

City of
Brisbane
Investment Corporation



ANNUAL REPORT

2020

CONTINUED INVESTMENT IN A GREENER FUTURE

Celebrating CBIC's ongoing contribution to the expansion of parks and green space for Brisbane and its residents.



“Creating new parks and enhancing and maintaining our existing parks provides the opportunity to bring residents together with friends and family and enjoy our Brisbane lifestyle in the sort of community spaces that make our city great.”

|| LORD MAYOR'S FOREWORD

CBIC has again out-performed its benchmarks and delivered, for a fifth consecutive year, a \$20 million dividend to our city. This is despite what has been a challenging and uncertain year for Brisbane – and cities all over the world – as we come together in the face of the global COVID-19 pandemic.

With this dividend, we can continue our investment in enhancing our city's parks, sporting fields and public recreation spaces. Through the "Delivering Iconic Parks for Brisbane" program, we will expand and improve amenities throughout our 2,100 parks – comprising 6,000 hectares of green space across our city.

CBIC has now grown from its original seed funding of \$135 million to \$308 million worth of funds currently under management, in the past year achieving its best financial year and highest profit since the fund's inception in 2008.

CBIC's assets belong to all the residents of Brisbane, and the consistent and strong growth of the fund helps to support Council's commitment to delivering and maintaining world-class public amenities for our 1.25 million residents.

Creating new parks and enhancing and maintaining our existing parks provides the opportunity to bring residents together with friends and family and enjoy our Brisbane lifestyle in the sort of community spaces that make our city great.

While the current challenges of COVID-19 are likely to continue in the months to come, I am confident in the leadership and direction of CBIC. I congratulate Chairman Geoff Rodgers, newly appointed CEO Kirsty Rourke and the entire CBIC team on another successful year.

**The Right Honourable,
the Lord Mayor of Brisbane,
Adrian Schrinner**

CBIC finished this year in a strong position despite the global headwinds associated with the COVID-19 pandemic, recording our highest financial returns since our inception in 2008, and in the process delivering our highest profit to date.

With a diverse portfolio of assets leased to high quality tenants including local, state, and federal government agencies and a national supermarket retailer, we have been able to both maintain our returns and support impacted tenants where possible.

With our focus on property assets, we have grown into our role as an Urban Wealth Fund for Brisbane, delivering another \$20 million dividend to the City of Brisbane. This dividend contributes to securing and improving parks and green spaces for residents across our city.

“ We have again outperformed our targeted return, delivering a 12% total return, driven by our property portfolio outperforming its benchmark by 17% this year.”



INVESTMENT HIGHLIGHTS

The fund was able to realise the value of two assets in Brisbane with the sale of the South Regional Business Centre for \$35.25 million and the sale of 16 Industrial Avenue, Wacol for \$9.5 million. These sales will allow the fund to continue to diversify both geographically and across asset classes.

We have again outperformed our targeted return, delivering a 12% total return, driven by our property portfolio outperforming its benchmark by 17% this year. While we anticipate a more challenging year ahead for property industry-wide due to the impact of COVID-19, we are confident in the portfolio's strong position at the end of FY20.

RESPONSIBLE INVESTING

We have continued to strengthen our commitment to sustainable and ethical investment and operational practices across our portfolio. We have commenced a solar panel installation project across our assets and upgraded air conditioning and lighting systems in several properties to reduce electricity consumption. These tangible outcomes are backed up by CBIC's portfolio currently reflecting a NABERS rating of 4.1 stars.

We are excited to welcome Kirsty Rourke to the role of CEO. Formerly the Head of Investments, Kirsty has been a member of the CBIC team for over six years. She is a socially responsible leader focused on targeting environmentally sustainable and socially beneficial investments that will deliver profit back to Brisbane.

“We have continued to strengthen our commitment to sustainable and ethical investment and operational practices across our portfolio”



17%

PERFORMANCE EXCEEDED
BENCHMARK

\$20
million

ANNUAL DIVIDEND
PAID

LOOKING FORWARD

As the City of Brisbane's Urban Wealth Fund, we are continuing to execute our strategy of progressively rebalancing our portfolio to better diversify risk and secure sustainable returns and growth for the shareholder. This coming year promises to be a challenging one for all sectors of the economy, as the uncertain effects of the COVID-19 pandemic continue to be felt for some months to come. We are confident, however, that our efforts in building a strong, defensive portfolio have placed us in a position to perform well relative to comparable funds.

We would also like to acknowledge the continued support of CBIC's shareholder the Brisbane City Council, under the leadership of The Right Honourable, the Lord Mayor of Brisbane, Adrian Schrinner.



G. Rodgers

Geoff Rodgers OAM | Chairman



KRourke

Kirsty Rourke | CEO

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OBJECTIVE & STRATEGY

OBJECTIVE

The purpose of CBIC is:

To acquire, dispose of and reasonably invest in assets to enhance the ability of its Shareholder, the Brisbane City Council, to deliver services and other benefits to the citizens of Brisbane.



“CBIC maintains a diverse and efficient mix of assets that maximise the level of return for an appropriate level of risk.”



STRATEGY

The Investment Policy dictates the investment strategy to be employed in achieving the stated objective.

The policy requires CBIC to maintain a diverse and efficient mix of assets that maximise the level of return for an appropriate level of risk. The policy also allows for the potential to maintain a higher than normal weighting to property. The bias to domestic property aligns with Council's property needs, as well as the requirement to optimise Council's surplus and under-utilised property assets.

Management of the property portfolio is undertaken in-house by a team of real estate professionals providing asset management, development management and capital transaction services.

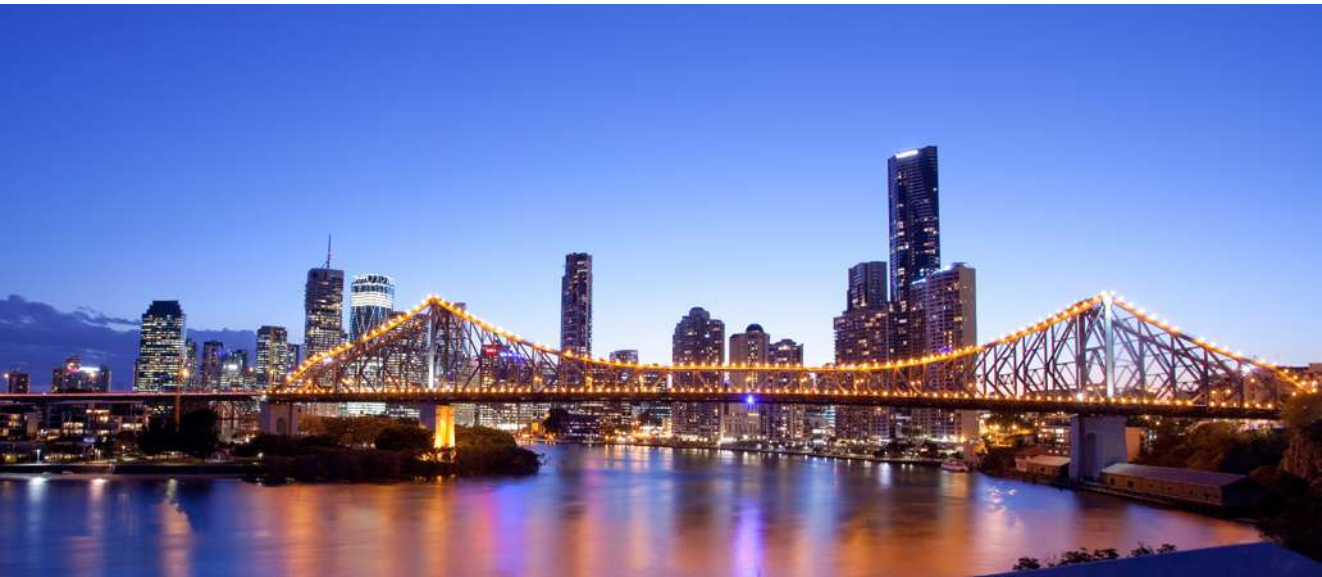
External investment managers and advisers are used across other asset classes where appropriate.

BENCHMARKS

The Shareholder has set a long-term target return of CPI plus 4.5% to 5.5% for the mandate. The CPI measure will be the mid-point of the target range set by the Reserve Bank of Australia.

The individual asset class portfolios are measured against the following indices:

Asset Class	Benchmark Index
Cash	Bloomberg AusBond Bank Bill Index
Domestic Bonds	Bloomberg AusBond Composite Index
Domestic Equities	Standard and Poor's ASX 200 Accumulation Index
Domestic Properties	MSCI/Mercer Australia Core Wholesale Property Fund Index



CBIC is Brisbane's Urban Wealth Fund and is committed to delivering superior, risk adjusted, long-term returns to the City of Brisbane. CBIC maintains a strong commitment to responsible investing principles, which guides it to make positive contributions to environmental and social outcomes in the communities in which it invests.

Responsible investment is an approach that recognises that long-term sustainable returns rely on stable and well-functioning social, environmental and economic systems. Working within this framework CBIC considers environmental, social and governance (ESG) factors in addition to

“CBIC ensures the impacts of its decisions are positive for both the environment and community.”

economic viability when assessing the feasibility of an investment.

ESG principles not only contribute to communities and the environment, but also support strong returns. Buildings which uphold higher environmental standards tend to receive better pricing on sale and improved net rents during ownership.

CBIC's commitment to responsible investing is centred on environmental stewardship of its assets and the neighbourhoods in which they stand, along with transparency and disclosure both within the organisation and throughout the supply chain. We are also committed to the health, safety and wellness of the occupants of our assets.



SUSTAINABILITY

Aspiring to meet best-in-class sustainability standards



DIRECT BENEFITS

Directly benefiting the people of Brisbane



PROTECTION

Protecting and enhancing value across the portfolio



ENVIRONMENTAL

CBIC's commitment to considering the environmental impacts of its investments has improved the resilience of its portfolio and delivered real environmental outcomes.

This year CBIC commenced its solar program by adding solar panels to Tradecoast Central and North Regional Business Centre. The introduction of solar improves the environmental credentials and longevity of the portfolio as well reducing operating costs. CBIC is working towards implementing other environmental policies at an asset level, which will ultimately lead to energy, waste and water efficiencies, reductions in operating expenses, and growth in the value of the assets.

Continuing its transparent commitment to environmental outcomes, CBIC's buildings, where applicable, will meet Green Building Council of Australia standards for Greenstar certification during construction. CBIC is also focussing on creating a positive impact in buildings it acquires and it remains committed to making capital investments into building management systems and services to improve the NABERS Energy rating of these buildings.



“Wynnum Shopping Centre and North Regional Business Centre provide a significant benefit to their local communities through the provision of quality public libraries.”

SOCIAL

CBIC understands that real estate is an asset class which has a significant impact on many people's everyday lives. This drives CBIC to consider how its buildings interact with all stakeholders, including both tenants and the local community.

Externally, CBIC has a strong history of delivering social infrastructure assets for Brisbane City Council such as Wynnum and Chermside libraries, both of which provide a significant benefit to their local communities through the provision of quality public libraries.

A diverse and inclusive workplace contributes to employee wellbeing and creates a positive impact for all stakeholders. CBIC is proud that women make up over 70% of its workforce and continues to look for opportunities for women to build on their skills and experience within the organisation. In addition, paid parental leave was introduced to the organisation demonstrating CBIC's commitment to employee wellbeing and retention.

GOVERNANCE

CBIC's Corporate Governance structure is designed to protect and enhance value across the portfolio. CBIC's active approach to risk management includes a proprietary risk framework to manage risks across the portfolio and operations ensuring compliance with relevant legislation, regulations, codes and standards.

CBIC is a beneficial enterprise under the *City of Brisbane Act 2010 (Qld)*. It is also a registered Australian Proprietary Company, Limited by Shares under the *Corporations Act 2001 (Cth)*. Accordingly, CBIC is required to be audited on an annual basis by the Auditor-General of Queensland under the *Auditor-General Act 2009 (Qld)*.

CBIC's governance framework is currently guided by the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations - 3rd Edition' and is proceeding to incorporate suggested changes in the 2019 4th Edition.

“CBIC's Corporate Governance structure is designed to protect and enhance value across the portfolio.”

MOVING FORWARD

While CBIC is proud of the tangible outcomes its ongoing commitment to ESG investing principles has delivered, it is planning to further extend its social and environmental outcomes across the portfolio. Some of the initiatives CBIC is looking at over the next 12 months, include:

- ✓ Implementing ESG KPIs across the portfolio to set ESG targets and track improvements.
- ✓ Implementing NABERS water ratings (where currently only energy is monitored).
- ✓ Investigating rollout of specialist disability accommodation in Brisbane.
- ✓ Improving environmental footprint at head office level.
- ✓ Continuing to ensure all suppliers comply with the Modern Slavery Act.
- ✓ Contributing to fundraising events with local community organisations.

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PERFORMANCE HIGHLIGHTS

FINANCIAL PERFORMANCE INDICATORS

15%

Property portfolio return

Outperformed benchmark (MSCI/Mercer Australia Core Wholesale Property Fund Index) by 17.1%. It outperformed the index for the 11th consecutive year.

12%

Overall portfolio return

Outperformed return target (7.5%) by 4.5%

11.4%

Since inception return

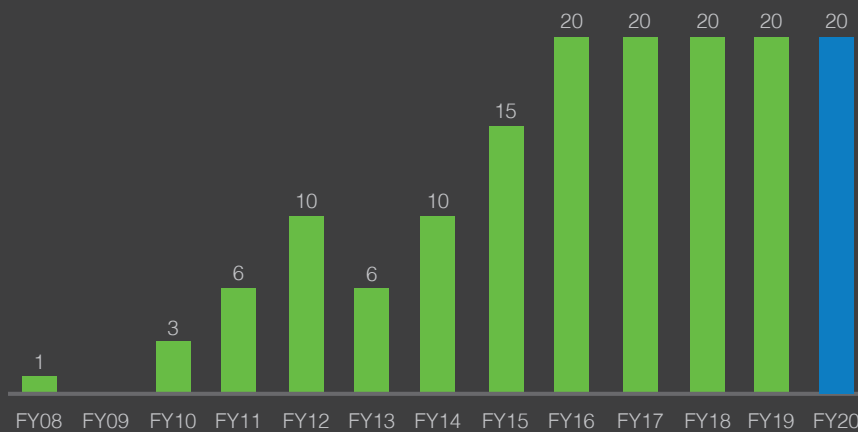
(12 years and 1 month to June 2020)

Dividend

Paid \$20 million dividend to the shareholder Brisbane City Council for the fifth consecutive year, which will contribute into the Green Future Fund.

\$150.7 million dividends paid in total since 2008

\$20 million dividend



Funds Under Management

\$308m

Gross Transactions

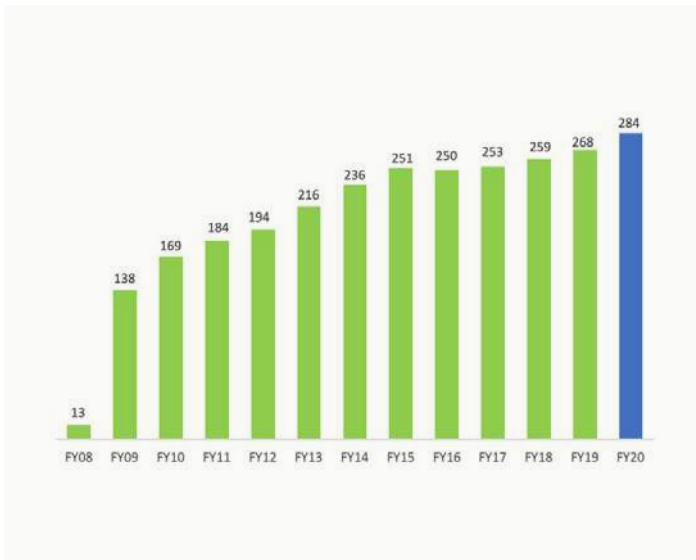
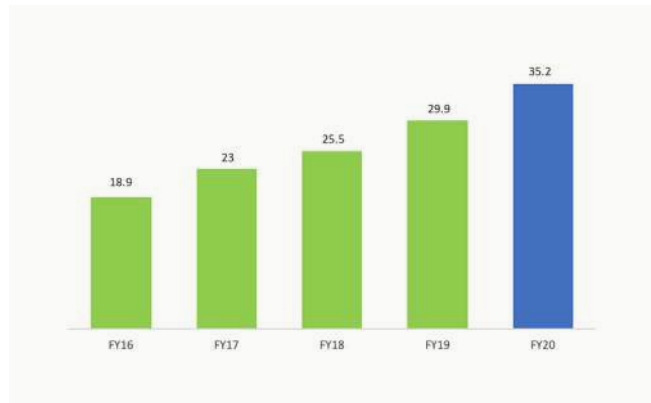
\$44.75m



Net Profit

\$35.2 million

HIGHEST SINCE INCEPTION



Net Asset Value

\$284 million

NON-FINANCIAL PERFORMANCE INDICATORS

Weighted Average Lease Expiry

10.6 YEARS

Lease Exposure

Lease exposure to high credit quality government, local government and corporate entities

86.51%

Weighted Average Occupancy

94.7%

Rents collected during COVID

Over 98%

CBIC PORTFOLIO

CBIC has maintained the portfolio's strategic asset allocation to long WALE assets whilst actively managing the portfolio to maximise returns to its shareholder.

CBIC's property portfolio favours Australian office and industrial sectors which continue to surpass the performance of the retail and residential sectors. The property portfolio returned 15% in the year, outperforming the benchmark MSCI/Mercer Core Wholesale Index by 17.1%.

During the year, as part of its progressive rebalancing of its portfolio, CBIC divested two assets out of its portfolio – the South Regional Business Centre and 16 Industrial Avenue, Wacol.

“CBIC has maintained the portfolio's strategic asset allocation to long WALE assets whilst actively managing the portfolio to maximise returns to its shareholder.”





“ CBIC’s property portfolio favours Australian office and industrial sectors which continue to surpass the performance of the retail and residential sectors.”

Key metrics	FY20	FY19
Total Investments	8	10
Net lettable area ¹	50,780	60,017
Occupancy ²	95%	95%
Weighted average lease expiry (years) ³	10.6	10.8
Weighted average cap rate ⁴	6.10%	6.27%

1. NLA excludes self storage asset

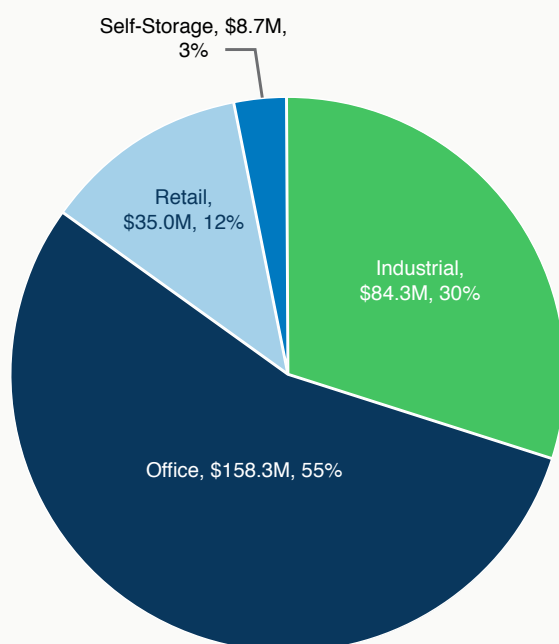
2. Occupancy excludes self storage asset

3. WALE excludes self storage asset

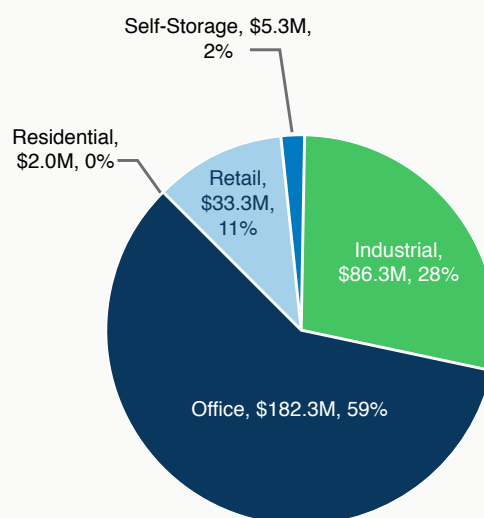
4. WACR excludes self storage asset



June 2020



June 2019



OFFICE PORTFOLIO



North Regional Business Centre

375 Hamilton Road, Chermside QLD

PROPERTY SUMMARY	
Ownership	100%
Acquisition date	2015-2017
Site Area	5,010m ²
Total area (NLA)	6,058m ²
Occupancy	100%
WALE (income)	11.7 years
Tenant/s	Brisbane City Council

The North Regional Business Centre (NRBC) was developed by CBIC to hold long term, in line with its mandate to provide consistent look-through earnings for its shareholder. NRBC was built with sustainability in mind, with reduced energy demand and water efficient fixtures and fittings. The 5 star NABERS rating is effective till July 2020.

The asset is ideally located in proximity to Chermside Shopping Centre and provides ground floor community facilities including a public library and café, with high quality office accommodation on the upper floors. The asset was constructed to a high standard and will provide a long-term rental stream with a low capital expenditure requirement, maximising returns for the shareholder.

OFFICE PORTFOLIO



262 Adelaide Street

Brisbane QLD

PROPERTY SUMMARY

Ownership	100%
Acquisition date	2017
Site Area	445m ²
Total area (NLA)	2,426m ²
Occupancy	52%
WALE (Income)	2.3 years
Major Tenant/s	GreenStreat, Woods Bagot, Axis IP

262 Adelaide Street is a heritage building which has been carefully restored over the past two years. Each office floor, the façade, and the lobby have been refurbished, including all new services infrastructure and fitouts. Repositioning the asset has resulted in several new tenants committing to office and retail space during the year, despite the impacts of COVID on the leasing market. The positive outcome has substantiated CBIC's conviction to fully refurbish and reposition this beautiful part of Brisbane's heritage.

In line with CBIC's focus on responsible investing, 262 Adelaide Street now has equitable access from street level to the lobby and retail level with a new lift providing accessibility to the rest of the building. This improves marketability for the office space and the upper ground retail space, which is currently being fitted out by the new tenant. The high quality finishes and energy efficient operation continues to draw high calibre tenants from the creative, design and IT industries.

The revitalisation of 262 Adelaide Street has improved the streetscape in this precinct and contributed to the preservation of Brisbane's heritage buildings.

OFFICE PORTFOLIO



99 Georgiana Terrace

Gosford NSW

PROPERTY SUMMARY	
Ownership	100%
Acquisition date	2018
Site Area	4,250m ²
Total area (NLA)	7,542m ²
Occupancy	99%
WALE (income)	7.3 years
Major Tenant/s	Commonwealth Government of Australia (ATO)

Completed in 2017, Georgiana Terrace is a purpose-built facility, providing high quality office accommodation for the Australia Taxation Office and the National Disability Insurance Agency.

Achieving a NABERS energy rating of 5.5 stars, this asset will continue to underpin the portfolio with a long WALE, secure income stream and low capital expenditure.

OFFICE PORTFOLIO



George Street Offices

9 George Street, Parramatta NSW

PROPERTY SUMMARY

Ownership	100%
Acquisition date	2019
Site Area	1,412m ²
Total area (NLA)	5,562m ²
Occupancy	75%
WALE (income)	2.4 years
Rent Review Structure/s	Various
Tenant/s	NSW Government, Westpac Banking Corporation, Aussie Pay

Located within the Justice Precinct, 9 George Street has been repositioned to take advantage of the improving demand for office space in the Parramatta market. Upgrades to lighting and air-conditioning have been completed, reducing energy consumption and demonstrating CBIC's commitment to environmentally responsible investment.

The recently completed refurbishment has seen high quality tenants committing to leases, despite the widely-felt impacts of COVID, which demonstrates the strong demand for quality space in Parramatta.

The New South Wales Government's commitment to infrastructure investment in Parramatta and the Western Sydney region has established Parramatta as a viable alternative to the Sydney CBD, with the opportunity to provide increased occupancy ratios and capital growth.

OFFICE PORTFOLIO



South Regional Business Centre

665 Fairfield Road, Yeerongpilly QLD

PROPERTY SUMMARY	
Ownership	100%
Acquisition date	3 July 2012
Sale date	30 April 2020
Site Area	3,600m ²
Total area (NLA)	4,198m ²
Occupancy	100%
WALE (income)	Approx. 7 years at sale date
Tenant/s	Brisbane City Council

The South Regional Business Centre (SRBC) was purpose-built in 2012 for its sole tenant, Brisbane City Council. Built to a 4.5-star NABERS and 5-star Green Star rating, the property reflects CBIC's ongoing commitment to environmental sustainability and responsible investment. SRBC is located adjacent to Yeerongpilly train station and will adjoin Yeerongpilly Green, a mixed-use master-planned community due for completion in 2028.

With 69% of CBIC's portfolio located in Brisbane and a 58% concentration in the office sector, the decision was made to offer SRBC for sale through an expression of interest process in FY19. Following a highly competitive campaign, CBIC had the benefit of a long settlement, completing the sale of SRBC on 30 April 2020 to WA-based property developer and manager Ascot Capital. SRBC was sold for \$35.25 million.

INDUSTRIAL PORTFOLIO



20 Tradecoast Drive, Tradecoast Central

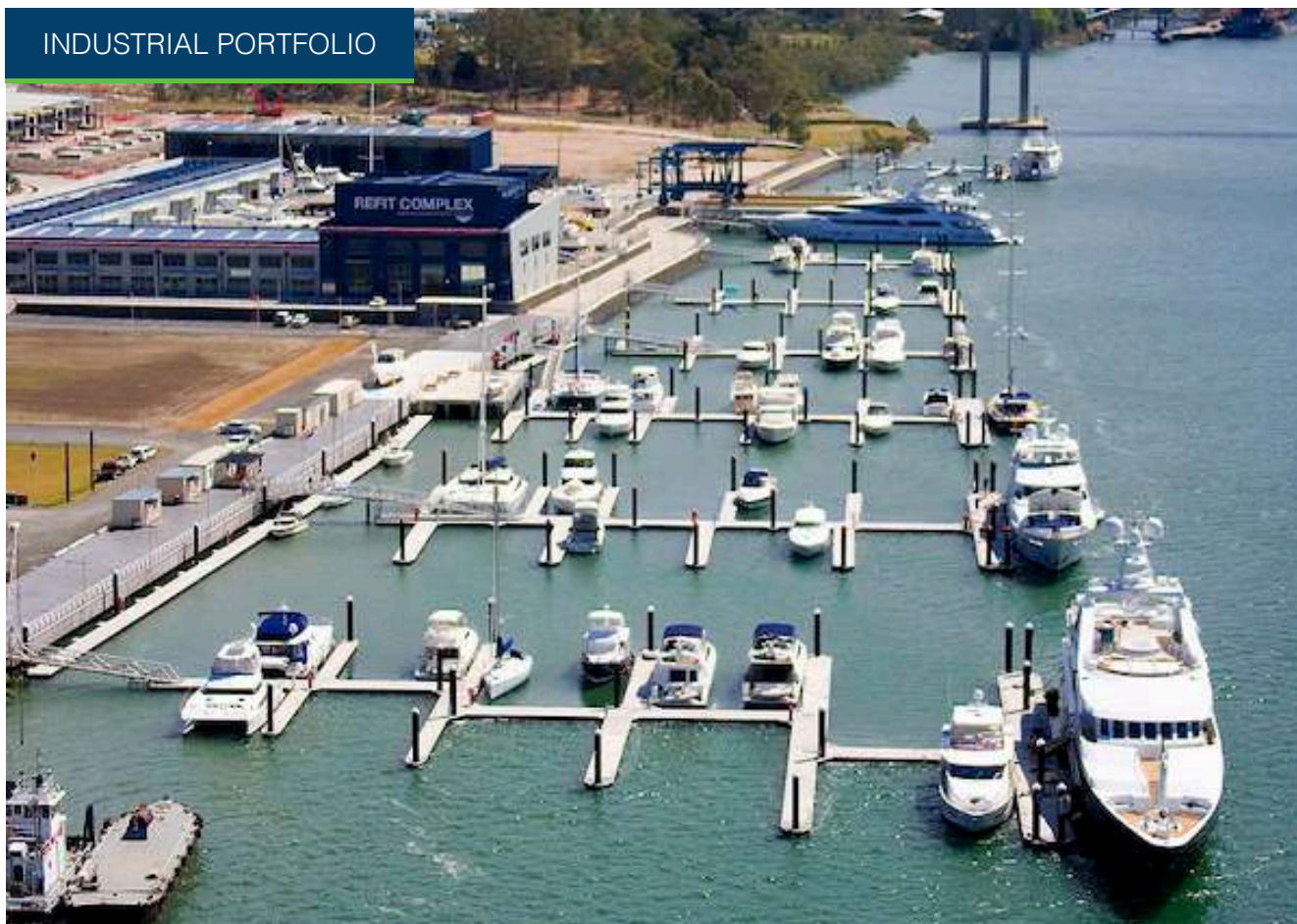
Eagle Farm QLD

PROPERTY SUMMARY

Ownership	100%
Acquisition date	2018
Site Area	5.8ha
Total area (NLA)	12,888m ² (plus 3ha hardstand)
Occupancy	100%
WALE (income)	14 years
Tenant/s	Brisbane City Council

20 Tradecoast Drive, developed by CBIC and completed in July 2020, is a strong performer within CBIC's portfolio. It provides significant exposure to the industrial market which has been the best performing real estate asset class over the past quarter. Leased to Brisbane City Council to provide operational efficiencies for the various business units of Council, this asset is a long-term core asset for CBIC.

INDUSTRIAL PORTFOLIO



Rivergate Shipyard

Murarrie QLD

PROPERTY SUMMARY	
Ownership	100%
Acquisition date	2011
Site Area	20,127m ²
Total demised area	10,916m ²
Occupancy	100%
WALE (income)	15 years
Tenant/s	Brisbane City Council, Rivergate Marina and Shipyards Pty Ltd.

Rivergate is situated in the established industrial precinct of Murarrie, benefitting from good transport connectivity to the Port of Brisbane, Brisbane Airport and Gateway Motorway.

CBIC's holdings in the Rivergate Marina, Queensland's premier commercial shipyard, continues to show excellent investment returns whilst providing its tenants with premiere shipyard and marina facilities. Part of the marina is leased to Brisbane City Council, which use the facility to maintain and berth their CityCat and ferry fleets.

INDUSTRIAL PORTFOLIO



16 Industrial Avenue

Wacol QLD

PROPERTY SUMMARY

Ownership	100%
Acquisition date	1 November 2011
Sale date	13 November 2019
Site Area	21,750m ²
Total area (NLA)	5,039m ²
Occupancy	100%
WALE (income)	Approx 2.6 years at sale date
Tenant/s	Brisbane City Council

16 Industrial Avenue is a warehouse and office space leased to Brisbane City Council to accommodate its vehicle fleet maintenance operations.

The asset has site improvements consisting of 639m² office space and a 4,400m² high bay portal framed warehouse. The site also has 8,782m² of vacant land at the rear of the facility, accessible via a separate entry. The asset offers excellent connectivity via the Ipswich, Centenary and Logan motorways.

The decision was made to divest of the asset in FY20. Following a competitive EOI campaign, CBIC settled the sale on 13 November 2019 for \$9.5 million. The buyer was Desane Group Holdings, an ASX-listed property investment and development company.

RETAIL PORTFOLIO



Wynnum Shopping Centre

145 Florence Street, Wynnum QLD

PROPERTY SUMMARY	
Ownership	100%
Acquisition date	2015-2016
Site Area	6,145m ²
Total area (NLA)	5,388m ²
Occupancy	100%
WALE (income)	11.8 years
Tenant/s	Woolworths, Brisbane City Council

Located in the business district of the bayside suburb of Wynnum, 145 Florence Street continues to derive a steady and sustainable income stream from the two major tenants, Woolworths and Brisbane City Council.

The asset provides sector diversification to the portfolio as the leasing profile is underpinned by a full-line supermarket. Non-discretionary retail has performed strongly in 2020, and as a result CBIC has avoided the negative impacts felt by landlords with large allocations to discretionary retail.

145 Florence Street provides an improved retail offering to Wynnum and delivers strong social benefits, through the parkland adjacent to the development and the state of the art library facility.

OTHER PORTFOLIO



Augustus Residences Toowong

24 Augustus Street, Toowong QLD

PROPERTY SUMMARY

Ownership	Joint Venture
Project	2015-2020
Site Area	2,102m ²
Apartments	90

Augustus Residences, CBIC's residential unit development in Toowong was finalised during FY20. The final five units were settled with the project returns exceeding CBIC's long term targeted returns. CBIC acknowledges the contribution of its joint venture partners, Golden State Property Developments Pty Ltd and Oracle Estates Pty Limited, in delivering this successful project.

OTHER PORTFOLIO



Storage Sector

WA, VIC

CBIC holds an interest in two StoreInvest investment trusts, which are sector specific, pooled investment vehicles that specialise in storage units.

This investment provides both geographic and asset class diversity to CBIC's portfolio (self-storage is considered an alternate or non-traditional asset class). The manager is executing its strategy of upgrading and expanding the properties in both trusts, and CBIC anticipates potential capital growth in the short-term.





CBIC's Corporate Governance structure is designed to protect and enhance value across the portfolio.

BOARD COMMITTEES

Three committees have been established by the Board in order to assist with the efficient functioning of CBIC in line with corporate governance practices. The committees consist of:

INVESTMENT REVIEW COMMITTEE

Set the long term investment strategy for CBIC. Review investment opportunities and where appropriate make recommendations to the Board.

FINANCE & AUDIT COMMITTEE

Monitoring the effectiveness of internal controls, managing internal and external audit, reviewing the risk management framework and reviewing the annual financial statements.

BUSINESS MANAGEMENT & PROTOCOL COMMITTEE

Developing corporate, strategic and communication plans.

Each committee meeting held during the year ended 30 June 2020 are tallied below along with the number of meetings attended by each Director.

Director	Investment Review		Finance & Audit		Business Management & Protocol		Board Meetings	
	A	H	A	H	A	H	A	H
Geoff Rodgers	4	4	*	*	*	*	12	13
Neil Castles	4	4	4	4	*	*	12	13
Neill Ford	4	4	*	*	*	*	11	13
Jerry Harris	*	*	*	*	7	7	13	13
Colin Jensen	*	*	*	*	*	*	10	13
Bill Lyon (ALT)	*	*	3	4	6	7	1	1
Bruce McIver	2	4	4	4	*	*	13	13
Maria Roach	*	*	*	*	6	7	12	13
Patrice Sherrie	4	4	4	4	*	*	12	13

A = Number of meetings attended

H = 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

REMUNERATION

Directors are paid by way of fees for their services to CBIC. The Chairman and Directors' fees are \$78,126 and \$39,240 inclusive of superannuation per annum, respectively. Directors who receive their fee as salary income, rather than a fee through a company, are paid statutory superannuation. Brisbane City Council Directors do not receive a fee for their services.

MANAGING CONFLICTS OF INTEREST

CBIC maintains a structured Corporate Governance Framework which oversees the Conflicts of Interest Policy for Directors and staff. This policy outlines that all decisions are to be made on a sound, independent advisory basis, which is free from personal or commercial pressures and/or influences.

The Conflicts of Interest Policy sets out the approach of CBIC to managing actual or potential conflicts of interest, including the outline of steps required to disclose and manage them.

Each Director and staff member is required to provide timely disclosure in writing to the Company Secretary of all actual or potential conflicts of interest which is then recorded in a Register of Interests. Any disclosures made are a standing item on each Board meeting agenda.

At Board meetings, each Director is also required to disclose any conflict of interest concerning any items of business before the Board.

The Policy outlines ways that the conflict can be managed. This includes disclosure, abstain from voting on, making or influencing decisions or proposals, withdrawing from discussion of affected proposals and/or having their access restricted to information relating to the conflict of interest. Some conflicts of interest may have such a serious potential impact on the company that the only way to adequately manage them is to avoid them. In such cases the response may, for example, require a decision not to transact business with the person who has the conflict or the person resigning their position with the company.

The CBIC Board of Directors is charged with the responsibility of making prudent investment decisions and ensuring the long term strategy is consistent with CBIC's key objectives.

The Board's diverse commercial and business experience combines to provide the strategic direction for the company and ensures the company's resources, risk and governance frameworks and financial management systems are maintained through its Committees.

OUR BOARD

CBIC is directed by a board of business leaders with experience in publicly-listed entities, private companies and government. They ensure CBIC delivers sustainable outperformance in a framework designed to protect and enhance shareholder value.



Geoff Rodgers OAM

CHAIRMAN

Geoff has over 30 years' experience in strategic communication and is founder and Chairman of Rowland – Queensland's premier communication, creative and digital agency. He is also:

- Chairman of IDS Property
- A Director of IWS Australia and Brothers Rugby Club
- A Member of St Vincent de Paul CEO Sleepout Ambassadors group and the Racing Queensland Advisory Group

Geoff holds a Bachelor of Business, Diploma in Marketing, Diploma, Company Directors course, and is a Fellow of the Australian Institute of Company Directors and Public Relations Institute of Australia. Geoff was awarded an OAM in the Queen's Birthday 2016 Honours List.



Neil Castles

DIRECTOR

Neil has recently retired from full-time work. Prior to retirement, Neil was the Chief Finance Officer of Western Downs Regional Council from 2016 to 2019.

Previously, Neil was the Director-General of both the Department of Housing and Public Works and the Department of Local Government.

Earlier in his career, Neil was a senior executive of Queensland Treasury Corporation, the State of Queensland's central financing authority, for more than 20 years and he was also the Deputy Director-General Finance Procurement and Legal of Queensland Health. Neil has also been a director and company secretary of several of the Queensland Government's special purpose companies. Neil's areas of expertise include finance, debt management, credit, and risk management.



Neill Ford

DIRECTOR

Neill Ford, who started out as a cab driver, some 40 odd years ago, is now Managing Director of USA Autos, a company importing and selling Vintage and Classic cars in Queensland and Australia.

Neill is also currently a non-Executive Director of CBIC and Chairman of both Taxi Industry Australia Insurance Brokers Pty Ltd (TIAIB) and Taxis Australia Pty Ltd representing 10,000 Taxis across Australia.

Neill helped grow Yellow Cabs into the best Cab Company in Australia selling his interest to Cabcharge Australia Ltd at the end of the 2017 financial year. He has maintained his Taxi Licence portfolio and his real estate portfolio with long term leases to Cabcharge Australia Ltd.



Jerry Harris

DIRECTOR

Jerry Harris is a professional non-executive director and consultant, and is also a member of the advisory board of Redlands Economic Development.

Jerry enjoyed a lifetime executive career with News Corporation of which 10 years were spent in Brisbane as Chief Executive Officer of Queensland Newspapers, before being appointed to a national role as Managing Director, Group Newspapers and Digital Products. He was a member of the News Limited board for over 20 years.

Jerry is graduate of the Australian Institute of Company Directors.



Colin Jensen

DIRECTOR

Managing an annual budget of \$3.18 billion and an asset base of \$28.3 billion, Colin Jensen is Chief Executive Officer of Brisbane City Council, serving a population of 2.4 million people.

Colin oversees the largest local government in Australia and delivers Council's key initiatives in the pursuit of its Brisbane Vision 2031. Prior to joining Council in August 2010, Colin had a successful career in the Queensland Government, most recently as the Coordinator-General and Director-General of the Department of Infrastructure and Planning.

Colin is a director of several boards including CitySmart and the City of Brisbane Investment Corporation (CBIC) and has previously been named as one of Australia's top 100 most influential engineers for eight consecutive years.

He received the QUT Chancellor's Outstanding Alumni Award and the Faculty of Built Environment and Engineering Alumni Award for 2011 and was awarded the Queensland 2010/11 National Emergency Medal for sustained service by the Governor-General for the role he played in the January 2011 floods.

He holds a Bachelor of Civil Engineering (Honours), is a fellow of the Australian Academy of Technological Sciences and Engineering (ATSE), and is also an honorary fellow of Engineers Australia.



Bruce McIver AM

DIRECTOR

Bruce is a non-executive director of Australia Post and the Rail Technology Group, and the Chairman of the McIver Group of Companies and Nimrod Resources Limited. He has served on a number of Boards with Property Holdings, both in Queensland and Interstate.

Bruce currently holds a position with the Logistics and Transport Industry and is a Fellow of the Australian Institute of Company Directors.



Maria Roach

DIRECTOR

Maria has more than 20 years' experience as a company secretary of publicly-listed companies in Australia.

Maria also provides consulting services in corporate governance. Maria has a Bachelor of Business (Accountancy), is a Fellow of Chartered Secretaries Association and a Certified Practising Accountant (CPA). She is a former member of the Australian Government Takeovers Panel.

**Patrice Sherrie****DIRECTOR**

Patrice has extensive experience with over three decades spent in chartered accounting and commerce starting with PWC in both Brisbane and Port Moresby. She went on to hold a CEO role for Paridian Property Development Fund and an executive role with Grant Samuel Property. Most recently Patrice has been a Director and consultant to Bentleys Chartered Accountants where she specialised in property transactions and now sits as an independent director on several boards including SunWater, Andersens Floorcoverings and Premise Engineering Consultants.

**Bill Lyons****ALT. DIRECTOR FOR COLIN JENSEN**

Bill is currently the Divisional Manager Organisational Services for Brisbane City Council, having joined in May 2017. Bill holds a Bachelor of Business (International Business and Marketing), an Associate Diploma in Electrical Engineering (Telecommunications) and is a Graduate of Australian Institute of Company Directors (AICD). Bill's previous roles include CEO Redland City Council and Executive General Manager roles with Energex and Telstra.

**Margot Blue****COMPANY SECRETARY**

Margot Blue is currently CBIC's company secretary. Previously, Margot was a litigation lawyer in both private practice and the Public Service for over 15 years. She has completed and obtained GAICD qualifications, sits as a Director on a not-for-profit organisation and is a member of the Governance Institute of Australia.



FINANCIAL STATEMENTS

AUDITED RESULTS 2020

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**CITY OF BRISBANE INVESTMENT
CORPORATION PTY LTD
(CONSOLIDATED)
ACN 066 022 455**

FINANCIAL STATEMENTS AND DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2020

City of Brisbane Investment Corporation Pty Ltd is an Australian company with its registered office located at: Level 21, 12 Creek St, Brisbane, Queensland, Australia.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2020

The Directors present their report together with the financial report of City of Brisbane Investment Corporation Pty Ltd and its subsidiaries ("the Group") for the financial year ended 30 June 2020.

DIRECTORS

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

Geoff Rodgers (Chair)	Bruce McIver
Neil Castles	Maria Roach
Neill Ford	Patrice Sherrie
Jerry Harris	Bill Lyon
Colin Jensen	(Alternate of Colin Jensen)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year included property investment, property development, property sale and purchase activities, investment in property trusts and undertaking short term deposits.

OPERATING RESULTS

The result of the Group for the financial year ended 30 June 2020 was a net profit of \$35.2 million (2019: \$29.9 million) and total comprehensive income of \$35.2 million (2019: \$29.9 million).

REVIEW OF OPERATIONS

The main sources of revenue were rent generated from the Group's investment properties, fair value gains from investment properties, sales revenue from investment properties, sales revenue from property development, and interest revenue from cash held on deposit.

During the year the Group's operations included the following asset transactions:

- the sale of 16 Industrial Avenue, Wacol, QLD for \$9.5 million was completed in November 2019.
- the sale of 665 Fairfield Road, Yeerongpilly, QLD for \$35.25 million was completed in April 2020.
- the Group has a 52% interest in a joint venture residential property development at Toowong, QLD that was completed in April 2018. Of the 90 apartments constructed, 85 were settled by 30 June 2019, the remaining five apartments were settled during the financial year ended 30 June 2020 along with the sale of the management rights.

SIGNIFICANT CHANGE IN STATE OF AFFAIRS

There has been no significant change in the state of affairs of the Group during the financial year. Due to the majority of space leased being with high credit quality counterparties, the impact of COVID-19 on lease income and on property values has been minor. The Group predominately invests in commercial and industrial property and therefore CBIC has limited retail tenancies with the only tenancy of significance being with a high credit quality national retailer.

LIKELY DEVELOPMENTS

In the future the Group expects to continue to grow its business, with a focus on property investment activities.

EVENTS AFTER BALANCE DATE

In July 2020, the Company declared and paid a dividend to BCC amounting to \$20 million with respect to the 2020 financial year.

Other than the above, there are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect either the Group's operations in future years, the results of those operations in future years or the Group's state of affairs in future years.

DIRECTORS' BENEFITS

During the financial year, Directors of the company have received or become entitled to receive Directors' fees totalling \$313,567 (2019: \$306,032).

DIRECTORS' MEETINGS

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

Names	A	B
Geoff Rodgers (Chair)	12	13
Neil Castles	12	13
Neill Ford	11	13
Jerry Harris	13	13
Colin Jensen	11	13
Bruce McIver	13	13
Maria Roach	12	13
Patrice Sherrie	12	13
Bill Lyon (Alt of Colin Jensen)	1	1

A - Number of meetings attended

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

Leave of absence granted

INDEMNIFICATION AND INSURANCE

The insurance premium for a policy of insurance indemnifying Directors and officers is paid by the Group's parent entity, Brisbane City Council.

The Group's auditor, Queensland Audit Office, has not been indemnified by the Group.

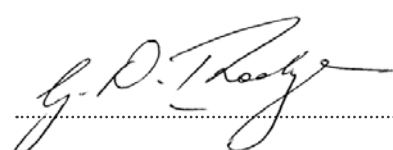
ROUNDING OF AMOUNTS

The Group is a type of entity referred to in ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191 and therefore the amounts contained in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated.

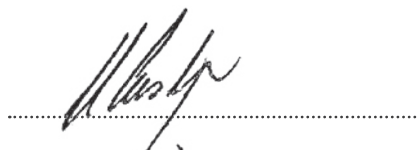
AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration is set out on page 34 of this Annual Report.

Signed in accordance with a resolution of the Board of Directors.



Geoffrey Rodgers
Director



Neil Castles
Director


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 financial year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



R VAGG
(as delegate of the Auditor-General of Queensland)
24 July 2020

Queensland Audit Office
Brisbane

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$'000	2019 \$'000
Revenue			
Development sales	2	1,723	6,409
Rental	2	24,872	18,075
Interest	2	228	1,267
Distributions	2	163	367
Other income	2	50	-
		27,036	26,118
Other income			
Fair value gain on investment property	8	10,250	15,954
Gain on sale of investment property	2	4,160	90
Net unrealised fair value gain on non-current asset held for sale arising during the year	7	0	1,773
Net unrealised fair value gain on financial assets arising during the year	9	3,408	-
		17,818	17,817
Total income		44,854	43,935
Expenses			
Development cost of goods sold	3	1,214	5,809
Property expenses and outgoings	3	4,745	4,570
Management and other administration expenses	3	2,868	2,461
Finance costs	3	586	615
Other expenses	3	260	552
Total expenses		9,673	14,007
Net profit for the period attributable to members of the company		35,181	29,928
Other comprehensive income		-	-
Total comprehensive income attributable to members of the company		35,181	29,928

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

Consolidated statement of financial position

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$'000	2019 \$'000
Current assets			
Cash and cash equivalents	4	40,851	7,806
Receivables	5	1,181	1,248
Inventories	6	-	1,113
Non current asset held for sale	7	-	40,000
Right of use asset		113	-
		42,145	50,167
Non current assets			
Investment property	8	277,550	261,500
Investment in property trusts	9	8,690	5,281
Property, plant and equipment		88	19
		266,800	185,046
Total assets		328,473	316,967
Current liabilities			
Accounts payable and accrued expenses	11	1,352	4,332
Interest payable		60	209
Lease liability - lessee		132	-
Other liability	12	1,079	906
		2,623	5,447
Non current liabilities			
Refundable tenant deposit	11	217	138
Other liability	12	2,008	2,909
Interest-bearing loan	13	20,000	20,000
		22,225	23,047
Total liabilities		24,848	28,494
Net assets		303,625	288,473
Shareholder's equity			
Share capital	14	140,902	140,902
Other capital contribution		1,897	1,897
Fair value reserve	14	-	-
Retained profits		160,826	145,674
Total shareholder's equity		303,625	288,473

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

Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2020

2019	Total	Share capital	Other capital contrib.	Fair value reserves	Retained Profits
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018	278,545	140,902	1,897	(540)	136,286
Adjustment on initial application of AASB 9	-	-	-	540	(540)
Net profit	29,928	-	-	-	29,928
Other comprehensive income (expenses)	-	-	-	-	-
Dividend paid to shareholder	(20,000)	-	-	-	(20,000)
Balance at 30 June 2019	288,473	140,902	1,897	-	145,674

2020	Total	Share capital	Other capital contrib.	Fair value reserves	Retained Profits
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019	288,473	140,902	1,897	-	145,674
Adjustment on initial application of AASB 16*	(29)	-	-	-	(29)
Net profit	35,181	-	-	-	35,181
Other comprehensive income (expenses)	-	-	-	-	-
Dividend paid to shareholder	(20,000)	-	-	-	(20,000)
Balance at 30 June 2020	303,625	140,902	1,897	-	160,826

*On 1 July 2019 (the date of initial application), CBIC recognised right-of-use asset and lease liability as lessee in accordance with AASB 16. There was an adjustment made to the opening retained profits balance for FY20 by a decrease of \$28,748.

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

Consolidated statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$'000	2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		24,533	25,962
Payments to suppliers and employees		(12,065)	(9,744)
Distributions received		163	367
Interest received		215	1,924
Interest paid		(586)	(181)
Payment of rental liability		(729)	(1,009)
Payment for inventory		(51)	(6,374)
Net cash inflows from operating activities	4	11,480	10,945
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from sale of investment property		44,115	-
Payment for investment property acquisitions and additions		(1,435)	(87,425)
Payment for Investment property capex		(1,115)	-
Loans repaid		-	2,136
Net cash (outflows) from investing activities		41,565	(85,289)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of debt	13	-	20,000
Dividends paid	18	(20,000)	(20,000)
Net cash (outflows) from financing activities		(20,000)	-
NET (DECREASE) IN CASH HELD		33,045	(74,344)
Cash and cash equivalents at the beginning of the year		7,806	82,150
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	40,851	7,806

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

NFS

NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS

Notes to and forming part of the financial statements FOR THE YEAR ENDED 30 JUNE 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

City of Brisbane Investment Corporation Pty Ltd and its subsidiaries ("the Group") comprises a group of companies and a trust domiciled in Australia. Brisbane City Council ("BCC") is the ultimate parent of the Group.

The principal place of business and the registered office of the Group is at Level 21, 12 Creek Street, Brisbane, Qld.

(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*.

While its ultimate parent is a not-for-profit entity, the Group is a for-profit entity and the financial statements are prepared on a for-profit basis.

All balances are stated in Australian dollars.

The financial report has been prepared on an accrual basis and is based on historical costs, except for:

- Investment property at fair value
- Investment in property trusts at fair value
- Non current asset held for sale at fair value less costs to sell.

(b) Basis of consolidation

The consolidated financial statements reflect the combined financial performance and position of the following entities which comprise the City of Brisbane Investment Corporation Group of entities:

- City of Brisbane Investment Corporation Pty Ltd (CBIC);
- BrisDev Trust (100% owned by CBIC);
- CBIC Investment Pty Ltd (100% owned by CBIC);
- BrisDev Pty Ltd (Dormant - 100% owned by CBIC); and
- CBIC Valley Heart Pty Ltd (Dormant - 100% owned by CBIC).

The key financial information of the parent entity, CBIC, is detailed in Note 19.

(c) Rounding and Comparatives

Unless otherwise stated, amounts have been rounded to the nearest \$1,000 in accordance with ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191. Consequently, rounded balances in the notes may not exactly agree to the primary statements.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(d) Use of judgements and estimates

When preparing the financial statements management undertakes a number of judgements and estimates about the recognition and measurement of assets, liabilities, income and expenses. The impact of any revisions to these judgements and estimates are recognised in the period in which the revision is made.

The following are the judgements and estimates that have the most significant effect on the financial statements:

- Investment property – Estimating the fair value using valuation techniques including directly comparable market sales, discounted cashflow models and income capitalisation
- Loans and receivables – Judgement in assessing the collectability of loans and receivables
- Inventories – Judgement in determining the net realisable value of inventory exceeds the carrying amount.

(e) New and revised standards that are effective for these financial statements

AASB 16 Leases

This standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

The standard substantially carries forward the lessor accounting requirements in AASB 117 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The standard requires enhanced disclosures about exposures to leases for both lessees and lessors and has been applied to the Group's annual reporting period commencing on 1 July 2019.

On adoption of this standard, the group recognised a right-of-use asset as well as a lease liability in relation to the head office lease. The adoption of AASB 16 resulted in an adjustment of \$28,749 to retained profits.

(f) 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 1936*.

(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. Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST components of cashflows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(h) Joint Operation

The BrisDev Trust holds a 52% interest in an unincorporated joint venture, Augustus Developments Joint Venture, which is subject to joint control, as the strategic, financial and operational policy decisions relating to the activities of the joint operation require the unanimous consent of the parties sharing control. As such, the BrisDev Trust recognises its proportional interest in the joint operation assets, liabilities, revenue and expenses. The joint venture has been dissolved this year now that all the apartments are sold.

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2. REVENUE AND OTHER INCOME**Development sales**

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

	2020 \$'000	2019 \$'000
Sales of properties developed	1,723	6,409

Rental

Rental revenue from investment property is recognised on a straight-line basis over the lease term. The cost of lease incentives granted are recognised as a reduction of rental revenue on a straight-line basis from the lease commencement date to the end of the lease term.

	2020 \$'000	2019 \$'000
Gross rent	21,529	16,892
Straight-line rent adjustment	2,078	1,382
Amortisation of lease incentive	1,265	(199)
	24,872	18,075

2. REVENUE AND OTHER INCOME (continued)

Interest

Interest revenue relates to cash and cash equivalents and finance income from loans receivable. Finance income, including fees and fixed fee remuneration, and interest are recognised when the right to receive payment is established using the effective interest method.

	2020 \$'000	2019 \$'000
Interest	228	1,267

Distributions

Distribution income is recognised when the right to receive payment is established.

	2020 \$'000	2019 \$'000
Distributions	163	367

Gain on sale of investment property (refer (i))

	2020 \$'000	2019 \$'000
Proceeds from sale of investment property	44,750	-
Selling expenses	(636)	-
Gain on rental liability reassessment	-	90
Net proceeds	44,114	90
Book value of investment property sold	(39,954)	-
Gain on sale of investment property	4,160	90

(i) Gain relates to sale of properties referred to in Notes 7 and 8.

3. EXPENSES**Development cost of goods sold**

Development cost of goods sold is the cost of inventories (properties) that have been sold during the period. It is recognised as an expense upon recognition of the sale of the properties developed.

	2020	2019
	\$'000	\$'000
Development cost of goods sold	1,214	5,809

Property expenses and outgoings

Property expenses and outgoings include rates, taxes and other property outgoings incurred in relation to the effective operation of the properties.

Expenditure 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. Expenditure incurred in the acquisition or construction of assets are treated as capital expenditure and recognised as part of the cost of that asset.

	2020	2019
	\$'000	\$'000
Property expenses and outgoings	4,745	4,570

3. EXPENSES (continued)

Management and other administration expenses

	2020 \$'000	2019 \$'000
<u>Employee benefits and related costs</u>		
Wages and salaries (including leave benefits and contractors)	1,651	1,226
Superannuation contributions	125	97
Payroll tax	36	59
Recruitment	53	18
Other employee related costs	37	36
	<u>1,902</u>	<u>1,436</u>
<u>Directors' costs</u>		
Directors' fees	293	289
Superannuation contributions	20	17
Payroll tax	10	15
	<u>323</u>	<u>321</u>
<u>Other administration expenses</u>		
Professional fees	114	138
IT and communications	186	149
Rent	125	132
Corporate memberships and subscriptions	84	105
Audit fees	43	67
Other	90	113
	<u>643</u>	<u>704</u>
	<u>2,868</u>	<u>2,461</u>

Superannuation contributions are paid to various defined contributions plans in accordance with contracts of employment and minimum statutory requirements. The Group has no legal or constructive obligations to pay amounts in addition to these contributions, which are recognised as an expense in the period that relevant employee services are received.

3. EXPENSES (continued)**Finance Costs**

Finance costs relates to interest and borrowing costs on the interest-bearing loan in place with National Australia Bank. Interest is recognised when the obligation to pay interest payment is established according to the loan agreement.

	2020 \$'000	2019 \$'000
Interest expenses	586	415
Establishment fee	-	200
	586	615

Audit Fees paid/payable to Queensland Audit Office

Total audit fees quoted by the Queensland Audit Office relating to the Group financial statements are \$47,000 (2019: \$45,600 actual). In addition, total audit fees quoted by the Queensland Audit Office relating to the audit of financial statements of CBIC Investment Pty Ltd and BrisDev Trust are \$9,000 (2019: \$8,500 actual).

No other services were performed during the reporting period.

Other expenses

	2020 \$'000	2019 \$'000
New business costs	27	236
Other joint operation expenses	(1)	68
Interest expenses for financial liabilities not at fair value	210	181
Investment management fees	24	67
	260	552

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less.

Cash balance comprises

	2020	2019
	\$'000	\$'000
Cash at bank and at call	40,851	7,806
Cash and cash equivalents	40,851	7,806

Reconciliation of total comprehensive income to net cash inflows from operating activities

	2020	2019
	\$'000	\$'000
Total comprehensive income for the period	35,181	29,928
Non-cash items		
Gain on sale of investment property	(4,160)	(90)
Straight line rent adjustment	(2,078)	(1,382)
Fair value gain on investment property	(10,250)	(15,954)
Fair value gain on asset held for sale	-	(1,773)
Amortisation of lease incentive	(1,265)	199
Fair Value Gain / (Loss) on financial assets	(3,408)	-
Changes in operating assets and liabilities		
(Increase) / Decrease in receivables	(22)	(84)
Increase in accounts payable and accrued expenses	(2,902)	702
Decrease / (Increase) in inventory	1,113	408
(Decrease) in rental liability	(729)	(1,009)
Net cash inflows from operating activities	11,480	10,945

5. RECEIVABLES

Trade and other receivables and loans are measured at amortised cost using the effective interest method.

	2020 \$'000	2019 \$'000
Current		
Interest receivable	23	10
Trade and other receivables	1,159	1,238
	<u>1,182</u>	<u>1,248</u>

6. INVENTORIES

Inventories consist of properties being developed for future sale. They are measured at the lower of cost and net realisable value.

The cost of the inventories includes development costs and borrowing costs directly associated with the projects.

	2020 \$'000	2019 \$'000
Property constructed and/or under construction at cost	-	1,113
Inventory		
Opening balance at 1 July	1,113	16,712
Additions	-	4,923
Inventory sold	(1,113)	(5,330)
Transfer of inventory to investment property	-	(15,192)
Closing balance at 30 June	<u>-</u>	<u>1,113</u>

7. NON CURRENT ASSET HELD FOR SALE

Non current asset held for sale comprise assets which the Group has identified as available for immediate sale in their present condition, and are expected to be sold within the next 12 months. Immediately before classification as held for sale the assets are remeasured in accordance with the Group's accounting policies.

Thereafter these assets are measured at the lower of their carrying amount or fair value less costs to sell, except for investment property which continues to be measured at fair value. Refer Note 10 for further fair value information.

At 30 June 2020, the Group has no assets which are classified as non-current asset held for sale by 30 June 2021.

	2020 \$'000	2019 \$'000
Investment property held for sale (at fair value)		
Opening balance at 1 July	40,000	-
Reclassification from investment property as of 30 June 18	-	38,250
Additions	-	(23)
Net value gain	-	1,773
Disposal	(40,000)	-
Closing balance at 30 June	-	40,000

8. INVESTMENT PROPERTY

Investment property is property held to earn rental income and/or for capital appreciation and property that is being constructed or developed for future use as an investment property.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Refer Note 10 for further fair value information.

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

Lease incentives for fit-out provided to tenants are capitalised and amortised over the lease periods to which they relate. The carrying amount of lease incentives are included in the value of the investment property.

Gains or losses arising from changes in the fair value of investment properties are recognised in profit or loss in the period in which they arise. The gain or loss on disposal of an investment property, which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in profit or loss in the period of disposal.

	2020 \$'000	2019 \$'000
Existing investment property		
Opening balance at 1 July	261,500	178,250
Acquisitions of investment property	(174)	46,625
Additions	1,115	1,769
Lease incentives	2,429	-
Amortisation of lease incentives	473	(205)
Straight line rent adjustment	2,078	1,382
Net fair value gain	10,129	1,737
Transfer of construction projects completed	-	55,000
Transfer from inventory	-	15,192
Reclassifications to available for sale	-	(38,250)
Closing balance at 30 June	277,550	261,500
Investment property under construction		
Opening balance at 1 July	-	1,514
Additions	-	39,269
Net fair value gain	-	14,217
Transfer of construction projects completed	-	(55,000)
Closing balance at 30 June	-	-
	277,550	261,500

9. INVESTMENT IN PROPERTY TRUSTS

Investment in property trusts are classified as financial assets. They are measured at fair value with changes in fair value being recognised in profit or loss in the period in which they arise. The property trusts were revalued during the period ending 30 June 2020. These revaluations resulted in a change in fair value being recognised of \$3.408M. Refer Note 10 for further fair value information

	2020 \$'000	2019 \$'000
Investment in property trusts at fair value		
Opening balance at 1 July	5,281	5,281
Acquisitions	-	-
Net fair value gain	3,408	-
Closing balance at 30 June	8,689	5,281

10. FAIR VALUE MEASUREMENT

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

Fair value measurement hierarchy

Non-financial assets measured at fair value include investment property and non current asset held for sale. The carrying amount of other financial assets and liabilities reasonably equates to their fair value.

The methods used to estimate fair values comprise:

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

The following table shows assets at as level 3 in accordance with AASB 13 Fair Value Measurement.

	Level 1		Level 2		Level 3		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Investment properties	-	-	-	-	277,550	261,500	277,550	261,500
Non current asset held for sale	-	-	-	-	-	40,000	-	40,000
Investment in property trusts	-	-	-	-	8,689	5,281	8,689	5,281
Total	-	-	-	-	286,239	306,781	286,239	306,781

10. FAIR VALUE MEASUREMENT (continued)**Reconciliation of level 3 fair value measurements**

The following table shows the movements of investment properties in Level 3 of the fair value measurements hierarchy. Corresponding tables for non current assets held for sale and investment in property trusts are shown in Notes 7 and 9 respectively.

	Investment Properties	
	2020	2019
	\$'000	\$'000
Opening balance at 1 July	261,500	179,765
Transfers into level 3	-	-
Transfers out of level 3	-	-
Straight-line rent adjustment	2,078	1,382
Net fair value gain	10,129	429
Acquisitions and additions	941	46,879
Reclassification to non-current asset held for sale	-	(38,250)
Transfer of completed construction projects	-	55,000
Transfer of inventory	-	16,500
Other	2,902	(205)
Closing balance at 30 June	277,550	261,500

Classification of assets and liabilities into fair value hierarchy levels is reviewed annually and where there has been a significant change to the valuation inputs and valuation techniques and a transfer is deemed to occur, this is affected at the beginning of the relevant reporting period.

Valuation techniques and inputs

Investment properties, investment in property trusts and non-current assets held for sale are measured at fair value. Investment properties and investment in property trusts classified as level 3 as the fair value is substantially derived from unobservable inputs.

All independent valuations were performed as at 30 June 2020. The independent valuations were performed by qualified valuers from Jones Lang LaSalle Advisory Services, Knight Frank, CBRE, Savills Valuations and Colliers International.

The assignment of individual values to individual investment property is based on the valuer's expertise in the type of investment property concerned and considers recent sales of similar properties in the same geographical location. Valuation methods considered are:

- Discounted cashflow models, and
- Income capitalisation approaches

The income capitalisation approach applies a market capitalisation rate to income. Adjustments are made for any relevant rental reversions including letting up allowances for vacant space, incentives, leasing fees, capital expenditure and other appropriate capital allowances.

Discounted cashflow models consider the present value of net cash flows to be generated from the property, reflecting the expected rental growth rate, void periods, occupancy rates, lease incentive costs and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.

There has been limited impact on the Group's property valuations due to COVID-19 and its flow-on economic effects. This is mainly due to 86.51% of the Group's lease exposure being with high credit quality government, local government and corporate entities. In addition, 84.35% of the Group's exposure is to commercial and industrial property where to date there has been limited evidence of negative market impacts. The largest retail exposure is to a high credit quality, national retailer.

Key unobservable inputs used in valuations are detailed in the below tables:

Investment property

Valuation method	Significant unobservable input description and range	Relationship of inputs to fair value
Income capitalisation	Net passing income	Refer (i) below
	Market capitalisation rate 5.50% to 6.75% (2019: 5.75% to 7.25%)	Refer (ii) below
	Capital expenditure and lease incentives	Refer (ii) below
Discounted cash flow	Rental cash flow growth rates 1.82% to 3.57% (2019: 1.00% to 7.00%)	Refer (i) below
	Tenancy / lease occupancy rates	Refer (i) below
	Capital expenditure	Refer (ii) below
	Terminal value	Refer (i) below
	Discount rate 6.00% to 8.00% (2019: 6.13% to 7.75%)	Refer (ii) below

Investments in property trusts

Valuation method	Significant unobservable input description and range	Relationship of inputs to fair value
Income capitalisation	Net market income	Refer (i) below
	Market capitalisation rate 6.50% to 8.00% (2019: 7.25% to 8.50%)	Refer (ii) below
	Forecast stabilised maintainable occupancy	Refer (i) below
Discounted cash flow	Sustainable average storage fees	Refer (i) below
	Terminal capitalisation rate 7.00% to 8.50% (2019: 7.50%)	Refer (ii) below
	Discount rate 10.00% to 11.50% (2019: 9.00%)	Refer (ii) below

(i) Increase in the input variable would increase the fair value and a decrease in the input variable would decrease the fair value.

(ii) Increase in the input variable would decrease the fair value and a decrease in the input variable would increase the fair value.

11. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses are recognised as a liability when the amount owed can be measured reliably and when it is probable the amount will have to be paid, when the goods are received, or the service is performed. Amounts are unsecured and normally settle within 30 days.

Accrued employee benefits comprise annual leave and accrued salaries and superannuation. Annual leave represents the amount which the Group has a present obligation to pay resulting from employees' services provided up to balance date. The accrual is based on estimated remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs.

	2020 \$'000	2019 \$'000
Current		
Trade creditors and accrued expenses	951	4,227
PAYG, GST and Payroll Taxes	327	50
Accrued annual leave	74	55
	1,352	4,332
Non current		
Refundable tenancy deposit	217	138

12. OTHER LIABILITIES

The rental liability relates to amounts payable as rental guarantees in respect of properties sold by the Group. Any amounts expected to be settled within 12 months of balance date have been disclosed as current liabilities, with the remaining amount disclosed as non current. The liability has been calculated by discounting the expected payments to their present values.

	2020 \$'000	2019 \$'000
Current		
Rental liability	1,079	906
	1,079	906
Non current		
Rental liability	2,008	2,909

13. INTEREST-BEARING LOAN

The Group entered into a \$50.0 million loan facility agreement with National Australia Bank on 20 February 2019 for the acquisition of investment properties. As at 30 June 2020, CBIC has drawn down \$20.0 million from this facility. The loan matures on 29 February 2024.

	2020 \$'000	2019 \$'000
Current		
Bank loan	-	-
Non Current		
Bank loan	20,000	20,000
	20,000	20,000

The assets included in the security pool in accordance with AASB 116 Property, Plant and Equipment are as follows:

- 375 Hamilton Road, Chermside, Qld
- 7 Rivergate Place, Murarrie, Qld
- 29 Rivergate Place, Murarrie, Qld
- 99 Georgiana Terrace, Gosford, NSW
- 20 TradeCoast Drive, Eagle Farm, Qld
- 145 Florence Street, Wynnum, Qld

14. SHARE CAPITAL AND RESERVES

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.

	2020 \$'000	2019 \$'000
140,901,651 ordinary shares fully paid	140,902	140,902
Fair value reserve	-	-

15. RELATED PARTY TRANSACTIONS**(a) Key personnel****Directors**

- Geoff Rodgers
- Neil Castles
- Neill Ford
- Jerry Harris
- Colin Jensen
- Bruce McIver
- Maria Roach
- Patrice Sherrie
- Bill Lyon (Alternate of Colin Jensen)

Former Directors

- Edward Marchant Resigned 31 December 2018

Company Secretary

- Shannon Brandon Resigned 13 September 2018
- Margot Blue Appointed 12 March 2019

Management

- Gary Coleman Resigned 30 January 2020
- Kirsty Rourke Appointed 18 February 2020

(a) Key management personnel compensation

	2020	2019
	\$	\$
Short-term employee benefits	597,489	620,402
Post-employment benefits	40,368	38,775
Long-term benefits	-	-
Termination benefits	188,425	-
Total	826,282	659,177

Colin Jensen and Bill Lyon did not receive any compensation during the financial year (2019: Nil).

15. RELATED PARTY TRANSACTIONS (continued)

(b) Details of transactions between the Group and Brisbane City Council (BCC), the ultimate parent entity are disclosed below:

	2020 \$	2019 \$
Infrastructure contributions charged by ultimate parent entity #1	-	2,080
Purchase of materials and services from ultimate parent entity #2	170,778	128,680
Rental income earned from ultimate parent entity #3	12,714,212	10,268,272
Dividend in respect of 2019 financial year	20,000,000	-
Dividend in respect of 2018 financial year	-	20,000,000

At balance date, total amount payable to BCC in relation to these services amounted to \$Nil (2019: \$Nil) and the total amount payable by BCC in relation to the rental income is \$Nil (2019: \$Nil).

Details of transactions between the Group and Brisbane City Council (BCC), the ultimate parent entity (continued)

1. Infrastructure charges in relation to developments undertaken that are determined by BCC in accordance with the relevant charging schedules
2. Purchase of materials and services in the ordinary course of business that are acquired on commercial terms
3. In June 2019, the Group completed construction of the industrial warehouse at TradeCoast Drive, Eagle Farm, QLD. BCC entered into a lease agreement with the Group for a period of 15 years at market rates.

The Group also leases commercial spaces and a shipyard facility to BCC. These transactions are based on normal market commercial terms and conditions as per the valuations completed by independent valuers.

Whilst rental revenue of the Group is recognised on a straight-line basis over the lease term, the amounts disclosed for related party transaction purposes reflect amounts actually payable/receivable for the period in accordance with the relevant lease agreements.

Details of transactions between CBIC and its Subsidiaries are disclosed below:

	2020 \$	2019 \$
Intercompany loans between the entities	420,915	423,915

During the 2020 financial year CBIC repaid \$3,000 to CBIC Investment Pty Ltd. On consolidation, the loans were eliminated. The loans are unsecured, interest free and with no fixed repayment date.

(c) Details of transactions between the Group and other related parties are disclosed below:

	2020 \$	2019 \$
Infrastructure contributions charged by ultimate parent entity	-	-
Purchase of Land	-	14,775,000

At balance date, the total amount payable in relation to these transactions amounted to Nil (2019: Nil).

These infrastructure charges relate to developments undertaken by the Group and are determined by the related party in accordance with the relevant charging schedules.

16. COMMITMENTS**(a) Capital commitments**

Capital expenditure contracted for at balance date but not provided for in the Financial Statements is payable as follows

	2020 \$'000	2019 \$'000
Within 1 year	166	5,083
1 to 5 years	-	-
Later than 5 years	-	-
	166	5,083

Total capital commitments as at 30 June 2020 for CBIC is \$0.2 million (2019: \$5.1 million).

(b) Operating commitments

Operating expenditure contracted for at balance date but not provided for in the Financial Statements relates entirely to CBIC and is payable as follows:

	2020 \$'000	2019 \$'000
Within 1 year	1,480	992
1 to 5 years	747	679
Later than 5 years	-	-
	2,227	1,671
Total operating and capital commitments	2,393	6,754

17. LEASES AS LESSOR

Future operating lease rentals contracted for at balance date but not provided for in the Financial Statements relate entirely to CBIC and are receivable as follows:

	2020 \$'000	2019 \$'000
Within 1 year	17,164	16,157
1 to 2 years	16,609	16,357
2 to 3 years	16,333	15,781
3 to 4 years	16,610	14,477
4 to 5 years	16,868	14,621
Later than 5 years	140,542	111,306
	224,126	188,699

The Group has entered into 28 non-cancellable lease arrangements for its investment properties under normal market terms and conditions.

18. SUBSEQUENT EVENTS

At the date of signing, the following non-adjusting event occurred subsequent to balance date:

Dividend declaration

A dividend of \$20.0 million payable to the ultimate parent entity was declared on 28 July 2020 in respect of the 2020 financial year.

Other than the above there are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect either the Group's operations in future years, the results of those operations in future years or the Group's state of affairs in future years.

19. HEAD COMPANY FINANCIAL INFORMATION

The key financial information of the head company, CBIC is detailed as follows:

	2020 \$'000	2019 \$'000
Assets		
Current assets	42,145	48,080
Non-current assets	286,328	266,801
Total assets	328,473	314,881
Liabilities		
Current liabilities	2,552	5,393
Non-current liabilities	22,644	23,047
Total liabilities	25,196	28,440
Shareholder's equity		
Share capital	140,902	140,902
Other capital contribution	1,897	1,897
Fair value reserve	-	-
Retained profits	160,478	143,643
Total shareholder's equity	303,277	286,442
Profit or loss and comprehensive income		
Total profit or loss	34,736	29,381
Other comprehensive income	-	-
Total comprehensive income	34,736	29,381

20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**Categorisation of Financial Instruments**

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of financial instruments.

Financial assets and financial liabilities are classified as follows:

	Note	2020 \$'000	2019 \$'000
Financial assets			
Cash and cash equivalents at amortised cost	4	40,851	7,806
Loans and receivables at amortised cost	5	1,182	1,248
Investment in property trusts at fair value	9	8,689	5,281
		50,722	14,335
Financial Liabilities			
Accounts payable and accrued expenses	11	1,500	4,470
Interest Payable		60	209
Rental liabilities	12	3,087	3,815
Interest-bearing loan	13	20,000	20,000
Total liabilities		24,647	28,494

Risk Management

The Group's principal financial instruments include cash and cash equivalents and loans, the main purpose of which is to provide adequate financial capability to support the Group's operations, the acquisition of investment properties and management of its financial market risks. The Group has various other financial assets and liabilities such as trade receivables, interest-bearing loan and payables which arise directly from its operations.

The Group's activities expose it to a variety of risks including market risk (such as interest rate risk), liquidity risk and credit risk. The Group's financial risk management activities seek to minimise potential adverse effects of the unpredictability of financial markets on financial performance.

All investment activities must be consistent with the Group'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.

20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Interest Rate Risk

Interest rate risk refers to possible fluctuations caused by changes in the value of interest-bearing financial instruments as a result of changes in market rates.

The Group' interest rate sensitivity to an expected 1% maximum fluctuation in interest rates if all other variables were held constant is:

Increase/(decrease) in profit and equity from change in interest rate of:	1% increase		1% decrease	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash and cash equivalents	409	78	(409)	(78)
Loans receivable (floating interest rate)	-	-	-	-
Interest-bearing loan	(200)	(200)	200	200

Liquidity Risk

Liquidity risk refers to the ability of the Group to meet its financial obligations as and when they fall due. The Group is exposed to liquidity risk through its normal course of business. The Group manages liquidity risk through continuous monitoring of forecast cash flows to ensure it maintains adequate access to cash and cash equivalents and borrowings ensuring an appropriate spread of maturities as required.

The following table sets out the contractual maturity of the Group's financial liabilities, calculated based on the undiscounted cash flows relating to the liabilities at reporting date:

2020	0-1 year \$'000	1-5 year \$'000	Over 5 years \$'000	Total \$'000
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Financial Liabilities

Accounts payable and accrued expenses	1,283	217	-	1,500
Interest-bearing loan	-	20,000	-	20,000
Rental liability	1,079	2,008	-	3,087
Total financial liabilities	2,362	22,225	-	24,587

2019	0-1 year \$'000	1-5 year \$'000	Over 5 years \$'000	Total \$'000
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Financial Liabilities

Accounts payable and accrued expenses	4,541	138	-	4,679
Interest-bearing loan	-	20,000	-	20,000
Rental liability	906	2,909	-	3,815
Total financial liabilities	5,447	23,047	-	28,494

20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)**Credit Risk**

Credit risk is the risk that the counterparty will not fulfil its obligations under the terms of a financial instrument and will cause financial loss to the Group. The Group has exposure to credit risk on all financial assets recognised on the statement of financial position.

The Group's management considers that all material financial assets are of good credit quality noting:

- in respect of cash and cash equivalents, credit risk is considered negligible since the funds are held with reputable banks and institutions with high quality credit ratings
- in respect of loans and receivables, material amounts receivable are either with a reputable counterparty or the amount receivable has appropriate security to minimise the risk of potential default.

The Group has assessed COVID-19's impact on the value of its properties and to its revenues. While there has been a minor impact to lease revenues due to rebates and abatements, the impact has been minor and is expected to be minor in future. This is due to the majority of the Group's exposure being to high credit quality government, local government and corporate counterparties.

The impact on the Group's property values has been minor as the Group has limited retail property exposure with the majority of this exposure being to a high credit quality, national retailer.

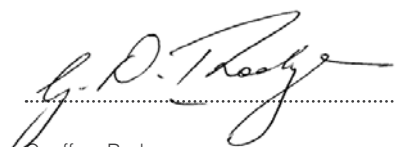
Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2020

In the opinion of the Directors of the company:

1. The consolidated financial statements and notes of City of Brisbane Investment Corporation Pty Ltd for the financial year ended 30 June 2020 are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
 - (b) complying with Accounting Standards and the Corporations Regulations 2001.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

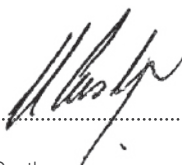
Signed in accordance with a resolution of the Board of Directors..



Geoffrey Rodgers

Director

Brisbane, 28 July 2020



Neil Castles

Director

Brisbane, 28 July 2020

To the Members of City of Brisbane Investment Corporation Pty Ltd

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

OPINION

I have audited the accompanying financial report of City of Brisbane Investment Corporation Pty Ltd and its controlled entities (the group).

In my opinion, the financial report:

- gives a true and fair view of the group's financial position as at 30 June 2020, and its financial performance and cash flows for the year then ended
- complies with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards.

The financial report comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the directors' declaration.

BASIS FOR OPINION

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

I am independent of the group in accordance with the ethical requirements of the Accounting Professional and Ethical

Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

I am also independent in accordance with the auditor independence requirements of the *Corporations Act 2001*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

OTHER INFORMATION

Other information comprises the information included in the group's directors' report for the year ended 30 June 2020, but does not include the financial report and my auditor's report thereon.

The directors are responsible for the other information.

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

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

obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

RESPONSIBILITIES OF THE COMPANY FOR THE FINANCIAL REPORT

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the parent's and group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the parent's and group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion.

I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the parent or group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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



R VAGG
as delegate of the Auditor-General of Queensland

30 July 2020

Queensland Audit Office Brisbane

