



investLogan



Annual Report

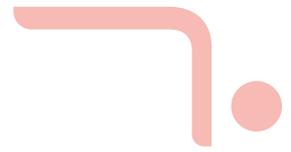
2020-2021

investLogan acknowledges the Traditional Custodians of the land, pays respect to Elders past and present, and extends that respect to all Aboriginal and Torres Strait Islander peoples in the City of Logan.

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Chair – Foreword

investLogan had seen its most successful year yet and is embarking on a period of strategic growth under strong new leadership.

investlogan continues to deliver on Logan City Council's priorities and in turn delivering significant benefits to the Logan community.

The start of the year saw investLogan focus on reaffirming the expectations of our sole shareholder, Logan City Council. This follows the return to elected representation in April 2020, with the majority of councillors new to investLogan and its value as an instrument to deliver outcomes for Council.

Nowhere is this value more evident than with investLogan's flagship project, The York, currently close to completion.

With surplus Council land purchased from Council, The York is the first major high rise office to be built in Beenleigh for over a decade. Incorporating leading design principles, construction of the seven story building has injected significant economic activity in the centre over the year. I believe that its finalisation and full occupancy will be the catalyst for growth of this important activity centre for Logan.

The York has not been our only successful project over the year. Again, using surplus land purchased from Council, we have completed industrial development in Berrinba, and are in the final stages of delivering much needed community housing in Marsden.

I am also pleased to advise that our operations have gone from strength to strength with the official appointment of Medy Hassan OAM as CEO in February 2021, following an extensive national search. Medy acted in the role for five months previously and was a Board Director for more than two years. He brings a new level of expertise and insight to the business, and his energetic leadership is already proving to be a great benefit to the organisation.

The year has also seen investLogan work to establish a comprehensive strategy that takes investLogan beyond our current projects, forming an emerging development and investment pipeline. Along with my fellow Directors, I am committed to further growing our development and investment portfolio over the coming year, whilst continuing to build investLogan as Queensland's leading local government beneficial enterprise.

I thank Medy for his strong leadership and the dedication of our small but exceptional team and I look forward to working with them for the coming year. Finally, I thank my fellow directors, Annabelle Pegrum and Craig Newnham for their continued confidence, expertise and commitment to ensure the success of investLogan.

On behalf of the Board, I am pleased to present our annual report on the performance of investLogan for the year ending 30 June 2021.

Steve Greenwood
Chair

Proudly Developed
by
investLogan & Alder
Developments

THE YORK

YORK

BEENLEIGH





CEO – Foreword

investLogan has had a year of incredible progress and delivery, while building momentum with an emerging pipeline of development and investment.

In February 2021 I was honoured to officially take on the role of CEO of investLogan, after several years of involvement as a Board Director. I stepped into the position in the midst of the delivery of a handful of very exciting development projects, and have been pleased to play a role in leading the delivery of these impactful developments. Beyond our pipeline of work, investLogan is delighted to be contributing to the economic, social and community development of this great city, particularly in this period of immense opportunity and growth.

investLogan's key achievements of the year include:

- Construction on The York, a mixed-use commercial office development in Beenleigh, has continued during this year and is set for completion in September 2021. The York is shaping the revitalisation of Beenleigh, whilst delivering a \$40 million economic injection to the area.
- April 2021 saw the completion of a precinct of mixed business and industry units in Berrinba, which provide an opportunity for small and emerging businesses and entrepreneurs in the City.
- investLogan's community housing asset in Marsden commenced construction and completion

is anticipated for November 2021. This important project is addressing an NDIS housing shortfall and actively promoting social inclusion.

investLogan is actively working to establish a future development pipeline to underpin the financial sustainability of the business. As we look ahead at the year to come, we are focussed on:

- Business and employment centre activation.
- The promotion of the health and education sectors in the City.
- Value creation opportunities aligned with city economic development priorities.

I thank the investLogan employees for their commitment to bringing our strategy and vision to life. I also sincerely thank the Board of Directors for their ongoing support, guidance, and the enthusiasm they hold for the great work we are privileged to undertake.

I also share my gratitude for our Shareholder, as we simply could not deliver on these community shaping projects without their leadership and dedication to the people of Logan.



Medy Hassan OAM
Chief Executive

Strategy

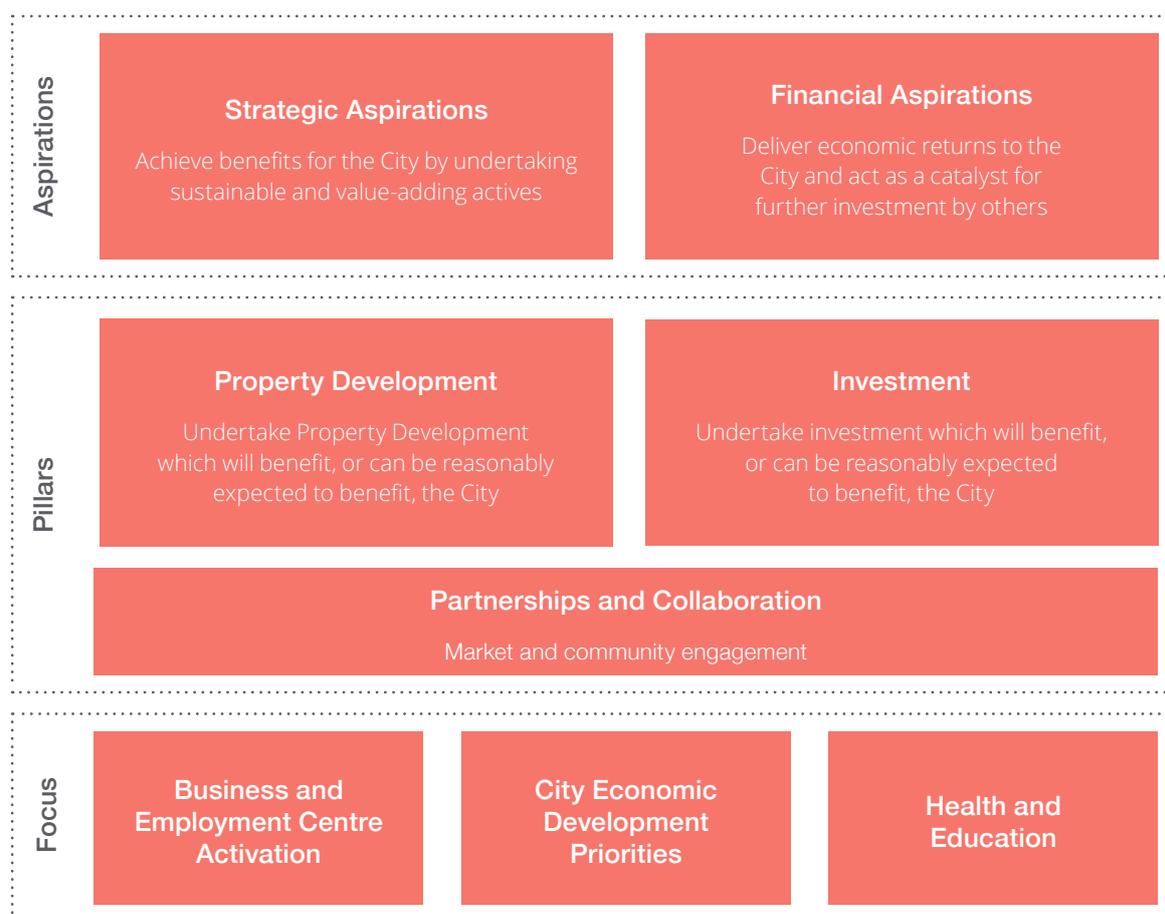
The investLogan strategic framework establishes the aspirations, pillars and focus areas that sets the strategic direction and guides operational activities of investLogan.

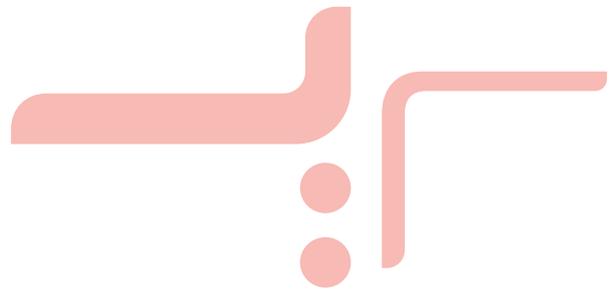
The aspirations confirm what investLogan sets out to achieve strategically and financially over the long term.

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.

investLogan’s priorities include:

- Property development activities.
- Acquisition and investment.
- Social community enrichment.
- Research and development.
- Economic development and financial investment activities.
- Partnering and collaboration.





The core business activities across the three pillars are focused on three delivery areas – business and employment centre activation; City economic development priorities; 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.



City Economic Development Priorities

Logan is one of the fastest growing regions in Australia. The population is expected to exceed 500,000 people by 2036 with most of this growth in the south-west of the City, creating significant City economic development opportunity. investLogan will work with Logan City Council to drive economic development outcomes and support its priorities, plans and initiatives.



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) to deliver projects and investments that complement private industry investment into the sector.

Key Achievements



Property Development

- The York, Beenleigh – a mixed use innovative commercial office development with a catalytic design to drive the revitalisation of Beenleigh. Construction has continued during this year and is programmed for completion in September 2021.
- NDIS Housing, Marsden – addressing a housing shortfall and promoting social inclusion. Construction commenced in April 2021 and is programmed for completion in November 2021.
- Mixed Business and Industry Units, Berrinba – providing opportunities for small and emerging businesses and entrepreneurs in the City. The development was completed in April 2021.



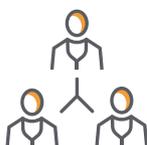
Economic Development

- Continued investment in the development of The York in Beenleigh that has created 100 construction jobs and 140 additional permanent, ongoing jobs once complete, as well as contributing \$40 million to the regional economy.
- Commenced the construction of NDIS Housing in Marsden, providing work for 18 sub-contractors and 22 individual workers (as at 30 June 2021).
- Completed the development of mixed business and industry units in Berrinba, providing work for 20 sub-contractors and 177 individual workers.



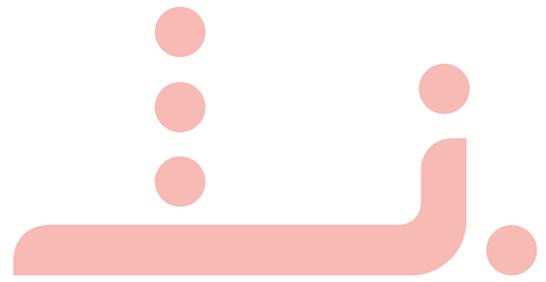
Strategic Moves

- A marketing campaign has been completed for divestment of The York.
- investLogan has agreed terms and will sell The York to Australian Unity, putting Logan investment opportunities on the map for large institutional investors.
- Land assembly projects in Beenleigh to ensure future development is consistent with Logan City Council plans and strategies.
- Activities are underway to grow the development pipeline – potential projects have been identified across several Logan business centres.



Community Benefit and Social Dividend

- Continued to use our Community Benefit Assessment Framework in considering development opportunities.
- Commenced construction of two NDIS houses in Marsden to provide a permanent, purpose-built home for six Logan community members.
- Supported 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.



Financial Sustainability

- Developing our pipeline of projects to move towards financial sustainability.
- Successful sale of 'The York' commercial office and industrial units in Berrimba.
- Joint venture delivery of 'The York'.
- Innovative partnership for NDIS Housing.
- Resilient finance capacity – secured bank finance for The York to allow Shareholder loan facility to be maximised for other development activity.



Research and Development

- Established a Memorandum of Understanding with Griffith University to progress collaboration and research and development opportunities.



Leading Practice Corporate Governance

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



Advocacy

- An active member of the Logan Chamber of Commerce which share investLogan's office space.
- Representing the City of Logan through key investment and 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

A passionate leader and advocate for a better Queensland, Steve has extensive leadership experience across a multitude of industries, including advising and managing city councils and leading complex public policy reforms.



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.

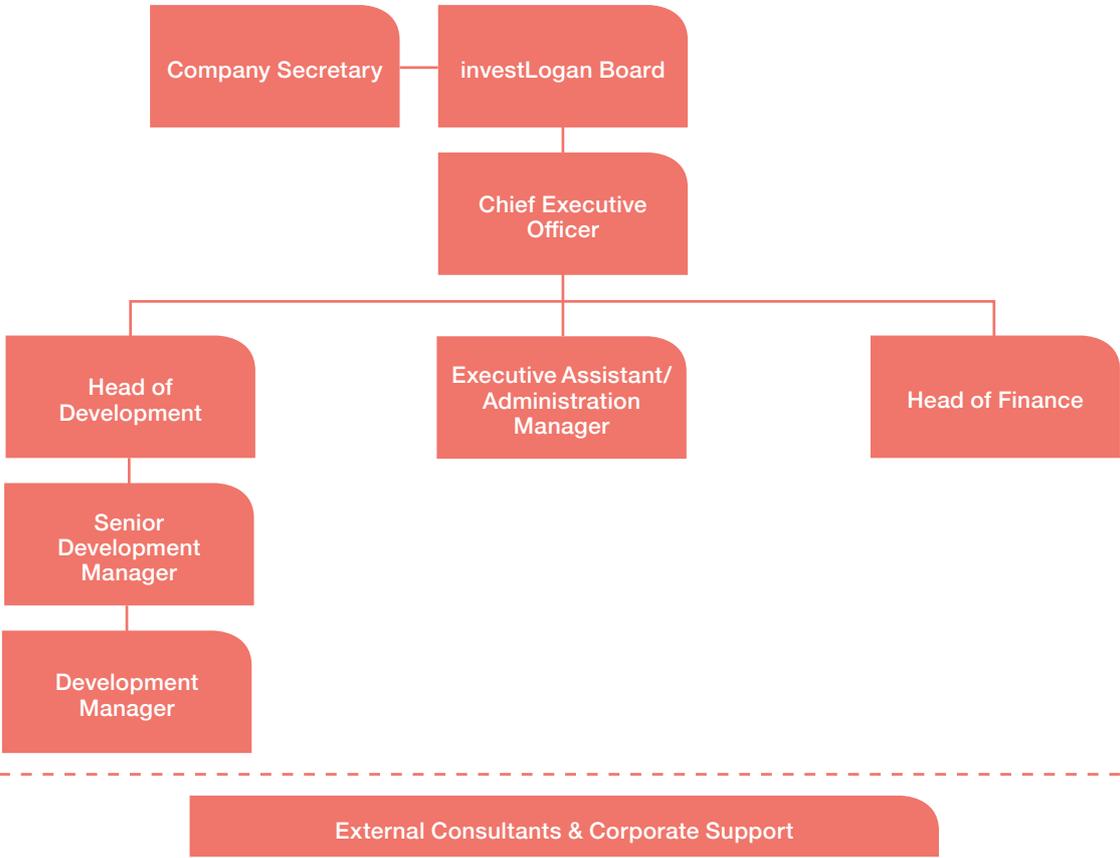


Medy Hassan OAM
CEO

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.



The Board is supported by the following organisational structure.





WICK CAGE
Net: 2500kg
Gross: 120kg
S/N: SCR2500-1
Please Refer to the Manual

NATIONAL MASONRY

Quarterly Shareholder Activities Reports

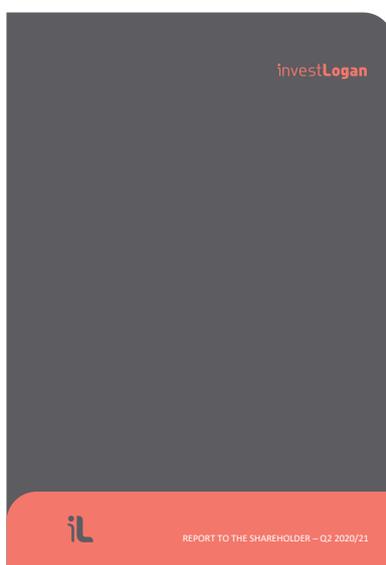
investLogan produces Quarterly Reports for the Shareholder.

The Shareholder requests Quarterly Reports to facilitate constructive 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 2020-2021, 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 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

Beenleigh is set for an almost \$40m economic and jobs boom with the development of a mixed-use precinct at 96-98 York Street. The first new commercial project is expected to bring 140 new full-time jobs and 100 construction jobs to the area.

The York is a seven-storey development comprising 4,660 sqm of commercial space, including 173 sqm of retail, 478 sqm of Small Office Home Office (SOHO) and 4,009 sqm of office, as well as two levels of

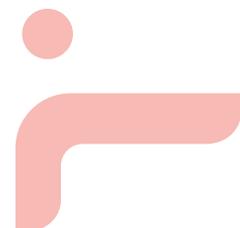
underground car parking and 10 short term car parks for public use.

The York will combine premium work space with SOHO and retail tenancy opportunities.

The York's footprint extends beyond the property boundary, volumetrically hanging over its two street frontages and beneath the road reserve. This State Government permitted expansion enabled an increase to the office space and building efficiencies.



The York viewed from York Street



The York has been designed by architectural firm Conrad Gargett and features high quality finishes, large floor plates, natural light and a side core to promote an open plan interactive environment.

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

Current Status

The York has reached top out of the 7th storey with construction due for completion in September 2021, with individual tenancy fit outs taking place shortly after.

CBRE has been engaged to manage the sale of The York, and an extensive marketing campaign has been completed. investLogan has agreed terms and will sell 'The York' to Australian Unity.

Leasing for the SoHo tenancies is well underway, to provide a range of opportunities for local businesses.

The Development Partners

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

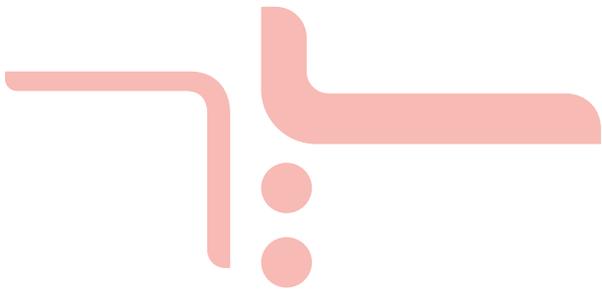
Alder Developments, alongside sister company Alder Constructions, are an agile development and construction business, which recently completed the \$5.5 million redevelopment at the Beenleigh Aquatic Centre in Alamein Street.

Economic Benefits

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



The York has created work opportunities for 866 individual workers, of which 30% live in the local area. This includes 25 apprentices and trainees, 11 of which are from Beenleigh State High School who are completing a Cert 1 in Construction.



NDIS Housing – Marsden

The NDIS Housing Project in Marsden will provide a permanent, purpose-built home for six Logan community members.

The project will deliver two, three-bedroom dwellings that can be used as National Disability Insurance Scheme (NDIS) housing and also provide facilities for a Supported Independent Living Provider to be present on site.

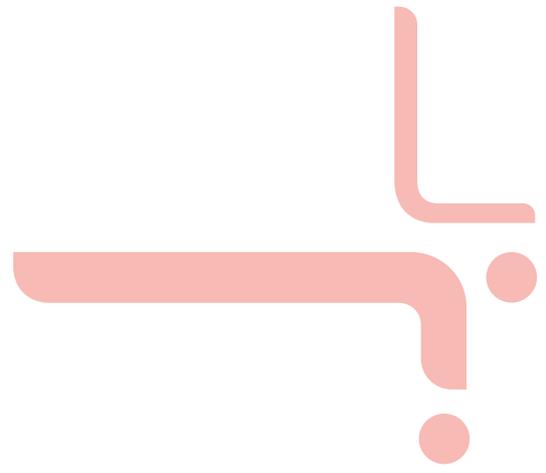
The dwellings will be designed and constructed

to the High Physical Support Specialty Disability Accommodation (SDA) Design Category, which is designed to incorporate a high level of physical access provision for people with significant physical impairment and requiring very high levels of support.

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



The NDIS high support home under construction



Current Status

Construction is now well underway with all in-ground services completed and the slabs poured. The adjoining walls between the dwellings have been constructed and framing of each dwelling is about to commence.

Preliminary works have also commenced for the extensive landscaped open space for the participants.

Construction is programmed to continue through to completion in November 2021.

Development Partners

Compass Housing has been appointed to operate and manage the housing project, alongside BlueCHP who will conduct the design, construction and certification.

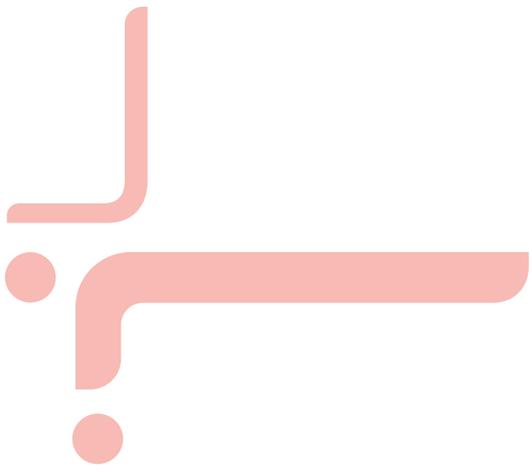
Compass Housing has 30 years' experience in the provision of secure and affordable housing for low to moderate income households and the delivery of innovative housing products for disadvantaged people. Compass Housing currently manages more than 6,400 properties across Queensland and New South Wales, including 130 Specialist Disability Accommodation dwellings and is contracted to manage a further 280 SDA dwellings.

BlueCHP is presently designing and delivering nearly 70 NDIS Group Homes.

Hutchinson Builders has been appointed to construct the two NDIS dwellings. Hutchinson Builders is one of Australia's largest privately owned building and construction companies.

Economic Benefits

As at 30 June 2021, the investment of investLogan has created work for 18 sub-contractors and 22 individual workers.



Mixed Business and Industry Units – Berrinba

The Mixed Business Units comprise six mixed business and industry units, ranging from 200 sqm to 250 sqm in area. Each of the units includes 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.

The mixed business units are suitable for a range of retail, commercial or industrial businesses looking to make a statement, or even for personal storage of caravans, boats and other recreational toys.

Current Status

Practical completion was achieved on 8 April 2021, construction on the development is now complete.



Mixed business and industry units, Berrinba

The Development Partners

The project was constructed by Lory Construction who specialises in the delivery of superior quality, cost efficient commercial and industrial projects. With an emphasis on quality, efficiency and innovation paired with an unparalleled commitment to providing tailored client solutions, Lory Construction is structured to offer both construction and project management services.

Corwells Commercial Property were the marketing agents for the project.

Economic Benefits

The project has created work for 20 sub-contractors and 177 individual workers, of which 20% are local.



Envious Customz Owners Daryl and Vanessa, Deputy Mayor Cr Jon Raven, investLogan CEO Medy Hassan, Short Stack Printing Owners Josh and Trent.

Emerging Development Pipeline

investLogan is actively working to establish a future development pipeline to underpin the financial sustainability of the business and broaden community benefits. Potential projects include further mixed use / commercial developments in Beenleigh and short term accommodation.

Short Term Accommodation

Logan City Council had identified a priority to establish a branded short-term accommodation provider / hotel in the City as an economic development priority – supporting the growth of local businesses and the City-wide events strategy.

Initial investigations confirmed demand for short term accommodation in the northern area of Logan (Springwood and Meadowbrook). Building on the demand case, investLogan engaged specialists to complete further detailed commercial modelling. This commercial modelling is required to inform a Development Strategy.

There are a range of detailed planning activities required to be completed to enable the Board to make an informed investment decision. The outputs of this work program will be captured in the investLogan Development Strategy and include:

- Confirming with greater confidence the construction and development costs (quantity surveyor and possibly contractor inputs).
- A detailed assessment of the scenarios and identification of a preferred development outcome considering both commercial and strategic objectives of investLogan.
- Confirming with greater confidence the divestment options at the end of the development and holding period.

- Confirming finance options.
- Completing a detailed risk management plan.
- Setting out the forward program.

To capture key operator inputs to the commercial modelling and Development Strategy, the investLogan Board resolved (24 June 2021) to progress an expression of interest for potential hotel operators. This necessitates identification of a suitable site for development of a hotel.

Securing an option over a suitable site and conducting the EOI will be the focus of investLogan resources over the coming periods.

Pending securing a site and a positive EOI process, the program will continue with formal Board consideration of the Development Strategy; design documentation; financing; statutory approvals; and construction procurement; for a potential commencement of construction in mid 2023.



Governance

investLogan's role is defined by its Constitution.

Our Mission

investLogan, is a leading visionary design driven entity bringing investment into the city of Logan and returning benefits to our residents and constituents in a more people-centric way.

investLogan uses holistic design across all aspects of enterprise to deliver better urban environments. We contribute to the city's economic growth, wealth and create social and community benefit through building long term partnerships.

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.

Our Role

The investLogan Constitution identifies several specific objectives, which guide us daily in the work we do and include:

- Tendering, or otherwise approaching the market, negotiating with and appointing developers to assist investLogan to undertake property development.
- Acquisition of and investment in property.
- Development for social or community benefit, or to achieve strategic development objectives for Logan City.
- Research and development.
- Entering into joint venture or other project delivery arrangements to deliver property development projects.
- Identifying and obtaining all necessary approvals required in relation to property development projects.
- Giving guarantees, mortgages or other security over the assets of the investLogan, or any other form of security to help facilitate property development projects.
- Negotiating any commercial arrangements relevant to property development projects.
- Taking any other steps, which are consistent with the undertaking of property development.

Governing Legislation

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

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

As a beneficial enterprise of local government, 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.
- Transparency.

The investLogan Corporate Governance framework has undergone a full independent legal review and audits.

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.

Our risk and compliance protocols are an essential component to assist investLogan achieve 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.

investLogan

ANNUAL FINANCIAL STATEMENTS 2021

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

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 2021 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
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.

Operating results

The result for the Company for the financial year ended 30 June 2021 was a net loss of \$1,398,155 (2020 loss: \$2,471,738).

The main sources of revenue were sales of development property, fair value gains on investment properties, and rent generated from investment properties.

Review of operations

The following activity occurred during the year:

- The Company has a 50% interest in a joint venture development of a 4,661 m² commercial mixed-use building at 96-98 York Street, Beenleigh (*The York*). Construction that commenced in May 2020 is expected to be completed late August 2021.

The building has an agreement for lease with an anchor tenant already secured. Furthermore, subsequent to year end, investLogan has entered into a contract to sell the building to Australian Unity for \$33.52 million with settlement anticipated late November 2021;

- Construction of social disability housing at 21-23 Brandon Street, Marsden commenced in March 2021 and is expected to be completed in November 2021; and
- Construction of six industrial mixed business units at 180-186 Wayne Goss Drive, Berrinba commenced in August 2020 and was completed by April 2021. Three of the units were sold in the year ended 30 June 2021 (two of which were sold with leases in place). A lease and option to purchase has been entered into on one further unit as at the year end. Offers to purchase the remaining two units were received before 30 June 2021.

Other projects in the pipeline include:

- a further commercial / mixed use development in Beenleigh;
- a potential short term accommodation development;
- a pediatric health and childcare hub; and
- additional industrial developments and NDIS housing opportunities.

COVID-19 had minimal adverse impact on the Company's operations in the year ended 30 June 2021. Construction activities, considered an essential service by the government, carried on at the Company's development sites under strict workplace health and safety and COVID-safe conditions. Projects were and continue to be reviewed for ongoing impacts, including supply chains, construction costs and availability of subcontractors.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

Significant change in state of affairs

There were no significant changes in the Company's state of affairs during the financial year except that, in September 2020, the Company's Head of Development stood down as Acting Chief Executive Officer to resume his Head of Development role. On 18 September 2020, Mr Medy Hassan, Non-executive Director, resigned as a director and was engaged as the Acting Chief Executive Officer. Mr Hassan was subsequently appointed Chief Executive Officer effective 1 April 2021.

Likely developments

Over the next 12 months, the Company expects to:

- settle on the sale of the remaining three industrial units in Berrinba;
- finalise construction of *The York*, carry on marketing the ground floor retail and SOHO spaces for lease, and settle on the sale of the building to Australian Unity;
- complete the social disability housing in Marsden; and
- advance feasibility studies on pipeline projects to continue to grow its business.

The Company continues to actively engage with its shareholder and is working co-operatively on potential projects for the benefit of the City of Logan.

Subsequent events

On 21 July 2021, after an extensive sales campaign, the joint venture agreed to the sale of *The York* for \$33.52 million to Australian Unity. Settlement is expected to take place in late November 2021, three months after the commencement of the lease with the office tenant.

The offers to purchase the two remaining industrial units in Berrinba, received in June 2021, were formalised with contracts of sale entered into on 26 July 2021.

Those two units, along with the unit subject to the option to purchase, are anticipated to settle before the end of October 2021.

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 its projects. The Company continues to monitor the impact of COVID-19 on construction costs as they relate to pipeline projects.

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

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.

Directors' meetings

The number of meetings of the Board of Directors held during the year ended 30 June 2021 and the number of meetings attended by each of the Directors are:

Names	A	B
Steve Greenwood (Chair)	6	6
Craig Newnham	6	6
Annabelle Pegrum	6	6
Medy Hassan	1	1

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 2021

Indemnification of officers and auditors

The insurance premium for a management liability insurance policy indemnifying Directors and Officers is paid by the Company.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as an officer or auditor.

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: 23 August 2021

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 2021, 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
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



Charles Strickland
as delegate of the Auditor-General

23 August 2021

Queensland Audit Office
Brisbane

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Revenue			
Development sales	2	1,820,000	-
Rental income	2	144,553	122,093
Interest income	2	45,112	13,368
Gain on sale of investment property	3	22,255	-
Fair value gain on investment property	14	237,861	-
Other income		14,444	10,103
Total income		2,284,225	145,564
Expenses			
Development cost of goods sold	4	1,350,485	-
Rental property costs	5	81,617	61,760
Operating expenses	6	562,110	587,925
Employee benefits and costs	7	1,207,022	1,408,909
Feasibility costs		69,520	60,076
Finance costs	8	41,448	61,926
Depreciation and amortisation	9	370,178	436,706
Total expenses		3,682,380	2,617,302
Loss for the year		(1,398,155)	(2,471,738)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,398,155)	(2,471,738)

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
Assets			
Current Assets			
Cash and cash equivalents	10	6,227,732	1,178,677
Trade and other receivables	11	12,325,542	34,607
Inventory	12	1,135,796	-
Other assets		-	46,905
Prepayments		44,958	18,324
Non-current asset held for sale	13	-	651,254
		<u>19,734,028</u>	<u>1,929,767</u>
Non-Current Assets			
Investment property	14	3,452,359	2,610,949
Investment in joint venture	16	2,267,201	2,243,531
Property, plant and equipment	17	723,683	1,091,288
Investment in subsidiaries		10	10
		<u>6,443,253</u>	<u>5,945,778</u>
Total Assets		<u>26,177,281</u>	<u>7,875,545</u>
Liabilities			
Current Liabilities			
Trade and other payables	18	456,970	320,726
Employee benefits provisions	19	58,379	76,013
Lease liabilities	20	309,309	293,993
Loans and borrowings	21	21,667,777	277,485
		<u>22,492,435</u>	<u>968,217</u>
Non-Current Liabilities			
Employee benefits provisions	19	-	43,454
Lease liabilities	20	325,216	634,525
Loans and borrowings	21	3,377,207	5,465,771
		<u>3,702,423</u>	<u>6,143,750</u>
Total Liabilities		<u>26,194,858</u>	<u>7,111,967</u>
Net (Liabilities) / Assets		<u>(17,577)</u>	<u>763,578</u>
Equity			
Share capital	22	8,166,206	7,549,206
Accumulated losses		(8,183,783)	(6,785,628)
Total (Deficit) / Equity		<u>(17,577)</u>	<u>763,578</u>

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Share capital \$	Accumulated losses \$	Total \$
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	<u>7,549,206</u>	<u>(6,785,628)</u>	<u>763,578</u>
Balance as at 1 July 2020	7,549,206	(6,785,628)	763,578
Loss for the year	-	(1,398,155)	(1,398,155)
Other comprehensive income for the year	-	-	-
Shares issued during the year	617,000	-	617,000
Balance as at 30 June 2021	<u>8,166,206</u>	<u>8,183,783</u>	<u>(17,577)</u>

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 2021

	2021 \$	2020 \$
Cash flows from operating activities		
Receipts from customers	2,665,152	131,557
Payments to suppliers and employees	(3,792,184)	(2,240,598)
Interest received	14,233	15,081
Net cash used in operating activities	(1,112,799)	(2,093,960)
Cash flows from investing activities		
Payments for inventory	(1,090,071)	(21,450)
Proceeds from sale of investment property	676,800	-
Payments for investment properties	(628,100)	(2,428,569)
Payments to joint venture	(12,364,779)	(1,350,632)
Payments for property, plant and equipment	(2,128)	-
Net cash used in investing activities	(13,408,278)	(3,800,651)
Cash flows from financing activities		
Interest paid on lease liabilities	(15,885)	(21,605)
Interest paid on loans and borrowings	(23,482)	(45,130)
Proceeds from issue of share capital	617,000	617,000
Repayments of lease liabilities	(294,315)	(279,248)
Proceeds from loans and borrowings	19,286,815	4,763,284
Net cash generated by financing activities	19,570,132	5,034,301
Net decrease in cash and cash equivalents held	5,049,055	(860,310)
Cash and cash equivalents at beginning of year	1,178,677	2,038,987
Cash and cash equivalents at end of year	6,227,732	1,178,677

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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 plant and equipment; fair value of investment properties; work in progress; trade and other receivables; and incremental borrowing rate in lease liabilities.

c. Change in accounting policy

The Company implemented a change in accounting policy under AASB 140 *Investment Properties* on 1 July 2020 to measure investment properties using the fair value model instead of using the cost model. The fair value model will provide a more reliable view of the value of the Company's investment properties and more relevant information about the Company's financial position and performance.

AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* requires voluntary changes in accounting policies to be applied retrospectively except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the change. The change has been accounted for prospectively, as notwithstanding that the cost of the investment properties is considered to approximate the fair value as of 30 June 2020, given the passing of time, it is not practical to determine the fair value of each property as of 1 July 2019 and 30 June 2020. Refer to Note 14 for further details.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1. Statement of significant accounting policies (continued)

d. New and revised accounting standards

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

e. 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.

f. 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.

g. 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.

h. 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 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 based on contracts of sale of development property entered into. In the meantime, the Company 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

2. Revenue

Development sales revenue is recognised when the transfer of control of ownership has been obtained by the customer. This typically occurs at the settlement date for each individual property.

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 2021 is included as a receivable in the statement of financial position and rental income paid in advance is included as deferred unearned 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.

3. Gain on sale of investment property

The gain relates the sale of property referred to in Note 13.

	2021 \$	2020 \$
Proceeds from sale of investment property	680,000	-
Selling expenses	(6,491)	-
Net proceeds	673,509	-
Book value of investment property sold	(651,254)	-
Gain on sale of investment property	22,255	-

4. Development cost of goods sold

Development cost of goods sold is the cost of property inventory that has been sold during the financial year. It is recognised as an expense upon recognition of the sales revenue from the sale of the development property.

5. Rental property costs

Rental property costs include rates, taxes and other property outgoings incurred in relation to the investment property. 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

6. Operating expenses

	Note	2021 \$	2020 \$
Board & governance costs		127,120	152,722
Insurance		17,369	22,932
IT & telecommunications		30,763	30,867
Public relations		52,427	60,775
Consultancy fees		43,342	45,141
Other administration		32,799	92,696
Legal fees		228,590	154,942
Audit fees	26	29,700	27,850
		<u>562,110</u>	<u>587,925</u>

7. Employee benefits and costs

		2021 \$	2020 \$
Salaries and wages (including leave benefits)		1,023,870	1,227,228
Superannuation		72,047	101,313
Payroll tax		51,777	78,483
Recruitment		57,383	-
Other employee related expenses		1,943	1,885
		<u>1,207,022</u>	<u>1,408,909</u>

8. Finance costs

		2021 \$	2020 \$
Interest on lease liabilities		15,885	21,605
Interest on loans and borrowings		25,563	40,321
		<u>41,448</u>	<u>61,926</u>

9. Depreciation and amortisation

		2021 \$	2020 \$
Property, plant and equipment		120,878	121,635
Computer related equipment		6,695	11,422
Right-of-use asset		242,605	241,942
Investment property – buildings		-	57,263
Investment property – building improvements		-	4,444
		<u>370,178</u>	<u>436,706</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

10. Cash and cash equivalents

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

	2021 \$	2020 \$
Cash at bank	567,732	518,677
Term deposit secured to CBA	660,000	660,000
Term deposit secured to ANZ	5,000,000	-
	6,227,732	1,178,677

The Company has two term deposits which are secured for obligations to banks and are not available for operations.

The Company has \$660,000 on deposit as security for a contingent liability facility established with CBA. 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 24.

During the year, the Company established a \$5,000,000 term deposit with ANZ as security for a loan facility for the development of 96-98 York Street, Beenleigh. The deposit has a rolling one month term. Further details are in Note 21.

11. 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 are expected at 30 June 2021. Refer to Note 25 for further details regarding financial assets.

	2021 \$	2020 \$
Trade receivables	1,871	5,070
Receivable from Joint Venture	12,272,112	-
Interest receivable	41,052	537
Refundable Land Deposit	-	29,000
Other receivables	10,507	-
	12,325,542	34,607

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

12. Inventory

Inventory consists of properties being developed for future sale. They are measured at the lower of cost and net realisable value. The cost of inventory includes land, development costs and borrowing costs directly associated with the project.

	2021 \$	2020 \$
Opening balance	-	-
Additions	2,435,633	-
Inventory sold	(1,299,837)	-
Closing balance	1,135,796	-

13. Non-current asset held for sale

Non-current asset held for sale comprises investment property which the Company has identified as being available for sale in its present condition and is expected to be sold within 12 months from the balance date. The asset held for sale is measured at the lower of its previous carrying amount and fair value less costs to sell. Where a non-current asset is sold above the lower of its previous carrying amounts and fair value less costs to sell, this gain is recognised in profit or loss when the sale is recognised.

During the financial year ended 30 June 2021, the Company sold the property classified as a non-current asset held for sale as at 30 June 2020. The company had no assets classified as non-current asset held for sale as at 30 June 2021.

	2021 \$	2020 \$
Opening balance	651,254	-
Reclassification from investment property at 30 June 2020	-	651,254
Disposal	(651,254)	-
Closing balance	-	651,254

14. 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 adopted the cost model for measuring investment property, in prior years. At 30 June 2020, cost was deemed to approximate fair value based on the recency of acquisition of the property to that balance date. On 1 July 2020, the Company changed its method of measuring investment property from the cost model to the fair value model. Refer Note 15 for further information on fair value.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

14. Investment property (continued)

Investment properties under development are measured at cost until development or construction reaches a stage where it is determined that fair value can be measured reliably.

Gains or losses arising from changes in fair value of investment property are recognised in profit or loss in the period in which they arise. In the year ended 30 June 2021, the Company reported a gain in fair value of investment property of \$237,861.

Details of the Company's investment property and their carrying amounts, under the cost model, at 30 June 2020 is detailed below.

	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

Under the fair value model, the value of investment property at 30 June 2021 is detailed below.

	2021 \$
Opening balance	2,610,949
Additions	603,549
Net fair value gain	237,861
Closing balance	3,452,359

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

15. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The methods used to estimate fair values comprise:

- Level 1 – fair value is calculated using quoted prices in active markets for identical assets and liabilities;
- Level 2 – fair value is estimated using inputs that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Non-financial assets measured at fair value include investment property. Financial assets and liabilities are addressed in Note 25.

The fair values on investment property were determined using level 2 valuation techniques. These valuation techniques use prices and other relevant information generated by market transactions involving identical or comparable assets. The valuations were performed by independent qualified valuers from CBRE and Herron Todd White.

16. 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. Construction began on 4 May 2020 and is expected to be completed late August 2021.

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 2021, the Company's interest in the joint venture is \$2,267,201 (2020: \$2,243,531) represented by the cost of the land (\$765,316) and contributions to the joint venture of \$1,501,885 (2020: Land \$765,316 and contributions \$1,478,215).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

17. 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 2019	-	607,457	34,375	641,832
Adjustment on initial application of AASB 16	970,418	-	-	970,418
Closing cost as at 30 June 2020	<u>970,418</u>	<u>607,457</u>	<u>34,375</u>	<u>1,612,250</u>
Accumulated depreciation:				
Opening accumulated depreciation as at 1 July 2019	-	131,584	14,379	145,963
Depreciation during period	241,942	121,635	11,422	374,999
Closing accumulated depreciation as at 30 June 2020	<u>241,942</u>	<u>253,219</u>	<u>25,801</u>	<u>520,962</u>
Carrying value at 30 June 2020	<u>728,476</u>	<u>354,238</u>	<u>8,574</u>	<u>1,091,288</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

17. Property, plant and equipment (continued)

	Right-of-use asset \$	Plant & equipment \$	Computer related equipment \$	Total \$
Cost:				
Opening cost as at 1 July 2020	970,418	607,457	34,375	1,612,250
Additions at cost	-	-	5,863	5,863
Disposals	-	(6,636)	(3,586)	(10,222)
Closing cost as at 30 June 2021	970,418	600,821	36,652	1,607,891
Accumulated depreciation:				
Opening accumulated depreciation as at 1 July 2020	241,942	253,219	25,801	520,962
Depreciation during period	242,605	120,878	6,695	370,178
Disposals	-	(3,346)	(3,586)	(6,932)
Closing accumulated depreciation as at 30 June 2021	484,547	370,751	28,910	884,208
Carrying value at 30 June 2021	485,871	230,070	7,742	723,683

18. 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 2021. Payables are expected to be paid within 12 months of the end of the reporting period.

	2021 \$	2020 \$
Accounts payable	304,045	58,926
Accrued expenditure	75,853	197,074
PAYG withholding	34,904	25,356
Superannuation liability	29,331	23,673
Unearned Revenue	1,540	360
Security deposits	11,297	15,337
	456,970	320,726

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

19. 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. At 30 June 2021, one employee has a vested entitlement and that entitlement is classified as a current liability. 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. Liabilities recognised in respect of long service leave are measured at the present value of the estimated future cash flows expected to be made by the Company in respect of services provided by employees up to the reporting date.

	2021 \$	2020 \$
Movement in provisions as follows:		
Annual Leave		
Opening balance	56,398	67,577
Amount provided for in the period	54,134	85,676
Amount paid in the period	(52,285)	(96,855)
Closing balance	58,247	56,398
Long Service Leave		
Opening balance	63,069	147,751
Amount provided for in the period	4,224	24,683
Amount paid in the period	(67,161)	(109,365)
Closing balance	132	63,069
This is represented in the statement of financial position as follows:		
Current liability – Employee benefits provision	58,379	76,013
Non-current liabilities – Employee benefits provision	-	43,454

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

20. Lease liabilities

The Company entered into a non-cancellable 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.

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
	<u>957,803</u>	<u>29,285</u>	<u>928,518</u>
Analysed as:			\$
Current			293,993
Non-current			634,525
			<u>928,518</u>

Maturity analysis at 30 June 2021	Lease payments \$	Finance charges \$	Net present value \$
Within 1 year	319,175	9,865	309,309
1 to 2 years	328,750	3,534	325,216
2 to 3 years	-	-	-
	<u>647,925</u>	<u>13,399</u>	<u>634,525</u>
Analysed as:			
Current			309,309
Non-current			325,216
			<u>634,525</u>

At 30 June 2021, there were two 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

21. Loans and borrowings

	2021 \$	2020 \$
Current liability – Logan City Council	9,454,252	277,485
Current liability – Bank loan	12,213,525	-
Total current liability	21,667,777	-
Non-current liability – Logan City Council	3,377,207	5,465,771
Total borrowings	25,044,984	5,743,256

Logan City Council loan

In 2018, the Company entered into a \$25.5 million loan facility agreement with Logan City Council. \$3.0 million of the facility is designated available for operations and working capital (OPEX facility) and \$22.5 million for property investment and development (CAPEX facility). At 30 June 2021, the Company has drawn \$12,831,459 (including accrued interest) from the total facility.

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, or held as inventory, including at 96-98 York Street, Beenleigh; the industrial units in Berrinba; and the NDIS Housing in Marsden. The terms of those loans are linked to the relevant development timelines and range from less than 12 months to less than two years. At 30 June 2021, all loans have a variable interest rate of 0.95% and are interest only. 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 ranked registered mortgages over the properties for which it has provided loan funding except it has a second ranked mortgage over 96-98 York Street, Beenleigh in favour of ANZ.

Bank loan

On 8 July 2020, the Company entered into a loan facility agreement for \$16,728,977 with Australia and New Zealand Banking Group Ltd (ANZ) for the construction of a commercial building at 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.

At 30 June 2021, the Company has drawn \$12,213,525 (including accrued interest) from the loan facility. The loan attracts a variable interest rate of BBSY plus 2%, calculated daily, and has a termination date of 10 February 2022.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

22. Share capital

Share capital represents the cost of ordinary shares issued as equity and comprises 8,166,206 (2020: 7,549,206) \$1 fully paid up ordinary shares. Fully paid ordinary shares carry one vote per share and carry the right to dividends.

The reconciliation of ordinary shares in issue is:

	2021 \$	2020 \$
Opening balance	7,549,206	6,932,206
Issued during the year	617,000	617,000
Closing balance	8,166,206	7,549,206

23. 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 2021, the Company had contributed, paid or accrued for \$2,267,201 of those obligations (2020: \$2,243,531). The company has a remaining commitment to the joint venture of \$232,799 (2020: \$256,469).

24. Contingent liabilities

	2021 \$	2020 \$
Department of Resources	602,001	602,001
PS Family Pty Ltd ATF	53,302	53,302
	655,303	655,303

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 Resources 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

25. 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	2021 \$	2020 \$
Financial assets:			
Cash and cash equivalents	10	6,227,732	1,178,677
Trade and other receivables	11	12,325,542	34,607
Investment in subsidiary	10	10	10
Total financial assets		18,553,284	1,213,294
Financial liabilities:			
Trade and other payables	18	456,970	320,726
Lease liabilities	20	634,525	928,518
Loans and borrowings	21	25,044,984	5,743,256
Total financial liabilities		26,136,479	6,992,500

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 it is not trading, hence fair value is measured at its net asset value.

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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

25. Financial instruments (continued)

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 its 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.

26. Auditor remuneration

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

	2021	2020
	\$	\$
Audit of the financial report by the Auditor General of Queensland	29,700	27,850

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

27. 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 are:

	2021 \$	2020 \$
Short-term employee benefits	528,838	638,645
Post-employment benefits	-	-
Other long-term benefits	-	77,897
Termination benefits	-	-
	<u>528,838</u>	<u>716,542</u>

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:

	2021 \$	2020 \$
Revenue		
Parent entity – Sales of goods and services	-	500
Expenditure		
Parent entity – Purchase of goods and services	85,812	32,066
Parent entity – Interest on borrowings	25,563	40,321
Cash Received		
Parent entity – Land sold to Logan City Council	680,000	-
Cash Paid		
Parent entity – Land purchased from Logan City Council	540,000	1,007,000
Loans		
Parent entity – Loan provided by Logan City Council for property and property development	12,719,541	5,732,986
Parent entity – Capitalised interest on loans provided by Logan City Council	111,918	10,270

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

28. Events after the reported period

On 21 July 2021, Invest Logan Pty Ltd, on behalf of the joint venture, signed a contract of sale for \$33.52 million with Australian Unity Investment Real Estate Limited for *The York*, 96-98 York Street, Beenleigh. The sale is expected to settle in November 2021, three months after the lease with the office tenant is executed. Construction of *The York* is expected to be completed by late August 2021.

In the ordinary course of business, the offers received on two of the units at 180-186 Wayne Goss Drive, Berrinba, before the balance date, progressed to contract stage. The Company entered into the contracts of sale on 26 July 2021 and settlement is expected by October 2021.

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.

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

DIRECTORS' DECLARATION

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 2021 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
 - ii. giving a true and fair view of the Company's financial position as at 30 June 2021 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 Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors



Steven Greenwood
Chairman

Dated at Springwood this day 23 August 2021

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 2021, and its financial performance and cash flows for the year then ended.
- b) complies with the *Corporations Act 2001*, the Corporations Regulations 2001 and the Australian Accounting Standards – Reduced Disclosure Requirements.

The financial report comprises the statement of financial position as at 30 June 2021, 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 the statement of significant accounting policies and other explanatory information, and the directors' declaration.

Basis for opinion

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

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

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

Other information

Other information comprises the information included in the company's director's report for the year ended 30 June 2021 but does not include the financial report and my auditor's report thereon. The directors are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the company.
- Conclude on the appropriateness of the company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



25 August 2021

C G Strickland
as delegate of the Auditor-General

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Brisbane

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invest**Logan**