investLogan

Annual Report

2019–2020

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


12

Foreword

The past year has been one of significant change and opportunity for investLogan.

investLogan's inaugural Chief Executive Officer, Mr Todd Rohl, stepped down from the role in January 2020 to relocate to the Toowoomba region. Todd was instrumental in the formation of investLogan and establishing the initial projects now underway. Todd left the organisation in very good shape and his positive legacy will continue in the years ahead.

Following the challenges of the State Government decision to route the Coomera Connector through the Loganholme Tourism Precinct, investLogan pivoted to focus on the delivery of development outcomes that create jobs, generate value in the local economy and realise the value of underutilised and surplus Logan City Council land assets.

Detailed planning has now transitioned into a phase of construction activity, led by the commencement of construction of our flagship project, The York, set to bring $40 million in economic value to Beenleigh. This will soon be followed with the construction of a community housing project in Marsden and mixed business units in Berrinba.

In April 2020 we welcomed the newly elected Council as the Shareholder of investLogan. The return to elected representation offered the opportunity for investLogan to outline its capability in assisting the Council to deliver outcomes for the Logan community.

The investLogan Strategy has continued to be refined and is now structured on delivering property development and investment outcomes across three focus areas: business centre activation, sport and community infrastructure, and health and education.

The year ahead brings further opportunity as we work towards completing projects under construction and bring forward new projects for delivery. We continue to work collaboratively with our Shareholder to support the delivery of its priorities.

We remain cautiously optimistic that the year ahead will present a path for economic recovery out of the COVID-19 pandemic, locally bolstered by our investment that is creating jobs and supporting Logan businesses.

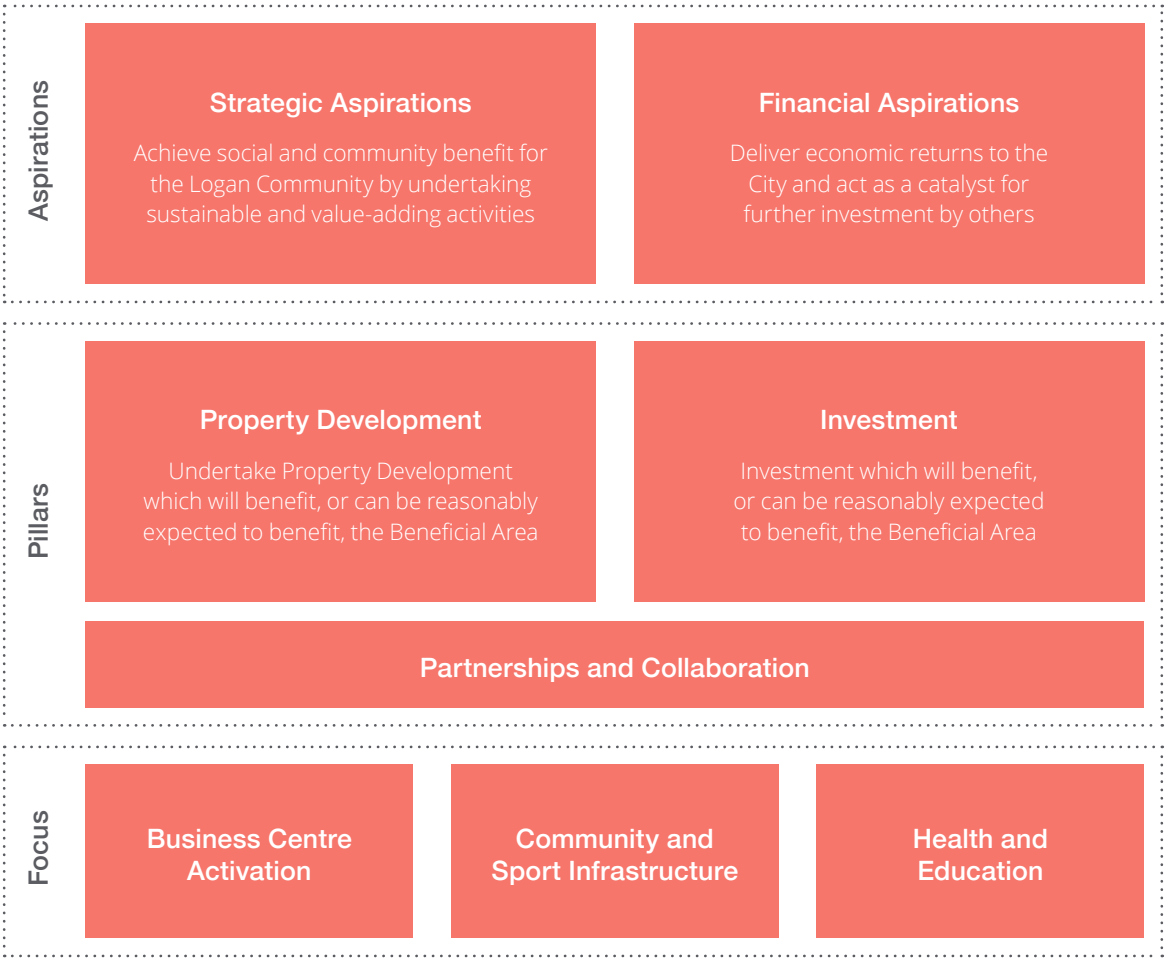
Steve Greenwood
Chair

Strategy

The investLogan strategic framework establishes the aspirations, pillars and focus areas that sets the strategic direction and guides operational activities of investLogan.

The aspirations confirm what investLogan sets out to achieve over the long term.

These aspirations are delivered through three strategic pillars as core business activities – property development; investment activities; and partnerships and collaboration, reflecting a strong alignment to the objects of the investLogan constitution.



The core business activities across the three pillars are focused on three delivery areas – business centre activation; community and sport infrastructure; and health and education.

Business Centre Activation

investLogan is purpose-built to drive economic growth within Logan's key business centres. The design and delivery of catalytic projects will contribute to the revitalisation of these business centres, create new jobs and encourage further private sector investment. This is complementary to the regulatory and place making approaches of Logan City Council and an important lever to realise the vision for these business centres.

Community and Sports Infrastructure

Logan is one of the fastest growing regions in Australia. The population is expected to grow by almost 200,000 people by 2036 with most of this growth is in the south-west of the City, creating significant demand for community and sport infrastructure. investLogan can work with Logan City Council to fast track the delivery of this infrastructure to support these emerging communities.

Health and Education

Health and education are key to generational change and strengthening and diversifying Logan's economy. investLogan is strategically positioned to collaborate with local champions such as Griffith University (Logan Campus) and Logan Together to delivering projects and investments that complement private industry investment into the sector.

Key Achievements

Property Development

- The York, Beenleigh, delivered through a joint venture with Alder Developments
- NDIS Housing, Marsden, addressing a housing shortfall and promoting social inclusion with Compass Housing and BlueCHP
- Mixed Business and Industry Units, Berrinba, providing opportunities for small and emerging businesses and entrepreneurs in the City

Strategic Moves

- Land assembly projects in Springwood and Beenleigh – secured land from the private market to enable future development consistent with Logan City Council city centre plans and strategies
- Park Ridge demonstration project – exploring a different approach to delivery of community infrastructure

Financial Sustainability

- Pipeline of projects to move towards financial sustainability
- Joint venture approach for The York
- Innovative partnership for NDIS housing
- Resilient finance capacity – secured bank finance for The York to allow Shareholder loan facilities to be maximised for other development activities

Leading Practice Corporate Governance

- Leading practice corporate governance framework utilised to assist in the creation of the Queensland Treasury Corporations 'Corporate Governance Principles for Council Owned Entities'

Economic Development

- Commenced investment in Beenleigh that will create 100 construction jobs and 140 additional permanent jobs, as well as contribute $40 million to the regional economy
- Proceeded with the development of mixed business and industry units in Berrinba, providing work for 20 sub-contractors and more than 200 individual workers

Community Benefit and Social Dividend

- Continued to utilise the Community Benefit Assessment Framework in considering development and investment opportunities
- Committed to the delivery of two NDIS houses in Marsden to provide a permanent, purpose-built home for six Logan community members
- A specific social dividend has been identified for delivery as part of The York, Beenleigh, and the mixed business and industry units, Berrinba, projects
- Supported the Be an Elf and Baby Bank charities by providing headquarters in Beenleigh so they can continue their much-valued Christmas Appeal and provide support to new families across the region

Research and Development

- Established a memorandum of understanding with Griffith University to progress collaborative opportunities
- Developed a close working partnership with Logan Together to deliver developments that improve health and education outcomes for our future generations

Advocacy

- investLogan is an active member of the Logan Chambers of Commerce which shares investLogan office space
- investLogan represents the City of Logan through key development industry forums

Our Independent Board and Executive

The Board is responsible for the overall governance, management and strategic direction of investLogan and for delivering accountable corporate performance in accordance with the objects of the Constitution.

All Board members are ratified by the Shareholder and are limited to a maximum term of six years to ensure renewal, refreshment and revitalisation of the Board and investLogan's direction.

Steve Greenwood
Chair

Steve is the advisor of the Ipswich City Council and founder and CEO of Queensland Futures Institute. He is heavily engaged in Local, State and Federal Government and has successfully led complex public policy reform initiatives.

Annabelle Pegrum AM
Director

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. Annabelle is recognised as a leader and advocate for good design and excellence in city-making.

Craig Newnham
Director

Craig is a property specialist with experience across a multitude of real estate sectors and disciplines. Over the course of his career Craig has been instrumental in developing, managing and transacting a variety of properties.

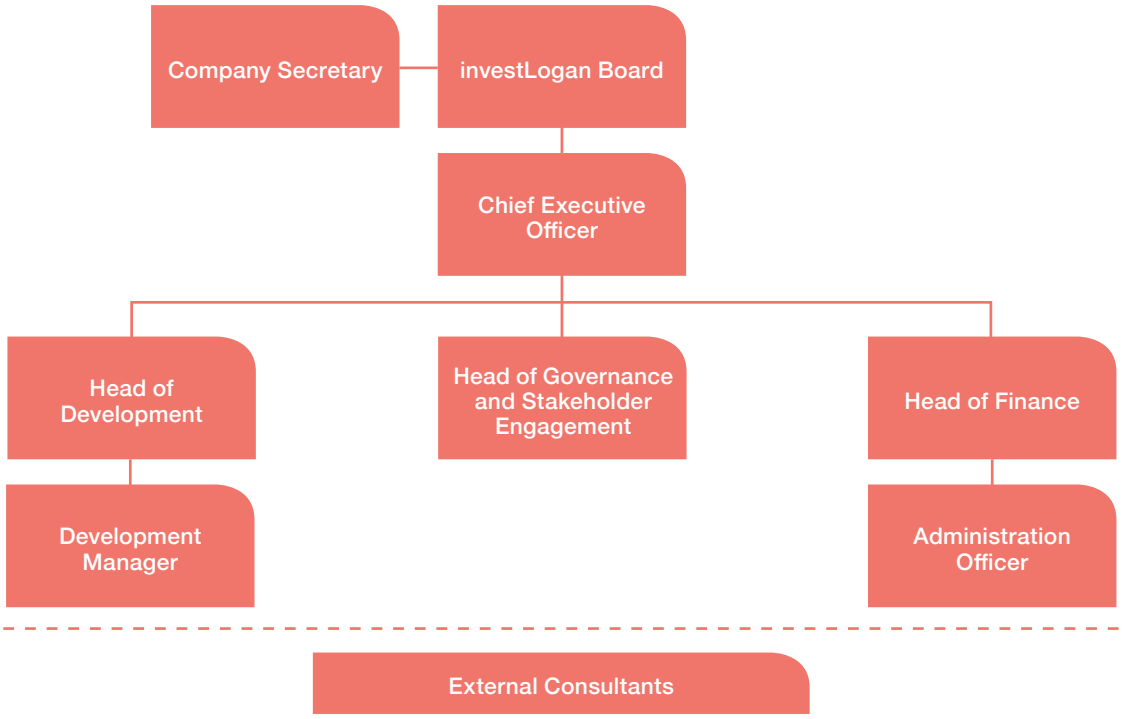
Medy Hassan
Director

Medy is an expert in private equity, property and the construction industry whose passion is collaborating to drive innovation, global excellence and sustainable, environmentally beneficial outcomes.

Anthony Jones
Acting CEO

Anthony is an urban planning and development specialist who has demonstrated success across both the private and public sectors. He uses his experience and leadership to drive exemplary city-making development outcomes.

The Board is supported by the following organisational structure.




FINISHES, BUILDING ELEMENTS
CODE
DESCRIPTION
LOCATION
1
COLORBOND Hiland Tray CLADDING
COLOUR: MONUMENT
OFFICE FEATURE WALLS
2
PAINT FINISH
COLOUR: BASALT
3
PAINT FINISH
COLOUR: SHALE GREY
CONCRETE PANEL WALLS
4
PAINT FINISH
COLOUR: WHITE
CONCRETE PANEL WALLS
5
CLEAR GLASS
NOTE: WINDOWS & DOOR FRAMES
POWDERCOATED BLACK
CONCRETE PANEL WALLS
ALL DOORS AND WINDOWS
CODE
DESCRIPTION
6
METAL ROOF
DULUX: SURFMIST
CODE: GR11
7
ROLLER SHUTTER DOOR
COLOUR: MONUMENT
8
COLORBOND FLASHING AND CAPPING
COLOUR: MONUMENT
9
COLORBOND GUTTERS AND DOWNPIPES
COLOUR: SURFMIST
10
FEATURE PAINT COLOUR (4 DIFFERENT)
REFER ELEVATIONS
CORPORATE SIGNAGE
CORPORATE SIGNAGE
UNIT 3
UNIT 1

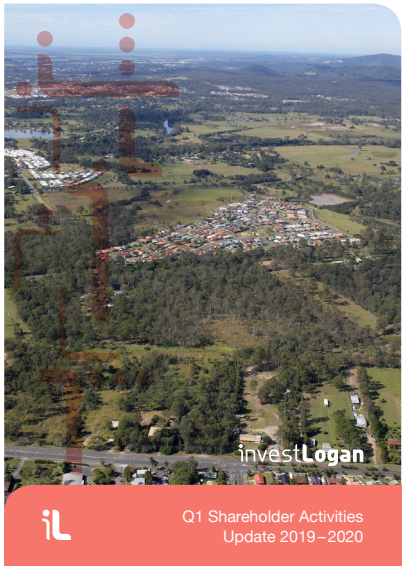
Quarterly Shareholder Activities Reports

investLogan produces Quarterly Reports for the Shareholder and are available on the investLogan website.

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

In 2019-2020, 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.

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.



Development Activities

investLogan is pursuing a number of development activities.

The York

Beenleigh is set for a $40 million economic and jobs boom with the proposed mixed-use development at 96-98 York Street. Construction commenced in April 2020 and is scheduled to be completed mid-late 2021.

The York will be a new seven storey commercial office building that will combine premium workspace with study or home office space (SOHO) opportunities, and pedestrian access to John Lane.

As the first new major 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 SOHO apartments will act as a business incubator, providing housing and business premises in one product to help small businesses establish, grow and succeed.

The York sod turn (right to left) Anthony Jones, Acting Chief Execuitve Officer investLogan; Steve Greenwood, Chair investLogan; Councillor Darren Power, Mayor of Logan City; Councillor Karen Murphy, Divison 12

Social and Community Dividends

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

- a facelift to John Lane, 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 laneway and substantially improve casual surveillance opportunities of the space, a critical factor in designing vibrant places for people.

The Development Partners

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

Alder Developments, alongside sister company Alder Constructions, are an agile development and construction business, which has recently completed the $5.5 million redevelopment at the Beenleigh Aquatic Centre in Alamein Street.

100
construction jobs

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

Source: Urbis

Community Housing Project, Marsden

The Community Housing Project in Marsden will deliver two, three-bedroom dwellings suitable for National Disability Insurance Scheme (NDIS) housing.

These purpose-built homes will deliver housing for Logan community members who require high physical support care. The dwellings will be designed and constructed to the High Physical Support Specialist Disability Accommodation (SDA) Design Category.

There is a shortfall of 650,000 community housing dwellings. Statistics from the Community Housing Industry Association forecast Australia to have a deficit of 1 million community homes within 20 years.

investLogan is actively responding to that demand locally by creating community homes that support the tenants, not just physically, but also allowing them to feel connected to the local community, which will drive broader social and economic benefits.

Detailed designs have been developed and construction is expected to commence in the coming months with completion estimated for mid-2021.

A NDIS high support home, delivered by BlueCHP

Mixed Business and Industry Units, Berrinba

investLogan is proposing the development of mixed business and industry units at 180-186 Wayne Goss Drive, Berrinba.

The development will comprise six mixed business and industry units, ranging from 200m^2 to 250m^2 in area. Each of the units include office and showroom space, individual amenities and a fully accessible high-clearance warehouse.

The project is situated in a highly visible site within the multi-award winning South West 1 Enterprise Estate, and adjacent to the Berrinba Central development.

Construction on the development is expected to commence in August 2020 and be completed in early 2021. Lory Construction has been appointed through an open procurement process to deliver the project and it will be marketed by Corwells for sale and lease.

Artists impression of mixed business and industry units, Berrinba

Governance

Our Approach

investLogan has put in place a leading practice approach to Corporate Governance. Our framework has been set up to ensure transparency, accountability and efficiency while maintaining integrity in all activities undertaken by investLogan.

Governing Legislation

investLogan was established under, and is governed by, the following key legislation:

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

investLogan is also classified as a public sector entity under the Auditor-General Act 2009 and is required to be audited annually by the Auditor-General of Queensland.

Governance Framework

investLogan has a robust governance framework that reflects, where appropriate, relevant Australian Standards, Legislation and other best practice processes and procedures and strives to ensure:

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

The investLogan Corporate Governance framework has undergone a full independent legal review and multiple audits, including forensic, to ensure we go above and beyond our statutory obligations.

Risk Management

investLogan is committed to managing its risks and ensuring ongoing compliance with its governance, legal and ethical obligations in an integrated, coordinated, responsive, consistent and practical manner.

The Risk, Ethics and Compliance Framework is an essential component of our governance framework and assists investLogan in achieving its strategic objectives by appropriately considering both threats and opportunities, making informed decisions, managing its compliance obligations and mitigating risk.

investLogan considers the following functions when examining potential risks:

- Identification of potential risk exposures
- Analysis of those risk exposures and examination of possible solutions/remedies.
- Evaluation of possible solutions/remedies and selection of the most appropriate solution/remedy
- Implementation of the selected solution/remedy
- Monitoring of the solution to ensure effectiveness

Risk, Ethics and Compliance Committee

The objective of the Committee is to ensure the effective management of compliance, ethics, operational and reputational risk throughout investLogan in support of the strategy, in line with the risk appetite and the Risk, Ethics and Compliance Framework.

Finance and Audit Committee

The objective of the Committee is to provide advice and assistance to the Board in relation to the efficient governance, financial and audit management of investLogan and the overall financial performance of investLogan.

Appendix 1 – Annual Financial Statements

investLogan

ANNUAL FINANCIAL STATEMENTS 2020

Contents

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020

The Directors present their report together with the financial statements of Invest Logan Pty Ltd (the Company), trading as investLogan, for the financial year ended 30 June 2020 and report in accordance with the *Corporations Act 2001* as follows:

Directors

The names of the Directors of Invest Logan Pty Ltd during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated:

Mr Steven Greenwood - Chair
Mr Craig Newnham
Mrs Annabelle Pegrum AM
Mr Medy Hassan (resigned 18 September 2020)

Principal activities

The principal activities of the Company during the financial year included property investment and property development undertaken to benefit or be reasonably expected to benefit Logan City Council and the City of Logan. No significant change to the nature of these activities occurred during the year.

Review of operations

The result for the Company for the financial year ended 30 June 2020 was a net loss of $2,471,738 (2019: $2,547,049).

The main sources of revenue were rent generated from the Company's investment properties and interest income from cash balances. Revenue from property development will be recognised upon settlement of property sales or leasing out of such properties. Development lead times and construction timelines mean that such revenue will be recorded in future periods.

The following asset transactions and development activity occurred during the year:

- The purchase of property at Main and Kent Streets, Beenleigh was completed in November 2019. These properties are being held for future development and leased in the short term;
- The purchase of 21-23 Brandon Street, Marsden was completed in January 2020. The site is being developed for social disability housing and, at 30 June 2020, plans were being concluded;
- In February 2020, the Company entered into a contract to purchase land at 180-186 Wayne Goss Drive, Berrinba for the development of six industrial mixed business units. At 30 June 2020, the principal contractor had been selected and negotiations were being finalised; and
- The purchase of 96-98 York Street, Beenleigh was completed in April 2020. This site is being developed into a 4,661 m^2 commercial mixed-use building with an agreement for lease with an anchor tenant already secured. Construction commenced early May 2020 and will take approximately 18 months.

Other projects in the pipeline include:

- community infrastructure / mixed use development;
- childcare and healthcare hub;
- commercially operated aquatic and leisure centre; and
- further industrial mixed business units.

With the onset of COVID-19 during the year, staff worked remotely for approximately three months, without loss of productivity, and Board meetings were, and continue to be, held by video conference. Certain of the Company's tenants were adversely affected by COVID-19 and rent negotiations were conducted in good faith.

Construction activities, considered an essential service by the government, carried on at York Street under strict workplace health and safety and COVID-safe conditions. All aspects of the project were reviewed for likely impacts, including supply chains and availability of subcontractors, and were assessed by the Company to have minimal adverse effect.

Reviews of potential impacts on the progress of other developments were undertaken in light of COVID-19 and the Company deemed it appropriate to continue with them. The Company's financial performance was not materially impacted by the pandemic during the year ended 30 June 2020.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020

Significant change in state of affairs

There were no significant changes in the Company's state of affairs during the financial year except that its Chief Executive Officer resigned effective 3 January 2020. The Board appointed the Company's Head of Development as Acting Chief Executive Officer.

investLogan welcomed the election of a new Logan City Council as its shareholder in March 2020 after 11 months under the Interim Administrator.

Likely developments

The Company expects to progress the three development projects in Beenleigh, Berrinba and Marsden over the next 12 months, to advance feasibility studies on the pipeline projects and to continue to grow its business in the future.

The company has actively and positively engaged with its shareholder since the newly elected Council was established in March 2020 and is working co-operatively on potential projects for the benefit of the City of Logan.

Subsequent events

On 8 July 2020, the Company signed a Loan Facility Agreement for $16,728,977 with Australia and New Zealand Banking Group Ltd (ANZ) for the construction of 96-98 York Street, Beenleigh. ANZ has taken security over the land and the development at 96-98 York Street, Beenleigh and Logan City Council has subordinated its security interest in the property to ANZ. The Company's joint venture partner, York Street Pty Ltd, is guarantor to the ANZ loan.

In the ordinary course of business, a contract the Company entered into on 6 February 2020 for the purchase of 180-186 Wayne Goss Drive, Berrinba, settled on 13 August 2020, and a contract for the sale of 1 Briggs Road, Springwood, was entered into on 23 September 2020.

The Company continues to monitor the impact of the COVID-19 pandemic on its operations. As long as construction continues to be considered an essential service by the government and able to operate during the pandemic, there is unlikely to be any material adverse effect of COVID-19 on the Company's ability to deliver the York Street project.

Furthermore, any funding risk associated with the development of York Street has been dealt with by the Company having concluded on the loan facility with ANZ as stated above.

The Company proceeded with commencing construction at Wayne Goss Drive, Berrinba, in August 2020 based on market indicators supporting ongoing interest in property investment in the industrial sector despite COVID-19. This project is funded from the loan facility provided by Logan City Council.

Rent relief was provided to certain tenants during the financial year ended 30 June 2020, without material effect on the financial performance of the Company. All tenants have resumed paying rent in accordance with their lease agreements.

A strategy session was held late August 2020 with the newly formed Logan City Council to identify and discuss key objectives and future activities for the Company. With an immediate focus on several key development goals, the Company's Head of Development resumed that role, standing down from Acting Chief Executive. On 18 September 2020, Mr Medy Hassan, Non-executive Director, resigned from his Board position and was engaged as the Acting Chief Executive Officer whilst the Company undertakes a recruitment process to appoint a permanent Chief Executive Officer.

Other than the above, the Directors are not aware of any significant events since the end of the reporting period.

Directors' meetings

The number of meetings of the Board of Directors held during the year ended 30 June 2020 and the number of meetings attended by each of the Directors are:

Names	A	B
Steve Greenwood (Chair)	6	6
Medy Hassan	6	6
Craig Newnham	6	6
Annabelle Pegrum AM	6	6

A Number of meetings attended

B Number of meetings held during the time the Director held office

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020

Environmental regulation

The Company's operations have not been impacted 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 $3,400 was put in place during the year. The terms of the policy prohibit further disclosure of details of the policy.

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

The auditor's independence declaration is included on page 4.

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

Steven Greenwood
Chairman

Dated: 29 September 2020

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 2020, 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.

25 September 2020

Patrick Flemming
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Revenue			
Rental income	2	122,093	19,780
Interest income	2	13,368	43,096
Other revenue		10,103	109
Total income		**145,564**	**62,985**
Expenses			
Rental property costs	3	61,760	-
Operating expenses	4	587,925	897,256
Employee benefits	5	1,408,909	1,313,698
Feasibility costs		60,076	242,662
Finance costs	6	61,926	12,020
Depreciation	7	436,706	144,398
Total expenses		**2,617,302**	**2,610,034**
Loss for the year		**(2,471,738)**	**(2,547,049)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(2,471,738)**	**(2,547,049)**

The above statement to be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 $	2019 $
Assets			
Current Assets			
Cash and cash equivalents	8	1,178,677	2,038,987
Trade and other receivables	9	34,607	26,223
Other assets		46,905	-
Prepayments		18,324	9,849
Non-current asset held for sale	10	651,254	-
		1,929,767	2,075,059
Non-Current Assets			
Capitalised development costs		-	42,634
Investment property	10	2,610,949	1,612,269
Investment in joint venture	11	2,243,531	-
Property, plant and equipment	12	1,091,288	495,869
Investments in subsidiaries		10	10
		5,945,778	2,150,782
Total Assets		**7,875,545**	**4,225,841**
Liabilities			
Current Liabilities			
Trade and other payables	13	320,726	185,145
Employee benefits provisions	14	76,013	189,965
Lease liabilities	15	293,993	83,064
Loans and borrowings	16	277,485	-
		968,217	458,174
Non-Current Liabilities			
Employee benefits provisions	14	43,454	25,363
Lease liabilities	15	634,525	129,192
Loans and borrowings	16	5,465,771	969,702
		6,143,750	1,124,257
Total Liabilities		**7,111,967**	**1,582,431**
Net Assets		**763,578**	**2,643,410**
Equity			
Share capital	17	7,549,206	6,932,206
Accumulated losses		(6,785,628)	(4,288,796)
Total Equity		**763,578**	**2,643,410**

The above statement to be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Share capital $	Accumulated losses $	Total $
Balance as at 1 July 2018	**6,314,394**	**(1,741,747)**	**4,572,647**
Loss for the year	-	(2,547,049)	(2,547,049)
Other comprehensive income for the year	-	-	-
Shares issued during the year	617,812	-	617,812
Balance as at 30 June 2019	**6,932,206**	**(4,288,796)**	**2,643,410**
Balance as at 1 July 2019	**6,932,206**	**(4,288,796)**	**2,643,410**
Adjustment on initial application of AASB 16	-	(25,094)	(25,094)
Loss for the year	-	(2,471,738)	(2,471,738)
Other comprehensive income for the year	-	-	-
Shares issued during the year	617,000	-	617,000
Balance as at 30 June 2020	**7,549,206**	**(6,785,628)**	**763,578**

On 1 July 2019, the Company adopted the new accounting standard AASB 16 *Leases*. The measurement of the right-of-use asset and lease liability, along with the change in treatment of the Lease Incentive Liability resulted in an adjustment to Retained Earnings at 1 July 2019.

The above statement to be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	2020 $	2019 $
Cash flows from operating activities		
Receipts from customers	131,557	19,961
Payments to suppliers and employees	(2,240,598)	(1,944,541)
Interest received	15,081	43,096
Net cash used in operating activities	**(2,093,960)**	**(1,881,484)**
Cash flows from investing activities		
Payments for inventory	(21,450)	-
Payments for investment properties	(2,428,569)	(1,019,817)
Payments to joint venture	(1,350,632)	-
Payments for property, plant and equipment	-	(37,911)
Investment in subsidiary	-	(10)
Net cash used in investing activities	**(3,800,651)**	**(1,057,738)**
Cash flows from financing activities		
Interest paid on lease liabilities	(21,605)	-
Interest paid on loans and borrowings	(45,130)	(12,020)
Proceeds from issue of share capital	617,000	617,812
Repayments of lease liabilities	(279,248)	-
Proceeds from loans and borrowings	4,763,284	969,702
Net cash generated by financing activities	**5,034,301**	**1,575,494**
Net decrease in cash and cash equivalents held	**(860,310)**	**(1,363,728)**
Cash and cash equivalents at beginning of year	**2,038,987**	**3,402,715**
Cash and cash equivalents at end of year	**1,178,677**	**2,038,987**

The above statement to be read in conjunction with the accompanying notes.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1. Statement of significant accounting policies

Invest Logan Pty Ltd (the Company) is a company limited by shares, incorporated and domiciled in Australia, trading as investLogan. 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. The address of the Company's registered office and principal place of business is 2/8 Cinderella Drive, Springwood Queensland 4127.

a. Basis of Preparation and Compliance

The financial report contains 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.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and is based on the historical cost basis, modified, where applicable, by the measurement at fair value.

These financial statements are presented in Australian dollars, which is the Company's functional currency. The amounts presented in the financial statements have been rounded to the nearest dollar.

b. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to these judgements and estimates are recognised in the period in which the revisions are made. Judgements and estimates have been used in assessing employee benefit provisions; useful lives of property, plant and equipment and investment properties; work in progress; and incremental borrowing rate in lease liabilities.

c. New and revised accounting standard

i. AASB 16 *Leases*

AASB 16 *Leases* introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between finance and operating leases and requiring the recognition of a right-of-use asset and lease liability for all leases with a term of more than 12 months, unless the underlying asset is of low value. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The date of initial application of AASB 16 for the Company is 1 July 2019. The Company adopted the modified retrospective transition model.

AASB 16 changes how the Company accounts for leases previously classified as operating leases under AASB 117 *Leases*, which were off balance sheet.

In applying AASB 16, the Company:

- recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments;
- recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss;
- separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease incentive liabilities, amortised as a reduction of rental expenses on a straight-line basis.

Upon adoption of this standard, the Company recognised a right-of-use asset of $970,418 as well as a lease liability of $1,207,767 in relation to the Company's principal place of business. The adoption of AASB 16 resulted in an adjustment of $25,094 to retained earnings. The standard has not materially impacted the Company in terms of expenditure.

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.

d. Comparatives

Comparative information is generally restated for reclassifications, errors and changes in accounting policies, unless permitted otherwise by transition rules in a new Accounting Standard.

e. Income tax

The Company is exempt from income tax under the provisions 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.

f. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (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.

g. 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 Company's losses are reflective of its nascent operations and the inherent nature of property development, where profits are realised upon completion. Such losses give rise to negative cash flows. The Directors are confident the Company will generate profits and cash as development projects progress to completion and, in the meantime, can access the $3 million OPEX Facility available from its Shareholder to fund operations.

The Directors have considered the potential impacts of COVID-19 on the Company's operations, sources of finance, and on the state of the property market and believe that its plans are feasible.

2. Revenue

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Rental income not received by 30 June 2020 is included as a receivable in the statement of financial position and rental income paid in advance is included as deferred revenue.

Interest received from financial assets such as cash and cash equivalent balances is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest received is accrued on a time basis, by reference to the principal and the effective interest rate, which exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property sales revenue is recognised at the time ownership is transferred which typically occurs at the settlement date for each individual property.

3. Rental property costs

Rental property costs include rates, taxes and other property outgoings incurred in relation to the investment properties. Expenditure incurred in the acquisition or construction of assets is treated as a capital expenditure and recognised as part of the cost of that asset.

4. Operating expenses

	2020 $	2019 $
Board & governance costs	152,722	183,798
Premises costs	-	249,190
Insurance	22,932	22,176
IT software & support	16,440	29,060
Telecommunications	14,427	20,884
Public relations fees	60,775	81,012
Other administration costs	134,757	124,928
Legal fees	154,942	128,327
Audit fees	27,850	27,500
Internal audit and accounting services	3,080	30,381
	587,925	897,256

In 2019, premises costs comprised rent for the Company's principal place of business. Under AASB 16 *Leases* adopted on 1 July 2019, rent is no longer recognised as an expense in the statement of profit or loss. Instead, the right-of-use asset is depreciated and the interest inherent in the lease payments is included in finance costs. The impact of AASB 16 on the financial performance of the Company has not been significant.

5. Employee benefits

	2020 $	2019 $
Salaries and wages (including leave benefits)	1,227,228	1,138,633
Superannuation	101,313	91,498
Payroll tax	78,483	65,490
Other employee related expenses	1,885	18,077
	1,408,909	1,313,968

6. Finance costs

	2020 $	2019 $
Interest on lease liabilities	21,605	12,020
Interest on loans and borrowings	40,321	-
	61,926	12,020

7. Depreciation

	2020 $	2019 $
Property, plant and equipment	121,635	120,647
Computer related equipment	11,422	8,837
Right-of-use asset	241,942	-
Investment property – buildings	57,263	14,682
Investment property – building improvements	4,444	52
	436,706	144,398

8. Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at bank.

	2020 $	2019 $
Cash at bank	518,677	2,038,987
Term deposit secured to CBA	660,000	-
	1,178,677	2,038,987

During the financial year ended 30 June 2020, the Company placed on deposit $660,000 as security for a contingent liability facility established with CBA during the year. The facility has no set term and can be cancelled at any time. There are no financial covenants or other undertakings attached to the facility. Bank guarantees have been raised against that facility and further details are in Note 23.

9. Trade and other receivables

Trade and other receivables include amounts due from other parties in the ordinary course of business and are expected to be collected within 12 months of the end of the reporting period. An assessment was made of the Company's trade and other receivables and it was determined that no losses were expected at 30 June 2020.

	2020 $	2019 $
Refundable Land Deposit	29,000	20,000
Other receivables	5,070	3,973
Interest receivable	537	2,250
	34,607	26,223

10. Investment property

Investment property is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes). An investment property is measured initially at its cost including any costs of acquisition. After initial recognition, a company shall choose either the fair value model or the cost model for measuring investment properties.

The Company has elected to adopt the cost method to measure all its investment properties including land, buildings, building improvements and investment properties under construction. All investment properties were recently acquired with the majority of the portfolio acquired during the year ended 30 June 2020. On this basis, cost is deemed by management to approximate fair value.

Buildings and Building Improvements are depreciated on a straight-line basis over the asset's estimated useful life. The estimated useful lives used for each class of asset are as follows:

Classification of Asset	Useful Life
Investment property - buildings	5 - 40 years
Investment property – building improvements	5 years

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

Details of the Company's investment properties and their carrying amounts are detailed below.

	Land $	Buildings $	Building improve-ments $	Under construction $	Total $
Cost:					
Opening cost as at 1 July 2018	-	-	-	-	-
Additions at cost	571,201	1,045,982	10,000	-	1,627,183
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**
Carrying value at 30 June 2019	**571,201**	**1,031,120**	**9,948**	**-**	**1,612,269**

	Land $	Buildings $	Building improve-ments $	Under construction $	Total $
Cost:					
Opening cost as at 1 July 2019	571,201	1,045,982	10,000	-	1,627,183
Transfers from capitalised development costs	-	-	-	42,634	42,634
Additions at cost	2,119,163	263,597	15,645	35,918	2,434,323
Reclassification to investment in JV	(765,316)	-	-	-	(765,316)
Reclassification to available for sale	(330,000)	(320,000)	(20,695)	-	(670,695)
Closing cost as at 30 June 2020	**1,595,048**	**989,579**	**4,950**	**78,552**	**2,668,129**
Accumulated depreciation:					
Opening accumulated depreciation as at 1 July 2019	-	14,862	52	-	14,914
Depreciation provided during period	-	57,263	4,444	-	61,707
Reclassification to available for sale	-	(16,000)	(3,441)	-	(19,441)
Closing accumulated depreciation as at 30 June 2020	**-**	**56,125**	**1,055**	**-**	**57,180**
Carrying value at 30 June 2020	**1,595,048**	**933,454**	**3,895**	**78,552**	**2,610,949**

As at 30 June 2020, the investment property at Briggs Road, Springwood, was expected to be sold and settled within the next 12 months. As such, it is classified as a non-current asset held for sale and recorded in Current Assets. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Where non-current assets are sold above the lower of their previous carrying amounts and fair value less costs to sell, this gain is recognised in profit or loss when the sale is recognised. This property has been reclassified as a Current Asset at its previous carrying value of $651,254.

11. Investment in joint venture

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.

In February 2019, the Company entered into an agreement with York Street Pty Ltd (part of the Alder Group of Companies) to form an unincorporated joint venture, the 96-98 York Street Joint Venture, for the development of 96-98 York Street, Beenleigh. The Alder Group is recognised as being accomplished at property development and delivery and the Company's collaboration with it is strategic to the project outcome. Each joint venture partner represents 50% of the arrangement and the business of the joint venture is conducted out of each party's offices at 8 Cinderella Drive, Springwood and 116 Signanto Drive, Helensvale. Development activities commenced during the year and construction began on 4 May 2020.

The joint venture is incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is recognised initially in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profits or loss and other comprehensive income of the joint venture.

At 30 June 2020, the Company's interest in the joint venture is $2,243,531 represented by the cost of the land ($765,316) and contributions to the joint venture ($1,478,215) for the startup phase of development.

12. Property, plant and equipment

Items of property, plant and equipment with a total value of less than $500 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 is measured at historical cost less accumulated depreciation and impairment losses.

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.

Property, plant and equipment is depreciated on a straight-line basis over the asset's estimated useful life. Depreciation methods, useful lives and residual values are reviewed at each reporting date. The estimated useful lives used for each class of asset are as follows:

Classification of Asset	Useful Life
Plant and equipment	5 years
Computer equipment	3 years
Right-of-use asset	5 years

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

	Right-of-use asset $	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**
Carrying value at 30 June 2019	-	**475,873**	**19,996**	**495,869**

	Right-of-use asset $	Plant & equipment $	Computer related equipment $	Total $
Cost:				
Opening cost as at 1 July 2019	-	607,457	34,375	641,832
Adjustment on initial application of AASB 16	970,418	-	-	970,418
Additions at cost	-	-	-	-
Closing cost as at 30 June 2020	**970,418**	**607,457**	**34,375**	**1,612,250**
Accumulated depreciation:				
Opening accumulated depreciation as at 1 July 2019	-	131,584	14,379	145,963
Depreciation provided during period	241,942	121,635	11,422	374,999
Closing accumulated depreciation as at 30 June 2020	**241,942**	**253,219**	**25,801**	**520,962**
Carrying value at 30 June 2020	**728,476**	**354,238**	**8,574**	**1,091,288**

13. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at 30 June 2020. Payables are expected to be paid within 12 months of the end of the reporting period.

	2020 $	2019 $
Accounts payable	58,926	37,580
Accrued expenditure	197,074	68,164
PAYG withholding	25,356	30,572
Superannuation liability	23,673	31,999
Unearned Revenue	360	3,033
Security deposits	15,337	13,797
	320,726	185,145

14. Employee benefit provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking in to account the risks and uncertainties surrounding the obligation.

Employee benefit provisions represent amounts accrued for annual leave and long service leave and are classified as either current liabilities or non-current liabilities. Current liabilities represent amounts which the Company has an obligation to pay and which are expected to be settled within 12 months from the balance date. The current liability provisions are measured at the amounts expected to be paid when the obligation is settled. The annual leave provisions are a current liability.

The long service leave provision is apportioned between current liabilities and non-current liabilities. The current liability portion represents that which has vested, or is accessible, due to employees having completed the required period of service. The non-current liability portion includes amounts that have not yet vested in relation to those employees who have not yet completed the required vesting period of service. Those balances have been measured taking into consideration anticipated future and discounted salary levels, duration of service and the probability of the Company having to settle those commitments.

	2020 $	2019 $
Movement in provisions as follows:		
Annual Leave		
Balance at beginning of financial year	67,577	83,378
Amount provided for in the period	85,676	80,148
Amount paid in the period	(96,855)	(95,949)
Balance at end of financial year	**56,398**	**67,577**
Long Service Leave		
Balance at beginning of financial year	147,751	110,949
Amount provided for in the period	24,683	36,802
Amount paid in the period	(109,365)	-
Balance at end of financial year	**63,069**	**147,751**
This is represented in the statement of financial position as follows:		
Current liability – Employee benefits provision	76,013	189,965
Non-current liabilities – Employee benefits provision	43,454	25,363

15. Lease liabilities

The Company entered into a non-cancellable operating lease with a 5-year term commencing on 9 July 2018 for its principal place of business. Rent is payable monthly in advance and increases each year in accordance with the provisions of the lease, at a minimum 3%. An option exists to renew the lease at the end of the 5-year term for an additional term of 5 years.

In the current year, the Company applied new accounting standard AASB 16 *Leases* using the modified retrospective method and therefore comparative information has not been restated and continues to be presented under AASB 117 *Leases*. Disclosures regarding the lease liability balance at 30 June 2020 in accordance with AASB 16 are presented below, along with the necessary disclosures under AASB 117 for the prior year.

Maturity analysis at 30 June 2020

	Lease payments $	Finance charges $	Net present value $
Within 1 year	309,878	15,885	293,993
1 to 2 years	319,175	9,865	309,310
2 to 3 years	328,750	3,535	325,215
3 to 4 years	-	-	-
4 to 5 years	-	-	-
More than 5 years	-	-	-
	957,803	29,285	928,518

	$
Analysed as:	
Current	293,993
Non-current	634,525
	928,518

Disclosure required by AASB 117
For prior year

At 30 June 2019, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 $
Within one year	290,746
Later than 12 months but not later than 5 years	872,238
	1,162,984

Liabilities recognised in respect of non-cancellable operating leases:

	2019 $
Lease incentives:	
Current	83,064
Non-current	129,192
	212,256

The details of accounting policies under both AASB 16 and AASB 117 are presented below.

Policies applicable from 1 July 2019
Under AASB 16, the Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for leases with a term of 12 months or less and leases of low value assets.

The lease liability is initially measured at the present value of the remaining lease payments, discounted by using the Company's incremental borrowing rate at the date of initial application. The incremental borrowing rate applied to the lease liability recognised in the statement of financial position on 1 July 2019 is 2%. This rate represents the rate at which the Company would be able to get new borrowings for acquisition of the same asset with similar terms in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date. The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use asset comprises the initial measurement of the corresponding lease liability, adjusted by the amount of any lease payments made at or before the date of initial application and by any lease incentives received. The right-of-use asset is subsequently measured at cost less accumulated depreciation.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented within Property, Plant and Equipment in the statement of financial position and further details are included in Note 13.

At 30 June 2020, there were three years remaining of the initial lease term. The option to extend the lease has not been taken into account in determining the lease liability as the Company was not reasonably certain of exercising that option, at the balance date.

Policies applicable prior to 1 July 2019
Under AASB 117, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Prior to 1 July 2019, the Company did not have any finance leases, only operating leases.

Leases classified as operating leases under AASB 117 are off balance sheet. Rentals payable under operating leases are charged to the statement of profit or loss on a straight-line basis over the term of the relevant lease. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term.

Financial impact of initial application of AASB 16

Upon adoption of this standard, the Company used the modified retrospective method which does not require comparative information to be restated but where the cumulative effects are recognised in opening retained earnings. The effects of the adoption of AASB 16 on the Company's opening retained earnings at 1 July 2019 are:

	$
Retained earnings at 30 June 2019	(4,288,796)
Adjustments at 1 July 2019:	
Add back: Lease incentive liability at 30 June 2019	212,256
Recognise: AASB 16 lease liability at 1 July 2019	(1,207,767)
Recognise: AASB 16 right-of-use asset at 1 July 2019	970,418
Adjustment to retained earnings	(25,094)
Retained earnings at 1 July 2019	(4,313,890)

An explanation of the difference between the operating lease commitments disclosed in the 30 June 2019 annual financial statements and the lease liabilities under AASB 16 recognised at 1 July 2019 is as follows:

	$
Total operating lease commitments disclosed at 30 June 2019	1,162,984
Variable lease payments not recognised	95,672
Operating lease liabilities before discounting	1,258,656
Discounted using incremental borrowing rate	(50,889)
Total lease liabilities recognised under AASB 16 at 1 July 2019	1,207,767

16. Loans and borrowings

Logan City Council has provided a loan facility totaling $25.5 million to the Company designating that $3.0 million of the total facility is available for operations and working capital and $22.5 million for property investment and development.

	2020 $	2019 $
Used (amounts drawn down) – Current liability	277,485	-
Used (amounts drawn down) – Non-current liability	5,465,771	969,702
Total borrowings	5,743,256	969,702
Unused (available for drawdown)	19,756,744	24,530,298
Total loan facilities with parent entity	25,500,000	25,500,000

Loans relating to the properties at Main and Kent Streets, Beenleigh, which are held for future development, have a term of 10 years. All other loans relate to properties undergoing development. The terms of those loans are linked to the relevant development timelines and range from less than 12 months to less than three years. At 30 June 2020, all loans have a variable interest rate of 1.278% and are interest only with the principal repayable at the end of the relevant term. Interest accrues daily and is payable quarterly in arrears unless the loan relates to a development project in which case the interest is accrued and repayable on the loan repayment date. Logan City Council has first ranking registered mortgages over the properties for which it has provided loan funding except as detailed in Note 23.

17. Share capital

Changes to the Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share capital comprises 7,549,206 (2019: 6,932,206) $1 fully paid up ordinary shares. The reconciliation of ordinary shares in issue is:

	2020 $	2019 $
At 1 July	6,932,206	6,314,394
Issued during the year	617,000	617,812
At 30 June	7,549,206	6,932,206

18. Commitments

Under the joint venture agreement relating to the development of 96-98 York Street, Beenleigh, the Company and its joint venture partner each have obligations to contribute $2.5 million. At 30 June 2020, the Company had contributed, paid or accrued for $2,243,531 of those obligations. The company has a remaining commitment to the joint venture of $256,469.

19. Auditor remuneration

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

	2020 $	2019 $
Audit of the financial report by the Auditor General of Queensland	27,850	27,500

20. Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are as follows:

	Note	2020 $	2019 $
Financial assets:			
Cash and cash equivalents	8	1,178,677	2,038,987
Trade and other receivables	9	34,607	26,223
Investment in subsidiary		10	10
Total financial assets		**1,213,294**	**2,065,220**
Financial liabilities:			
Trade and other payables	13	320,726	185,145
Lease liabilities	15	928,518	-
Loans and borrowings	16	5,743,256	969,702
Total financial liabilities		**6,992,500**	**1,154,847**

Financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at transaction price, all financial assets are initially measured at fair value adjusted for transaction costs, where applicable.

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorised as FVTPL or FVOCI. The investment in subsidiary is measured at cost (as the shares in the entity are not traded on an active market and the fair value cannot be ascertained reliably).

The classification is determined by both the Company's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

Financial assets at amortised cost
Financial assets are measured at amortised at cost if the assets are held within a business model whose objective is to hold the financial assets and collects it contractual cash flows, and the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised costs using the effective interest rate method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)
Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Financial liabilities
The Company's financial liabilities include trade and other payables, lease liabilities and loans and borrowings. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs, unless the Company designates a financial liability at fair value through profit or loss.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities designated a financial liability at fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

21. Related party transactions

The Company's related parties are as follows:

Entities exercising control over the Company
The parent entity, which exercises control over the Invest Logan Pty Ltd, is Logan City Council.

Key management personnel (KMP)
KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, determined to be the Non-Executive Directors and the Chief Executive Officer.

The aggregate compensation made to KMP for the current and prior financial years (including the former CEO to the termination date of 3 January 2020 and the Acting Chief Executive Officer from 6 January 2020 to 30 June 2020) are:

	2020 $	2019 $
Short-term employee benefits	638,645	580,335
Post-employment benefits	-	-
Other long-term benefits	77,897	-
Termination benefits	-	-
	716,542	580,335

Related party transactions
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

	2020 $	2019 $
Revenue		
Parent entity – Sales of goods and services	500	109
Expenditure		
Parent entity – Purchase of goods and services	32,066	23,632
Parent entity – Interest on borrowings	40,321	12,020
Cash Received		
Parent entity – Land Deposit Repaid	-	201,463
Cash Paid		
Parent entity – Land purchased from Logan City Council	1,007,000	-
Loans		
Parent entity – Loan provided by Logan City Council for property and property development	5,732,986	969,702
Parent entity – Capitalised interest on loans provided by Logan City Council	10,270	-

22. Contingent liabilities

	2020 $	2019 $
Department of Natural Resources, Mines and Energy	602,001	-
Roubaix Properties No. 9 Pty Ltd	53,302	53,302
	655,303	53,302

The Company issued bank guarantees to its landlord as detailed in its lease agreement for premises at 8 Cinderella Drive, Springwood and to the Department of Natural Resources, Mines and Energy in relation to a volumetric term lease for 96-98 York Street, Beenleigh. These bank guarantees were provided under a facility for $660,000 arranged with CBA.

23. Events after the reported period

On 8 July 2020, the Company signed a Loan Facility Agreement for $16,728,977 with Australia and New Zealand Banking Group Ltd (ANZ) for the construction of 96-98 York Street, Beenleigh. ANZ has taken security over the land and the development at 96-98 York Street, Beenleigh and Logan City Council has subordinated its security interest in the property to ANZ. The Company's joint venture partner, York Street Pty Ltd, is guarantor to the ANZ loan.

In the ordinary course of business, a contract the Company entered into on 6 February 2020 for the purchase of 180-186 Wayne Goss Drive, Berrinba, settled on 13 August 2020, and a contract for the sale of 1 Briggs Road, Springwood, was entered into on 23 September 2020.

The Company continues to monitor the impact of the COVID-19 pandemic on its operations. As long as construction continues to be considered an essential service by the government and able to operate during the pandemic, there is unlikely to be any material adverse effect of COVID-19 on the Company's ability to deliver that project. Furthermore, any funding risk associated with the project has been dealt with by the Company having concluded on the loan facility with ANZ as stated above.

The Company proceeded with commencing construction at Wayne Goss Drive, Berrinba, in August 2020 based on market indicators supporting ongoing interest in property investment in the industrial sector despite COVID-19. This project is funded from the loan facility provided by Logan City Council.

Rent relief was provided to certain tenants during the financial year ended 30 June 2020, without material effect on the financial performance of the Company. All tenants have resumed paying rent in accordance with their lease agreements.

A strategy session was held late August 2020 with the newly formed Logan City Council to identify and discuss key objectives and future activities for the Company. With an immediate focus on several key development goals, the Company's Head of Development resumed that role, standing down from Acting Chief Executive. On 18 September 2020, Mr Medy Hassan, Non-executive Director, resigned from his Board position and was engaged as the Acting Chief Executive Officer whilst the Company undertakes a recruitment process to appoint a permanent Chief Executive Officer.

Other than the above, the Directors are not aware of any significant events since the end of the reporting period.

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 20

In the opinion of the Directors of the Company:

a. The financial statements and notes of Invest Logan Pty Ltd for the financial year ended 30 June 2020 are in accordance with the *Corporations Act 2001*, including:
   i. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
   ii. giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the year ended on that date.
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 Board of Directors.

Steven Greenwood
Chairman

Dated at Springwood this day 29 September 2020

Queensland
Audit Office
Better public services

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 2020, 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 2020, 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 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 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 financial and non-financial information included in the company's annual report for the year ended 30 June 2020 (other than the audited financial report). 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.

Queensland
Audit Office
Better public services

- 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.

29 September 2020

Patrick Flemming
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

PO Box 1003
Springwood Qld 4127
Australia

investlogan.com.au

investLogan