



investLogan

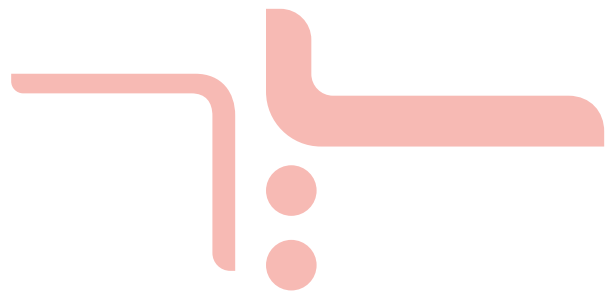
96 YORK STREET



Annual Report

2021-2022

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



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Our Vision and Values

A leading and innovative entity returning benefits to Logan City through property development and sustainable investments that stimulate and enable the City's economic and social prosperity and wellbeing.



Community Minded

- We are a united team who support each other and the wider community.
- We are a catalyst for the community of Logan to grow and prosper.



Thinking Big

- We aren't afraid to challenge the status quo.
- We look for new and innovative ways to deliver our solutions.



Celebrate Difference

- We are authentic in our interactions.
- We celebrate the diversity of our team and everyone we interact with.

Chair's Foreword

Our vision and aspirations remain constant. We are committed to delivering economic returns, adding value to the community and aligning with our Shareholder's aspirations for the City of Logan.

On behalf of the investLogan Board, I am pleased to present our Annual Report for 2021-2022, which summarises our strategic direction and outlines our achievements and key activities for the year.

Our vision and aspirations remain constant. We are committed to delivering economic returns, adding value to the community and aligning with our Shareholder's aspirations for the City of Logan. The last financial year has been one of reflection and clarification of our strategic priorities for the next five years. The Board has been purposeful in our focus on the activation of our city centres, continuing to develop the local economy, and building healthy, connected communities and environments.

We are well positioned to deliver positive benefits to Logan with diverse investment and property development activities across the City and are thrilled with recent achievements across a variety of development projects. As we move into the new financial year, we are confident that investLogan will provide new and exciting opportunities for the local community.

We are delivering innovative investment initiatives and developments to support job creation, employment diversification, economic benefit, partnerships and collaboration between the public, private and academic sectors, to attract and act as a catalyst for investment by others.

Highlights of the year include the delivery of commercial, industrial and community housing projects. The York in Beenleigh, a seven-storey commercial development was successfully sold and settled to a leading investment manager. All

six industrial units in Berrinba have now been sold, and the community housing project in Marsden is operational as NDIS registered homes, supporting vulnerable community members. The Board is proud of our small and professional team for what they have achieved this year, and we are optimistic about the future.

I would like to thank my fellow Directors, Annabelle Pegrum, Craig Newnham and Brendan O'Farrell for their continued support, expertise and commitment to the success of investLogan.

Our CEO, Medy Hassan, has delivered a successful year for investLogan and the Board thanks him for his outstanding leadership and commitment and for leading his dedicated team to success.

Finally, thank you to our Shareholder, Logan City Council. The work we deliver is a direct result of your commitment and support for investLogan.

I am pleased to bring you this year's Annual Report, and I look forward to the challenges, opportunities and progress in the year ahead.



A handwritten signature in blue ink that reads "S.J. Greenwood". The signature is fluid and cursive.

Steve Greenwood
Chair

CEO's Foreword

We continue to transform our organisation to align with our Shareholder's aspirations for Logan and to continue to add value and meet the needs of the local community.

investLogan has seen a year of successful and profitable development activity, including the completion of our 5 Year Strategy 2022-2027, providing a refreshed focus and priorities as we move into the new financial year(s).

We continue to transform our organisation to align with our Shareholder's aspirations for Logan and to continue to add value and meet the needs of the local community. Our function is to deliver on the strategic property and investment objectives of Council, while providing the insight and expertise of our specialist team in delivering commercially beneficial and community enhancing investment to the City of Logan.

Significant accomplishments have been made in project delivery over the past year. Highlights include:

- The delivery and profitable sale of our flagship project, The York, a commercial high-rise building delivered to Beenleigh.
- Completion and successful sale of the Wayne Goss Drive industrial development, a six mixed-business unit offering in Berrinba.
- Practical completion and long-term leasing of a community housing project in Marsden, which is registered for NDIS participation and is purpose-built for six community members with an onsite living support provider.

In addition to our development achievements, we have continued to shape our team and have welcomed new highly experienced and well-respected industry professionals, to bring a new level of value to our organisation in the development and investment spaces.

As we enter an exciting and fresh phase of new projects and investment, we have reviewed our values and what we stand for as a team, committing to three key attributes: investLogan is community minded;

we are a united and supportive team, both internally and across the wider community; we are big thinkers open to challenging the norm and finding new and innovative ways to deliver our solutions. Finally, we celebrate difference; we're authentic in our interaction and we celebrate the diversity of our team and of this great City.

investLogan will always seek to improve its corporate governance, business and opportunities for Logan by embracing and driving change, and are proving our value in being a catalyst for attracting new investment, business, partnerships and collaboration.

I extend my gratitude and appreciation to the investLogan staff for all their outstanding achievements and inspiring attitudes. Thank you to the investLogan Chair, Steve Greenwood, and Board members, Annabelle Pegrum, Craig Newnham and Brendan O'Farrell. Your guidance, support and professionalism is valued by me personally, and is the cornerstone of investLogan's success.

I'd also like to thank our Shareholder for partnering with us on this journey, and to each of the Councillors who have so proactively supported us in their own unique ways.

I look forward to another year of success and opportunities, delivering on our commitment to this great community.



A stylized, handwritten signature in black ink, appearing to read 'Medy Hassan'.

Medy Hassan OAM
Chief Executive Officer

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.



Brendan O'Farrell
Director

Brendan is an experienced board, investment, remuneration and commercial committee member. Strong governance and strategy and an innovative leadership style has seen Brendan successfully grow organisations he has led.



Medy Hassan OAM
CEO

Medy is an expert in the private equity, property and construction industries, whose passion is collaborating to drive innovation, global excellence and sustainable, environmentally beneficial outcomes. Medy was awarded an OAM for distinguished and meritorious service to the construction industry.

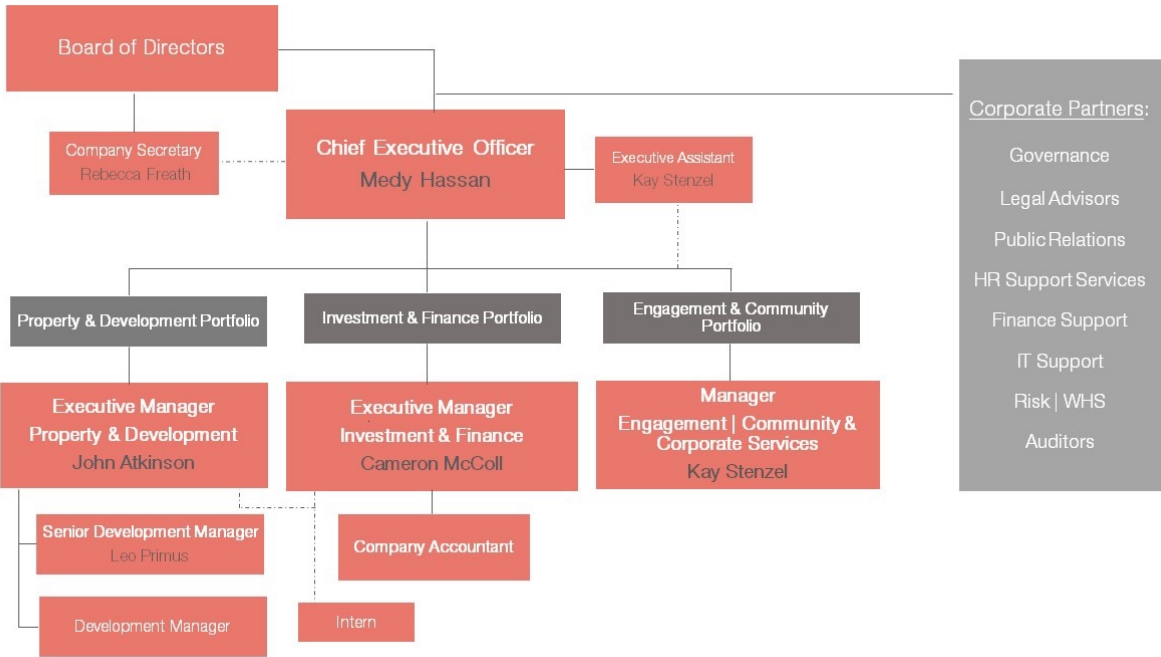


Rebecca Freath
Company Secretary

Rebecca is a commercial Lawyer and governance advisor with more than 15 years of Company Secretary experience. Rebecca's career has spanned across sectors including, commercial, not for profit, community-based organisations in aged care, disability services and public health.



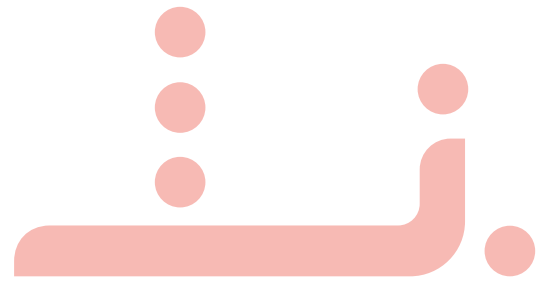
Our Team



The Board is supported by its dedicated and professional executive team, strong corporate structure and positive culture.



Strategy



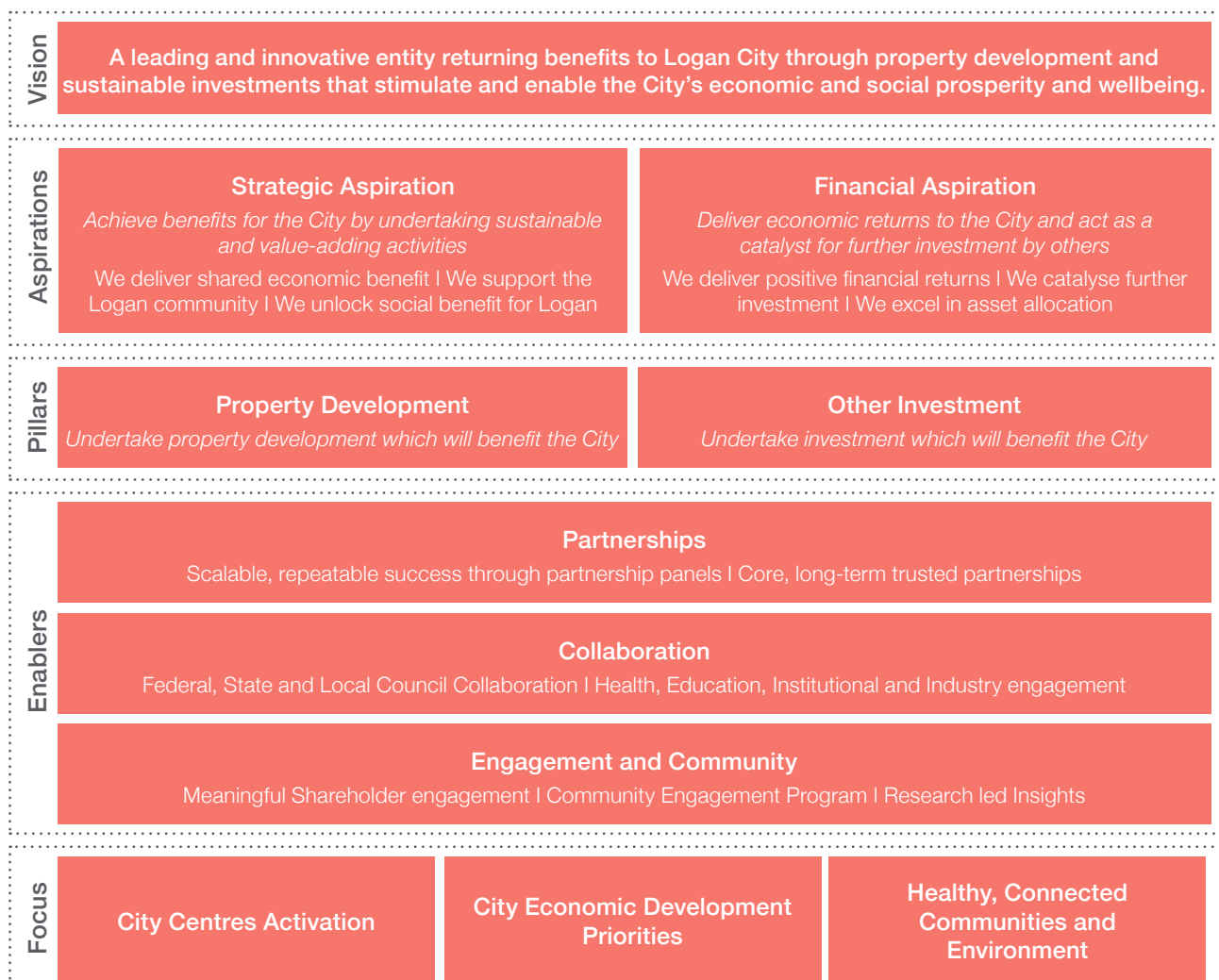
The investLogan strategic framework establishes the aspirations, pillars, enablers and focus areas that sets the strategic direction and guides operational activities of investLogan.

The aspirations confirm what investLogan sets out to achieve strategically and financially over the long term. These aspirations are delivered through two core strategic pillars:

- Property development.
- Other investment activities.

Both pillars are designed to ensure that associated activities will benefit the City.

investLogan seeks to build strong relationships through its partnerships, collaboration and engagement, and community, reflecting a strong alignment to the Objects of the investLogan Constitution.



Strategic Focus



City Centres Activation

investLogan is purpose-built to drive economic growth within Logan's key city centres. The design and delivery of catalytic projects will contribute to the revitalisation of these city 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 city 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, creating significant economic development opportunity. investLogan will prioritise investments that align to Council priorities, drive sustainable growth to the City, create pathways to employment, inspire innovation and enhance local wealth.



Healthy, Connected Communities and Environment

Healthy, connected communities and environment are key to generational change and strengthening and diversifying Logan's economy. investLogan will prioritise investments that deliver and support priority community infrastructure and provide the community with places that align with people's needs and aspirations.

Key Achievements



Property Development

- The York, Beenleigh – an innovative mixed use commercial office development with a catalytic design to drive the revitalisation of Beenleigh. Construction was completed in September 2021 and sale of the asset was realised with settlement occurring in February 2022.
- NDIS Housing, Marsden – addressing a housing shortfall and promoting social inclusion. Practical completion was achieved on 15 November 2021 with a five-year lease to Home in Place commencing in November 2021.
- Mixed Business Units, Berrinba – providing opportunities for small and emerging businesses and entrepreneurs in the City. The development was completed in April 2021. The final unit was sold in December 2021.



Economic Development

- Continued investment in the development of The York in Beenleigh generated 100 construction jobs and 140 additional permanent, ongoing jobs upon completion, and is expected to contribute \$40 million to the regional economy.
- Construction of the NDIS Housing in Marsden, provided work for 18 sub-contractors and 22 other individuals and has contributed to the need for social housing.
- The development of mixed business units in Berrinba, provided work for 20 sub-contractors and 177 individual workers. All 6 units now accommodate small and emerging businesses and entrepreneurs stimulating the local economy and new talent.



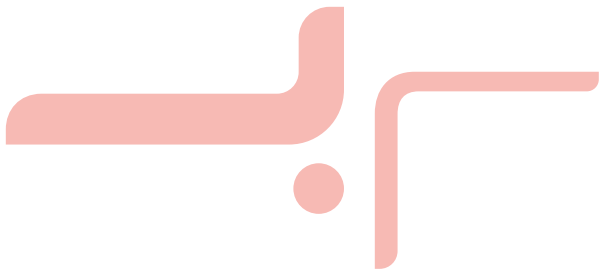
Strategic Moves

- A national marketing campaign was completed for divestment of The York.
- investLogan facilitated the sale of 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.
- Negotiating the acquisition of a key strategic land parcel within the Springwood Principal Activity Centre to support the delivery of a mixed use and short-term accommodation development.
- Activities are underway to grow our development pipeline – potential projects have been identified across several Logan business centres.



Community Benefit and Social Dividend

- Our Community Benefit Assessment Framework continues to inform consideration of new development opportunities.
- Completed construction of two NDIS houses in Marsden has contributed to much needed social housing.
- A five-year lease for the Marsden housing project commenced in November 2021 to Home in Place enabling permanent, purpose-built homes for six Logan community members.



Financial Sustainability

- Developing our pipeline of projects as a key move towards financial sustainability.
- Successful sale of The York commercial office and industrial units in Berrinba.
- Innovative partnership for Community and Social Housing.
- Resilient finance capacity including securing bank finance for The York to allow the Shareholder loan facility to be retained for other development activity.



Research and Development

- investLogan is strategically positioned to continue engagement with local champions such as Griffith University, Logan Tafe and key Logan stakeholders to progress collaboration and research and development opportunities.



Leading Practice Corporate Governance

- Our leading practice corporate governance framework was 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, Property Council of Australia, Australian Investment Council and other industry institutions.
- Representing the City of Logan through key investment and development industry forums.

Development Activities

investLogan development activities have continued over the financial year.

The York – Beenleigh

Located at 96-98 York Street, The York is the first new major commercial office building to be constructed in Beenleigh in the last decade.

A seven-storey development comprising 4,660 sqm of net lettable area, consisting of 173 sqm of retail, 478 sqm of Small Office Home Office (SOHO) and 4,009 sqm of office space, as well as two levels of underground car parking.

The SOHO apartments are designed to act as a business incubator, providing unique housing and

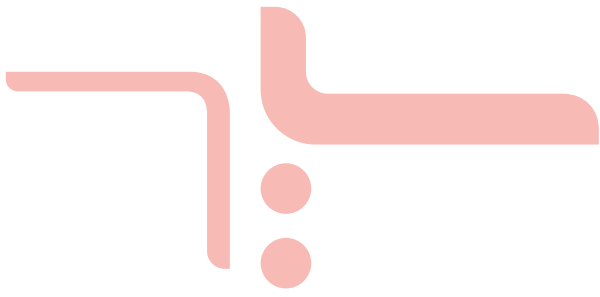
business premises in one product to help small business establish, grow and succeed.

The York was 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

The ideal employment location benefits from a short walk to Beenleigh's recreation heart and Train Station.



The York viewed from York Street



Current Status

Construction was completed in September 2021 and the office space is fully leased.

CBRE was engaged to manage the sale of The York, and an extensive national marketing campaign attracted several offers. investLogan agreed terms for the sale of The York to Australian Unity and settlement occurred on 25 February 2022.

Development Partners

investLogan, in partnership with Alder Developments, and sister company Alder Constructions committed to delivering an innovative new destination that will reinvigorate Beenleigh.

Economic Benefits

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

The delivery of The York, complete with a building façade that features murals based on designs from local artists, was catalytic for Beenleigh with Council undertaking significant upgrades to the adjacent John Lane and the Beenleigh City Centre.

Local streetscape has been enhanced with decorative pavement finishes, paved footpaths, and pedestrian crossings. The presence of The York, along with the streetscape improvements completed by Council will encourage outdoor dining and activate night time activities in the area.



Unveiling of The York in August 2021 by The City of Logan Mayor Darren Power and Division 12 Councillor Karen Murphy.



NDIS Housing – Marsden

The NDIS Housing Project in Marsden provides permanent, purpose-built homes for six Logan community members.

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

The dwellings are designed and constructed to the High Physical Support Specialty Disability Accommodation (SDA) Design Category, which incorporates a high level of physical access provision for people with significant physical impairment and requiring very high levels of support. investLogan has created community homes that support the tenants, not just physically, but by encouraging connection to the local community which will drive broader social and economic benefits.

Development Partners

Design, construction, and certification by BlueCHP, with Home in Place appointed to operate and manage the housing project.

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

Current Status

Practical completion was reached on 15 November 2021. The lease to Home in Place commenced on 19 November 2021. Home in Place are currently in the process of finding suitable tenants.

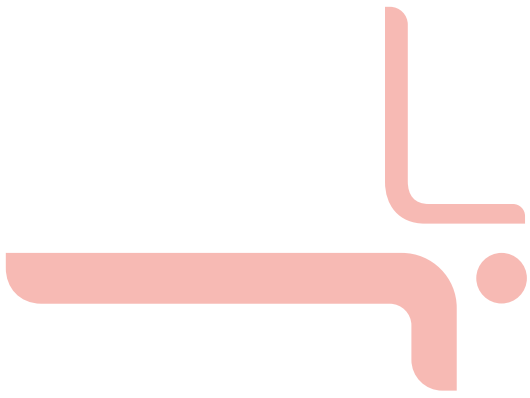
InvestLogan is considering a divestment strategy for this asset at the present time.

Economic Benefits

The NDIS Housing project created work for 18 sub-contractors and 22 individual workers during the construction phase of the project.



The NDIS high support home completed in November 2021



Mixed Business Units – Berrinba

The development, at Wayne Goss Drive, Berrinba comprised six mixed business 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.

Development Partners

The project was constructed by Lory Construction who specialises in the delivery of superior quality, cost efficient commercial and industrial projects.

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, or similar.

Current Status

Construction on the development is complete and all units sold with the last unit settling in December 2021.

Economic Benefits

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

All units are currently occupied by small and emerging businesses or entrepreneurs which serves to stimulate the local economy.



Mixed business units, Berrinba

Emerging Development Pipeline

investLogan is focused on establishing a future development pipeline to underpin the financial sustainability of the business and to deliver ongoing community benefits. Potential future projects include residential, mixed use commercial and short-term accommodation developments.

Short Term Accommodation

Logan City Council identified a branded short-term accommodation (STA) hotel in the City as an economic development priority – supporting the growth of local businesses and the city-wide events strategy. InvestLogan was asked by the Shareholder to independently explore and robustly test the viability of such a development.

Initial investigations confirmed demand for short term accommodation in the northern area of Logan (Springwood and Meadowbrook). Building on the demand case, investLogan engaged specialist consultants to complete further assessment and investigation to inform the Development Strategy moving forward. This will include:

- A masterplan for the proposed site.
- Confirming costs and finance options.
- Identification of the preferred development outcome.
- Divestment options.
- A risk management plan.
- A comprehensive project program.

To capture key hotel operator inputs to the commercial modelling and Development Strategy, the investLogan Board resolved to progress an expression of interest (EOI) for potential hotel operators.

A suitable site was identified and is now under contract with investLogan for the delivery of the STA project.

Subject to due diligence and Board approval potential construction is programed to commence in 2024.

In the event the STA project does not proceed there are other possible commercial uses that have been identified for the site.

Residential Development Sunningdale Avenue, Rochedale South

investLogan is well advanced with the planning and delivery of a boutique residential project within Rochedale South.

The project will support the delivery of seven homes of varied residential typology to contribute to the diversity of housing choices in this part of the City.

Governance

investLogan's role is defined by its Constitution.

Our Vision

investLogan is to be a leading and innovative entity returning benefits to Logan City through property development and sustainable investments that stimulate and enable the City's economic and social prosperity and wellbeing.

investLogan embraces good design across all aspects of enterprise to deliver better environments for the Logan community. We contribute to the City's economic growth and wealth and create social and community benefit, including through collaboration and partnerships.

Our Approach

investLogan has put in place a leading practice Corporate Governance framework for transparency, accountability and efficiency and to maintain integrity in all the activities we undertake.

Risk Management

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

Our risk and compliance protocols are essential to achieving our strategic objectives, and to appropriately considering both threats and opportunities, making informed decisions, managing compliance and mitigating risk.

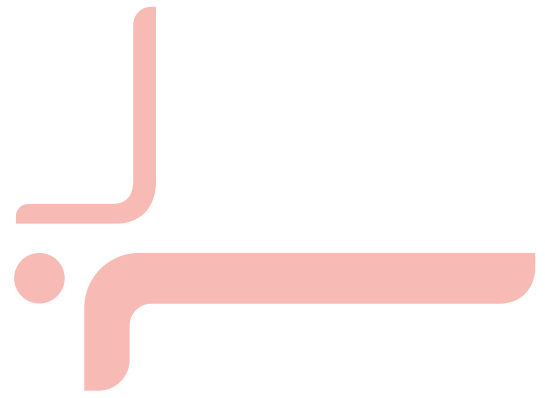
investLogan considers the following functions when examining project risks:

- 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.

Our Role

The investLogan Constitution establishes the specific objectives which determine the work we do. The objectives 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 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 is established under, and is governed by the:

- 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, as appropriate, relevant Australian Standards, Legislation and other best practice processes and procedures and strives to achieve:

- 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 been subject to independent legal review and audits.

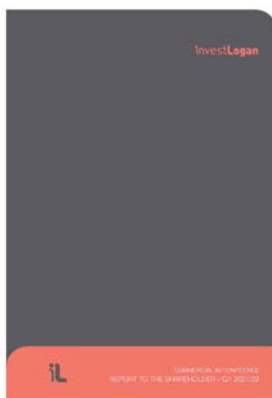
Quarterly Shareholder Activities Reports

investLogan produces Quarterly Reports for the Shareholder.

The Shareholder requires Quarterly Reports to facilitate constructive review 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 2021-2022, Logan City Council was provided with four Shareholder Activities Reports.

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.



Annual Financial Statements

The Directors present their report together with the financial statements of Invest Logan Pty Ltd (the Company) for the financial year ended 30 June 2022.

investLogan

**ANNUAL
FINANCIAL
STATEMENTS
2022**

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

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 2022 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 Brendan O'Farrell (appointed 1 March 2022)

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 2022 was a net profit of \$3,242,320 (2021 loss: \$1,398,155).

The main sources of revenue were sales of development property, share of profit of equity-accounted joint venture, fair value gains on investment properties and rent generated from investment properties.

Review of operations

The following activities 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 commenced in May 2020 with the \$33.52 million sale to Australian Unity settling on 25 February 2022;

- Construction of social disability housing at 21-23 Brandon Street, Marsden commenced in March 2021 and was 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). All remaining units were sold and settled during the year ended 30 June 2022.

Other projects in the pipeline include:

- a commercial development;
- a short term accommodation development;
- a residential project;
- a child care related project;
- a residential apartment project; and
- an industrial development.

COVID-19 had minimal adverse impact on the Company's operations in the year ended 30 June 2022. 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.

Significant change in state of affairs

There were no significant changes in the Company's state of affairs during the financial year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

Likely developments

Over the next 12 months, the Company expects to:

- dispose of one or more properties;
- settle four properties that were under contract at 30 June 2022 (refer subsequent events below);
- acquire properties for future development;
- acquire properties for immediate development; and
- continue to advance feasibility studies on pipeline projects 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 22 July 2022, the Company completed the acquisition of 8 Cinderella Drive, Springwood for a purchase price of \$4.5 million. This purchase has been funded by a drawdown from the property investment and development (CAPEX facility) provided by Logan City Council. Refer Note 23 for further details.

At 30 June 2022, the Company had a conditional contract to acquire a development site consisting of 3 properties in Springwood. This contract became unconditional in July 2022, with settlement expected to occur on 29 August 2022. This will be funded from existing cash reserves and/or new borrowings.

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 2022 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
Brendan O'Farrell	1	2

A Number of meetings attended

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

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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

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: 25 August 2022

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 2022, 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.



25 August 2022

David Adams
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 2022

	Note	2022 \$	2021 \$
Revenue			
Development sales	2	1,560,000	1,820,000
Rental income	2	254,504	144,553
Interest income	2	8,523	45,112
Gain on sale of investment property	3	-	22,255
Fair value gain on investment property	14	-	237,861
Share of profit of equity-accounted joint venture	16	5,704,761	-
Other income		212,287	14,444
Total income		7,740,075	2,284,225
Expenses			
Fair value loss on investment property	14	236,891	-
Development cost of goods sold	4	1,255,878	1,350,485
Rental property costs	5	86,616	81,617
Operating expenses	6	919,720	562,110
Employee benefits and costs	7	1,496,633	1,207,022
Feasibility costs		86,279	69,520
Finance costs	8	48,320	41,448
Depreciation and amortisation	9	367,418	370,178
Total expenses		4,497,755	3,682,380
Profit/(loss) for the year		3,242,320	(1,398,155)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		3,242,320	(1,398,155)

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
Assets			
Current Assets			
Cash and cash equivalents	10	3,705,063	6,227,732
Trade and other receivables	11	255,935	12,325,542
Inventory	12	-	1,135,796
Prepayments		54,539	44,958
		4,015,537	19,734,028
Non-Current Assets			
Investment property	14	4,650,000	3,452,359
Investment in joint venture	16	-	2,267,201
Property, plant and equipment	17	360,576	723,683
Investment in subsidiaries		-	10
		5,010,576	6,443,253
Total Assets		9,026,113	26,177,281
Liabilities			
Current Liabilities			
Trade and other payables	18	364,376	456,970
Employee benefits provisions	19	59,223	58,379
Lease liabilities	20	325,216	309,309
Loans and borrowings	21	2,607,714	21,667,777
		3,356,529	22,492,435
Non-Current Liabilities			
Lease liabilities	20	-	325,216
Loans and borrowings	21	2,444,841	3,377,207
		2,444,841	3,702,423
Total Liabilities		5,801,370	26,194,858
Net Assets/(Liabilities)		3,224,743	(17,577)
Equity			
Share capital	22	8,166,206	8,166,206
Accumulated losses		(4,941,463)	(8,183,783)
Total Equity/(Deficit)		3,224,743	(17,577)

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Share capital \$	Accumulated losses \$	Total \$
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	8,166,206	(8,183,783)	(17,577)
Balance as at 1 July 2021	8,166,206	(8,183,783)	(17,577)
Profit for the year	-	3,242,320	3,242,320
Other comprehensive income for the year	-	-	-
Balance as at 30 June 2022	8,166,206	(4,941,463)	3,224,743

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$
Cash flows used in operating activities		
Receipts from customers	2,098,411	2,665,152
Payments to suppliers and employees	(2,993,567)	(3,792,184)
Interest received	46,847	14,233
Net cash used in operating activities	(848,309)	(1,112,799)
Cash flows from/(used in) investing activities		
Payments for inventory	(17,545)	(1,090,071)
Proceeds from sale of investment property	-	676,800
Payments for investment properties	(1,425,975)	(628,100)
Payment of deposit for property purchases	(226,000)	-
Receipts from joint venture	24,107,218	-
Payments to joint venture	(3,714,102)	(12,364,779)
Payments for property, plant and equipment	(4,311)	(2,128)
Net cash from/(used in) investing activities	18,719,285	(13,408,278)
Cash flows from/(used in) financing activities		
Interest paid on lease liabilities	(9,865)	(15,885)
Interest paid on loans and borrowings	(20,394)	(23,482)
Proceeds from issue of share capital	-	617,000
Repayments of lease liabilities	(309,309)	(294,316)
Proceeds from loans and borrowings	6,469,866	19,286,815
Repayments of loans and borrowings	(26,523,943)	-
Net cash from/(used in) financing activities	(20,393,645)	19,570,132
Net increase/(decrease) in cash and cash equivalents held	(2,522,669)	5,049,055
Cash and cash equivalents at beginning of year	6,227,732	1,178,677
Cash and cash equivalents at end of year	3,705,063	6,227,732

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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 Level 2, 8 Cinderella Drive, Springwood Queensland 4127.

a. Basis of Preparation and Compliance

These financial statements are general purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the *Corporations Act 2001*. They have been prepared in accordance with *Australian Accounting Standards – Simplified Disclosures* made by the Australian Accounting Standards Board and the *Corporations Act 2001*.

These financial statements are the first general purpose financial statements prepared in accordance with *Australian Accounting Standards – Simplified Disclosures*. The Company does not have 'public accountability' as defined in *AASB 1053 Application of Tiers of Australian Accounting Standards* and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards.

In the prior year the financial statements were general purpose financial statements prepared in accordance with *Australian Accounting Standards – Reduced Disclosure Requirements*. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit and loss and other comprehensive income and cash flows of the Company as a result of the change in the basis of preparation.

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; carrying value of inventory; trade and other receivables; and incremental borrowing rate in lease liabilities.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1. Statement of significant accounting policies (continued)

c. New and revised accounting standards

The Company has initially adopted the following standard and amendments from 1 July 2021:

- *AASB1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities;*
- *AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.*

The above standard and amendments did not have any impact on the amounts recognized in the prior periods and are not expected to significantly affect the current or future periods. A number of other standards are also effective from 1 July 2021 but they are not expected to have a material impact on the Company's financial statements.

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.

While the Company made a profit in the current year, the Company's past 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 current year financial performance reflects the Directors confidence that the Company will generate profits and cash over the long term. In addition to the cash on hand from completion of developments during the year, 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 2022

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 the end of the reporting period is included as a receivable in the statement of financial position and rental income received 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 to the disposal of property referred to in Note 13.

	2022 \$	2021 \$
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 2022

6. Operating expenses

	Note	2022 \$	2021 \$
Board & governance costs		215,179	127,120
Insurance		25,690	17,369
IT & telecommunications		36,510	30,763
Marketing		64,855	52,427
Consultancy fees		280,529	43,342
Other administration		54,558	32,799
Legal fees		212,199	228,590
Audit fees	26	30,200	29,700
		<u>919,720</u>	<u>562,110</u>

7. Employee benefits and costs

		2022 \$	2021 \$
Salaries and wages (including leave benefits)		1,247,242	1,023,870
Superannuation (defined contribution plans)		104,346	72,047
Payroll tax		77,747	51,777
Recruitment		62,643	57,383
Other employee related expenses		4,655	1,945
		<u>1,496,633</u>	<u>1,207,022</u>

8. Finance costs

		2022 \$	2021 \$
Interest on lease liabilities		9,865	15,885
Interest on loans and borrowings		38,455	25,563
		<u>48,320</u>	<u>41,448</u>

9. Depreciation and amortisation

		2022 \$	2021 \$
Plant and equipment		120,211	120,878
Computer related equipment		4,602	6,695
Right-of-use asset		242,605	242,605
		<u>367,418</u>	<u>370,178</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

10. Cash and cash equivalents

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

	2022	2021
	\$	\$
Cash at bank	3,651,761	567,732
Cash at bank secured to CBA	53,302	660,000
Term deposit secured to ANZ	-	5,000,000
	3,705,063	6,227,732

The Company has \$53,302 (2021: \$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 ended 30 June 2021, 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 had a rolling one month term. Upon completion of construction in November 2021, the Company was released from the requirement to provide these funds as security, and the term deposit was closed. 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 2022 (2021: Nil). Refer to Note 25 for further details regarding financial assets.

	2022	2021
	\$	\$
Trade receivables	4,776	1,871
Receivable from joint venture	-	12,272,112
Interest receivable	2,728	41,052
Deposits paid on property purchases	226,000	-
Other receivables	22,431	10,507
	255,935	12,325,542

The receivable from joint venture was repaid during the year from the proceeds from the sale of 96-98 York Street, Beenleigh.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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.

	2022 \$	2021 \$
Opening balance	1,135,796	-
Additions at cost	17,545	2,435,633
Inventory sold	(1,153,341)	(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. An 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.

	2022 \$	2021 \$
Opening balance	-	651,254
Disposal	-	(651,254)
Closing balance	-	-

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 has adopted the fair value model for measuring investment properties. Refer Note 15 for further information on fair value.

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 2022, the Company reported a loss in fair value of investment property of \$236,891 (2021: gain of \$237,861).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

14. Investment property (continued)

The value of investment property is detailed below.

	2022 \$	2021 \$
Opening balance	3,452,359	2,610,949
Additions at cost	1,434,532	603,549
Net fair value gain/(loss)	(236,891)	237,861
Closing balance	4,650,000	3,452,359

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 Valuations Pty Ltd and Jones Lang LaSalle Advisory Services Pty Ltd.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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 the sale of the property was settled and proceeds were received on 25 February 2022.

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 2022, the Company's interest in the joint venture is \$Nil. Remaining cash retained by the joint venture is expected to be utilised to settle the expected payments required under a rental guarantee provided in respect of the sale of the property and other project related liabilities. This rental guarantee relates to the 2 year period from February 2022 to February 2024.

At 30 June 2021, the Company's interest in the joint venture was \$2,267,201 represented by the cost of the land of \$765,316 and contributions to the joint venture of \$1,501,885.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

17. Property, plant and equipment

Items of property, plant and equipment with a total value of less than \$1,000 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 profit or loss and other 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:				
Balance 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)
Balance at 30 June 2021	970,418	600,821	36,652	1,607,891
Accumulated depreciation:				
Balance 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)
Balance 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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

17. Property, plant and equipment (continued)

	Right-of-use asset \$	Plant & equipment \$	Computer related equipment \$	Total \$
Cost:				
Balance at 1 July 2021	970,418	600,821	36,652	1,607,891
Additions at cost	-	-	4,311	4,311
Disposals	-	-	(12,665)	(12,665)
Balance at 30 June 2022	970,418	600,821	28,298	1,599,537
Accumulated depreciation:				
Balance at 1 July 2021	484,547	370,751	28,910	884,208
Depreciation during period	242,605	120,211	4,602	367,418
Disposals	-	-	(12,665)	(12,665)
Balance at 30 June 2022	727,152	490,962	20,847	1,238,961
Carrying value at 30 June 2022	243,266	109,859	7,451	360,576

In July 2022, the right-of-use asset has been derecognised when this property was acquired by the Company. Refer Note 23 for further details.

18. Trade and other payables

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

	2022 \$	2021 \$
Accounts payable	137,975	304,045
Accrued expenditure	146,429	75,853
PAYG withholding	42,797	34,904
Superannuation liability	9,479	29,331
Unearned revenue	3,963	1,540
Security deposits	23,733	11,297
	364,376	456,970

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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 into 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 2022, no employees (2021: one employee) had a vested entitlement that was 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.

	2022 \$	2021 \$
Movement in provisions are as follows:		
Annual leave		
Opening balance	58,247	56,398
Amount provided for in the period	96,762	54,134
Amount paid in the period	(95,786)	(52,285)
Closing balance	59,223	58,247
Long service leave		
Opening balance	132	63,069
Amount provided for in the period	1,592	4,224
Amount paid in the period	(1,724)	(67,161)
Closing balance	-	132
This is represented in the statement of financial position as follows:		
Current liability	59,223	58,379

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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 – 30 June 2021	Lease payments \$	Finance charges \$	Net present value \$
Within 1 year	319,174	9,865	309,309
1 to 2 years	328,750	3,534	325,216
	<u>647,924</u>	<u>13,399</u>	<u>634,525</u>

Represented as:			\$
Current liability			309,309
Non-current liability			325,216
			<u>634,525</u>

Maturity analysis – 30 June 2022	Lease payments \$	Finance charges \$	Net present value \$
Within 1 year	<u>328,750</u>	<u>3,534</u>	<u>325,216</u>
Represented as:			\$
Current liability			<u>325,216</u>

At 30 June 2022, there was one year remaining of the initial lease term (2021: 2 years remaining). 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.

In July 2022, the lease liability has been derecognised when this property was acquired by the Company. Refer Note 23 for further details.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

21. Loans and borrowings

	2022 \$	2021 \$
Current liability – Logan City Council	2,607,714	9,454,252
Current liability – Bank loan	-	12,213,525
Total current liability	2,607,714	21,667,777
Non-current liability – Logan City Council	2,444,841	3,377,207
Total loans and borrowings	5,052,555	25,044,984

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 2022, the Company has drawn \$5,052,555 (2021: \$12,831,459) (including accrued interest) from the total facility.

Loan liabilities at 30 June 2022 relate to the properties at Main and Kent Streets, Beenleigh (with a term of 10 years) and the NDIS Housing in Marsden (maturing in December 2022).

The other loans which were outstanding at 30 June 2021 related to properties undergoing development at 96-98 York Street, Beenleigh (repaid in February 2022) and the industrial units in Berrinba (repaid in September 2021). The terms of those loans ranged from less than 12 months to less than two years.

At 30 June 2022, all outstanding loans have a variable interest rate of 0.93% (2021: 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 repaid 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 had a second ranked mortgage over 96-98 York Street, Beenleigh in favour of ANZ until that property was sold (refer further details below).

Bank loan (ANZ)

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 had taken security over the land and the development at 96-98 York Street, Beenleigh and Logan City Council had subordinated its security interest in the property to ANZ. The Company's joint venture partner, York Street Pty Ltd, was guarantor to the ANZ loan.

At 30 June 2021, the Company had drawn \$12,213,525 (including accrued interest) from the loan facility. The loan attracted a variable interest rate of BBSY plus 2%, calculated daily.

In February 2022, the outstanding amount of this loan of \$15,927,627 was fully repaid from settlement proceeds received from the sale of the property at 96-98 York Street, Beenleigh.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

22. Share capital

Share capital represents the cost of ordinary shares issued as equity and comprises 8,166,206 (2021: 8,166,206) \$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 on issue is:

	2022 \$	2021 \$
Opening balance	8,166,206	7,549,206
Issued during the year	-	617,000
Closing balance	8,166,206	8,166,206

23. Commitments

8 Cinderella Drive, Springwood

At 30 June 2022, the Company had an unconditional contract to purchase its principal place of business at 8 Cinderella Drive, Springwood for \$4.5 million (plus transaction costs). The purchase was settled on 22 July 2022. On settlement of this purchase the lease liability and right of use asset relating to this property were extinguished.

This purchase has been funded by a drawdown from the property investment and development (CAPEX facility) provided by Logan City Council. Refer Note 21 for more information on this facility.

96-98 York Street, Beenleigh

Under the joint venture agreement relating to the development of 96-98 York Street, Beenleigh, the Company and its joint venture partner each had obligations to contribute \$2.5 million. At 30 June 2022, the remaining commitment to the joint venture was Nil (2021: \$232,799).

At 30 June 2022, there are no other material commitments not already provided for in these financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

24. Contingent liabilities

Bank Guarantees	2022 \$	2021 \$
Department of Resources	-	602,001
PS Family Pty Ltd ATF	53,302	53,302
	53,302	655,303

At 30 June 2022, the Company has a facility with CBA to provide bank guarantees totaling up to \$53,302 (2021: \$660,000).

Under this facility a bank guarantee has been issued to the Company's landlord in respect of its lease of premises at 8 Cinderella Drive, Springwood. As detailed in Note 23 above, the Company has entered into an unconditional contract to purchase this property and as such, this guarantee will be cancelled upon settlement of that purchase.

The bank guarantee previously issued to the Department of Resources in relation to a volumetric term lease for 96-98 York Street, Beenleigh was cancelled when that property was sold in February 2022.

Rental Guarantee (96-98 York Street, Beenleigh)

A rental guarantee has been provided in respect of the sale of this property. The joint venture has retained cash to settle this liability as required. At 30 June 2022, the Company does not expect to incur any liability (in excess of the amount already provided by the joint venture) in respect of this guarantee.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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	2022 \$	2021 \$
Financial assets measured at amortised cost:			
Cash and cash equivalents	10	3,705,063	6,227,732
Trade and other receivables	11	29,935	12,325,542
Investment in subsidiary		-	10
Total financial assets		3,734,998	18,553,284
Financial liabilities measured at amortised cost:			
Trade and other payables	18	364,376	456,970
Lease liabilities	20	325,216	634,525
Loans and borrowings	21	5,052,555	25,044,984
Total financial liabilities		5,742,147	26,136,479

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 was measured at cost as it was not trading, hence fair value was 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 2022

25. Financial instruments (continued)

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets are held within a business model whose objective is to hold the financial assets and collect 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 cost 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 as 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:

	2022	2021
	\$	\$
Audit of the financial report by the Auditor General of Queensland	30,200	29,700

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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 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.

KMP compensation comprised short-term employee benefits and post-employment benefits.

	2022 \$	2021 \$
Total KMP compensation	560,807	528,838

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 the parent entity, Logan City Council:

	2022 \$	2021 \$
Expenditure		
Purchase of goods and services	52,743	85,812
Interest on borrowings	82,041	25,563
Cash Received		
Land sold to Logan City Council	-	680,000
Cash Paid		
Land purchased from Logan City Council	-	540,000
Loans		
Loan provided by Logan City Council	2,755,764	12,719,541
Loan repayments to Logan City Council	10,596,315	-
Capitalised interest on loans provided	61,647	111,918

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

28. Events after the reported period

On 22 July 2022, the Company completed the acquisition of 8 Cinderella Drive, Springwood for a purchase price of \$4.5 million (plus transaction costs). This purchase has been funded by a drawdown from the property investment and development (CAPEX facility) provided by Logan City Council. Refer Note 23 for further details.

At 30 June 2022, the Company had a conditional contract to acquire a development site consisting of 3 properties in Springwood. This contract became unconditional in July 2022, with settlement expected to occur on 29 August 2022. This will be funded from existing cash reserves and/or new borrowings.

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 2022 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with *Australian Accounting Standards – Simplified Disclosures* and the *Corporations Regulations 2001*; and
 - ii. giving a true and fair view of the Company's financial position as at 30 June 2022 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 25 August 2022

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 2022, 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 – Simplified Disclosures*.

The financial report comprises the statement of financial position as at 30 June 2022, 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 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 Invest Logan Pty Ltd directors report for the year ended 30 June 2022 but does not include the financial report and my auditor's report thereon.

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 – Simplified 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.

30 August 2022



D Adams
as delegate of the Auditor-General

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