



CITY OF BRISBANE INVESTMENT CORPORATION PTY LTD AND ITS CONTROLLED ENTITIES

ACN 066 022 455

FINANCIAL STATEMENTS AND DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2024

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2024

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 2024.

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.

Simone Desmarchelier
Neil Castles
Maria Roach
Patrice Sherrie
Alastair Stewart Walls

Principal Activities

The principal activities of the Group during the financial year included property investment, property development and property management.

Operating Results

The result of the Group for the financial year ended 30 June 2024 was a comprehensive income loss of \$17.1 million (2023: profit \$0.3 million). The result was largely due to a decline in fair value of the property portfolio of \$33.2 million (2023: \$12.6 million). Net profit excluding these fair value losses was \$16.2 million (2023 \$12.8 million).

The results of the Group are more favourable than returns achieved by Australian property funds this year with the market experiencing a softening of values. In this regard, the return for 2024 of negative 4.55% was superior to the MSCI Core Funds Property Index of negative 10.35% which is regarded as the industry benchmark for Australian property portfolios.

The Group consulted with its external, registered valuers up to and on 30 June 2024 to ensure individual property values had not changed subsequent to the valuations being provided by the valuers in early June. The Group remains conscious of and alert to the changing interest rate and economic environments and how these may impact property values in future years.

Review of Operations

The main sources of revenue were rent generated from the Group's investment properties, fair value gains/losses 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 acquisition of the Property located at 29-47 Mudgee Street, Kingston, which was completed in March 2024.

Significant Change in State of Affairs

There has been no significant change in the state of affairs of the Group during the financial year.

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 2024, the Group declared a dividend to the Group's ultimate parent entity, Brisbane City Council amounting to \$11.8 million with respect to the 2024 financial year (2023 \$9.5m). This dividend was based on a percentage of the Group's funds from operations.

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 \$450,000 (2023: \$378,869).

Board Meetings

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

Names	Meetings Attended	Meetings Held during the time the Director held Office
Simone Desmarchelier	11	11
Neil Castles	11	11
Maria Roach	11	11
Patrice Sherrie	11	11
Alastair Stewart Walls	10	11

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.



Simone Desmarchelier
Director
Brisbane, 30 July 2024



Patrice Sherrie
Director
Brisbane, 30 July 2024

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of City of Brisbane Investment Corporation Pty Ltd

This auditor's independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001*.

Independence declaration

As lead auditor for the audit of City of Brisbane Investment Corporation Pty Ltd for the financial year ended 30 June 2024, 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.

This declaration is in respect of City of Brisbane Investment Corporation Pty Ltd and the entities it controlled during the period.



William Cunningham
as delegate of the Auditor-General of Queensland

30 July 2024

Queensland Audit Office
Brisbane

<p align="center">CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024</p>

	Notes	2024 \$'000	2023 \$'000
Revenue			
Rental revenue	2	26,222	27,130
Interest revenue		886	658
		<u>27,108</u>	<u>27,788</u>
Total income		<u>27,108</u>	<u>27,788</u>
Expenses			
Property expenses and outgoings	3	5,402	5,943
Management and other administration expenses	3	3,584	3,683
Finance costs		1,509	1,794
Other expenses	3	462	654
Fair value loss on investment property	7	33,468	12,550
Loss on sale of investment property	3	-	2,869
		<u>44,424</u>	<u>27,493</u>
Total expenses		<u>44,424</u>	<u>27,493</u>
Net profit/(loss) for the period attributable to members of the Company		<u>(17,316)</u>	<u>295</u>
Other comprehensive income			
<i>Items that will be reclassified to profit or (loss)</i>			
Movements in fair value of hedge transactions		216	
		<u>216</u>	
Total comprehensive income attributable to members of the Company		<u>(17,100)</u>	<u>295</u>

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024			
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	Notes	2024 \$'000	2023 \$'000
Current assets			
Cash and cash equivalents	4	15,352	25,095
Receivables	5	856	499
Right of use asset		143	143
		<u>16,350</u>	<u>25,737</u>
Non current assets			
Investment property	6	354,891	338,708
Derivative asset	17	216	-
Right of use asset		345	487
		<u>355,452</u>	<u>339,195</u>
Total assets		<u>371,802</u>	<u>364,932</u>
Current liabilities			
Accounts payable and accrued expenses	8	2,714	3,547
Interest payable		241	115
Lease liability – lessee		155	146
Rental liabilities	9	-	678
		<u>3,111</u>	<u>4,486</u>
Non current liabilities			
Refundable tenant deposit	8	285	285
Interest-bearing loan	10	55,000	20,000
Lease liability – lessee		415	570
		<u>55,700</u>	<u>20,855</u>
Total liabilities		<u>58,811</u>	<u>25,341</u>
Net assets		<u>312,991</u>	<u>339,591</u>
Shareholder's equity			
Share capital	11	140,902	140,902
Other capital contribution		1,897	1,897
Fair value reserve		216	-
Retained profits		169,977	196,792
Total shareholder's equity		<u>312,991</u>	<u>339,591</u>

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 2024**

2023	Total	Share capital	Other capital contrib.	Fair value reserves	Retained Profits
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022	354,298	140,902	1,897	-	211,499
Net profit	294	-	-	-	294
Other comprehensive income (expense)	-	-	-	-	-
Dividend paid to shareholder	(15,000)	-	-	-	(15,000)
Balance at 30 June 2023	339,591	140,902	1,897	-	196,792
2024	Total	Share capital	Other capital contrib.	Fair value reserves	Retained Profits
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2023	339,591	140,902	1,897	-	196,793
Net profit / (loss)	(17,316)	-	-	-	(17,316)
Other comprehensive income (FV movement of hedge)	-	-	-	216	216
Dividend paid to shareholder	(9,500)	-	-	-	(9,500)
Balance at 30 June 2024	312,991	140,902	1,897	216	169,976

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 2024**

	Notes	2024 \$'000	2023 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		24,114	23,899
Payments to suppliers and employees		(9,104)	(6,870)
Interest received		905	595
Interest paid		(1,509)	(1,794)
Payment of rental liability		(824)	(939)
Net cash inflows from operating activities	4	13,582	14,892
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from sale of investment property		-	48,131
Payment for investment property acquisitions and additions		(41,258)	-
Payment for Investment property capex		(7,345)	(1,846)
Payment for lease incentive		(223)	(498)
Net cash (outflows) from investing activities		(48,826)	45,788
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of Debt		55,000	-
Repayment of Debt		(20,000)	(45,000)
Dividends paid		(9,500)	(15,000)
Net cash (outflows) from financing activities		(25,500)	(60,000)
NET INCREASE / (DECREASE) IN CASH HELD		9,744	679
Cash and cash equivalents at the beginning of the year		25,095	24,416
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	15,352	25,095

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 2024

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

(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);
- CBIC Investment Pty Ltd (Dormant - 100% owned by CBIC);
- CBIC Valley Heart Pty Ltd (Dormant - 100% owned by CBIC);
- CBIC Allara Pty Ltd (100% owned by CBIC);
- Allara SPV Trust; and
- CBIC Kingston Pty Ltd (Registered 19 December 2023 – 100% owned by CBIC).

The key financial information of the parent entity, CBIC, is detailed in Note 16.

(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 6 and 8)

(e) New and Revised Standards that are Effective for these Financial Statements

No new accounting standards relevant considered appropriate.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

2. REVENUE AND OTHER INCOME

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.

	2024 \$'000	2023 \$'000
Gross rent	25,397	26,104
Straight line rent adjustment	1,067	1,444
Amortisation of lease incentive	(242)	(418)
	<u>26,222</u>	<u>27,130</u>

3. EXPENSES

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.

	2024 \$'000	2023 \$'000
Property expenses and outgoings	5,402	5,943

Management and other administration expenses

	2024 \$'000	2023 \$'000
<u>Employee benefits and related costs</u>		
Wages and salaries (including leave benefits and contractors)	1,646	1,811
Superannuation contributions	176	166
Payroll tax	123	92
Recruitment	67	93
Other employee related costs	153	93
	2,166	2,255
<u>Directors' costs</u>		
Directors' fees	428	359
Superannuation contributions	22	20
Payroll tax	28	19
	478	398
<u>Other administration expenses</u>		
Professional fees	176	240
IT and communications	318	313
Rent	145	144
Corporate memberships and subscriptions	79	137
Audit fees – Queensland Audit Office	60	55
Other	161	142
	939	1,031
	3,584	3,684

Other expenses

	2024 \$'000	2023 \$'000
New business costs	48	346
Interest expenses for financial liabilities not at fair value	394	281
Investment management fees	20	28
	462	655

3. EXPENSES (continued)

	2024 \$'000	2023 \$'000
Loss on sale of investment property		
Proceeds from sale of investment property	-	49,600
Selling expenses	-	(405)
Net proceeds	-	49,195
Book value on investment property sold	-	51,000
Movement in book value this financial year and incentive adjustments on sale	-	1,064
Loss on sale of investment property	-	(2,869)

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.

	2024 \$'000	2023 \$'000
Cash balance comprises:		
Cash at bank and at call	15,352	25,095
Cash and cash equivalents	15,352	25,095

Reconciliation of net operating cash flows to profit/(loss)

	2024 \$'000	2023 \$'000
Total net profit/(loss) for the period	(17,316)	294
Non-cash items		
(Gain) / loss on sale of investments	-	2,869
Straight line rent adjustment	(1,067)	(1,444)
Fair value (gain) / loss on investment property	33,468	12,550
Amortisation of lease incentive	(360)	498
Changes in operating assets and liabilities		
(Increase) / Decrease in receivables	364	(359)
Increase / (Decrease) in accounts payable and accrued expenses	(681)	1,423
(Decrease) in rental liability	(824)	(939)
Net cash inflows from operating activities	13,582	14,891

5. RECEIVABLES

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

	2024 \$'000	2023 \$'000
Current		
Interest receivable	56	74
Trade and other receivables	800	425
	<u>856</u>	<u>499</u>

6. 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 8 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.

	2024 \$'000	2023 \$'000
Existing investment property		
Opening balance at 1 July	334,250	395,750
Acquisitions of investment property (see i)	41,258	-
Additions	142	264
Lease incentives	223	498
Amortisation of lease incentives	(242)	(155)
Straight line rent adjustment	1,067	1,444
Net fair value gain/(loss)	(33,468)	(12,550)
Disposal of investment property	-	(51,000)
Transfer from property under construction (see ii)	8,370	-
Closing balance at 30 June	351,600	334,250
Investment property under construction		
Opening balance at 1 July	4,458	2,876
Additions	7,203	1,582
Net fair value gain/(loss)	-	-
Transfer of construction projects completed (see ii)	(8,370)	-
Closing balance at 30 June	3,291	4,458
	354,891	338,708

Significant investment property transactions during the period were:

- (i) the acquisition of a property at 29 – 47 Mudgee Street, Kingston was completed in March 2024 for \$41.3 million including acquisition costs.
- (ii) the Specialist Disability Accommodation project at 1-3 Scanlan Street, East Brisbane reached practical completion in June 2024, and the asset has been moved from investment property under construction to existing investment property.

7. 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	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Investment properties	-	-	-	-	354,891	338,708	354,891	338,708
Total	-	-	-	-	354,891	338,708	354,891	338,708

7. 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.

	Investment Properties	
	2024 \$'000	2023 \$'000
Opening balance at 1 July	338,708	398,626
Transfers into level 3	-	-
Transfers out of level 3	-	-
Straight line rent adjustment	1,067	1,444
Net fair value gain/(loss)	(33,468)	(12,550)
Acquisitions	41,258	-
Additions	7,345	1,846
Disposal	-	(51,000)
Reclassification to non current asset held for sale	-	-
Transfer of completed construction projects	-	-
Other	(19)	342
Closing balance at 30 June	354,891	338,708

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 are measured at fair value. Investment properties are classified as level 3 as the fair value is substantially derived from unobservable inputs.

All independent valuations were performed as at 30 June 2024. The independent valuations were performed by qualified valuers from Jones Lang LaSalle, CBRE, Colliers, Savills, Knight Frank and M3.

The assignment of individual values to individual investment property is based on the valuer's expertise in the type of investment property concerned with the valuer considering the most comparable sales evidence available. Valuation methods utilised are:

- Discounted cashflow models, and
- Income capitalisation approaches
- Deferred land method

These approaches have been checked for accuracy by the direct comparison approach and analysed on a rate per square metre from the comparable sales evidence.

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.

7. FAIR VALUE MEASUREMENT (continued)

Valuation Techniques and Inputs (continued)

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.

Deferred land method considers the direct comparison approach to value the underlying land and considers the present value of the passing income for the remainder of the lease.

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 - the actual net income (Gross property income less property expenses) currently being generated from the property at this time (passing).	Refer (i) below
	Market capitalisation rate 5.50% to 7.50% (2023: 5.25% to 6.50%) - a capitalisation rate applied to the properties Market Income. Market Income is defined as what the property could lease for today versus what the actual tenant may be paying based on their lease agreement.	Refer (ii) below
	Capital expenditure and lease incentives	Refer (ii) below
Discounted cash flow	Rental cash flow growth rates 2.46% to 3.42% (2023: 0% to 3.87%) - leases contain rental increases, generally on an annual basis, either a fixed percentage or indexed to CPI. Property valuers will apply growth rates against rental income streams to determine future cashflows from the asset.	Refer (i) below
	Tenancy / lease occupancy rates	Refer (i) below
	Capital expenditure	Refer (ii) below
	Terminal value - the value of the property at the end of the cash flow period. For property this is usually the value at the end of a 10 year period. Once the valuer has determined the terminal value of an asset, the valuer applies a discount rate to determine the value of the asset today (Net Present Value).	Refer (i) below
	Discount rate 5.00% to 7.75% (2023: 5.25% to 7.50%) - the rate applied to a properties future value and cashflows. It is determined by analysing recent property sales.	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.

7. FAIR VALUE MEASUREMENT (continued)

Sensitivity analysis

Significant judgement is required when assessing the fair value of investment property. Owing to this significant judgement, a sensitivity analysis is included below. The sensitivity analysis shows the impact on the carrying value of the Group's investment property of an increase or decrease of 0.50% on the market capitalisation rate, discount rate and terminal yields as at 30 June 2024.

	2024 \$'000	2024 \$'000
	+0.50%	-0.50%
Impact to investment property	(24,090)	21,970

8. 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, long service 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. In relation to long service leave, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

	2024 \$'000	2023 \$'000
Current		
Trade creditors and accrued expenses	2,400	3,318
PAYG, GST and Payroll Taxes	220	110
Accrued employee benefits	93	118
	<u>2,714</u>	<u>3,546</u>
Non current		
Refundable tenant deposits	<u>285</u>	<u>285</u>

9. RENTAL LIABILITIES

The rental liability relates to amounts payable as rental guarantees in respect of properties sold by the Group. The liability has been paid out as at 30 June 2024.

	2024 \$'000	2023 \$'000
Current		
Rental liability	-	678

10. INTEREST-BEARING LOAN

The Group entered into a \$60.0 million loan facility agreement with Westpac Bank on 1 March 2024. This refinanced the existing loan with National Australia Bank of \$20.0 million as well as facilitating the acquisition of 29 – 47 Mudgee Street, Kingston. As at 30 June 2024, CBIC has drawn down \$55.0 million from this facility. The loan matures on 28 February 2027.

	2024 \$'000	2023 \$'000
Current		
Bank loan	-	-
Non Current		
Bank Loan	55,000	20,000
	<u>55,000</u>	<u>20,000</u>

The group has undertaken a fair value calculation for the loan facility as at 30 June 2024. As the loan is on a variable rate and is interest only, the carrying amount of the interest-bearing loan approximates the fair value at reporting date.

The Group manages its exposure to interest rate risk as set out in Note 17.

11. 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.

	2024 \$'000	2023 \$'000
140,901,651 ordinary shares fully paid	140,902	140,902

The Group currently has interest rate swaps in place against the variable borrowings of the corporate debt. The swaps have been valued as at 30 June 2024. The Fair Value Reserve relates to these valuations.

	2024 \$'000	2023 \$'000
Fair value reserve	216	-

12. RELATED PARTY TRANSACTIONS

(a) Key Personnel

Directors

Neil Castles
Simone Desmarchelier
Maria Roach
Patrice Sherrie
Alastair Stewart Walls

Former Directors

Colin Jensen	Resigned 31 May 2023
Anne Lenz (Alternate of Colin Jensen)	Resigned 31 May 2023
Bruce McIver	Resigned 31 December 2022

Management

Lachlan Dyson	Appointed 11 December 2023
Tom Voysey	Acting CEO 17 July 2023 until 8 December 2023

Former Management

Kirsty Rourke	Resigned 14 July 2023
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(b) Key Management Personnel Compensation

	2024 \$	2023 \$
Short-term employee benefits	726,780	679,589
Post-employment benefits	57,226	44,990
Long-term benefits	-	26,335
Termination benefits*	166,149	-
Total	950,155	750,914

* Termination benefits represent amounts paid during the year as due and payable to the former management staff member

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

	2024 \$	2023 \$
Purchase of materials and services from ultimate parent entity (see #1)	780,690	459,750
Rental income earned from ultimate parent entity (see #2 and #3)	13,647,028	12,126,210
Dividend in respect of 2023 financial year	9,500,000	
Dividend in respect of 2022 financial year	-	15,000,000

At balance date, total amount payable to BCC in relation to these services amounted to \$Nil (2023: \$Nil) and the total amount payable by BCC in relation to the rental income is \$Nil (2023: \$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.
- #3 The Group also leases commercial spaces, an 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.

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

	2024	2023
	\$	\$
Intercompany loans between the entities (closing balances)	<u>39,847,786</u>	<u>416,406</u>

Transactions made during the 2024 financial year CBIC repaid \$310 to CBIC Investment Pty Ltd, \$310 to CBIC Valley Heart Pty Ltd and \$310 to CBIC Allara Pty Ltd. Additionally, CBIC loaned \$40,263,263 to CBIC Kingston Pty Ltd to facilitate the acquisition of 29-47 Mudgee Street, Kingston. On consolidation, the loans were eliminated. The loans are unsecured, interest free and with no fixed repayment date.

13. COMMITMENTS

(a) Capital Commitments

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

	2024 \$'000	2023 \$'000
Within 1 year	175	6,913
1 to 5 years	-	-
Later than 5 years	-	-
	<u>175</u>	<u>6,913</u>

(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:

	2024 \$'000	2023 \$'000
Within 1 year	1,319	667
1 to 5 years	1,790	1,080
Later than 5 years	-	-
	<u>3,109</u>	<u>1,747</u>
 Total operating and capital commitments	 <u>3,284</u>	 <u>8,660</u>

14. 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:

	2024 \$'000	2023 \$'000
Within 1 year	25,029	20,500
1 to 2 years	24,752	21,065
2 to 3 years	23,804	21,107
3 to 4 years	19,457	20,320
4 to 5 years	18,112	15,994
Later than 5 years	103,697	106,520
	<u>214,851</u>	<u>205,506</u>

The Group has entered into 35 non-cancellable lease arrangements (2023: 31) for its investment properties under normal market terms and conditions.

15. SUBSEQUENT EVENTS

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

Dividend Declaration

A dividend of \$11.8 million payable to the ultimate parent entity was declared on 30 July 2024 in respect of the 2024 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.

16. PARENT ENTITY FINANCIAL INFORMATION

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

	2024 \$'000	2023 \$'000
Assets		
Current assets	15,987	25,588
Non current assets	336,315	347,540
Total assets	352,301	373,128
Liabilities		
Current liabilities	1,888	3,847
Non current liabilities	15,829	21,285
Total liabilities	17,717	25,132
Shareholder's equity		
Share capital	140,902	140,902
Other capital contribution	1,897	1,897
Fair value reserve	216	
Retained profits	191,569	205,198
Total shareholder's equity	334,584	347,997
Profit or loss and comprehensive income		
Total profit or loss	(4,128)	5,842
Other comprehensive income	-	-
Total comprehensive income	(4,128)	5,842

17. 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	2024 \$'000	2023 \$'000
Financial Assets			
Cash and cash equivalents at amortised cost	4	15,352	25,095
Loans and receivables at amortised cost	5	856	499
Derivative asset	17	216	-
		<u>16,424</u>	<u>25,594</u>
Financial Liabilities			
Accounts payable and accrued expenses	8	2,999	3,832
Interest Payable		241	115
Rental liabilities	9	-	678
Interest-bearing loan	10	55,000	20,000
Total liabilities		<u>58,240</u>	<u>24,625</u>

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.

The Group is exposed to interest rate risk in respect to borrowings where interest is charged at variable rates. The Group mitigates interest rate risk by hedging interest rates using derivative financial instruments (interest rate swaps) to manage cash flows and interest rate exposure.

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

The Group currently has interest rate swaps in place to cover 55% (2023: nil%) of the variable borrowings. The weighted average maturity of interest rate swaps is 2.92 years (2023: nil years). The swaps have been valued as at 30 June 2024 with the amount reported as a derivative asset.

The Group's 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	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Cash and cash equivalents	154	251	(154)	(251)
Interest-bearing loan	(250)	(200)	250	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:

2024	0-1 year \$'000	1-5 year \$'000	Over 5 years \$'000	Total \$'000
Financial Liabilities				
Accounts payable and accrued expenses	2,714	-	-	2,714
Interest-bearing loan	-	55,000	-	55,000
Rental liability	-	-	-	-
Total financial liabilities	2,714	55,000	-	57,714
 2023	 0-1 year \$'000	 1-5 year \$'000	 Over 5 years \$'000	 Total \$'000
Financial Liabilities				
Accounts payable and accrued expenses	3,546	285	-	3,831
Interest-bearing loan	-	20,000	-	20,000
Rental liability	678	-	-	678
Total financial liabilities	4,224	20,285	-	24,509

17. 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 and the majority is held with the Queensland Treasury Corporation in a Cash Fund which is capital guaranteed.
- 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.

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 2024 are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the Group's financial position as at 30 June 2024 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 Group 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.



Simone Desmarchelier
Director
Brisbane, 30 July 2024



Patrice Sherrie
Director
Brisbane, 30 July 2024

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).

The financial report comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information and the directors' declaration.

In my opinion, the accompanying financial report of the group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the group's financial position as at 30 June 2024, and its financial performance for the year then ended; and
- b) complying with the Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 (including Independence Standards)* (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 Auditing Standards*. I am also independent of the group 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 financial and non-financial information (other than the audited financial report). At the date of this auditor's report, the available other information in City of Brisbane Investment Corporation Pty Ltd's annual report for the year ended 30 June 2024 was the directors' report.

Those charged with governance 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 Directors for the financial report

The company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards, 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 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of my auditor's report.



1 August 2024

William Cunningham
as delegate of the Auditor-General

Queensland Audit Office
Brisbane