ANNUAL REPORT

City of Brisbane Investment Corporation

CBIC

2013

Audited Results

FOREWORD

The City of Brisbane Investment Corporation (CBIC) has delivered another strong total return of 14.64% over the 2013 financial year. This achievement builds on the continued strong performance of positive returns since 2009, despite domestic and global economic volatility.

In particular, CBIC's property portfolio achieved strong growth in both income and capital value in the 2013 financial year. A large part of this total return is attributed to CBIC's strategic investment in commercial real estate over the last few years.

CBIC outperformed the average total return of other direct property investment funds in Australia, which achieved 9.1% (The Property Council / Independent Property Databank, Australian All Property Index, 30 June 2013) in the same period.

The benefit of CBIC's return has also provided Brisbane City Council with a $6 million dividend, which was paid at the end of the 2013 financial year. This was used to deliver more services to the residents of Brisbane.

CBIC will underpin its future returns by continuing to invest in commercial property. The current property portfolio includes a mix of office and industrial properties.

The independent Board and senior management team continue to maintain a strict corporate governance framework to ensure the company builds on its investments in a measured way, and ensuring full optimisation of its funds in the current economic environment.

I support this management approach, and commend the Board for the results they have achieved in the 2013 financial period and I look forward to CBIC continuing with its success and its ongoing contribution to the future economic benefit and growth of Brisbane.

The Right Honourable,
the Lord Mayor of Brisbane,
Councillor Graham Quirk

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CHAIRMAN'S REPORT

The City of Brisbane Investment Corporation (CBIC) has continued to build on its solid foundation of strong returns achieved in the last few years, by posting a total return of 14.64% in 2013, with a net profit of $28.4 million.

The 14.64% return adds to CBIC's consistent history of positive returns, being 10.04% in 2011/12, 12.48% in 2010/11 and 24.76% (including BAC share sale) in 2009/10.

CBIC's 14.64% total return has exceeded its long term investment benchmark by 6.74%; where the upper level of the benchmark equalled 7.9% in 2013 (i.e. CPI at 2.4% plus 5.5% margin). Given this strong return, the Board elected to pay Brisbane City Council a dividend of $6 million on 28 June 2013.

CBIC has also outperformed a number of comparable property based investment funds in the 2013 financial year.

According to The Property Council / Independent Property Databank's (IPD) Australian All Property Index for the 2013 financial year, the average total return of participating direct property investment funds in Australia was 9.1%. On this basis CBIC's total return outperformed the average by approximately 5.5%.

CBIC's strategy to predominantly invest in commercial property investments has provided continued strong income and capital growth in this time.

The Board continues to favour commercial real estate investments in the current economic environment, in a market where business sentiment still remains subdued and economic returns for other asset classes has only recently shown signs of recovery.

CBIC's net assets reached approximately $216.4 million. This includes a property portfolio valued at $192.8 million, a cash component of $16.7 million, receivables of $858,000, equities at $13.7 million, other assets at $14.2 million, less liabilities of approximately $22 million. Cash performed steadily despite RBA cash rate reductions over the year. Whilst CBIC's equities investment under performed its return benchmark, achieving 1.99% for the year, further growth into 2013/14 is expected based upon the fund managers portfolio strategy.

The 2013 financial year also saw the completion of CBIC's flagship office development, being the 5 star green star designed and 5 star NABERS targeted, 15 storey office building, located at 15 Green Square Close, Fortitude Valley. Final tenant commitments for the remaining office area were achieved in May 2013. This asset has provided CBIC with a majority of its fair value gain on balance sheet and is a good example of best practice in design and configuration for newly constructed office buildings within Brisbane.

As part of the Board's annual strategic review of asset holdings and future direction of the company, a decision was made to sell the

157 Ann St, Brisbane office building, which will allow CBIC to reconfigure the current property portfolio and recycle the capital to ensure optimisation of its current and proposed investments in the medium term.

At the time of writing this annual report, an offer to sell the 157 Ann St asset was received and subsequently accepted by the Board. The building sale post-dates events that occurred up to and after the completion of the annual external audit of CBIC's financial accounts.

This strategy provides a good example of CBIC recycling its capital (where appropriate) to fund new projects and ensure its assets are fully optimised, with the key objective of providing strong, long term growth in assets held.

To support this long term strategy, the Board also elected to secure a loan facility towards the end of the 2013 financial year. The market reduction in the cost of debt, coupled with the next phase of planned growth for CBIC supported this strategic decision to secure a loan facility. In the first instance an $18 million facility was secured, which has been partially drawn upon to fund CBIC's projects.

One of these projects includes a new office development located at 41 O'Connell Tce, Bowen Hills. This development will accommodate the Legacy Way tunnel control centre with the balance vacant office area (approximately 5,000sqm net lettable area) being available for lease.

This development is a joint initiative between Brisbane City Council and CBIC, where a surplus land parcel remained after the completion of the Clem 7 tunnel project, and the newly constructed office development, which now maximises the site's utility and value.

This development will provide a long term capital benefit to CBIC and the residents of Brisbane, whilst meeting operational accommodation needs of the Legacy Way infrastructure project.

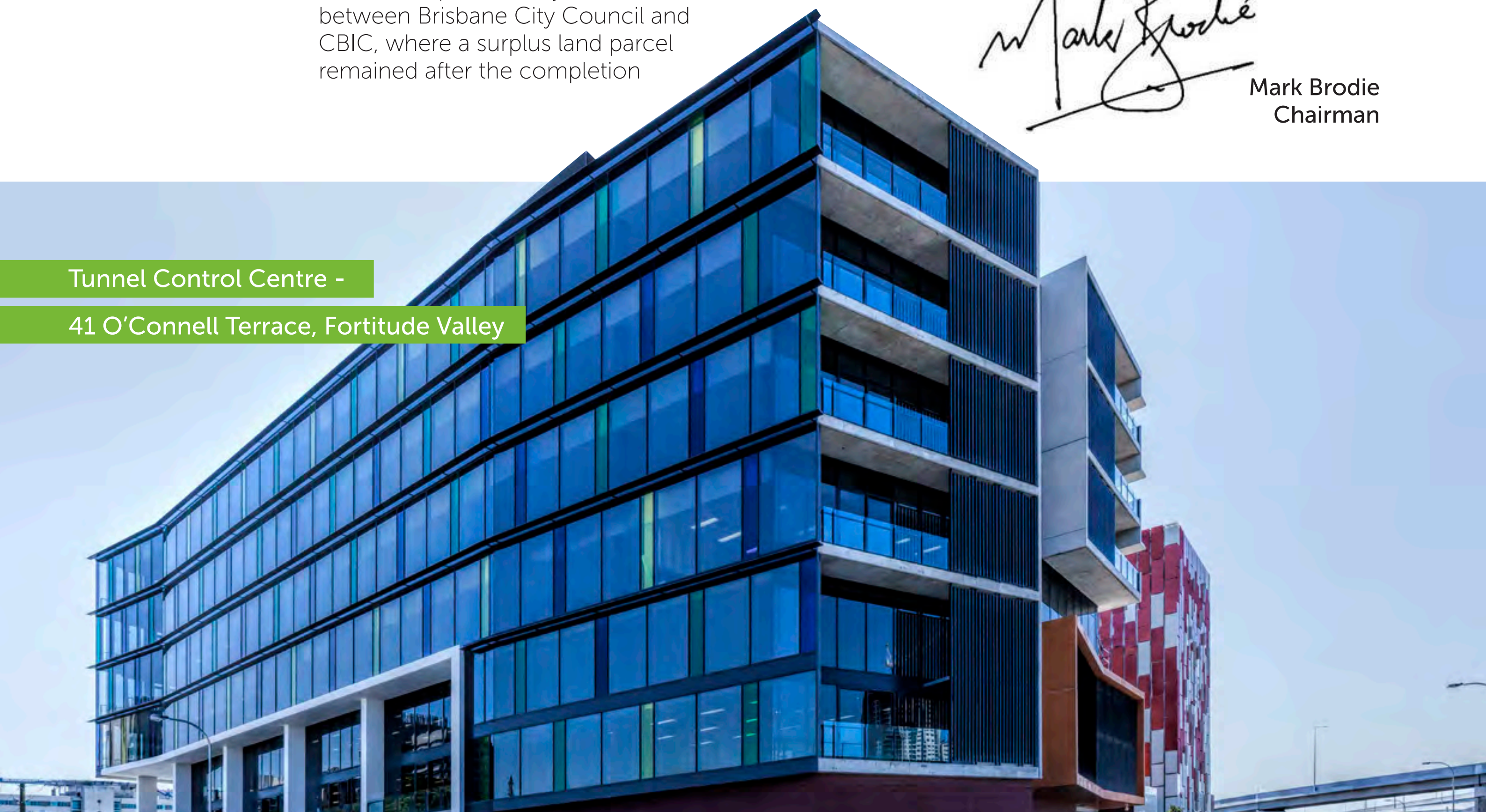
CBIC will look to grow its existing investments with further projects and other investment opportunities available in the current market. As mentioned in the prior year's annual report, CBIC may bring in strategic partners to further develop and grow investment opportunities in each asset class. Adopting this investment framework for CBIC will continue to provide strong returns for the residents of Brisbane.

I would like to acknowledge and thank my fellow Board Members for their service and contribution throughout the year.

On behalf of the Board, I also extend our thanks to the small team of dedicated people at CBIC, led by our CEO, Mark Mazurkiewicz.

Finally, I would also like to recognise the encouragement and support we have received from our stakeholders under the leadership of The Right Honourable, The Lord Mayor of Brisbane, Councillor Graham Quirk. We look forward to continuing to grow the net asset base of the Corporation and in doing so, delivering continued strong returns for the city of Brisbane.

Mark Brodie
Chairman



Tunnel Control Centre -
41 O'Connell Terrace, Fortitude Valley

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OPERATIONAL REPORT

2.1 OVERVIEW

CBIC has continued on its strong growth path by recording 14.64% in the 2013 financial year. This was despite the continued instability across the domestic and global economies at the time.

CBIC's strategy of investing its funds into quality commercial property assets in the last three financial years has seen strong fair value gains, good income growth and a balanced real estate portfolio with quality tenant commitments.

More specifically, the major highlights of the 2013 financial year include:

- Completing the office development at 15 Green Square Close, Fortitude Valley, with all office areas leased to quality tenants and only 260sqm of ground floor retail area remaining vacant out of the total building net lettable area of 16,616sqm;
- Maintaining strong capital growth across the property portfolio, including the joint initiative to develop 41 O'Connell Tce, Bowen Hills; which was previously a surplus land parcel;
- Securing a debt facility in a low cost environment, which will ensure CBIC's long term growth and investment strategy is maintained; and
- Committing to optimising investments through disposal of assets, where appropriate. This will also allow CBIC to meet its long term growth strategy.

CBIC's net profit was recorded at $28.4 million, equating to a total net return on investment of 14.64%. This year's return builds on the previous returns of 10.04% in 2011/12, 12.48% in 2010/11 and 11.8% (excluding BAC share sale) in 2009/10, respectively.

CBIC has continued to invest in commercial property projects during 2012/13, which reduced the company's investment in cash and term deposit facilities. The reduction in cash funds provided maximum opportunity cost benefit, by achieving superior returns in real estate.

The real estate portfolio provided strong market value uplift, achieving an annualised total return of 20.47% for the 2013 financial year. This compares favourably against its benchmark of 9.1% (The Property Council / Independent Property Databank, Australian All Property Index, 30 June 2013).

CBIC's domestic equity portfolio performed poorly in 2012/13 showing a return of 1.99%. The domestic equities benchmark for CBIC is the S&P ASX 200 Accumulation Index, which achieved 22.75%.

CBIC's investment in the All Star Independent Asset Management (All Star IAM) fund underperformed in the period, however, IAM's fund manager has forecast a recovery in the portfolio of shares selected, which is expected to strengthen CBIC's equities return in the future.

Further details on CBIC's results and financial position at 30 June 2013 are highlighted below.

2.2 OPERATING RESULT

Of the $33.6 million in total income generated, CBIC recorded a net comprehensive income of $28.4 million for the year ended 30 June 2013.

The total comprehensive income of $28.4 million takes into consideration the unrealised fair value loss of ($170,000) in the equities investment, thereby equating to a 14.64% net return on shareholder's equity.

This is a strong result compared to other property based investments and in an economic cycle where investments returns are still in a recovery cycle.

CBIC's net return on investment for the year was 14.64%

Key drivers underlying the operating profit were as follows:

- Fair Value increases in the commercial property portfolio, including:
    - 15 Green Square Close, Fortitude Valley (Green Square) office development;
    - South Regional Business Centre (SRBC) office building at 641 Fairfield Rd, Yeerongpilly;
    - Rivergate Shipyard, Murarrie (Rivergate), which is a specialised industrial asset; and
    - 112 Cullen Avenue, Eagle Farm (Eagle Farm) which is a near city industrial property.
- Strong rental income returns being maintained for the commercial property portfolio, which were underpinned by quality tenants.
- Achieving strong returns on term deposits with the major banks and their subsidiaries, for available cash funds.
- Continued effective cost control of business operations, which resulted in low overheads relative to the total funds being invested and managed.

Approximately 7% of CBIC's investments were in cash as at 30 June 2013, with a value of $16.7 million ($45 million in 2012). The reduction in cash funds occurred over the year to predominantly meet construction costs and tenant fit out incentive payments for the project at 15 Green Square Close, Fortitude Valley.

REVIEW OF RESULTS

Details of CBIC's comprehensive income for the year ended 30 June 2013 and the prior financial year are:

COMPREHENSIVE INCOME	2013 $'000	2012 $'000
Interest	1,164	2,677
Net rent	11,727	8,618
Equity distributions	401	1,162
Fair value gains on property assets*	20,060*	17,423*
Gain on sale of investments	0	329
Fair value gain on equity investments (unrealised)	(17)	(8,385)
Other Income	268	49
EXPENSES		
General and administration	1,336	514
Commercial buildings	2,894	1,997
Employment costs	592	349
Managed equity fund fees	92	338
Directors' fees	280	242
TOTAL EXPENSES	**5,195**	**3,440**
TOTAL COMPREHENSIVE INCOME	**28,407**	**18,433**

Source: CBIC Audited Profit and Loss Statement for the year ended 30 June 2013
** Fair value gain on investment property assets*

Based on the information outlined in the above table, interest income was derived from term deposits and the QTC Capital Guaranteed Cash Fund. The weighted average return on cash investments in term deposits was 5.05% in the 2013 financial year (5.59% in 2012), with approximately 7% of CBIC's assets being cash and cash equivalents at 30 June 2013. The total return on cash investment, including QTC deposits was 4.10%.

Cash balances were fully invested in term deposits at all times during the year ensuring the maximum yield was achieved. The total interest earnings of $815,000 from Term Deposits were invested in accordance with CBIC's Investment Policy requirements (i.e. only investing in A- credit rated financial institutions and other specific financial investment criteria). A minimum $5 million in cash reserves was maintained on average throughout the financial year.

A net fair value gain of $20.06 million was achieved on CBIC's property assets in 2013, with a majority of this increase accounted for by the Green Square office building. The remaining capital value increases were achieved across three other property investments, being $630,000 for SRBC, $320,000 for Eagle Farm, and $600,000 for the Rivergate asset. This was offset by a reduction in fair value of ($540,000) for Wacol, which was as a result of tenant incentives being recorded in the period. 157 Ann St recorded ($3.57) million, based on a revaluation of the asset as at 30 June 2013.

CBIC's equities fund investment generated an income return of $401,000 during the year, with an unrealised market value loss on the share portfolio of ($170,000) as at 30 June 2013. The total annual return of 1.99% for CBIC's equities investment was at the lower end of the total returns scale for managed funds, however, this return is noted by the fund manager as a reflection of the continued domestic and global economic instability over the period.

CBIC's assets continue to be assessed and accounted for based on fair value methodology. Operating expenses continued to be tightly controlled during the year, with CBIC maintaining use of Council's preferred supplier arrangements and, where appropriate, CBIC running its own procurement processes.

2.3 DIVIDEND

A dividend of $6 million was paid to Brisbane City Council in the 2013 financial year ($10 million was paid in the 2012 financial year). Since the inception of CBIC in mid-2008, a total amount of $25 million in dividends has been paid to Brisbane City Council.

2.4 NET ASSETS

Over the 12 months to 30 June 2013, CBIC's net assets increased to $216.4 million from $193.9 million at 30 June 2012. This increase of $22.4 million represents an 11.55% growth in net assets over the 12 month period.

The main contributor to this asset growth was derived from the completed Green Square office project, and further supported by property income growth and continued strong cash returns earned on deposits. Since 30 June 2009 the fund's net assets have grown by $78.9 million or 57.38% (see below table), which excludes $25 million in dividends paid to Brisbane City Council in that time.

As part of the company's growth strategy CBIC entered into a loan agreement with Westpac for $18 million, which was established on 28 June 2013 for a three year term. The facility is secured by a first registered mortgage over one of the company's property assets. The loan was obtained to facilitate CBIC's commitment to fund identified projects in the company's current business plan.

BALANCE SHEET	2013 $ million	2012 $ million	2011 $ million	2010 $ million	2009 $million
Total assets	238.4	197.5	184.3	169.7	137.6
Total liabilities	(22.0)	(3.6)	(0.7)	(1.1)	(0.1)
Net assets*	216.4	193.9	183.6	168.6	137.5
TOTAL NET ASSESTS	222.4	203.9	189.6	171.6	137.5
Annual dividends	6.0	10.0	6.0	3.0	-

** Note: Net Assets exclude annual dividend payments*

Source: CBIC Audited Balance Sheet 30 June 2013

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INVESTMENT SUMMARY

3.1 OVERVIEW

CBIC's long term investment return benchmark, which is CPI plus 4.5% to 5.5%, has been consistently exceeded over the last four years. According to the Australian Bureau of Statistics, the Australian headline CPI rate for the 2013 financial year was 2.4%; therefore CBIC's total return of 14.64% in the 2013 financial year achieved 6.74% above the upper range of the benchmark, which equated to 7.9%.
CBIC's asset mix has significantly altered since the completion of the Green Square project. The table below identifies the nominal percentage change in asset mix between 30 June 2013 and the prior year.

The total annualised return on property for the 2013 financial year was 20.47% compared to 22.61% in 2012. Whilst the percentage increase is not as high in the 2013 year, the actual total return value was higher at $20.06 million versus $17.43 million in 2012. The continued strong annualised total return for CBIC's property assets have been supported by the following elements:

- a 32% capital value uplift for Green Square;
- continued steady rental income yields being achieved across the portfolio; and

CBIC ASSET MIX %	2013 %	2012 %	% INCREASE (DECREASE) SINCE 2012
Equities	5.8	7.0	(1.2)
Property	81.2	67.0	14.2
Cash	7.0	24.0	(17.0)
Other Capital Items	6.0	2.0	4.0

As identified in the table above, and earlier in the report, the largest percentage increase in CBIC's Asset Mix since 30 June 2012 was property. This includes the fair value gains achieved in 2013, with Green Square being the largest contributor to these gains in this asset class.

With respect to the other Asset classes, the weighted interest returns on cash investments averaged 4.10% which compares favourably with its benchmark, the UBSA Bank Bill Index, which averaged 3.28% for 2013.

The rental yield on the property portfolio (after amortisation of incentives) maintained a strong annualised rate of approximately 4.3% for the year (7.4% in 2012). This value is less than the previous year due to Green Square being under construction (costing $40.5M in 2013) and not providing a rental return during the 2013 financial year.

The total annualised return on property was a strong 20.47%

- long term lease commitments from CBIC's tenants, which have maintained a strong weighted average lease expiry profile (WALE) for each property.

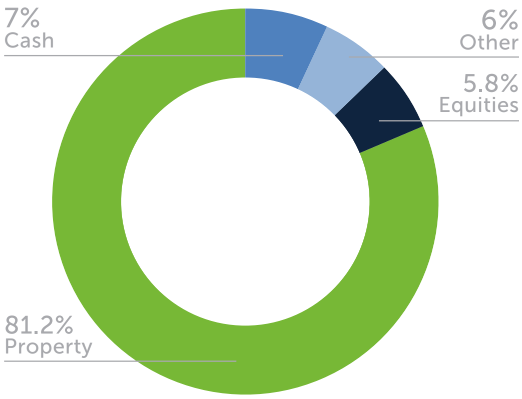
The CBIC annualised total property return of 20.47% far exceeded the Property Council / IPD Australian All Property Fund Index benchmark of 9.1% for the year to 30 June 2013.

CBIC's equities fund investment yielded approximately $401,000 in distributions during the year, which represents a 2.93% income return on this investment. The total return on CBIC's equities investment (i.e. inclusive of capital and income distributions) achieved 1.99% for the 2013 financial year. The IAM Allstar fund manager has indicated that as global economic conditions improve in the share market over the next 12 months, the performance of CBIC's investment, which is heavily weighted in domestic mining materials and energy stocks, will improve accordingly.

3.2 ASSET ALLOCATION

CBIC's Asset Allocation as at 30 June 2013 is depicted graphically as follows:

CBIC Asset Allocation - Year End 2012/13 (Current)



As identified earlier in the report, the majority of CBIC's assets are allocated in commercial property at 81.2%, followed by cash and 'other' assets, which are 7% and 6%, respectively. The remaining 5.8% of CBIC's Assets are allocated in domestic equities.

CBIC's significant cash funds held in 2012 have been channelled into its property assets, with the largest component being utilised to finish the Green Square office building construction. The significant increase in property assets held, as a proportion of other assets can be attributed to the total fair value of the property portfolio, increasing from 67% in 2012 to 81.2% in 2013.

The "Other" asset category at 6% comprises lease incentive assets, which are amortised over the respective lease periods for each property. CBIC's total net assets, by asset class and their respective fair values, are outlined in the table below.

ASSET CLASS	FAIR VALUE 2013 $ MILLION	FAIR VALUE 2012 $ MILLION	INCREASE/(DECREASE) $ MILLION
Australian Equities*	13.7	13.8	-0.1
Property	192.8	131.6	61.2
Cash	16.7	45.8	-29.1
Receivables and Other	15.1	6.3	8.75
Total Assets	**238.4**	**197.5**	40.9
Total Liabilities	-22	-3.6	-18.4
Total Net Assets	**216.4**	**193.9**	22.4

** Net of management fees.*

3.3 CASH

CBIC continued to invest in term deposits through the first half of the 2013 financial year. These investments were made with major Australian banks and where appropriate, their subsidiaries. In the second half of the financial year, these cash funds were utilised to finish the construction of Green Square and pay committed tenant incentives across the property portfolio, as per agreed terms of each new lease.

At 30 June 2013, the amount held as cash totalled approximately $16.7 million.

Term deposit returns of 4.10% significantly outperformed the UBSA Bank Bill Index of 3.28%.

In accordance with the liquidity policy an average balance of $5.0 million was retained with the QTC Cash Fund (24 Hour Call) throughout the financial year.

Average cash fund returns for the financial year were 4.10% resulting in an out performance of 82 basis points or almost 25% over the annual average rate of its benchmark, the UBSA Bank Bill Index at 3.28%.

The CBIC Management team has maintained a strong focus on cash flow management, with close scrutiny provided by the Board's Committees on a regular basis. This prudent risk management approach has ensured that the correct provisioning and timing of cash flows have been maintained over the 2013 financial year, particularly in meeting CBIC's financial obligations to its clients and the finalisation of the construction project at Green Square.

3.4 PROPERTY

3.4.1 Cullen Avenue, Eagle Farm

The Cullen Ave, Eagle Farm industrial building is 11,855 square metres in area, and situated on 20,080 square metres of general industrial land. Council formally took up its initial occupancy of approximately 5,800 square metres in late June 2012, on a 10 year lease commitment.

Council fitted out its premises to accommodate the organisation's file storage and inner city logistics / warehouse functions in late 2012.

These fit out works, accompanied by Landlord improvements have enhanced the building's functionality and market value, accordingly.

Recently the QLD Government elected to vacate their premises at this location, which has now been taken up by Freedom Fuels on a new five year lease. Freedom Fuels were in existence in two other tenancy areas on site, however, chose to take up the former QLD Government tenancy areas to accommodate a change in business needs and consolidate existing tenancy areas into one. This has created a vacancy of approximately 1,400sqm for the time being, representing approximately 12% of the building's total area.

Hungry Jacks and Plastral have maintained their current occupancy on site. The current WALE of the building is approximately 5.4 years, supported by a solid income stream and total return to the balance of CBIC's investment property portfolio.

It is anticipated that the vacant units will be tenanted prior to the end of the 2014 financial year.

3.4.2 157 Ann Street, Brisbane

157 Ann Street, Brisbane has provided CBIC with another year of strong income return for the 2013 financial period. From a capital perspective, a fair value decrease was recorded against this asset, taking into consideration the accounting treatment of lease incentives, coupled with a market revaluation of the building in the current economic environment.

The building's fair value remained at $38 million, with a strong net rental yield of approximately 10.4% before incentives and 8.3% after taking into consideration tenant incentives for the financial year.

The building remains fully leased at this time and has a WALE of approximately 6 years at 30 June 2013.

As mentioned earlier in the report the Board has elected to sell this asset to maintain full optimisation of the current portfolio and also provide further capital to invest in other identified projects in the company's business plan.

At the time of writing this report an offer to sell the building for $39 million was accepted by the Board with settlement taking place at the end of September 2013. The 157 Ann Street property was purchased initially for $21.5 million (plus statutory charges) in August 2009.

3.4.3 Rivergate Shipyard, Murarrie

The Rivergate Shipyard and associated buildings continue to provide a strong income support to CBIC's property portfolio.

This asset provides a long term income stream underpinned by Council's lease and at the same time supports CBIC's strategy to maintain good quality commercial property investments, secured by long term leases across the portfolio.

The majority of the property is leased to Brisbane City Council until early 2041, which provides a high WALE value for the asset and the property portfolio as a whole.

The primary function of the lease to Council is to accommodate the CityCat ferries, including the maintenance of these vessels at this location.

3.4.4 South Regional Business Centre, Yeerongpilly

The South Regional Business Centre (SRBC) office building is a good example of CBIC investing in buildings that provide environmentally sustainable designs and best practice for office accommodation.

The 4,198sqm office building was completed in June 2012 and accommodates Council's SRBC. This office building offers an improved standard of accommodation for staff coupled with best practice facilities.

This is supported by the larger floor plates of approximately 1,500sqm and the five star NABERS commitment and five star Greenstar rating achieved for the building.

On the strength of these fundamentals, coupled with the QLD Government's proposed plans to allow further development on the neighbouring sites, the building is well positioned to maintain strong capital value in the future, notwithstanding market conditions.

3.4.5 15 Green Square Close, Fortitude Valley

The office development at Green Square was completed at the end of the 2013 financial year. It consists of 15 storeys, 11 storeys of office, ground floor and three levels of basement parking for 153 cars.

The development has a total net lettable area of 16,616sqm, including approximately 350sqm of ground floor retail.

The building features include targeted five star NABERS and five star GreenStar design, with end of trip facilities that have 171 bike racks and associated lockers on the ground floor level.

The building's office levels were fully committed by May 2013 and only approximately 260sqm of ground floor retail remains vacant at 30 June 2013.

The key tenants occupying the building include Queensland Urban Utilities, Optus, Regus and Oil Search.

The building's strong lease covenants, tenant profile and design features have resulted in a building valuation of $98.5 million for this asset.

This asset has provided CBIC with a fair value gain of approximately $22.4 million (before taking into consideration other asset fair values) in the 2013 financial year. Green Square accounts for approximately 50% of CBIC's total property portfolio value and is anticipated to provide further capital gain benefits for CBIC's portfolio, as property market conditions improve for this level of quality commercial asset.

3.4.6 Industrial Avenue, Wacol

In November 2011 CBIC acquired an industrial property located at 16 Industrial Avenue, Wacol.

The site was acquired with vacant possession and includes a total land area of 21,743 square metres with a warehouse of 5,034 square metres, located on the front section of the site. Brisbane City Council entered into a lease for 10 years for the warehouse and approximately 5,000 square metres of perimeter hardstand from mid June 2012.

This facility accommodates Council's fleet maintenance and operations units, with the remaining vacant land parcel allowing further development of another warehouse and hardstand area up to 8,000 square metres, combined.

CBIC has maintained the vacant land parcel at the rear; with a view to further develop the land when market timing provides for this opportunity.

This acquisition provides a further example of how CBIC is able to add value to its property portfolio, by strategically acquiring a quality asset and meeting Council's accommodations needs at the same time.

3.5 EQUITIES

3.5.1 Equities Investments

CBIC invested $50 million in equities in 2009. $30 million was invested in Australian Unity Investments, Platypus Australian Equities Trust (Platypus) in August 2009 and $20 million in the All Star IAM Australian Share Fund (All Star IAM) in December 2009. The Australian Unity Investment Share funds were sold in the 2012 financial year resulting in a gain of $329k. The performance of the remaining managed equity fund, which is held with All Star IAM, for 2012/13, listed in the table above.

PERFORMANCE	ALL STAR IAM* 2012/13	ALL STAR IAM* 2011/12
Benchmark return #	22.75%	(6.71%)
Actual return	1.99%	(25.50%)
Outperformance over Benchmark	(20.76%)	(18.79%)
Benchmark	S&P ASX 200 Accumulation Index	

**Source: All Star IAM annual returns inclusive of distributions*

 # Benchmark return is calculated on CBIC's holding term.

Whilst CBIC's equities portfolio has underperformed for the past two financial years, historically on average it has outperformed its benchmark index (i.e. S&P ASX200 Accumulation Index).

The market values of the units held with All Star IAM have continued to be affected by market volatility and performance in the broader domestic and global economies. The continued economic volatility in the 2013 financial year, despite a late recovery in the benchmark index, has seen CBIC's equities investment achieve a return of 1.99% at 30 June 2013.

At 30 June 2013, the managed equity fund was collectively valued at $13.87 million ($13.88 million in 2012), net of investment management fees, with income distributions for the year totalling $401,000 ($1.16 million in 2012).

As with all long term investments, and in accordance with CBIC's investment policy, the equities fund performance should be assessed over a longer period (i.e. 7-10 years), to assess its true performance and how it meets CBIC's long term investment expectations.

The fund manager from All Star IAM has advised that as consumer confidence returns and the market performance for resource materials and energy sector shares improves, CBIC's investment is expected to outperform.

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OUTLOOK

CBIC has performed well above its operating and total return benchmarks in the 2013 financial year, with the company's outlook remaining very positive. The company's growth and performance has been underpinned by the completion of its largest development project since inception, as well as identifying future investment opportunities that will maintain strong asset and income returns in the longer term. CBIC's success in the 2013 financial year can be attributed to the following achievements:

- The completion of CBIC's 15 storey office building project at Green Square;
- The establishment of a debt facility in a low cost environment, to provide a platform for further investment and long term growth;
- Establishment of new projects, including the TCC office building at Bowen Hills, which was identified in CBIC's business plan; and
- Maintaining a strong corporate governance and investment framework, which is monitored by the Board and its Committees.

As disclosed earlier, CBIC achieved a total return of 14.64% across its assets, with a 20.47% total return on its property portfolio. Both these metrics are well above the benchmark return of the PCA / IPD All Australian Property Index which achieved 9.1% in the 2013 financial year.

It is anticipated that the 2014 financial year will provide another strong year of net returns for CBIC, with the potential to significantly outperform the targeted returns of CPI plus 4.5% to 5.5%.

A strong pipeline of potential projects is being considered by the Board at present, and the management team is maintaining a strong focus on leasing the vacant areas in the new office project at 41 O'Connell Tce, Bowen Hills, which transfers to CBIC from Brisbane City Council in early 2014.

A focus will also be maintained on identifying new projects and filling other vacant tenancy areas at Green Square and Eagle Farm, respectively.

The 157 Ann St property asset sale settled at the time of releasing this annual report. On that basis, CBIC is well positioned to fund its proposed projects and commence due diligence on its other identified projects nominated in CBIC's business plan.

This may also mean that CBIC might seek joint venture partners to enable it to continue to expand its investment base and capitalise on its competitive advantage, which is to enhance underutilised Council assets and other market based opportunities available, as economic conditions continue to stregthen.

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INVESTMENT PHILOSOPY

CBIC key investment objective is to deliver superior returns to Brisbane City Council and as a result, financial and other benefits to the residents of Brisbane.

CBIC's investment philosophy is built on the following key assumptions:

- Selecting investments and or projects that provide good long term growth, balanced against achieving value for money and optimisation of each asset held;
- Maximising capital and income returns across the portfolio, whilst taking into consideration the risk profile and preservation of capital for each asset, in the longer term;
- Maintaining a strong corporate governance framework and individual risk assessment of each asset held;
- Utilising external investment managers, where appropriate, to support this management framework; and
- Ensuring appropriate liquidity levels are maintained for assets held and or project commitments, for the duration and in accordance with economic conditions at the time.

These key investment assumptions are supported by the high quality of management and governance of the CBIC Board and its Committees, which meet regularly to review and advise on the strategic direction of the company throughout the financial year.

In addition to this process, an independent audit review of CBIC's policies and governance framework is completed on an annual basis to ensure consistency and adherence to this framework, including the recording and management of the company's financial accounts.

5.1 PERFORMANCE BENCHMARKS

CBIC has established a reference to a number of long term benchmarks with the objective of measuring the relative performance of its assets on a regular basis. CBIC's investment return benchmark is based on Consumer Price Index (CPI) plus 4.5% to 5.5%. CBIC is also required to measure its returns for each asset class, set against the following performance benchmarks.

CATEGORY/SECTOR	POLICY BENCHMARK REPRESENTATIVE INDEX
Commercial Property	The Property Council /IPD Australian All Property Index
Cash	UBS Australian Bank Bill Index over a rolling one year period
Australian Equities	Standard and Poor's ASX200 Accumulation Index
Australian Bonds	UBSA Composite Bond Index

5.2 ASSET ALLOCATION

As stated in prior years, CBIC is not a traditional fund manager and therefore is not required to maintain a traditional asset allocation or minimum sector weighting in each asset class.

CBIC has had the ability to access surplus property assets within Brisbane City Council's portfolio, which has enabled CBIC to maximise returns through development and further investment in these assets.

On this basis CBIC's investment mix is more heavily weighted towards commercial property, with a combined allocation of property project developments and direct property investments in the Brisbane market.

The CBIC Investment Review Committee, which is a sub-committee of the Board, sets the risk parameters and investment objectives for the company, ensuring these guidelines are met at all times.

In support of the Investment Review Committee, the Board regularly reviews and approves each investment after recommendations are put forward; ensuring the necessary scrutiny and guidance in meeting the company's core investment objectives and long term strategy are maintained.

5.3 INVESTMENT PARAMETERS

The CBIC Foundation Investment Policy also states that a series of investment parameters must be adhered to in order to make an "authorised investment" within each asset class. These parameters also define single party exposure limits to any one investment and the portfolio as a whole.

From time to time the Investment Review Committee, in conjunction with the Board, review these criteria to ensure consistency with current economic conditions and that they are suited to the stage of CBIC's business growth and as each investment decision is made.

For example, the Foundation Investment Policy dictates that all cash investments must be made with financial institutions with a minimum A+ and AA- rating, with no more than 60% of investments to be made with a single party.

Investments in bonds must be with financial institutions or governments with an AA- rating or better, with no more than 20% of investments to be made with a single party (other than investments in cash).

Equity investments will be made indirectly through an external fund manager.

CBIC can make both direct and indirect property investments. For each property investment and or development project, the Investment Review Committee must consider current property metrics and any research information outlining current market evidence of transactions and forecast investment parameters and criteria. The criteria and parameters considered are specific to the property asset type, location and scale of asset being considered for investment and or development.

These individual asset investment parameters, coupled with CBIC's investment framework and corporate governance policies, provide the necessary support to ensure prudent and cohesive investment decisions are made for the company, through the Board and management.

6

CBIC BOARD

The City of Brisbane Investment Corporation (CBIC) Board is charged with the responsibility of making prudent investment decisions for the company.

The Board's diverse commercial and business experience combines to provide strategic direction of the company and an informed viewpoint in pursuing investment opportunities for CBIC.

6.1 BOARD AND COMMITTEE MEMBERS

MARK BRODIE

Chairman

Mark is also the Chairman of Brodie Group and founder of Brodies Mealmakers, a company that owns and operates quick service restaurants.

Mark is Chairman of the National Retail Association and holds directorships and fellowships with several other companies and organisations.
He was also appointed Chairman of the Gladstone Ports Corporation in June 2012.

JANE EDWARDS AM

Director

Jane is Executive Chairman of BBS, one of Australia's leading communications and public relations consultancies. In 2009, she was awarded the prestigious Chevalier de l'Ordre National du Merit by the President of France in recognition of her service as Honorary French Consul.

Jane is the founding Chairman and judge of the Premier's Literary Awards since its inception in 1998. She is Deputy Chairman of Opera Queensland and is a Director of the National Breast Cancer Foundation and an adjunct Professor at the UQ School of Communications and Journalism.

NEILL FORD

Director

Neill is Managing Director of Yellow Cabs (Qld) Pty Ltd, a company operating a fleet of 1200 taxis and Courier vans in South East Queensland and Tasmania. As Chair of Taxis Australia, Neill represents 10,000 taxis across Australia. He is also Non-Executive Director of Cabcharge, a public listed company.

Neill is a member of the Lord Mayor's Business Round Table, Non-Executive Director of CDC Pty Ltd, a joint venture between Comfort Delgro Ltd and Cabcharge Ltd operating over 1,200 buses in West Sydney, Victoria and London trading as Wesbus, and a member of the Board of BMag with a circulation of over 440,000 magazines.

Neill is also a Fellow of the Australian Institute of Company Directors (AICD) and the Australian Institute of Management.

COLIN JENSEN

Director

Colin is the Chief Executive Officer of the Brisbane City Council (BCC). He took up the position in August 2010. Prior to taking on his role in Brisbane, he was the Coordinator General and the Director General of the Department of Infrastructure and Planning with the Queensland State Government.

Colin has extensive state and local government experience and has undertaken other senior government roles in his career.

Colin is also a Director of the Brisbane Institute, Australia Trade Coast Pty Ltd and the Translink Transit Authority.

MICHAEL KNOX

Director

Michael is Director of Strategy and Chief Economist for RBS Morgans Limited. He has served on many Queensland Government advisory committees.

He has been Chairman of the Advisory Committee of School of Economics and Finance at the Queensland University of Technology and Governor of the American Chamber of Commerce from 1997 to 2007. Michael is the current President of the Economic Society of Australia (Qld) Inc.

MARIA ROACH

Director

Maria has more than 19 years experience as a company secretary of publicly-listed companies in Australia. She is currently the Company Secretary of Billabong International Limited.

Maria has a Bachelor of Business (Accountancy), is a Fellow of Chartered Secretaries Association and a Certified Practicing Accountant (CPA). She is a former member of the Australian Government Takeovers Panel.

CRAIG SPENCER

Director

Craig is Managing Director and owner of the Carter & Spencer Group - one of Australia's largest Fresh Produce Companies. The Group exports, imports, and distributes globally, fresh fruit and vegetables from its operations throughout Australia and New Zealand.

Craig has served on many industry Boards including Chairman of Australian United Fresh (QLD), Queensland Horticultural Export Council, Queensland Chamber of Fruit & Vegetable Industries Co-operative Ltd (Brismark), Queensland Food & Fibre Agribusiness Council and Produce Marketing Association Australia & New Zealand Country Council.

Craig currently serves on several Boards including, Churchie Foundation and The Australian Ballet. He is also a Fellow of the Australian Institute of Company Directors.

PAUL VINCENT

Director

Paul is the founding partner of Vincents Chartered Accountants and has an extensive background in litigation support and forensic accounting. Paul has worked in various areas, including his early audit, taxation, insolvency and consulting career at KPMG (formerly Hungerfords) between 1979 and 1989. Since founding Vincents in 1989, Paul has had significant involvement in family law and commercial litigation disputes, criminal matters and professional negligence actions.

As well as a comprehensive engagement profile, Paul was appointed Queensland Chairman of the Forensic Accounting Special Interest Group (FASIG) in March 1999 and National Chairman of that group in May 2000. He remained in those roles for 6 years until March 2005. Paul serves on a number of Boards in non-executive Director roles.

DAVID ASKERN

Company Secretary

David is the Chief Legal Officer of Brisbane City Council and currently manages Council's internal legal service provider, Brisbane City Legal Practice.

David has more than 20 years of experience in all aspects of the law with particular emphasis on drafting and interpretation of legislation affecting local government, commercial contracting and industrial relations.

GREG EVANS

Alternate Director for Colin Jensen

Greg is currently the Chief Operating Officer for the Brisbane City Council, having joined in September 2009.

Greg is a CPA with over 25 years finance and treasury experience gained in varied industries including energy, airlines, mining, consumer products and banking. Previous roles include being CFO and GM Finance at Ergon Energy and Manager Corporate Finance at Qantas Airways Limited.

MARK MAZURKIEWICZ

Chief Executive Officer

Mark joined CBIC in May 2011 as Chief Executive Officer. His career spans approximately 20 years in prudential financial regulation, commercial property development and consultancy, and management. His most recent role was Manager City Property with Brisbane City Council. Prior he was a Director with a merchant bank and senior manager with Jones Lang LaSalle, Energex and QR.

Mark has graduate, post graduate and professional qualifications in Economics, Property Valuation, Financial Securities Investment and Project Management. He is currently a fellow member of FINSIA.

7

CORPORATE GOVERNANCE

7.1 BOARD COMMITTEES

The Board has established committees to assist the effective functioning of the Corporation in line with effective corporate governance practices:

- Investment Review Committee - role is to review investment opportunities and where necessary make recommendations to the Board,
- Finance and Audit Committee - role includes monitoring the effectiveness of internal controls, managing internal and external audit, reviewing the risk management framework and reviewing the annual financial statements, and
- Business Management and Protocol Committee - role includes developing corporate, strategic and communication plans.

The number of meetings of the Corporation's committees held during the year ended 30 June 2013, and the number of meetings attended by each director were:

DIRECTOR	INVESTMENT REVIEW		FINANCE & AUDIT		BUSINESS & PROTOCOL	
	A	B	A	B	A	B
M Brodie	10	10	*	*	*	*
J Edwards	*	*	*	*	2	4
N Ford	*	*	*	*	3	3
M Knox	9	10	*	*	*	*
M Roach	*	*	3	3	4	4
C Spencer	10	10	*	*	*	*
P Vincent	7	7	2	2	*	*
D Askern	*	*	3	3	2	4
G Evans	*	*	*	*	3	4
N Castles	1	1	*	*	*	*

A = Number of meetings attended

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

* = Not a member of the relevant committee

7.2 REMUNERATION

Directors are paid by way of fees for their services. The Chairman and Directors' fees are $73,500 and $36,750 per annum, respectively. Statutory superannuation is paid for Directors who receive their fee as salary income, rather than a fee through a company. Brisbane City Council Directors do not receive a fee for their services.

7.3 MANAGING CONFLICTS OF INTEREST

Developed as an extension to CBIC's Corporate Governance Policy is the Conflicts of Interest Policy for CBIC Board members. CBIC ensures that all decisions are made on a sound, independent advice basis, which is free from personal or commercial pressures and or influences.

The Conflicts of Interest Policy sets out the approach of CBIC to manage actual or potential conflicts of interest. This policy also outlines required steps to both disclose and manage potential conflicts of interest.

The Conflicts of Interest Policy requires all Board members and staff to make timely disclosure in writing to the company secretary of all actual or potential conflicts of interest.

Disclosure of conflicts of interest is a standing item on each Board meeting agenda. Directors must disclose any potential or actual conflict of interest concerning any item of business before the Board.

The Policy outlines ways that the conflict can be managed from disclosure, to abstaining from votes, to a decision by CBIC not to transact business with the person who has the conflict or the person resigning their position from the company.

CITY OF BRISBANE INVESTMENT CORPORATION PTY LTD
ACN 066 022 455

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

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CITY OF BRISBANE INVESTMENT CORPORATION PTY LTD
ACN 066 022 455

ANNUAL REPORT
FOR THE YEAR ENDED 30 June 2013

City of Brisbane Investment Corporation Pty Ltd is an Australian company with its registered office located at Level 23, 266 George St, Brisbane, Queensland, Australia.

DIRECTORS' REPORT

The directors present their report together with the financial report of the company for the financial year ended 30 June 2013.

DIRECTORS

The names of directors in office at any time during or since the financial year are:

Mark V **BRODIE** (Chair)
Appointed 2 June 2008

Jane A **EDWARDS**
Appointed 2 June 2008

Neill D **FORD**
Appointed 10 September 2012

Colin D **JENSEN**
Appointed 20 September 2010

Michael J S **KNOX**
Appointed 2 June 2008

Maria A **ROACH**
Appointed 2 June 2008

Craig G **SPENCER**
Appointed 2 June 2008

Paul J **VINCENT**
Appointed 10 September 2012

Greg C **EVANS** (Alternate of Colin D Jensen)
Appointed 20 September 2010

Neil E **CASTLES**
(Resigned July 2012) Appointed 2 June 2008

PRINCIPAL ACTIVITIES

The principal activity of the company during the financial year included property development and acquisition activities, investment in managed funds and short term deposits.

OPERATING ACTIVITIES

The result of the company for the financial year ended 30 June 2013 was a net profit of $28,424,445.

REVIEW OF OPERATIONS

The main sources of revenue were interest revenue from cash held on deposit, distributions from a managed equity fund and rent generated from the company's investment properties.

The construction of 15 Green Square Close, Fortitude Valley is forecast to achieve practical completion on 7 August 13.

On 28 June 2013 the company secured an $18M debt facility with Westpac Banking Corporation.

The company also declared and paid dividends to Brisbane City Council amounting to $6 million during the year (2012: $10 million).

EVENTS AFTER BALANCE DATE

At the date of signing, there were no events subsequent to balance date which would have a material effect on the company's financial statements.

DIRECTOR'S REPORT (continued)

DIRECTORS' BENEFITS

During the financial year, Directors of the company have received or become entitled to receive Directors fees totalling $280,418.

DIRECTORS' MEETINGS

The number of Directors' meetings attended by each of the Directors of the company during the financial year are:

NAMES	A	B
Mark V **BRODIE** (Chair)	9	10
Jane A **EDWARDS**	9	10
Neill D **FORD**	7	8
Colin D **JENSEN**	10	10
Michael J S **KNOX**	10	10
Maria A **ROACH**	9	10
Craig G **SPENCER**	9	10
Paul J **VINCENT**	7	8
Greg C **EVANS** (Alternate of Colin D Jensen)	0	0
Neil E **CASTLES** (Resigned July 2012)	1	1

Note: No Board meeting was held in December 2012 or January 2013.
Additionally, no Committee meetings were held in January 2013.

A - Number of meetings attended
B - Number of meetings held during the time the Director held office during the year

Signed in accordance with a resolution of the Directors.

Director
Brisbane, 15 August 2013

Director
Brisbane, 15 August 2013

Independent Auditors Declaration

A copy of the Independent Auditors Declaration is attached to this report as required under section 307C of the Corporations Act 2001

Signed in accordance with a resolution of the Directors.

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of City of Brisbane Investment Corporation 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 City of Brisbane Investment Corporation Pty Ltd for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been -

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

QUEENSLAND
09 AUG 2013
AUDIT OFFICE

P J FLEMMING CPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 June 2013

	Note	2013 $	2012 $
Income			
Revenue			
Rental income	2	11,726,680	8,618,059
Interest		1,164,129	2,677,139
Distribution income		401,234	1,161,925
Other income		267,692	49,088
		13,559,735	**12,506,211**
Other income			
Gain on sale of investment	5	-	329,550
Fair value gain on investment property	6	20,060,580	17,423,213
Total income		**33,620,315**	**30,258,974**
Expenses			
Employee costs	3(a)	591,952	349,065
Directors' fees		280,418	242,530
Building expenditure		2,894,299	1,996,627
Investment management fees		92,300	338,161
Other expenses	3(b)	1,336,901	513,597
		5,195,870	**3,439,980**
Net profit for the period		**28,424,445**	**26,818,994**
Other comprehensive income (expense)			
Net unrealised fair value gain (loss) on available for sale financial assets arising during the year	11	(17,389)	(8,385,157)
Total comprehensive income attributable to members of the company		**28,407,056**	**18,433,837**

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 June 2013

	Note	2013 $	2012 $
CURRENT ASSESTS			
Cash and cash equivalents	12	16,743,040	45,844,098
Receivables	4	858,413	2,110,143
Total Current Assets		17,601,453	47,954,241
NON CURRENT ASSETS			
Available for sale financial assets	5	13,679,832	13,781,345
Investment property	6	192,897,643	131,644,946
Property, plant and equipment	7	-	756
Other assets	8	14,247,447	4,160,238
Total Non Current Assets		220,824,922	149,587,285
Total Assets		238,426,375	197,541,526
CURRENT LIABILITIES			
Accounts payable and accrued expenses	9	4,029,675	3,551,882
Total Current Liabilities		4,029,675	3,551,882
NON CURRENT LIABILITIES			
Borrowings	16	18,000,000	-
Total Non-Current Liabilities		18,000,000	-
Total Liabilities		22,029,675	3,551,882
Net Assets		216,396,700	193,989,644
SHAREHOLDER'S EQUITY			
Share capital	10	135,138,512	135,138,512
Other capital contribution	14	1,897,034	1,897,034
Fair value reserve	11	(5,249,272)	(5,231,883)
Retained profits		84,610,426	62,185,981
Total Shareholder's Equity		216,396,700	193,989,644

The Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 June 2013

2013	Total $	Share capital Note 10 $	Other capital contribution Note 14	Fair value reserves Note 11 $	Retained Profits $
Balance at beginning of year	193,989,644	135,138,512	1,897,034	(5,231,883)	62,185,981
Net profit	28,424,445	-	-	-	28,424,445
Other comprehensive income (expense)	(17,389)	-	-	(17,389)	-
Contribulion by owner - Land transfer	-	-	-	-	-
Distribution to shareholder- Brisbane City Council	(6,000,000)	-	-	-	(6,000,000)
Balance at end of the year	216,396,700	135,138,512	1,897,034	(5,249,272)	84,610,426

2012	Total $	Share capital Note 10 $	Other capital contribution Note 14	Fair value reserves Note 11 $	Retained Profits $
Balance at beginning of year	183,658,773	135,138,512	-	3,153,274	45,366,987
Net profit	26,818,994	-	-	-	26,818,994
Other comprehensive income (expense)	(8,385,157)	-	-	(8,385,157)	-
Contribution by owner - Land transfer	1,897,034	-	1,897,034	-	-
Distribution to shareholder - Brisbane City Council	(10,000,000)	-	-	-	(10,000,000)
Balance at end of the year	193,989,644	135,138,512	1,897,034	(5,231,883)	62,185,981

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 June 2013

	Note	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from tenants		15,246,357	10,438,298
Payments to suppliers and employees		(6,971,001)	(3,286,356)
Distributions received		401,234	2,038,906
Interest received		1,164,129	2,677,139
Net GST received from the Australian Taxation Office		4,211,747	2,562,340
Sale proceeds from available for sale financial assets			30,329,548
Additions to investment property		(46,619,271)	(40,203,040)
Payment for lease incentive		(8,534,253)	(400,000)
Net Cash Flows Provided from (Used in) Operating Activities	12	(41,101,058)	4,156,835
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(6,000,000)	(10,000,000)
Loan Received		18,000,000	-
Net Cash Flows provided from (used in) Financing Activities		12,000,000	(10,000,000)
NET INCREASE / (DECREASE) IN CASH HELD		(29,101,058)	(5,843,165)
Cash at the beginning of the year		45,844,098	51,687,263
CASH AT THE END OF THE YEAR	12	16,743,040	45,844,098

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2013

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by the Company in the preparation of the financial report.

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs), Australian Accounting Interpretations, other authoritative pronouncements issued by the Australian Accounting Standards Board and the *Corporations Act 2001* . All balances are stated in Australian dollars.

The financial statements were authorised for issue by the Directors on 15 August 2013.

The financial report has been prepared on an accrual basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. Investment property and available for sale financial assets are measured at fair value.

While its owner is a not for profit entity, the company is a profit entity and the financial statements are prepared on a for-profit basis.

Use of Judgements and Estimates

The preparation of the financial statements requires the determination and use of certain critical accounting estimates and management assumptions that have potential to cause a material adjustment to the carrying amount of assets and liabilities within the financial year. Such estimates, judgements and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined below:

1) Directors and independent Valuations in relation to Investment Property assets, using directly comparable market sales evidence based on equivalent yields and capital values per square meter. Supporting market research was also utilised as provided by Colliers International Research.

2) Useful life of assets.

(b) Adoption of New Standards and Interpretations

(i) Financial Instruments (AASB 9)

AASB 9 mandatory effective date has been amended to be applied for the annual reporting period beginning on or after 1 January 2015 instead of 1 January 2013. The company does not plan to early adopt the requirements of the revised AASB 9.

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement. The revised standard changes the classification, measurement and disclosure of financial assets. Under the new requirements, four current categories of financial assets will be replaced with two measurement categories, fair value and amortised costs. This change will require CBIC to measure all financial assets at fair value or amortised cost and the impact is anticipated to be immaterial.

(ii) Consolidated Financial Statements (AASB 10); Joint arrangements (AASB 11); Disclosure of interests in other entities (AASB12); Investments in Associates and Joint Ventures (2011) AASB 128, ASSB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards, effective from 1 January 13 with first time application 30 June 14.

CBIC does not control or hold any interests in other entities. Therefore these standards are not anticipated to impact CBIC at this time.

(iii) Fair Value Measurement (AASB 13}

AASB 13 will be effective for the company's reporting period ending 30 June 2014. The company does not plan to early adopt the requirements of AASB 13.

AASB 13 replaces the guidance on fair value measurement in existing AASB literature with a single standard. It defines fair value and provides guidance on how to determine fair value and related disclosures. The new requirements will apply to all assets and liabilities (except leases) that are measured at fair value.

(iv.) Employee Benefits (AASB 119)

AASB 119 will be effective for the company's reporting period commencing 30 June 2014. The company does not plan to early adopt the requirements of AASB 19.

The amended version of AASB 119 revises requirements for pensions and other post-employment benefits, termination benefits and other changes. The key amendments are modification to termination benefits, clarifying miscellaneous issues, introducing enhanced disclosures about defined benefit plans and recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit costs.

(c) Revenue

Rental revenue from investment properties is recognised on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of the total rental income. Interest revenue is brought to account when earned and distribution revenue is brought to account when declared.

(d) Expenditure

Direct labour and materials expenditure incurred in the purchase or construction of assets is capital expenditure. Expenditure necessarily incurred in either maintaining the operational capacity of assets or ensuring that their original life estimates are achieved, is considered maintenance and is treated as an expense as incurred. All other operational expenditure to maintain the effective operation of the business is treated as expenditure in the Statement of Comprehensive Income.

(e) Borrowings and Borrowing Costs

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate. Repayments are currently being made quarterly in arrears.

Where borrowing costs can be attributed to a specific capital project, the costs are capitalised as part of the qualifying asset. Otherwise, borrowing costs are expensed as finance costs in the Statements of Comprehensive Income when they are incurred.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Investment property

Investment property is property held to earn rental income or for capital appreciation or for both, not for sale in the ordinary course of business, use in supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Fair value is based on market values determined by independent property valuers or Directors Valuation and reflects the price at which the property could be exchanged between knowledgeable willing parties in an arm's length transaction.

Directors Valuations are also undertaken periodically, and in the 2012/2013 financial year, a Director's Valuation has been undertaken on 157 Ann Street (Refer Note 6).

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development.

(g) Financial Instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when CBIC becomes party to the contractual provision of financial instruments. Financial assets and financial liabilities are classified as follows:

* Financial Assets
Cash and Cash equivalents (Note 12)
Trade and other receivables (Note 4)
Financial assets available for sale (Note 5)

* Financial Liabilities
Accounts payable and accruals (Note 9)
Borrowings (Note 16)

(h) Cash

Cash includes cash on hand and in banks and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts. Cash holdings are continually monitored so as to maximise current market rates in line with the investment policy of the company. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate and credit risk and investing excess liquidity.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial assets available for sale

Available for sale investments are carried at fair value (net market value). Changes in net market value are recognised in Other Comprehensive Income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Investments are subject to impairment testing and are assessed for indicators of impairment on an annual basis.

All investment activities are considered in line with the company's investment policy and all proposals undertaken need to meet this policy before approval is given by the Board. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate and credit risk and use of derivative financial instruments.

(j) Employee Benefits

Employee benefits relate to amounts expected to be paid to employees for annual leave, leave in lieu of statutory holidays worked and overtime, long service leave, workers' compensation and superannuation.

Annual reave is recognised in current liabilities and represents the amount that the company has a present obligation to pay resulting from employees' services provided up to balance date. The accrual has been calculated based on remuneration rates that will be paid when the liability is settled and includes related on-costs.

Superannuation is paid at the minimum statutory legislative amount in accordance with the Australian Superannuation Guarantee Act. The amount is paid directly to the chosen superannuation account of each employee/applicable director and expensed through the Statement of Comprehensive Income monthly. All CBIC staff members are employed on a contract basis and as such do not accrue long service leave.

(k) Taxation

(i) Income Tax

Income of Local Government and public authorities and their subsidiaries are exempt from income tax (including capital gains tax) under the provisions of the Income Tax Assessment Act 1997.

(ii) Goods and Services Tax

Revenues, expenses and non-current physical 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 Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as 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.

(l) Equity, Reserves and Dividends

Share capital represents the cost of Ordinary Shares issued as equity. Any transaction costs associated with the issuing of shares are deducted from the share capital.

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

Retained earnings includes all current and prior period retained profits.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Property, Plant and Equipment

(I) Recognition

Items of Property, Plant and Equipment with a total value of less than $2,000 are treated as an expense in the year of acquisition. Cost includes all costs necessary to bring the asset to working condition for its intended use. This would include not only its original purchase price but also costs of site preparation, delivery and handling, installation, related professional fees for architects and engineers, and the estimated cost of dismantling and removing the asset and restoring the site.

(ii) Acquisition

Acquisitions of property, plant and equipment are initially recorded at cost and details are recorded in the asset register including original purchase price and acquisition date. Donated items of property, plant and equipment are recognised as assets and revenue at fair value.

(iii) Depreciation

Depreciation is recognised on a straight line basis over the assets' useful life. The useful life and residual value of all items of property, plant and equipement are assessed annually at reporting date.

(n) Receivables

Receivables are recognised at the amounts due at the times of sale or service delivery i.e. the agreed purchase price/contracted price. Settlement of these amounts is required within 30 days from invoice date (unless otherwise specified). The collectability of receivables is assessed periodically with allowances being made for impairment. All known bad debts are written off at year end.

(o) Accounts payable and accrued expenses

(i) Accounts payable are recognised as a liability at the time the amount owed can be measured reliably and when it is probably the amount will have to be paid when the goods are received or the service is performed. Amounts are unsecured and normally settled within 30 days.

(ii) Accruals

Accruals are recognised for amounts to be paid in the future for goods and services received.

(p) Rounding

For all financial reporting and financial calculations, CBIC rounds all numbers to the nearest dollar. Consequently rounded balances in the notes may not exactly agree to the primary statements.

(q) Lease Incentives

Fit out incentives are recognised as a Lease Incentive Asset which is amortised on a straight line basis over the life of the lease reducing the lease revenue recognised each period.

NOTES TO AND FORMING THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013

2. REVENUE AND OTHER INCOME

	2013 $	2012 $
Revenue		
Rental income		
Gross rent	12,514,471	9,186,154
Less - amortisation of lease incentive	(787,791)	(568,095)
	11,726,680	8,618,059

3. EXPENSES

	2013 $	2012 $
(a) Employee costs		
Wages and salaries	503,878	301,873
Annual leave benefits	20,047	2,725
Superannuation contributions	61,099	26,706
Fringe benefits	-	-
Contract staff	6,928	17,761
	591,952	349,065
(b) Other expenses		
Accounting, internal audit and risk management fees	40,300	41,388
Payroll tax	48,763	27,971
Project expenses	-	75,000
Legal fees	160,508	149,649
Advertising and promotion	40,935	100,698
IT and computer expenses	30,530	22,127
Insurance	40,797	35,012
Audit fees - Queensland Audit Office	23,500	12,500
Stationery and supplies	10,212	11,024
Repairs and maintenance	564	584
Telephone and communication	7,039	6,478
Depreciation	756	755
Agents commission	768,671	-
Other	164,326	30,411
	1,336,901	513,597

4. TRADE AND OTHER RECEIVABLES

	2013 $	2012 $
Current		
Rent receivable	490,945	386,648
Distribution receivable	193,625	191,425
GST receivable	142,217	1,193,007
Deposits	-	-
Accrued income	-	311,992
Other receivables	31,626	27,071
	858,413	2,110,143

	2013 $	2012 $

5. AVAILABLE FOR SALE FINANCIAL ASSETS

Non - Current
Investment in managed funds - at market value

	2013 $	2012 $
All Star IAM Australian Share Fund Institutional	13,679,832	13,781,345
	13,679,832	13,781,345

The total balance of investments in managed funds reflect movement in unrealised loss of $17,389 (2012: loss of $8,385,157). This change in value is included in the fair value reserve, disclosed in Other Comprehensive Income.

In prior year, the company's investments in Australian Unity Investments Platypus Australian Equities Trust with original cost of $30 million were disposed resulting in a gain of $329,550.

6 (a). INVESTMENT PROPERTY

	2013 $	2012 $
Opening balance at 1 July	131,644,946	74,340,544
Additions:		
- Direct acquisition of investment property and completed project	40,546,352	21,726,695
- Land transferred from owner (Note 14(b))	-	1,897,036
- Property being constructed for future use as investment property	-	16,187,011
- Subsequent expenditure on investment property	645,765	70,447
Net gain from fair value adjustments to investment property	20,060,580	17,423,213
Closing balance at 30 June	192,897,643	131,644,946
6 (b). - Carrying amount of lease incentives	14,247,447	4,160,238
* Refer Note 8		
	207,145,090	135,805,184

Investment properties are carried at fair value, which have been determined by valuations performed by an independent appraiser, where material changes in value have occurred as at 30 June 2013.

Independent valuers, who are industry specialists in valuing these types of investments, were retained to complete valuations for the company except 157 Ann St, Brisbane. The valuations were performed in accordance with Australian Property Institute Valuation Guidelines using recent market sales evidence and capitalisation rates. A directors valuation was undertaken for 157 Ann Street based on comparable sales evidence, current market rental rates and capitalisation rates.

Land and buildings with a carrying amount of $98,500,000 (2012: $0) are subject to a first charge to secure the company's borrowings (Note 16).

7. PROPERTY, PLANT AND EQUIPMENT

	2013 $	2012 $
Furniture and fixtures		
Cost	2,266	2,266
Accumulated depreciation	(2,266)	(1,510)
Carrying amount	-	756
Opening balance at 1 July	756	1,511
Accumulated depreciation		
Additions during the year	-	-
Depreciation the year	(756)	(755)
Ending balance at 30 June	-	756

	Note	2013 $	2012 $

8. OTHER ASSETS

	Note	2013 $	2012 $
Lease incentive		16,575,000	5,700,000
Accumulated amortisation for the year		(2,327,553)	(1,539,762)
Carrying amount		14,247,447	4,160,238
Opening balance at 1 July		4,160,238	4,328,333
*Additions during the year		10,875,000	400,000
Amortisation during the year		(787,791)	(568,095)
Ending balance at 30 June	6	14,247,447	4,160,238

The incentives relate to the fit out contribution costs reimbursed by the company to certain tenants.

The incentives are amortised over the term of the leases (see notes 14(b, c and d)).

9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	Note	2013 $	2012 $
Trade creditors and accrued expenses		3,969,137	3,513,357
Payable to Brisbane City Council	14(b)	-	10,725
GST, PAYG and payroll taxes		28,177	15,486
Accrued annual leave		32,361	12,314
		4,029,675	3,551,882

10. SHARE CAPITAL

	Note	2013 $	2012 $
135,138,512 Ordinary shares fully paid up to $1 each		135,138,512	135,138,512
		135,138,512	135,138,512

The company declared and paid dividends to Brisbane City Council amounting to $6 million during the year (2012: $10 million).

11. RESERVES

Fair value reserve

	Note	2013 $	2012 $
Opening balance		(5,231,883)	3,153,274
Net unrealised fair value movement during the year		(17,389)	(8,385,157)
Ending balance		(5,249,272)	(5,231,883)

Fair value reserve comprises the cumulative net change in the fair value of available for sale financial assets until the investments are derecognised or impaired.

12. CASH AND CASH EQUIVALENTS

Reconciliation of cash

	Note	2013 $	2012 $
Cash balance comprises:			
- Cash at bank		12,096,084	455,072
- Short-term investments		4,646,956	45,389,026
Cash and cash equivalents		16,743,040	45,844,098

Reconciliation of total comprehensive income to the net cash flows from operating activities

	Note	2013 $	2012 $
Total Comprehensive Income		28,407,056	18,433,837
Non-cash items			
Revaluation of available for sale financial assets		17,389	8,385,157
Net gain on disposal of available for sale financial assets		-	(329,550)
Fair value gain on investment property		(20,060,580)	(17,423,213)
Amortisation of lease incentive		787,791	568,095
Depreciation		756	755
Changes in operating assets and liabilities (Increase) decrease in receivables		1,251,730	(616,723)
Increase in accounts payable and accrued expenses		477,794	2,862,331
Decrease in available for sale financial assets		84,123	30,660,301
Increase in investment property		(41,192,117)	(37,984,155)
Increase in other assets		(10,875,000)	(400,000)
		(69,508,114)	(14,277,002)
Net cash flows from operating activities		(41,101,058)	4,156,835

13. SEGMENT INFORMATION

The Company operates in one business segment, being that of an investment company. The Company operates from Australia only and therefore has only one geographical segment.

14. RELATED PARTY TRANSACTIONS

(a) Key personnel

Directors
Mark V Brodie (Chair)
Craig G Spencer
Michael J S Knox
Jane A Edwards
Maria A Roach
Colin D Jensen
Neill D Ford
Paul J Vincent
Greg C Evans (Alternate of Colin D Jensen)

Company Secretary
David M Askern

CEO
Mark E Mazurkiewicz

During the financial year, Directors of the company and key management personnel have received or become entitled to receive directors fees and compensation totalling $542,688 (2012: $500,462).

(b) Transactions with Brisbane City Council (BCC), the ultimate and Australian controlling entity

The company has recognised in the financial statements amounts for services supplied by BCC to the company. These include legal, accounting, internal audit services and recharge of expenses in the aggregate amount of $41,072 (2012: $127 ,048). These transactions were based on normal commercial terms and conditions. The company also reimbursed BCC for expenses and capital expenditure spent by the latter on behalf of the company amounting to $2,810,232 (2012: $1,708,962). At balance date, total amount payable to BCC in relation to these services amounted to $0 (2012: $10,725).

During the 2011/12 financial year, BCC transferred surplus land to the company with aggregate value of $1,897,034 (Note 6).

The company leases office spaces and a shipyard facility to BCC with remaining lease term of 6 years to 38 years. Total rental earned during the year in relation to these leases amounted to $9,466,656 (2012: $5,426,858), gross of lease incentive amortisation of $690,000 (2012: $530,000). These transactions were based on normal market commercial terms at the time the arrangements were reached and conditions as per valuation completed by independent valuers. At balance date the total amount receivable from BCC in relation to these transactions was to $0 (2012: $272,878).

(c) Transactions with Brisbane Marketing Pty Ltd, a subsidiary of BCC

The company leases office spaces to Brisbane Marketing Pty Ltd for a period of 7 years from November 2011. Total rent earned during the year in relation to this lease amounted to $502,176 (2012: $395,097), gross of lease incentive amortisation of $57,142 (2012: $38,095). This transaction was based on normal commercial terms and conditions.

(d) Transactions with Queensland Urban Utilities (QUU), an investment in associate of BCC

The company leases office spaces to QUU for a period of 10 years from May 2013. Total rent earned during the year in relation to this lease amounted to $363,451 (2012: $0), gross of lease incentive amortisation of $40,648 (2012: $0). In accordance with the lease agreement, the company paid $9,275,000 as lease incentive to QUU. These transactions were based on normal commercial terms and conditions.

15. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Framework

The Board provides written principles for overall risk management as well as written policies covering specific areas such as market, credit and liquidity risk. The activities are reviewed and monitored by the company's Finance and Audit Committee.

(b) Market Risk

Market risk is the risk of underlying economic conditions which impact interest rates and security prices and may affect the value of financial assets. The company is indirectly exposed to market risk through its investments in unlisted unit trusts (classified as available for sale financial assets). The company manages security price risk by investing in a unit trust which in turn invests in a diversified portfolio of securities. In addition, there is an approved investment strategy, with limits set by the Board, for each class of assets.

Interest Rate Risk

Interest rate risk refers to possible fluctuations in the values of financial instruments as a result of changes in market rates. Exposure to interest rate arises predominantly from assets and liabilities bearing variable interest rates. The following details the company's sensitivity to an expected 1% maximum fluctuation in interest rates if all other variables were held constant. This is also based on the assumption that the company is holding the same amount of investment for one year.

Increase / (Decrease) in Net Profit

	2013 $	2012 $
Financial Assets		
1% increase in interest rate	167,430	458,441
1% decrease in interest rate	(167,430)	(458,441)
Financial liabilities		
1% increase in interest rate	180,000	-
1% decrease in interest rate	(180,000)	-

(c) Liquidity risk

Lliquidity risk refers to the ability of an entity to meet its obligations associated with financial liabilities. The company manages liquidity risk by continuous monitoring of cash flows. The following sets out the contractual maturity of the company's financial liabilities:

2013	Interest Bearing (Variable) $	Non-Interest Bearing $	TOTAL $
Financial Liabilities			
Payables	-	4,029,675	4,029,675
Borrowings	18,000,000	-	18,000,000
Total financial liabilities	18,000,000	4,029,675	22,029,675

It is assumed that all payment for all payables will be made within the suppliers terms.

2013 Maturity Analysis

The following maturity analysis sets out the liquidity risk of financial liabilities held by CBIC as at 30 June 2013.

The borrowings have been taken on a 3 year term from 28 June 2013 with a variable interest rate. The lending margin is 110 basis points (bps) above BBSY (currently 2.87%) equating to a total interest rate of 3.97%.

	0-12 Months	12-36 Months	36 Months+	TOTAL
Borrowings (interest only)	714,600	1,429,200	-	2,143,800
Borrowings (principal)	-	18,000,000	-	18,000,000
	714,600	19,429,200	-	20,143,800

The outflows in the above table are not expected to occur significantly earlier and are not expected to be significantly different amounts other than indicated in the table above.

15. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (continued)

(d) Credit Risk

Credit Risk is the risk that a counterparty fails to meet its obligations and the company's exposure is from cash and available for sale financial assets. The maximum credit exposure for financial assets is the carrying amount.

The company's properties are substantially leased to Brisbane City Council and other high credit quality companies (see note 14).

The company's receivables are considered current and are aged less than 30 days. There are no assets impaired.

CBIC's nominated financial banking institution for business operating is Commonwealth Bank of Australia which is AA- rated.

CBIC also has a business operating account and loan facility with Westpac Instituitinal Bank which is AA- rated.

IAM Allstar Funds are independently rated by Zenith Investment Partners and achieved a rating of 'Approved".

(e) Fair value

{i) Financial assets include investments in managed funds which are carried at Fair Value. Fair Value of available for sale financial assets is based on redemption price provided. Due to the short term nature of cash, receivables and payables the net Fair Value approximates their carrying amount.

(ii) Fair value hierarchy classification
In accordance with *AASB7 Financial Instruments: Disclosures*, the company classifies fair value measurements using a Fair Value hierarchy. The Fair Value hierarchy reflects the subjectivity of the inputs used in making the measurements. The company used Level 1 Fair Value at balance date.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

	2013 $	2012 $
Level 1		
Available for safe financial assets	13,679,832	13,781,345
	13,679,832	13,781,345

There were no transfers or disposals into or out of level 3 for the year.

	2013 $	2012 $

16. BORROWINGS-NON-CURRENT

Secured bank loan	18,000,000	-
	18,000,000	-

This loan has been drawn down under a three-year loan facility. The loan is in $A denominated amount and carried at amortised cost, interest being expensed as it accrues. The loan is repayable within 36 months from 28 June 2013 (see also Note 15c). No interest has been capitalised during the year. There have been no defaults or breaches in the loan during the current period. The facility is secured by a first charge over certain of the company's land and buildings, with a carrying value of $98,500,000 (2012: $0).

17(a). CAPITAL COMMITMENTS

Capital expenditure contracted for at balance date but not provided for in the financial statements is payable as follows:

Not later than 1 year	3,653,246	47,259,441
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	3,653,246	47,259,441

17(b). OPERATING COMMITMENTS

Operating expenditure contracted for at balance date but not provided for in the financial statements is

Not later than 1 year	-	48,201
Later than 1 year but not later than 5 years	261,361	100,333
Later than 5 years	116,065	-
	377,426	148,534
TOTAL COMMITMENTS	4,030,672	47,407,975

18. LEASES

Future operating lease rentals of investment property contracted for at balance date but not provided for in the financial statements are receivable as follows:

Not later than 1 year	13,263,641	12,547,065
Later than 1 year but not later than 5 years	73,516,765	81,059,779
Later than 5 years	135,701,827	139,036,193
	222,482,233	232,643,037

19. CONTINGENT LIABILITIES

As per the correspondence provided by CBIC's legal advisor on 4 July 2013, it is noted that a tenant is likely to pursue a claim against CBIC relating to fit out works. The tenant has not advised of the amount involved. The company will oppose any attempt from the tenant to recover costs from CBIC.

20. SUBSEQUENT EVENTS

At the date of signing, there were no events subsequent to balance date which would have a material effect on the company's financial statements.

21. AUDITOR'S REMUNERATION

Amounts received or due and receivable by the Auditor-General of Queensland for:

An audit of the financial report of the company	22,600	12,500
Non-audit services in relation to the company	-	-
	22,600	12,500

DIRECTORS DECLARATION

The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 20:
   (a) comply with Australian Accounting Standards, the Corporations Act 2001 and Corporations Regulations 2001; and
   (b) give a true and fair view of the financial position as at 30 June 2013 and performance for the year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director
Brisbane, 15 August 2013

Director
Brisbane, 15 August 2013

INDEPENDENT AUDITOR'S REPORT

To the Members of City of Brisbane Investment Corporation Pty Ltd

Report on the Financial Report

I have audited the accompanying financial report of City of Brisbane Investment Corporation Pty Ltd, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

In conducting the audit, the independence requirements of the *Corporations Act 2001* have been complied with. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of City of Brisbane Investment Corporation Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In my opinion the financial report of City of Brisbane Investment Corporation Pty Ltd is in accordance with the *Corporations Act 2001*, including -

(i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

QUEENSLAND
2 6 AUG 2013
AUDIT OFFICE

P J FLEMMING CPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane