require compliance with consistent procurement and other key policies by all subsidiaries and joint venture arrangements (high priority);
- 3A – Provide specific guidance on risk management criteria and likely quantitative impact (medium priority);
- 3B – Document further risk in Treasury Policy and in particular settlement and market risk (low priority);



- 3C – Capture and document specific property development risk in risk management policy and not limited to Market, Settlement, Design, Reputational, Cost, etc (high priority);
- 3D – Implement specific Network and IT Security Policy (low priority);
- 3E – Include annual internal training on the new policies (high priority);
- 4A – Include ethical oversight in the remit of an existing committee and establish reporting to this committee (medium priority);
- 4B – Approve Internal Audit Charter including process for Strategic Audit Plan review (medium priority); and
- 4C – Document existing screening and vendor screening procedures (medium priority).

In the longer term, the Forensic Report identifies several matters that should be given further thought as investLogan increases in scale and size. These relate to matters including credit card management, procurement personnel, segregation of duties, sub-risk registers and feasibility and sensitivity analysis. This Forensic Report recommends these be considered by management in the future, forming part on our ongoing diligence and best practice reviews.



Figure 6: 2019 Independent Forensic Risk Review and Internal Audit Report



Other financial activities undertaken by investLogan

investLogan's other financial activities include:

- completion of our first property acquisition of 2 Main Street, Beenleigh (non-council-owned land) under our Logan City Council Loan Agreement;
- the establishment of the wholly owned subsidiary YSB Pty Ltd; and
- the establishment of a Cash Solvency Test Policy and Audit Process Checklist Policy and Fraud and Corruption Control Policy and Internal Audit Charter.



Shareholder Engagement

Shareholder meetings

investLogan continues to acknowledge the importance of keeping the Shareholder informed with individual catch ups with all Councillors where necessary and quarterly presentations on the general strategic direction of investLogan and specific matters.

Shareholder Corporate Representative

Council's Corporate Representative, Logan City Council's Acting, Chief Executive Officer is provided with all Board papers and minutes and invited to all Board meetings. A regular two week catch up remains planned between the Corporate Representative and the investLogan Chief Executive Officer and undertaken on an as-needs basis.



Stakeholder Engagement

investLogan has a variety of stakeholders from individual land owners, business groups to all levels of Government. The breadth of our stakeholders means we engage in a variety of different ways.

This quarter we have engaged with our stakeholders through:

Jimboomba Summit

investLogan participated in the Jimboomba Summit with investLogan Director Annabelle Pegrum AM speaking about Character and Lifestyle – Loving where you live and how to use local character to create economic outcomes. It was vital to understand how Jimboomba's special rural character could be enhanced and developed (including in adjacent areas like Flagstone and Yarrabilba) to retain the community spirit, welcome new residents and build a prosperous and special business profile and brand into the future.

The City of Logan's Jimboomba Summit brought together residents, local stakeholders and industry experts to discuss the future of Jimboomba, a suburb of distinctive character in the heart of the rapidly growing southern Logan region.

Council Officer Meetings

investLogan understands the important role the Logan City Council officers play in the success of our business. Regular engagement is an integral part of working together to achieve the Shareholder's vision. As such, regular engagement continues through correspondence and individual meetings.



Figure 7: investLogan participated in the Jimboomba Summit

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invest**Logan**