

City of
Brisbane
Investment Corporation



ANNUAL REPORT
2021

ACKNOWLEDGMENT OF COUNTRY

The City of Brisbane Investment Corporation acknowledges the Traditional Custodians of the land and their unique relationship with their ancestral country. We pay respect to all Aboriginal and Torres Strait Islander Elders of Brisbane and all of the regions in which we work, and recognise their strength and wisdom.

TABLE OF CONTENTS

ABOUT US	04
LORD MAYOR'S FOREWORD	05
CHAIRMAN & CEO'S REPORT	06
OUR BOARD	08
OBJECTIVE AND STRATEGY	10
RESPONSIBLE INVESTING	11
GOVERNANCE	12
OUR PERFORMANCE	14
CASE STUDIES	16
PROPERTY PORTFOLIO	18
FINANCIAL STATEMENTS	21

ABOUT US

The City of Brisbane Investment Corporation (CBIC) works to build a better Brisbane through strong, sustainable, and socially responsible investments. Since 2008, we have worked with the Brisbane City Council as Brisbane's high-performing Urban Wealth Fund to invest in the region's economic growth and return community benefits.

Our investments contribute to enhancing public spaces for the 1.27 million residents who called Brisbane home in 2020. Recognising that Brisbane is a city of diverse communities, we endeavour to invest in inclusive and welcoming spaces for all.

OUR VALUES



Getting
things done



Working
together



Responsive
customer service



Passion
for Brisbane

OUR ACTIVITIES



Funds
management



Property selection
and acquisition



Asset
management



Capital
projects

“

OUR TEAM
PROUDLY TAKE ON
THE CHALLENGE
OF MANAGING
BRISBANE'S ASSETS
TO MAKE THE CITY
A BETTER PLACE TO
WORK AND PLAY.”



LORD MAYOR'S FOREWORD

Access to high-quality green spaces has never been more critical for our city, as the COVID-19 pandemic continues to impact the way we live and work.

Over the last 12 months, our parks and shared spaces have proven time and time again to be the green thread that ties our community together, even when we need to be apart.

It is because of the CBIC and its continued record performance that we can grow and enhance our city's 2,160 parks, sports facilities and outdoor spaces through the 'Delivering Iconic Parks for Brisbane Program.'

The features of our city will no doubt become more of a priority as we begin to prepare to host the world at the 2032 Brisbane Olympic and Paralympic Games and showcase the natural qualities of our beautiful home.

In the last financial year alone, despite volatile markets, CBIC managed to outperform against its benchmarks and produce the highest profit since inception of \$42.5 million - delivering \$15 million in dividends back into our Green Future Fund.

The success follows a record-breaking 2020 financial year and continues the CBIC's tradition of strategic and socially responsible investments for the benefit of Brisbane and all who live here. The portfolio now includes the acquisition and planned long-term investment in specialist disability accommodation, anticipated to be delivered in 2022.

Since CBIC was first founded in 2008, it has continued to grow its portfolio from the initial seed funding of \$135 million to \$335 million in total funds under management.

The CBIC team have worked tirelessly to maximise the value of BCC's property portfolio and ensures that land is managed with the benefit of its ultimate owners in mind – the people of Brisbane.

Each of the city's 1.27 million residents will share in the success of this fund, which helps to build and enhance the great outdoors and lifestyle for which Brisbane is well known.

Though challenges will always lay ahead in these uncertain times, I know the team at CBIC will continue to build on their success as our Urban Wealth Fund.

Congratulations to the CBIC board and management on their continued dedication, success and their strong and shared vision for the fund's future.

The Right Honourable,
the Lord Mayor of Brisbane,

Adrian Schrinner



RESPONSIBLE INVESTING

Ethical and sustainable investing for the benefit of the Brisbane Community is and will continue to be a significant component of the CBIC strategy.

Through a range of conscious sustainability changes, including improved energy consumption monitoring and implementing solutions for reduction, the fund strengthened its NABERS rating across the eligible properties in the portfolio.

CBIC achieved a portfolio NABERS energy rating of 4.5 stars, up from 4.1 last year.

In addition to the work on the energy ratings, the fund commenced water tracking at eligible properties and achieved a NABERS Water rating of 4.2 stars across the portfolio.

The CBIC team also continued the rollout of the solar panel installation project, which is now operational at the North Regional Business Centre. CBIC enrolled the Gosford ATO property in NABERS carbon neutrality pilot program and successfully achieved a carbon neutrality rating for the building.

In conjunction with CBIC's acquisition strategy to refurbish the asset, key heritage components were preserved during the refurbishment of the Adelaide Street property, along with the installation of improved disability access throughout the building. CBIC has also commenced the development of specialist disability accommodation across two sites, with a plan to deliver inclusive and accessible housing for up to 15 people living with high physical support needs.

An ESG audit, part of which was completed in March, will guide a new series of asset and organisational level targets CBIC will focus on into the following year. The final portion of the audit is due for completion in September.

CHAIRMAN & CEO'S REPORT

The 2020-2021 financial year has been one like no other.

Despite continued shifts in the market as the world worked to adjust to the impacts of COVID-19, CBIC recorded its highest profit yet, securing a total of \$42.5 million and topping last financial year's record \$35.2 million return.

The positive results can be credited to several factors, including the sale of the 262 Adelaide Street property for \$18.8 million following a major refurbishment program.

A lift in the valuations of industrial properties and commercial offices was also partially responsible for the strong result, particularly those occupied by essential services and quality public sector tenants.

The year, however, wasn't without its challenges.

CBIC worked hard to support our tenants through their more vulnerable periods, which, due to the strength and diverse nature of our portfolio and successful leasing negotiations, had little impact on our material returns.

We plan to remain agile into the future to respond and prepare our group for future growth and maturity as the market continues to adjust.

Ultimately, CBIC was able to declare \$15 million in dividends as the Urban Wealth Fund of Brisbane to assist in the development of the city's green spaces while growing funds under management by over 148% since its inception in 2008.



Geoff Rodgers OAM
Chairman



Kirsty Rourke
CEO

INVESTMENT HIGHLIGHTS

The fund celebrated a number of investment highlights over the past 12 month period, including the refurbishment and sale of a heritage asset and the acquisition of land to develop specialist disability accommodation.

In September 2020, CBIC finalised the refurbishment of 262 Adelaide Street. The project began in 2018 and continued throughout the height of COVID.

Despite the complications of ongoing lockdowns, by early 2021, the asset was 100% leased.

The property was sold for \$18.8 million, allowing the fund to continue to rebalance its investments and risk profile.

CBIC also demonstrated its commitment to diversity and inclusion by acquiring two pieces of land in Everton Park and East Brisbane, which will be developed into specialist disability accommodation.

The specialist disability accommodation will comprise a pair of three-bedroom share houses at Everton Park and a two-level apartment building at East Brisbane, with seven apartments for nine participants. The developments are designed for those in need of high physical support.

The investment, which is based on a sound commercial model, aims to provide Brisbane locals with high physical support needs the opportunity to live an independent life and prevent young people with physical disabilities from relying on aged care accommodation. Development of the sites has commenced, with construction expected to start in late 2021.

CBIC delivered a strong result due to its diverse property portfolio with a 14.9% return, outperforming the targeted return by 9.2%.

COVID-19 IMPACT STATEMENT

CBIC supported a number of small to medium enterprise tenants that required assistance due to the pandemic. CBIC offered rental assistance totalling \$108,486 to six tenants across our portfolio this financial year, even at times exceeding the minimum requirements set out by the legislation. Outside of the assistance to tenants and ongoing disruption to business-as-usual, CBIC returns remained untouched by the pandemic.

LOOKING FORWARD

Into the new year, as we begin the preparations for the 2032 Olympic Games, we will continue to diversify our portfolio and ensure sustainable results for the city, as the Urban Wealth Fund of Brisbane.

While we expect demand for real estate assets to continue into the short term, particularly in the industrial and government leasing space, a normalisation period is expected.

We anticipate and are prepared for a return to conditions reflective of the pre-pandemic period.

We are confident that our strategy and focus in new sectors, including the specialist disability accommodation space, will benefit the fund and its future performance.

We acknowledged and thanked the ongoing support of the Brisbane City Council as the fund's shareholder, under the leadership of the Right Honourable, the Lord Mayor of Brisbane, Adrian Schrinner.



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
- Vice President of Brothers Rugby Club
- A Member of St Vincent de Paul CEO Sleepout Ambassadors group, 2020 Qld Olympic Fundraising Committee and 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 now retired from full-time work. He has worked as chief executive of State Government departments and as chief financial officer of State Government departments and local governments.

Neil was also a senior executive of Queensland Treasury Corporation for more than 20 years. While at Queensland Treasury Corporation, Neil was also a director and company secretary of a number of the Queensland Government's special purpose companies. Neil's areas of expertise include finance, debt management, credit and risk management and governance.



Colin Jensen

Director

Colin Jensen is Chief Executive Officer of Brisbane City Council, serving a population of over 1.2 million people and oversees the largest local government in Australia. Prior to joining Council, Colin had a successful career in the Queensland Government.

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

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



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 the Chartered Governance Institute (FGIA FCG) and a Certified Practising Accountant (CPA). She is a former member of the Australian Government Takeovers Panel.



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 ten 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.



Bruce McIver AM

Director

Bruce is a non-executive director of Australia Post, the Chairman of the McIver Group of Companies, Nimrod Resources Limited and Sozo Resources Pty Ltd.

He has served on a number of Boards with property holdings, both in Queensland and Interstate. Bruce is a Fellow of the Australian Institute of Company Directors.



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. Patrice is a former Director and consultant to Bentleys Chartered Accountants where she specialised in property transactions and now sits as an independent director on several boards including Acumentis Group Ltd, Millovate Pty Ltd, Brisbane Sustainability Agency Pty Ltd and Andersens Floor Coverings Pty Ltd.



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.

OBJECTIVE AND STRATEGY

Purpose and objective

We are driven by our purpose to build a better Brisbane. We work to foster community and connection for the city's residents and are tasked with delivering strong returns for our sole shareholder, the Brisbane City Council.

Through our Responsible Investing Principles, CBIC's medium-term objective is to increase its assets to an \$800+ million portfolio over the next two years that is functional and reliable for the city.

Strategy

To fulfil our purpose and objective, we endeavour to continually improve our investment strategy. Under CBIC's Investment Policy, the organisation can maintain a higher-than-average weighting to property in the portfolio. This allows us to work with the Brisbane City Council to meet its accommodation needs, maximising the efficient use and maximum value of council properties.

The management of CBIC's property portfolio is undertaken in-house by a team of real estate professionals who provide asset management, development management and capital transaction services. Through the support of external investment managers and advisers across other asset classes where appropriate, CBIC can maintain its high performing, diversified property investment strategy.



Benchmarks

CBIC aims to exceed a rolling CPI (Brisbane average over the last three years) by 3.5% to 4.5% over the long term to ensure we deliver strong returns for our investors.

Asset Class	Benchmark Index
Cash Investments	Bloomberg AusBond Bank Bill Index over a rolling 1-year period
Domestic Bonds	Bloomberg AusBond Composite Index
Domestic Properties	MSCI/Mercer Core Wholesale Index (pre fees)

RESPONSIBLE INVESTING

As a fund committed to bettering Brisbane, our investment decisions will be designed to benefit communities now and into the future.

We aspire to set clear, measurable standards for sustainability within the organisation and across the portfolio by the end of 2021 in order to ensure we are accountable to our ESG targets. To do this, we are progressing with further bolstering our Responsible Investment approach. As part of this strategy, we will be introducing more thorough monitoring of our portfolio to ensure CBIC's investments are operating as efficiently as possible with minimal environmental impacts. In addition, we will be implementing an investment framework that will support our sustainability and environmental commitments.

Our Responsible Investing approach will support strong returns and sustainable growth by recognising the importance of well-functioning Environmental, Social and Governance (ESG) factors. We will incorporate these factors into the investment decisions we make to ensure our assets are economically viable and socially responsible. This, in turn, enables us to make positive contributions to the people we serve.

SUSTAINABLE SITES

CBIC made its assets more environmentally friendly through infrastructure upgrades, improving the NABERS (National Australian Built Environment Rating System) rating across its portfolio.

IMPROVED MEASUREMENT

CBIC enhanced its measurement practices this year, committing to stronger environmental performance monitoring designed to lessen the impact of its investments.

INCLUSIVE INFRASTRUCTURE

CBIC acquired land for a Specialist Disability Accommodation asset. By creating inclusive accommodation for all abilities, we are supporting the development of liveable housing to better Brisbane.

CARBON NEUTRAL CERTIFICATION ATO GOSFORD

ATO Gosford successfully achieved carbon neutral certification under NABERS carbon neutrality pilot program.



Key FY21 Achievements

As we move forward in FY22, we will further enhance our Responsible Investment, strategically assessing CBIC's supply chains, governance structures, and procurement and investment practices.

GOVERNANCE



SOCIAL

This year has forever changed the way we live and work. As offices transferred out of the city and into homes, and the community looked to local greenspaces to support their physical and mental wellbeing, we became increasingly aware of the importance of our assets and their diversity.

To support the community, we continue to investigate assets that deliver shared spaces. We are committed to inclusivity and accessibility of housing, investing in the development of two Specialist Disability Accommodation sites. Located in East Brisbane and Everton Park, these sites will support the independent living of up to 15 NDIS participants.

Showcasing our commitment to employee retention and satisfaction, we increased our investment in education and training for our team, providing opportunities for professional development in group-led and individual settings. This collaborative approach was enhanced by our decision to relocate to a more professional and collaborative workspace on Queen Street in the Brisbane CBD.

ENVIRONMENTAL

With its winding river, expansive green spaces and year-round warm sun, Brisbane is a region rich in natural assets.

We are taking action to safeguard that the future investment decisions made by Brisbane's Urban Wealth Fund are sustainable economically and environmentally, ensuring we better Brisbane now and into the future.

While we are in the process of formalising a clear Responsible Investment strategy, we nevertheless enhanced our environmental focus this year, continuing with our solar program at North Regional Business Centre. We enhanced the monitoring of our energy performance and implemented water use monitoring. This has enabled us to more readily identify inefficiencies or underperformance in our assets and become more proactive in rectifying any concerns. These changes have resulted in CBIC delivering an improved NABERS rating across the portfolio. CBIC also works with Brisbane City Council to track its carbon output as part of Brisbane City Council's carbon neutrality commitment.

We have commenced and will continue our ESG consultation and strategy work into FY22, conducting detailed reviews of our procurement and policies and our assets' environmental and social performance. The review will inform our strategies and targets for the next 3-5 years, ensuring we invest for the people of Brisbane now and in the future. As Brisbane grows with us, we will continue to strengthen our portfolio's NABERS rating by introducing significant environmental initiatives. For example, we are supportive of tenant lead initiatives to roll out electric vehicle charging stations at some of the assets in our portfolio. Electric vehicle charging will be implemented at FSG Tradecoast and are currently being investigated at other sites.

GOVERNANCE

To achieve our purpose, we recognise that CBIC is responsible for providing good governance on behalf of the people of Brisbane. The board recognises that high standards of corporate governance are central to our creation of long-term and sustainable shareholder value and critical for ensuring our workplace is fair, equitable and respectful of our employees. Our board upholds these values through its policy mandates. Accordingly, we ensure CBIC is transparent and accountable through effective management of our financial, risk and people management activities.

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). To further enhance stakeholder confidence, we commit to improving and strengthening our internal control frameworks beyond our legislative requirements.

CBIC has a board of six non-executive directors and one alternate director, with two previous directors, Neill Ford and Jerry Harris, farewelling CBIC in FY21. We thank Neill and Jerry for their many years of service to CBIC. Two committees have been established by the board in order to assist with the effective functioning of CBIC in line with corporate governance practices. The committees consist of:

Finance, Audit and Risk Committee

Our Finance, Audit and Risk (FAR) Committee's primary role is to assist and support the board to discharge the financial and performance management responsibilities of CBIC. The FAR Committee meets a minimum of four times per year to advise the board on the effectiveness of internal controls, managing internal and external audit, oversight of risk and compliance activities and reviewing the financial annual statements.

People, Performance and Culture Committee

Our People, Performance and Culture (PPC) Committee's primary role is to support and advise the board on human resourcing and remuneration outcomes. The PPC Committee meets a minimum of three times per year to advised the board on workforce development opportunities and enhancing staff training through group-led and individual performance offerings.

REMUNERATION

Directors are paid by way of fees for their services to CBIC, as determined by the Establishment and Coordination Committee of Brisbane City Council. The Chairman and the directors' fees are \$78,122 and \$39,240 inclusive of superannuation per annum, respectively. Directors who receive their fee as salary income, rather than fee through a company, are paid statutory superannuation. Brisbane City Council directors do not receive a fee for their services.

MEETING OUR REQUIREMENTS



FINANCIAL

CBIC prepares annual financial statements in accordance with Australian Accounting Standards for auditing by the Queensland Auditor-General in accordance with the Auditor-General Act 2009.



RISK MANAGEMENT

Recognising strong risk culture and effective risk management is essential to achieving CBIC's strategy. We reviewed and updated our Risk and Compliance Management Policy and Risk and Compliance Management Framework in FY21. The best-practice aligned framework guides risk management and compliance processes, including clarification of roles and responsibilities, requirements for the maintenance of risk registers and escalation paths for risk treatments.



EMPLOYEE WELLBEING

CBIC supports its employees through flexible working conditions, the Employee Assistance Program and ongoing professional development opportunities.

OUR PERFORMANCE

OUR FOCUS

CBIC has worked hard to continually improve its ESG performance and deliver sustainable outcomes across the city. Over the past 12 months, this saw us:

Engage a range of consultants with a goal to establishing clear and measurable ESG targets across the organisation and the portfolio

Commit to inclusive infrastructure for our community, investing in the development of two specialist disability accommodation projects

Continue to ensure we responsibly engaged suppliers compliant with the Modern Slavery Act

Introduce energy and water monitoring initiatives within our portfolio, improving our environmental performance to 4.5 stars

Moving forward, we will further extend our social and environmental outcomes across our portfolio by evolving our new corporate governance and asset level performance targets in December 2021. We will continue to focus on investing responsibly to build a better Brisbane.

PROPERTY SUMMARY

Throughout FY20 – 21, the CBIC property portfolio exceeded industry benchmark, returning 17.8%.

In recognition of the rapidly changing environment during COVID-19, CBIC strategically managed its investments, electing to reduce its exposure to the Brisbane commercial office market by divesting its 262 Adelaide Street asset. Having reached 100% occupation and commanding a new, highly functional renovation, the heritage building achieved an \$18.8 million sale.

Demonstrating our commitment to Responsible Investing, CBIC honoured the diversity and difference of the Brisbane community by acquiring two pieces of land for specialist disability accommodation. The land in Everton Park and East Brisbane will cater to the accessibility needs of its occupants, with the desirable locations boasting proximity to amenities such as shops, cafes, public transport, medical centres, and recreation spaces, as well as providing a solid commercial return.

Over the next 12 months, CBIC aims to acquire further assets in key sectors, including industrial and commercial office. The fund plans to expand its influence across Australia, working toward its purpose to build a better Brisbane by investing in secure assets in the city and interstate across Melbourne, Sydney, and Canberra.

FINANCIAL PERFORMANCE INDICATORS



Property Portfolio Return: **17.8%**



Total Fund Return: **14.9%**



Since Inception Return (annualised): **11.7%**



Net profit: **\$42.5 million**

BUILDING BETTER COMMUNITIES BY INVESTING IN BRISBANE AND BEYOND

7 Rivergate Place, Murarie QLD
20 TradeCoast Dr, Eagle Farm QLD
375 Hamilton Rd, Chermside QLD
145 Florence St, Wynnum QLD
225 Progress Rd, Richlands QLD
25 Green Square Close, Fortitude Valley QLD
665 Fairfield Road, Yeerongpilly QLD
15 Green Square Close, Fortitude Valley QLD
262 Adelaide Street, Brisbane QLD
112 Cullen Ave, Eagle Farm QLD
157 Ann St, Brisbane QLD
16 Industrial Ave, Wacol QLD
37 & 41 O'Connell Tce, Bowen Hills QLD
24 Augustus St, Toowong QLD

9 George Street, Paramatta NSW
99 Georgiana Tce, Gosford NSW

Current investments
Past projects

CASE STUDY

Sale of 262 Adelaide Street

Nestled in the heart of the bustling Brisbane CBD, 262 Adelaide Street boasts an elegant heritage building that commands a street presence. CBIC successfully sold the property that features large character windows and high exposed ceilings in 2021 for \$18.8 million.

The strong sales result closed out the planned investment cycle for the asset, which involved carrying out a significant refurbishment and leasing the asset prior to hitting the market. The leasing campaign was very successful with 100% of the building occupied at the commencement of the sales campaign.

The aim of the refurbishment was to upgrade the services and revitalise the tenancies of the asset while also retaining its heritage characteristics. This included improved disability access into the building and levels G-5, a full service and lobby upgrade and the addition of end of trip facilities. The quality of the refurbishment drove tenant demand and resulted in achieving 100% occupancy at the point of sale. In a clear demonstration of the property's desirability, over half (58.74%) of all leases were signed during the COVID period, while CBD office space was in a period of negative net absorption. The refurbished asset attracted a diverse profile of tenants comprising architects, human resources, payment software, project advisory, food retail and blockchain technology.

In addition to carefully restoring a Brisbane heritage asset, the upgrades helped elevate the environmental performance to a 3.5 star NABERS rating (forecasted to increase in FY22 based on occupancy) and a 4.5 star water rating. The lighting efficiency also dramatically improved and was rated "excellent" throughout the building.

With the refurbishment program complete, the timing of the sale required a strategic approach. As a result of Government financial stimulus and progress on the COVID-19 vaccine, CBIC started to see an increase in positive market sentiment. The improving sentiment in the market was coupled with pent-up demand for property assets in Brisbane due to the unavailability of stock throughout 2020 and the weight of capital returning to the market. Each of these factors contributed to CBIC forming the view that early 2021 was the best time to list the asset.

After an Expressions of Interest campaign, the asset received six offers with the asset sold to an interstate investment group in June 2021.



CASE STUDY

Achieving Carbon Neutrality at Gosford to build a better future

CBIC's Gosford asset comprises of two buildings; a 7,292m² four-level office building situated on 99 Georgiana Terrace and a two-storey heritage building on 38 Mann Street. The main office building was completed in 2017 and is a purpose-built facility, providing high-quality office accommodation for the Australian Taxation Office. The heritage building comprises 212.5m² NLA, and the ground floor is leased to a local Central Coast bakery. The building provides a long lease term and a secure income stream, but also delivers a strong environmental performance including a 5.5 star NABERS rating and now carbon neutrality.

CBIC's Gosford building is the first Carbon Neutral Certified property in its portfolio. In 2021, CBIC submitted the asset for inclusion in NABERS carbon neutrality pilot program. CBIC worked with the tenants to collate the necessary energy, water and waste tracking information as well as reporting on building assets, such as air conditioning and the use of refrigerants.

The submission was made in June 2021 and was officially certified neutral on 5 August 2021, with the certification valid until 30 June 2022.

CBIC is committed to actively monitoring the environmental performance of its portfolio with a focus on delivering improved environmental performance over the next three to five years.

PROPERTY PORTFOLIO *as at June 2021*

North Regional Business Centre (NRBC) 375 Hamilton Road, Chermside QLD

Ownership	100%
Project date	2015-2017
Site area	5,010m ²
Total area (NLA)	6,058m ²
Occupancy	100%
WALE (income)	10.8 years
Tenant/s	Brisbane City Council



20 Tradecoast Drive, Tradecoast Central Eagle Farm QLD

Ownership	100%
Project date	2018-2019
Site area	5.8ha
Total area (NLA)	12,888m ² (plus 3ha hardstand)
Occupancy	100%
WALE (income)	13 years
Tenant/s	Brisbane City Council



George Street Offices 9 George Street, Parramatta NSW

Ownership	100%
Acquisition date	2019
Site area	1,412m ²
Total area (NLA)	5,562m ²
Occupancy	90%
WALE (income)	3 years
Tenant/s	NSW Government, Westpac Banking Corporation, Aussie Pay



Rivergate Shipyard Murarrie QLD

Ownership	100%
Acquisition date	2011
Site area	20,127m ²
Total area (NLA)	10,916m ²
Occupancy	100%
WALE (income)	16.1 years
Tenant/s	Brisbane City Council, Rivergate Marina Shipyards Pty Ltd.



99 Georgiana Terrace, Gosford NSW

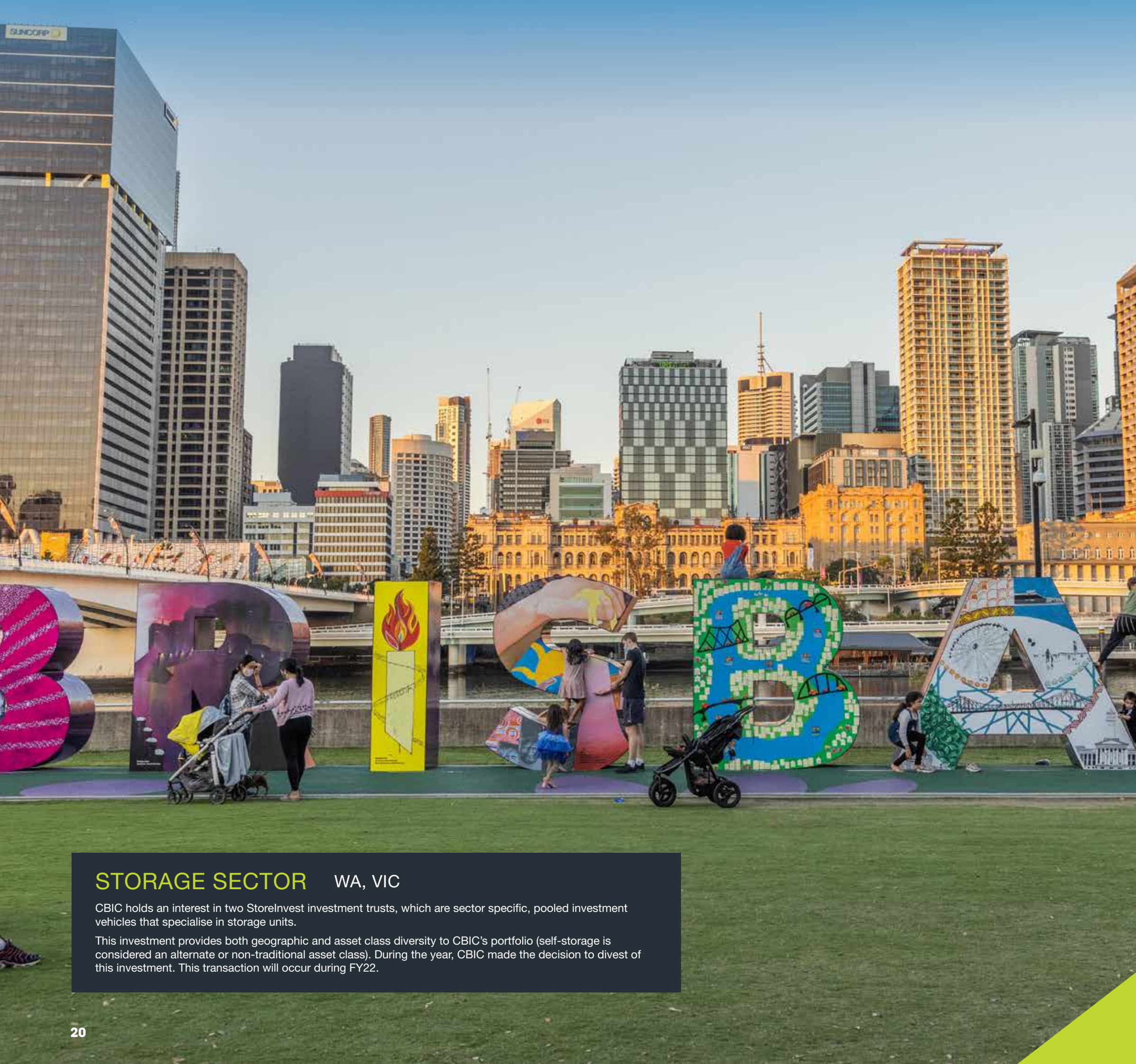
Ownership	100%
Acquisition date	2018
Site area	4,250m ²
Total area (NLA)	7,542m ²
Occupancy	98.4%
WALE (income)	6.3 years
Tenant/s	Commonwealth Government of Australia (ATO)



Wynnum Shopping Centre 145 Florence Street, Wynnum QLD

Ownership	100%
Project date	2015-2016
Site area	6,145m ²
Total area (NLA)	5,388m ²
Occupancy	100%
WALE (income)	14.6 years
Tenant/s	Woolworths, Brisbane City Council





FINANCIAL STATEMENTS AND DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

CITY OF BRISBANE INVESTMENT
CORPORATION PTY LTD (CONSOLIDATED)

ACN 066 022 455

DIRECTORS' REPORT	22
AUDITOR'S INDEPENDENCE DECLARATION	24
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	25
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	27
CONSOLIDATED STATEMENT OF CASH FLOWS	28
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	29
DIRECTORS' DECLARATION	42
INDEPENDENT AUDITOR'S REPORT	43

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). During the year, CBIC made the decision to divest of this investment. This transaction will occur during FY22.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

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

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 2021.

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.

Geoffrey Rodgers (Chair)
Neil Castles
Neill Ford (Resigned on 25 August 2020)
Jeremy Harris (Resigned on 30 June 2021)
Colin Jensen
Bruce McIver
Maria Roach
Patrice Sherrie
Bill Lyon (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 2021 was a net profit of \$42.5 million (2020: \$35.2 million) and total comprehensive income of \$42.5 million (2020: \$35.2 million).

REVIEW OF OPERATIONS

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

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

The sale of 262 Adelaide Street, Brisbane, QLD for \$18.8 million was completed in June 2021.

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 the Group has limited retail tenancies with the only retail 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 2021, the Company declared a dividend to the Group's ultimate parent entity, Brisbane City Council amounting to \$15 million with respect to the 2021 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 \$280,862 (2020: \$313,567).

DIRECTORS' MEETINGS

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

Names	A	B
Geoffrey Rodgers (Chair)	11	12
Neil Castles	11	12
Neill Ford (Resigned on 25 August 2020)	2	2
Jeremy Harris (Resigned on 30 June 2020)	12	12
Colin Jensen	9	12
Bruce McIver	11	12
Maria Roach	10	12
Patrice Sherrie	12	12
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

INDEMNIFICATION AND INSURANCE

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

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

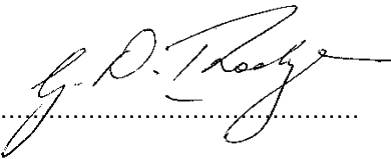
ROUNDING OF AMOUNTS

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

AUDITOR'S INDEPENDENCE DECLARATION

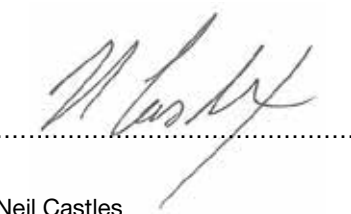
A copy of the Auditor's Independence Declaration is set out on page 4 of this Directors' report.

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



Geoffrey Rodgers

Director
Brisbane, 27 July 2021



Neil Castles

Director
Brisbane, 27 July 2021

AUDITOR'S INDEPENDENCE DECLARATION

SUBHEAD

To the Directors of City of Brisbane Investment Corporation Pty Ltd

This audit 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 2021, I declare that, to the best of my knowledge and belief, there have been:

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



R VAGG
Queensland Audit Office
as delegate of the Auditor-General Brisbane
23 July 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$'000	2020 \$'000
Revenue			
Development sales	2	-	1,723
Rental revenue	2	24,375	24,872
Interest revenue		224	228
Distributions		310	163
Other income		50	50
		24,959	27,036
Other income			
Fair value gain on investment property	9	23,066	10,250
Gain on sale of investment property	2	815	4,160
Net unrealised fair value gain on financial assets arising during the year	8	2,225	3,408
		26,106	17,818
Total income		51,065	44,854
Expenses			
Development cost of goods sold	3	-	1,214
Property expenses and outgoings	3	4,958	4,745
Management and other administration expenses	3	2,631	2,868
Finance costs		617	586
Other expenses	3	361	260
Total expenses		8,567	9,673
Net profit for the period attributable to members of the Company		42,498	35,181
Other comprehensive income		-	-
Total comprehensive income attributable to members of the Company		42,498	35,181

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 2021

	Notes	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	4	45,616	40,851
Receivables	5	294	1,181
Inventories	6	-	-
Investment in property trusts - current	8	10,914	-
Right of use asset		142	113
		56,966	42,145
Non current assets			
Investment property	7	293,112	277,550
Investment in property trusts	8	-	8,690
Property, plant and equipment		52	88
Right of use asset – non current		773	-
		293,937	286,328
Total assets		350,903	328,473
Current liabilities			
Accounts payable and accrued expenses	10	1,235	1,352
Interest payable		56	60
Lease liability - lessee		69	132
Other liability	11	1,055	1,079
		2,415	2,623
Non current liabilities			
Refundable tenant deposit	10	283	217
Other liabilities	11	1,228	2,008
Interest-bearing loan	12	20,000	20,000
Lease liability – lessee non current		854	-
		22,365	22,225
Total liabilities		24,780	24,848
Net assets		326,123	303,625
Shareholder's equity			
Share capital	13	140,902	140,902
Other capital contribution		1,897	1,897
Retained profits		183,324	160,826
Total shareholder's equity		326,123	303,625

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 2021

	Total \$'000	Share capital \$'000	Other capital contrib. \$'000	Fair value reserves \$'000	Retained Profits \$'000
2020					
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 (expense)	-	-	-	-	-
Dividend paid to shareholder	(20,000)	-	-	-	(20,000)
Balance at 30 June 2020	303,625	140,902	1,897	-	160,826
2021					
Balance at 1 July 2020	303,625	140,902	1,897	-	160,826
Net profit	42,498	-	-	-	42,498
Other comprehensive income (expenses)	-	-	-	-	-
Distribution from BrisDev	1	-	-	-	1
Dividend paid to shareholder	(20,000)	-	-	-	(20,000)
Balance at 30 June 2021	326,124	140,902	1,897	-	183,325

*On 1 July 2019 (the date of initial application), The Company 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 2021

	Notes	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts from customers		23,496	24,533
Payments to suppliers and employees		(10,043)	(12,065)
Distributions received		310	163
Interest received		238	215
Interest paid		(617)	(586)
Payment of rental liability		(804)	(729)
Payment for inventory		-	(51)
Net cash inflows from operating activities	4	12,580	11,480
Cash flows from investing activities			
Net proceeds from sale of investment property		18,576	44,115
Payment for investment property acquisitions and additions		(4,451)	(1,435)
Payment for Investment property capex		(1,942)	(1,115)
Loans repaid		-	-
Net cash (outflows) from investing activities		12,183	41,565
Cash flows from financing activities			
Distribution received from BrisDev Trust		1	-
Dividends paid		(20,000)	(20,000)
Net cash (outflows) from financing activities		(19,999)	(20,000)
Net Increase / (Decrease) In Cash Held		4,764	33,045
Cash and cash equivalents at the beginning of the year		40,851	7,806
Cash and cash equivalents at the end of the year	4	45,616	40,851

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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 34, 345 Queen 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; and
- 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 (Deregistered on 24 November 2020);
- CBIC Investment Pty Ltd (Dormant - 100% owned by CBIC);
- BrisDev Pty Ltd (Dormant - 100% owned by CBIC - Deregistered on 24 November 2020); and
- CBIC Valley Heart Pty Ltd (Dormant - 100% owned by CBIC).

The key financial information of the parent entity, CBIC, is detailed in Note 18.

(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 - (Notes 7 and 9)

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

No new accounting standards relevant considered appropriate.

(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.

(g) Joint Operation

Up until 20 April 2020, BrisDev Trust held a 52% interest in a joint operation, Augustus Developments Joint Venture, which was subject to joint control, as the strategic, financial and operational policy decisions relating to the activities of the joint operation required the unanimous consent of the parties sharing control. As such, BrisDev Trust recognised its proportional interest in the joint operation assets, liabilities, revenue and expenses.

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.

	2021 \$'000	2020 \$'000
Sales of properties developed	-	1,723

Rental Revenue

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.

	2021 \$'000	2020 \$'000
Gross rent	20,551	21,529
Straight line rent adjustment	3,643	2,078
Amortisation of lease incentive	181	1,265
	24,375	24,872

	Notes	2021 \$'000	2020 \$'000
Gain on sale of investment property (refer (i))			
Proceeds from sale of investment property		18,800	44,750
Selling expenses		(224)	(636)
Net proceeds		18,576	44,114
Book value of investment property sold		(17,761)	(39,954)
		815	4,160

(i) Gain relates to sale of properties referred to in Note 7.

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.

	2021 \$'000	2020 \$'000
Development cost of goods sold	-	1,214

	2021 \$'000	2020 \$'000
Property expenses and outgoings	4,958	4,745

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.

Management and other administration expenses

	2021 \$'000	2020 \$'000
Employee benefits and related costs		
Wages and salaries (including leave benefits and contractors)	1,167	1,651
Superannuation contributions	101	125
Payroll tax	62	36
Recruitment	36	53
Other employee related costs	69	37
	1,435	1,902

Directors' costs

Directors' fees	261	293
Superannuation contributions	20	20
Payroll tax	13	10
	294	323

Other administration expenses

Professional fees	245	114
IT and communications	252	186
Rent	130	125
Corporate memberships and subscriptions	110	84
Audit fees	51	43
Other	114	90
	902	643
	2,631	2,868

Other expenses

New business costs	88	27
Other joint operation expenses	-	(1)
Interest expenses for financial liabilities not at fair value	229	210
Investment management fees	44	24
	361	260

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.

	2021 \$'000	2020 \$'000
Cash balance comprises:		
Cash at bank and at call	45,616	40,851
Cash and cash equivalents	45,616	40,851

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

	2021 \$'000	2020 \$'000
Total comprehensive income for the period	42,498	35,181
Non-cash items		
Gain on sale of investment property	(815)	(4,160)
Straight line rent adjustment	(3,643)	(2,078)
Fair value gain on investment property	(23,066)	(10,250)
Amortisation of lease incentive	(181)	(1,265)
Fair Value Gain / (Loss) on financial assets	(2,225)	(3,408)
Changes in operating assets and liabilities		
(Increase) / Decrease in receivables	868	(22)
Increase in accounts payable and accrued expenses	(52)	(2,902)
Decrease / (Increase) in inventory	-	1,113
(Decrease) in rental liability	(804)	(729)
Net cash inflows from operating activities	12,580	11,480

5. RECEIVABLES

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

	2021 \$'000	2020 \$'000
Current		
Interest receivable	9	23
Trade and other receivables	285	1,159
	294	1,182

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.

	2021 \$'000	2020 \$'000
Property constructed and/or under construction at cost	-	-
	2021 \$'000	2020 \$'000

Inventory		
Opening balance at 1 July		
Additions	-	1,113
Inventory sold	-	-
Transfer of inventory to investment property	-	(1,113)
Closing balance at 30 June	-	-

7. 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 9 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.

	2021 \$'000	2020 \$'000
Existing investment property		
Opening balance at 1 July	277,550	261,500
Acquisitions of investment property	-	(174)
Additions	1,942	1,115
Lease incentives	513	2,429
Amortisation of lease incentives	36	473
Straight line rent adjustment	3,643	2,078
Net fair value gain	23,066	10,129
Disposal of investment property	(16,000)	-
Closing balance at 30 June	290,750	277,550

Investment property under construction		
Opening balance at 1 July		
Additions	-	-
Net fair value gain	2,362	-
Transfer of construction projects completed	-	-
Closing balance at 30 June	-	-
	293,112	277,550

8. 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.

	2021 \$'000	2020 \$'000
Investment in property trusts at fair value		
Opening balance at 1 July	8,689	5,281
Net fair value gain	2,225	3,408
Closing balance at 30 June	10,914	8,689

As at 30 June 2021, the group has initiated the process to sell the investment in property trusts and as such the balance has been reclassified as a current asset.

9. 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Investment properties	-	-	-	-	293,112	277,550	293,112	277,550
Non current asset held for sale	-	-	-	-	-	-	-	-
Investment in property trusts	-	-	-	-	10,914	8,689	10,914	8,689
Total	-	-	-	-	304,026	286,239	304,026	286,239

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 investment in property trusts is shown in Notes 8.

Investment property	2021 \$'000	2020 \$'000
Opening balance at 1 July	277,550	277,550
Transfers into level 3	-	-
Transfers out of level 3	-	-
Straight line rent adjustment	3,643	2,078
Net fair value gain	23,066	10,129
Acquisitions and additions	4,304	941
Disposal	(16,000)	
Reclassification to non current asset held for sale	-	-
Transfer of completed construction projects	-	-
Transfer of inventory	-	-
Other	549	2,902
Closing balance at 30 June	293,112	277,550

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 asset 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 2021. The independent valuations were performed by qualified valuers from Knight Frank, CBRE, M3 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 87.95% of the Group's lease exposure being with high credit quality government, local government and corporate entities. In addition, 89.37% 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 5.00% to 6.75% (2020: 5.50% to 6.75%)	Refer (ii) below
	Capital expenditure and lease incentives	Refer (ii) below
Discounted cash flow	Rental cash flow growth rates 0% to 3.72% (2020: 1.82% to 3.57%)	Refer (i) below
	Tenancy / lease occupancy rates	Refer (i) below
	Capital expenditure	Refer (ii) below
	Terminal value	Refer (i) below
	Discount rate 5.50% to 7.75% (2020: 6.00% to 8.00%)	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 5.50% to 7.25% (2020: 6.50% to 8.00%)	Refer (ii) below
	Forecast stabilised maintainable occupancy	Refer (i) below
Discounted cash flow	Sustainable average storage fees	Refer (i) below
	Terminal capitalisation rate 6.00% to 7.75% (2020: 7.00% to 8.50%)	Refer (ii) below
	Discount rate 8.00% to 10.75% (2020: 10.00% to 11.50%)	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.

10. 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.

	2021 \$'000	2020 \$'000
Current		
Trade creditors and accrued expenses	1,264	951
PAYG, GST and Payroll Taxes	(88)	327
Accrued annual leave	59	74
	1,235	1,352
Non current		
Refundable tenant deposits	283	217

11. 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.

	2021 \$'000	2020 \$'000
Current		
Rental liability	1,055	1,079
	1,055	1,079
Non current		
Rental liability	1,228	2,008

12. 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 2021, CBIC has drawn down \$20.0 million from this facility. The loan matures on 29 February 2024.

	2021 \$'000	2020 \$'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, Wynnnum, Qld

13. 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.

	2021 \$'000	2020 \$'000
140,901,651 ordinary shares fully paid	140,902	140,902
Fair value reserve	-	-

14. RELATED PARTY TRANSACTIONS

(a) Key personnel

Directors

Geoffrey Rodgers
Neil Castles
Colin Jensen
Bruce McIver
Maria Roach
Patrice Sherrie
Bill Lyon (Alternate of Colin Jensen)

Former Directors

Neill Ford Resigned 25 August 2020
Jeremy Harris Resigned 30 June 2021

Company Secretary

Margot Blue Appointed 12 March 2019, Resigned 4 December 2020

Management

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

(a) Key management personnel compensation

	2021 \$	2020 \$
Short-term employee benefits	543,570	597,489
Post-employment benefits	43,211	40,368
Long-term benefits	-	-
Termination benefits	-	188,425
Total	586,782	826,282

Colin Jensen and Bill Lyon did not receive any compensation during the financial year (2020: Nil).

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

	2021 \$	2020 \$
Infrastructure contributions charged by ultimate parent entity	-	-
Purchase of materials and services from ultimate parent entity #1	164,462	170,778
Rental income earned from ultimate parent entity #2	11,013,123	12,714,212
Purchase of Land #3	2,290,000	
Dividend in respect of 2020 financial year	20,000,000	-
Dividend in respect of 2019 financial year	-	20,000,000

At balance date, total amount payable to BCC in relation to these services amounted to \$Nil (2020: \$Nil) and the total amount payable by BCC in relation to the rental income is \$113,810 (2020: \$Nil).

#1 Purchase of materials and services in the ordinary course of business that are acquired on commercial terms

#2 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.

The Group also leases commercial spaces, Industrial warehouse 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.

#3 In June 2021, the Group acquired two blocks of residential land from BCC. The Group are to commence construction of Specialist Disability Accommodation on these blocks.

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

	2021 \$	2020 \$
Intercompany loans between the entities	417,438	419,408

During the 2021 financial year CBIC repaid \$3,273 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:

	2021 \$	2020 \$
Infrastructure contributions charged by ultimate parent entity	-	-
Purchase of Land	-	-

At balance date, the total amount payable in relation to these transactions amounted to Nil (2020: Nil).

15. COMMITMENTS

(a) Capital commitments

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

	2021 \$'000	2020 \$'000
Within 1 year	52	166
1 to 5 years	-	-
Later than 5 years	-	-
	52	166

(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:

	2021 \$'000	2020 \$'000
Within 1 year	716	1,480
1 to 5 years	1,050	747
Later than 5 years	288	-
	2,054	2,227
Total operating and capital commitments	2,106	2,393

16. 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:

	2021 \$'000	2020 \$'000
Within 1 year	17,671	17,164
1 to 2 years	17,587	16,609
2 to 3 years	17,962	16,333
3 to 4 years	18,387	16,610
4 to 5 years	17,854	16,868
Later than 5 years	138,148	140,542
	227,609	224,126

The Group has entered into 27 non-cancellable lease arrangements for its investment properties under normal market terms and conditions.

17. SUBSEQUENT EVENTS

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

Dividend declaration

A dividend of \$15.0 million payable to the ultimate parent entity was declared on 27 July 2021 in respect of the 2021 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.

18. PARENT ENTITY FINANCIAL INFORMATION

The key financial information of the parent entity, CBIC is detailed as follows:

	2021 \$'000	2020 \$'000
Assets		
Current assets	46,052	42,145
Non current assets	304,854	286,328
Total assets	350,903	328,473
Liabilities		
Current liabilities	2,413	2,552
Non current liabilities	22,784	22,644
Total liabilities	25,197	25,196
Shareholder's equity		
Share capital	140,902	140,902
Other capital contribution	1,897	1,897
Fair value reserve	-	-
Retained profits	182,907	160,478
Total shareholder's equity	325,706	303,277
Profit or loss and comprehensive income		
Total profit or loss	42,498	34,736
Other comprehensive income	-	-
Total comprehensive income	42,498	34,736

19. 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	2021 \$'000	2020 \$'000
Financial Assets			
Cash and cash equivalents at amortised cost	4	45,616	40,851
Loans and receivables at amortised cost	5	294	1,182
Investment in property trusts at fair value	9	-	8,689
		45,910	50,722
Financial Liabilities			
Accounts payable and accrued expenses	11	1,518	1,500
Interest Payable		56	60
Rental liabilities	12	2,283	3,087
Interest-bearing loan	13	20,000	20,000
Total liabilities		23,857	24,647

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.

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 manages interest rate risk through an interest rate management framework, which allows for interest rate hedging.

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Investment properties	456	409	(456)	(409)
Non current asset held for sale	-	-	-	-
Investment in property trusts	(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:

2021	0-1 year \$'000	1-5 year \$'000	Over 5 years \$'000	Total \$'000
Financial Liabilities				
Accounts payable and accrued expenses	1,234	283	-	1,517
Interest-bearing loan	-	20,000	-	20,000
Rental liability	1,055	1,228	-	2,283
Total operating and capital commitments	2,289	21,511	-	23,800
2020				
	0-1 year \$'000	1-5 year \$'000	Over 5 years \$'000	Total \$'000
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

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.

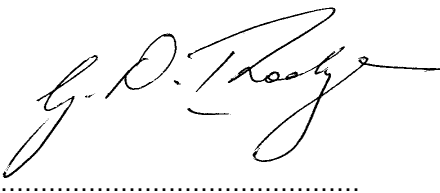
The Group has assessed COVID-19's impact on the value of its properties and to its revenues. While there has been a minor impact to lease revenues due to rebates and abatements, the impact has been minimum and is expected to have little impact in future. This is due to the majority of the Group's exposure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

DIRECTORS' DECLARATION

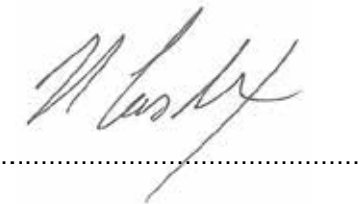
IN THE OPINION OF THE DIRECTORS OF THE COMPANY:

- 1. The consolidated financial statements and notes of City of Brisbane Investment Corporation Pty Ltd for the financial year ended 30 June 2021 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 2021 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, 27 July 2021



Neil Castles
Director
Brisbane, 27 July 2021

INDEPENDENT AUDITOR'S REPORT

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:

- a) gives a true and fair view of the group's financial position as at 30 June 2021, and its financial performance and cash flows for the year then ended
- b) complies with the Corporations Act 2001, the Corporations Regulations 2001 and Australian Accounting Standards.

The financial report comprises the consolidated statement of financial position as at 30 June 2021, 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 2021, but does not include the financial report and my auditor's report thereon. The directors are responsible for the other information. My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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 judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the 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

R VAGG

Queensland Audit Office
as delegate of the Auditor-General Brisbane

23 July 2021





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