



BlueCHP Limited
AFFORDABLE HOUSING—FOUNDATION FOR LIFE

ANNUAL REPORT 2020



MAKING A
DIFFERENCE TO
PEOPLES LIVES

www.bluechp.com.au



At BlueCHP we want **everyone** to have an **affordable home** and passionately believe this is the best way to **support any family**.

In 2020, we're proud to provide housing for 1,947 people.

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CHAIR'S REPORT

SUPPORTING THOSE REQUIRING HOUSING ASSISTANCE

A YEAR TO SHARPEN OUR FOCUS - DELIVERING ON OUR PROMISE

None of us thought our lives this year would be punctuated by the dramatic effects of the COVID-19 outbreak. This has further sharpened the need to support those requiring housing assistance, and BlueCHP has continued to deliver on its promise of 'making a difference to people's lives' through the provision of additional affordable housing

Like most businesses, we have been impacted financially but we take a longer term view and will not waiver from our purpose or falter in our commitment to our employees, members and residents. I believe this is a hallmark of our business ethos and what makes our business so strong.

FINANCIAL PERFORMANCE

Surplus before equity accounting and fair value adjustments

in 2020 is \$9,586,337 2019 : \$15,477,066

Surplus before tax (incl. revaluation adjustments)

in 2020 is \$4,216,695 2019 : (\$5,465,178)

Total assets in 2020 is \$336,388,319 2019 : 341,340,517

SIGNIFICANT MATTERS

Earlier in the year we further refined our Strategic Plan. This includes recycling some of our older homes to liberate capital for the creation of more dwellings with improved amenity. Much of this important work is supported by bond funding made available through the Commonwealth's National Housing Finance & Investment Corporation (NHFIC).

We also identified disability housing as an area where we can apply the expertise and experience we have gained through our participation in Home4Life Limited, the country's largest provider of new build Specialist Disability Accommodation. With BlueCHP's construction of the Home4Life properties now nearing successful completion, we see firsthand the significant improvement in living conditions for the residents. We are very encouraged by the positive feedback we receive from the residents, their carers and families.

We also continue seek out those areas where we feel we can contribute positively, including our growing footprint in the Queensland market.

GOVERNANCE

It is good corporate governance to periodically review the effectiveness and skillset of the Board of Directors. In BlueCHP's case we do so each three years. We did so this year with the professional assistance of experienced consultants Directors Australia. Generally, the report card was, I'm pleased to say, positive but we can always improve. With the benefit of this external view we have identified a number of areas where we might further strengthen the board process. The Board is committed to ensure we keep in step with best practice modern corporate governance.

CHAIR'S REPORT

As part of our overall review of governance, we have also streamlined our board committees. To give the Audit, Risk & Governance Committee a sharper focus this is now the Audit & Risk Committee (ARC) with the governance piece being picked up by the expanded Governance, Nominations & Remuneration Committee (GNRC).

Our longest serving director Peter Beer has stepped down as both Vice Chair of the Board and Chair of the Audit & Risk Committee due to other commitments. We are most grateful for Peter's service and delighted that he will continue as a non-executive director. The ARC is now chaired by Robert Elvy, with Claire Davis assuming the Chair of the GNRC as well as becoming Vice Chair of the Board. Please join me in congratulating Bob and Claire on their appointments.

I take this opportunity to thank each of our directors, our management and skilled team for their contribution and passion. It is a privilege to work with a company where alignment of values and sense of mission is so strong.



A stylized, handwritten signature of Craig Lee in blue ink. The signature is fluid and cursive, with a large initial 'C'.

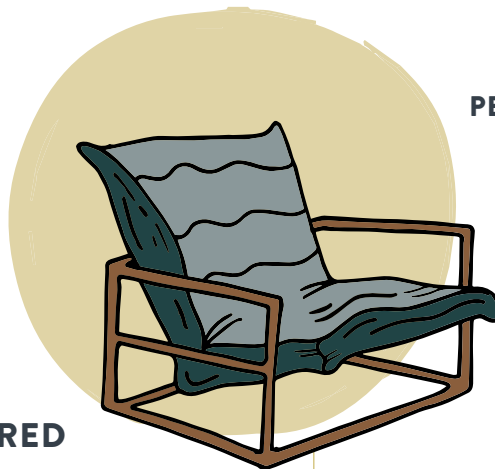
Craig Lee
Chairman

OUR YEAR IN NUMBERS



1,832

**AFFORDABLE
HOMES DELIVERED
BY BLUECHP SINCE
INCEPTION**



1,947
**PEOPLE WERE HOUSED
IN PROPERTIES WE
OWN AND MANAGE
THIS YEAR**

151

**SINGLE WOMEN WITH CHILDREN
LIVING IN OUR HOMES**

**\$5.75
MILLION**

**SOCIAL
BENEFIT TO
THE COMMUNITY**



337

**PEOPLE LIVING WITH A
DISABILITY IN OUR HOMES**

**TOTAL ASSETS
OWNED BY BLUECHP**

**\$336
MILLION**

120

**HOMES PROVIDED TO
INDIGENOUS PEOPLE**

CEO'S REPORT

WHAT A YEAR OF UNEXPECTED CHALLENGES AND SUCSESSES!



The four key things a homeless person needs are a roof over their head, a bed, a fridge and a washing machine.

The hardest is the first one.

*'We Are Community' team
Macarthur Region NSW*

The business has gone from strength to strength throughout this year, and this is due to the team of dedicated people we have at BlueCHP. This year with COVID-19 we have faced a number of challenges and the team has acquitted themselves with distinction.

The year has marked a number of outcomes:

- ... **Partnering for Growth** – initiative launched by the Queensland State Government,
- ... **Hunter Residences Program** – near completion of the construction and transfer of residents,
- ... **Guide you Home** – brand launched for our new Specialist Disability Accommodation (SDA) business model,
- ... **Renewal of our Service Providers' contracts** with Argyle Housing and Southern Cross Community Housing,
- ... **Ongoing National and State Policy development** for social, affordable and disability housing,
- ... Continued support for the homeless through our partner **'We Are Community'**, Macarthur Region NSW.

FINANCIAL RESULTS

As noted in the Chair's report the company continues to operate strongly with the Hunter Residences Program (HRP) being the main driver this year. Property Rental Income continues to grow offsetting the declining National Rental Affordability Scheme (NRAS) receipts, with the last receipts due in 2026.

The movement in property valuations reflects the impact of the property valuation decline experienced over the past few years. The outlook is uncertain with the COVID-19 pandemic but, as this is a non-cash impact it has little bearing on day-to-day operations.

COVID-19

The outbreak of COVID-19 demonstrated the value of our investment in Information Technology and Communications over the past few years. BlueCHP's business continuity plan swung into action seamlessly as we were confronted with the lockdown. Returning from overseas in mid-March, I was required to self-isolate under the quarantine measures implemented by the Federal Government necessitating working from home for 2 weeks. This gave me early insight into the impact of the imminent lockdown and what business issues we would be facing.



**Property
Rental Income**
CONTINUES TO GROW



Company operations
REMAIN STRONG



**Brand launch
Guide You Home**
SPECIALIST DISABILITY
ACCOMMODATION

CEO'S REPORT



The team worked through a number of business scenarios to understand the impact of COVID-19 on the business such as:

- ... **At risk clients** – particularly the elderly and those with a disability
- ... **Rent reductions**
- ... **Construction stoppages**
- ... **Cross border staff issues**
- ... **General staff wellbeing.**

Like the rest of the world, we all jumped on Zoom and Microsoft Teams learning about a

whole new etiquette of virtual meetings.

Our long standing global relationships through the International Housing Partnership provided us a window to the world on how other colleagues were managing through COVID-19. We all shared ideas and thoughts on how to manage business and keep everyone safe.

The outcome for BlueCHP has been that we continue to construct all our buildings without delays, keep costs on budget and provide new homes to clients. Credit goes to James Campbell-Bruce, Senior Tenancy and Asset Manager, and our Service Providers for reducing rent



arrears and tenant occupancy hitting 100% in early August 2020 for the first time in BlueCHP's history.

On the downside local government authorities planning times for our pipeline projects lengthen for a number of reasons. Whilst still within our overall timeline, I would have thought more emphasis would have been on pushing project approvals earlier.

The asset recycling strategy has been delayed, somewhat, by the initial property market uncertainties. Since the financial year end, we have seen more demand and are confident that we will achieve the planned results.

During COVID-19 we continue to construct our buildings without delays.

And for the first time in BlueCHP's history, our tenancy occupancy hit 100%.

CEO'S REPORT



Connect Housing Group (Mackay) touring BlueCHP's affordable housing projects in NSW.

QUEENSLAND PARTNERING FOR GROWTH INITIATIVE

The exciting work done by our Queensland team which has been two years in the making, will come to fruition in calendar 2020. Led by QLD Senior Development Manager, Darren Mew, with Property Advisory and Development Manager, George Giannes, BlueCHP has demonstrated industry leadership in creating an innovative social and affordable housing finance structure with the Queensland State Government Department of Housing and Public Works (DHPW) and the National Housing Finance and Investment Corporation (NHFIC).

The program is on schedule to secure sites in Queensland to construct and own multiple dwellings providing a range of affordable and social housing options. The hard work put in by the Queensland team and DHPW staff will create significant opportunity throughout the State.

As part of BlueCHP's contribution we have secured a \$100,000,000 umbrella loan facility for housing in Queensland from NHFIC. This is an exciting long-term partnership with the Queensland Government and will make a significant impact across Queensland.

SERVICE PROVIDERS

A very important part of the BlueCHP model is its tenancy and asset management Service Providers. BlueCHP has developed a very efficient model to enable it to concentrate on its core focus of property development services. However, it is important that BlueCHP delivers very high levels of service via Argyle Housing, Compass Housing Services and Southern Cross Community Housing. Under our Management Service Level Agreement (MSLA) we have a comprehensive framework with key performance indicators to deliver these services. The focus with our partners is ensuring continued revenue collection and maintaining the properties to the highest standards.

Over the past year our Service Providers continued to perform well. In June we renewed our MSLA contracts with Argyle Housing and Southern Cross for a minimum of three (3) years.



CEO'S REPORT

DISABILITY HOUSING

HUNTER RESIDENCES PROGRAM

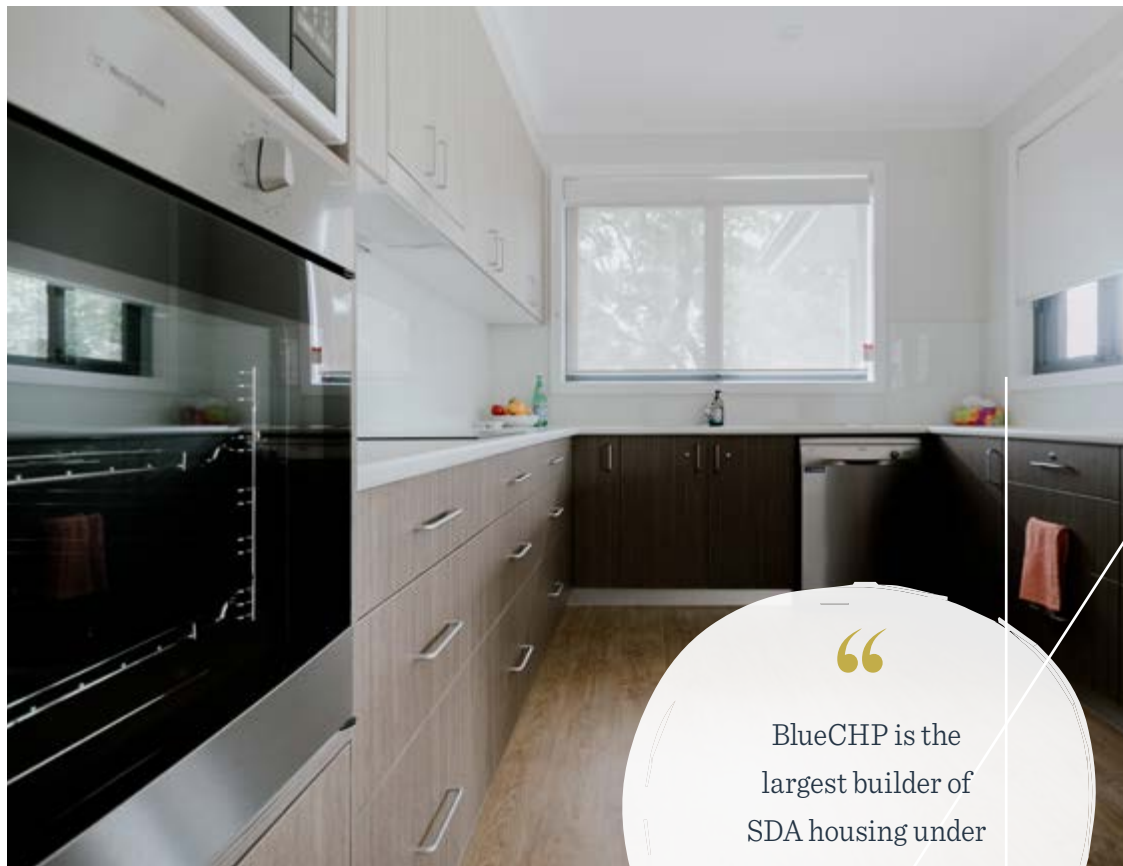
The Hunter Residences Program from the construction perspective is nearly complete with one home remaining under construction to be completed in April 2021. The building program faced a number of challenges with clients and Supported Independent Living (SIL) providers requesting changes to the design during and after construction. BlueCHP demonstrated its capability and capacity to negotiate those changes. Huge credit for the program must go to Glenn Amanonce, NSW Senior Development Manager, who managed the program. Glenn stepped into the program late in the negotiation phase and has managed the program through the many obstacles and with an excellent management style and focus on getting the job done. In addition, the design process has improved the revenue of the project by some 4.8 per cent.

This program has made BlueCHP the largest builder of SDA housing under the National Disability Insurance Scheme (NDIS).

The design process has improved
the revenue of the project by

4.8%





“

BlueCHP is the largest builder of SDA housing under the National Disability Insurance Scheme.



CEO'S REPORT

GUIDE YOU HOME

During the past year Simon Schwab, External Relations Manager, has been at the forefront creating a pathway to help clients negotiate their way through the provision of SDA housing. The development of the pathway and investment in IT has enabled BlueCHP to launch a new type of bespoke service for families and Supported Independent Living providers.

The company has created two (2) Disability Housing Specialist roles to manage this client process from beginning to end. Figure 1 illustrates that process.

The work we did with Deloitte Australia last year on 'demand analysis' continues to provide the framework for proceeding to invest more in this type of housing. There is still a lot of confusion out in the market as to who is eligible for SDA. As we continue to work with families, we note that there are significant opportunities for BlueCHP to provide its own SDA housing, although, the timetable will take longer than initially envisaged.



FIGURE 1 Seven steps to build your new home.





Let's
Chat

guideyouhome.com.au

4

GIVE YOUR
STAMP
OF APPROVAL

5

BUILDING
BEGINS

6

MOVE IN!

7

WE'RE IN THIS
TOGETHER

CEO'S REPORT

WORK HEALTH AND SAFETY

Work Health and Safety (WHS) is an integral part of the BlueCHP business. The development business always carries a level of risk and through the Hunter Residences Program a high standard was maintained with no Lost Time Injuries (LTIs). We continue to put a strong emphasis on WHS and the COVID-19 pandemic has emphasised the importance of WHS across the organisation. BlueCHP has invested in equipping staff working from home and ensured they are safe. We continue to upgrade and review WHS for the clients that live in our dwellings.

POLICY DEVELOPMENT

BlueCHP has continued to participate in policy development in the social, affordable and disability housing environment.


During the year we provided a paper to the Federal Government to outline a simple replacement for the NRAS scheme and enable the gap of affordable housing to be closed over a 10-year period. The proposal is cheaper than NRAS and is based on using the existing legal and financial infrastructure of NHFIC. It places CHPs at the core as the delivery vehicle. It is disappointing that we

have yet to receive any response especially now that we are seeing a significant drop off in building activity due to COVID-19.

With the NSW Government we have continued to advocate the argument with State Government that CHPs are a very efficient and effective long-term tax efficient partner. The NSW Government has continued to engage productively and whilst they have not yet fully adopted our views there are pleasing outcomes to date:

- ... **Urban renewal projects** – the NSW Government released the first urban renewal project at Wagga Wagga
- ... **The extension of Land and Housing Corporation (LAHC) 3-year leases to 20 years** to enable cash flows to be used to secure debt
- ... **Adoption of a policy to enable CHPs to develop CHP lease managed sites** and lease over a 49-year period. It is worthwhile noting that LAHC has announced a development pilot of six (6) sites where LAHC will lease the land for 49 years.

On an industry sector basis, a number of CHPs including BlueCHP have clubbed together with Community Housing



Industry Association (CHIA) to build on research published in late 2019, on the economic benefits that are delivered to the economy. BlueCHP has been a strong backer of research to demonstrate the benefits to the economy. The sector needs to bring evidence to its demands when competing for government resources

In the disability sector we have been contributing to the NDIS SDA Robust housing pricing review because the provision of SDA in metro areas continues to be difficult due to the inadequate payments. The issue of appropriate funding for SDA housing is one of the biggest challenges in creating a new market for this housing.

The big challenge for SDA providers is to ensure that we achieve measurable outcomes for clients in our SDA housing. A group of SDA providers in conjunction with Social Ventures Australia has come together to fund a program to come up with set of principles and measures that can be further developed into a measurable framework.

The big challenge for SDA providers is to ensure that we achieve measurable outcomes for clients in our SDA housing.

HOMELESS PROVISION

As part of our engagement with our community we support 'We Are Community'. It is a volunteer organisation that concentrates on feeding the homeless in the Macarthur Region, NSW. During the year we took over the lease of the Airds Community Centre to provide a base for the service.

CEO'S REPORT

The service has been stretched considerably with the COVID-19 impact and the number of people to feed doubled as all homeless people were shifted into motels and temporary accommodation with little capacity to feed themselves. In discussions with the 'We Are Community' team, I asked what are the key things a homeless person needs. The reply was an eye opener – a roof over their head, a bed, a fridge and a washing machine.

The hardest is the first – getting the roof over their head – we still do not see a real pathway of housing provision from homelessness to securing housing.



DURING THIS LAST FINANCIAL YEAR WE ARE COMMUNITY* PROVIDED

$$\begin{array}{ccccccc} 163 & + & 71 & + & 81 & = & 315 \\ \text{TEMPORARY} & & \text{TOTAL} & & \text{OTHER} & & \text{TOTAL} \\ \text{ACCOMMODATION} & & \text{HOMELESS} & & & & \text{HOUSED} \end{array}$$



**TOTAL
MEALS**



**THE NUMBER OF
BREAKFASTS**

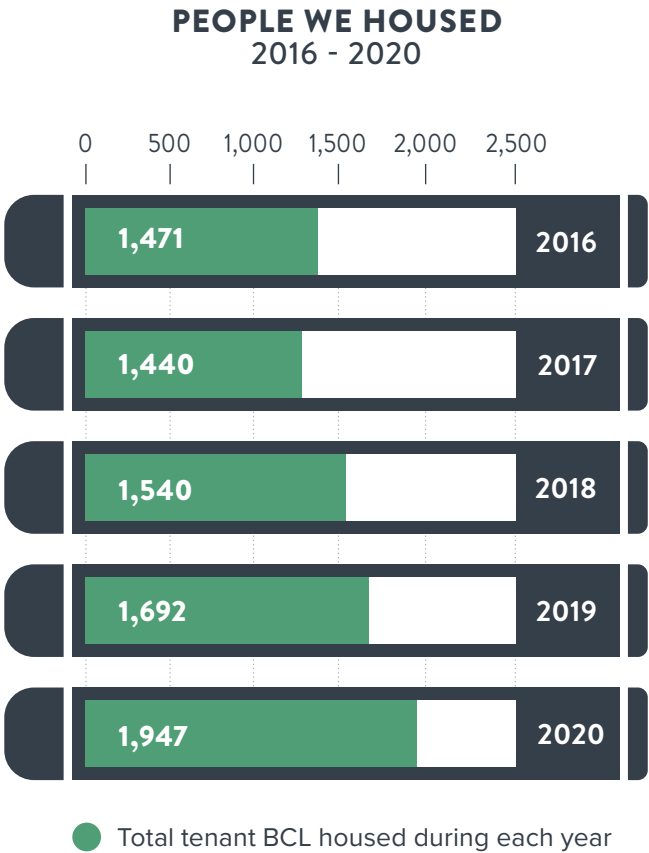
* Statistics provided by We Are Community

STRATEGY

During the last year BlueCHP has been reviewing the way it interacts with clients, service providers and government. Our mission is to provide housing to those in need. Need can be defined broadly but our focus has always been on people who are suffering disadvantage. For BlueCHP the WHY is important because often we do not have direct contact with our end client, but as our tag line says, ‘We make a difference to people’s lives’.

To put this in context over the past year we have helped some 1,947 people and the graph (right) illustrates the impact we have made over the past five years.

In the past 12 years we have grown the company from \$5 million of seed money to assets worth over \$300 million but for BlueCHP the deployment of these assets is to change lives. At BlueCHP everything we do has a tangible effect and every employee contributes to that effect. As we continue to grow we need all our employees and partners to understand their impact and the difference they make. Measuring this impact is our future focus so that we can advocate and interpret this vital information.



CEO'S REPORT

This strategy is based on the work of Jim Collins¹ and the principles that deliver long term superior performance. As an organisation we want everyone 'on the bus' – it is important at BlueCHP that every staff member is engaged in the delivery of services and understands how they make a difference and how they are connected in their role.

Every surplus dollar goes back into maintaining our homes and building new ones.

The HOW for BlueCHP is the core of the business – being a highly innovative developer of a wide range of properties delivering complex programs in a timely fashion, as illustrated by the Hunter Residences Program and Macarthur Gardens.

In addition, our ability to bring a number of financial partners together and create efficient vehicles to enable transactions is a core skill – BlueCHP continues to bring new products to the sector.

The client service model we have created delivers outstanding levels of occupancy for our properties in NSW, making us one of the best performers in tenancy and asset management. We look to work with high performance partners.

Our collaboration ethos delivers key differential advantage in terms of flexibility and scalability for BlueCHP's business model – for example the rapid rollout of the Hunter Residences Program was enabled by partnering a skilled project management firm, NASR – it more than doubled BlueCHP's capacity to deliver this program.

We have ambitious goals and the team continues to challenge each other on how we can do it better and touch more people – it is never dull at BlueCHP!

The year ahead is going to be challenging and exciting – we have a great team at BlueCHP who are up for the challenge. In 2020 we faced the unprecedented COVID-19 pandemic which 12 months ago was never contemplated. However, it has brought our staff and directors closer together to manage the challenges and I am very grateful to work with a Board of directors who are prepared to roll up their sleeves and contribute not only at the board table but be available for staff to benefit from their expertise.



A handwritten signature in black ink that reads "Charles Northcote".

Charles Northcote
Chief Executive Officer

1. *Jim Collins*
Good to Great (Published November 2001)

DEVELOPMENT REPORT



QUEENSLAND



Partnering for Growth

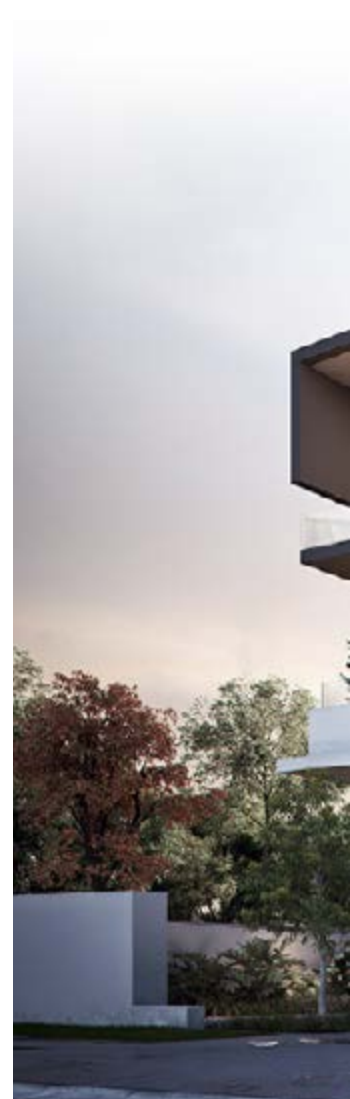
Leveraging the commitments of NHFIC and DHPW has the potential to deliver >400 new affordable and social dwellings into Queensland.

DRIVING INVESTMENT INTO QLD

BlueCHP's success in securing a \$100,000,000 umbrella construction loan facility from the National Housing Finance and Investment Corporation (NHFIC) for affordable housing in Queensland is a powerful endorsement of BlueCHP's strategy to work collaboratively with State and Federal Government to sustainably grow housing supply and reliably contribute to housing led economic stimulus strategies.

Working in collaboration with the Queensland State Government, BlueCHP continues to advance numerous projects suitable for delivery across Queensland through the 'Partnering for Growth' initiative of the Department of Housing and Public Works.

This innovative funding model, pioneered in Queensland, can be scaled and replicated across Australia.





Artists impression of BlueCHP SDA Housing in western Brisbane – for completion 2021.



DISABILITY HOUSING

Growing on our recognition in the 2019 Logan Business Distinction Awards, InvestLogan, a Beneficial Enterprise of Logan City Council appointed BlueCHP as development manager to deliver two specialist disability dwellings in Logan, providing housing for up to six (6) National Disability Insurance Scheme (NDIS) plan recipients. Construction is scheduled to commence late 2020.

HOME4LIFE

As part of the Home4Life Hunter Residences Program several disability homes located in northern NSW were completed by the Queensland team in 2020.



QUEENSLAND



GUIDE YOU HOME

BlueCHP's specialist disability accommodation (SDA) **GuideYouHome** program enables our team to work collaboratively with Supported Independent Living (SIL) providers, SDA recipients and allied health professionals across Australia. In Queensland BlueCHP will deliver specialist disability housing including 10 NDIS dwellings in western Brisbane (due for completion mid-2022), with numerous other target projects under consideration.

BlueCHP welcomes discussions with SIL providers and parties wishing to explore their access to SDA housing.



PROPERTY ADVISORY SERVICES

BlueCHP continues to work with multiple landowners and service providers across Queensland who actively seek to expand the supply of appropriate housing to their clients and customers.

In mid-2020, BlueCHP secured the Development Approval on behalf of Burnie Brae for a 32-unit retirement living project in Brisbane's northern suburb of Chermside. Two years in the making, this approval provides Burnie Brae with the option to include housing as part of an expanded provision of services to seniors in Brisbane.

BlueCHP is actively exploring further disability and mixed tenure affordable housing projects across Queensland through partnerships with government, allied not-for-profits, service providers, developers and consumers.

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BlueCHP was pleased to achieve the Development Approval on behalf of Burnie Brae for a 32-unit retirement living project in Brisbane's northern suburb of Chermside.

DEVELOPMENT REPORT



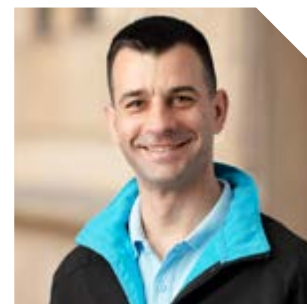
QLD DEVELOPMENT TEAM



DARREN MEW

Senior Development
Manager (QLD)

Responsible for
managing all aspects of
the Queensland office
including engagement with
government, industry and
the community.



GEORGE GIANNES

Property Advisory and
Development Manager
(QLD)

Responsible for the
development management
functions including
feasibility analysis,
operational finance
modelling, acquisitions,
development design and
project management of
construction in Queensland.

SECTOR ENGAGEMENT

BlueCHP's commitment to the sector continues to be on display with QLD Senior Development Manager, Darren Mew, appointed in November 2019 as Chairperson of the Queensland Shelter Board.

QShelter is the peak homelessness and housing body for Queensland.



“

BlueCHP continues to work with multiple landowners and service providers across Queensland who actively seek to expand the supply of appropriate housing to their clients and customers.

DEVELOPMENT REPORT



NEW SOUTH WALES

HUNTER RESIDENCES PROGRAM

BlueCHP is proud to announce completion of the Hunter Residences Program bar one final home under construction. Construction commenced in December 2018 and the program has delivered 64 group homes that were designed and constructed to meet the NDIS Design Category of 'High Physical Support' and 'Robust'. The homes were designed to accommodate residents with significant physical impairment and behaviour needs. The completion of the program supports approximately 320 residents transitioning from large institutions in the Hunter Valley region.

Under the Home4Life consortium, BlueCHP partnered with Compass Housing and Lighthouse Infrastructure provided finance for the \$160 million project. BlueCHP led the acquisition of sites, design, procurement of planning approvals and the construction of the group homes.

The program was delivered on time and on budget therefore, we would like to thank all our consultants, building partners and consortium members who were involved in delivering this significant project over the last 18 months.



Leveraging our success with this type of development, we have also continued to work within this sector by offering our fee for services to organisations such as Disability Services Australia (DSA) assisting them with their flagship group home project in Tahmoor, NSW.

BlueCHP was engaged as DSA's Project Manager responsible for the design co-ordination and construction supervision of a 5-bedroom High Physical Support group home.

The near completion of the project was achieved in June 2020 and the residents have transitioned successfully.

High Physical Support and Robust Group Homes

64
HOMES

The completion of the program supports approximately 280 residents.

DEVELOPMENT REPORT



NEW SOUTH WALES

COMMUNITIES PLUS STAGE 2

LIVERPOOL

BlueCHP has lodged the development application with Liverpool Council to develop 63 apartments under the Communities Plus Project, a program managed by NSW Land and Housing Corporation. At least 20 per cent of the apartments will be social and the remainder will be rented as affordable and disability housing.

The current layout of the buildings has been designed to allow the flexibility to adopt a modular construction rather than a one conventional build. By adopting this construction methodology BlueCHP recognises from previous experience with off-site fabrication modular construction, that it will afford a faster build and better quality control.

The development approval was achieved in October 2020 and construction is scheduled to commence in the first quarter of 2021.



Mix Tenure Apartments

At least 20% social housing with remainder to be affordable and disability housing.

63
UNITS



LANE COVE NORTH

BlueCHP is currently finalising the development application package for 30 apartments which forms part of the Communities Plus Project with NSW Land and Housing Corporation. At least 30 per cent of the apartments will be social housing and managed by BlueCHP, the remainder will be sold privately to the market.

The proposed development presents a highly articulated design and well considered streetscape façade which contributes to the existing surroundings. The proposed design provides a high level of residential amenity for all residents – including social housing tenants.

Mix Tenure Apartments

At least 30% social housing to be managed by BlueCHP.

30
UNITS

DEVELOPMENT REPORT



NEW SOUTH WALES

JORDAN SPRINGS PENRITH

BlueCHP has continued to deliver more housing under the Affordable Housing Program - Stage 2. When complete, the project will deliver a total of 70 dwellings out of 50 lots, with a mixture of duplexes, detached dwellings and Specialist Disability Accommodation.

A further 10 dwellings were completed in Stages 1 and 2 and 18 dwellings are currently under construction targeted for completion by financial year 2021.

The demand for a new supply of affordable rental homes in Penrith is so enormous that prior to the dwellings being completed, BlueCHP received at least 60 applications for the waiting list.

As such, a further 15 lots in Stage 3 are currently under design planning to meet this demand.



Affordable Housing Program

Stage 2: a mixture of 70 duplexes, detached dwellings and Specialist Disability Accommodation.

Stage 3: 15 homes currently in planning.

113
HOMES



NSW DEVELOPMENT TEAM



GLENN AMANONCE

Senior Development
Manager (NSW)

Responsible for acquisition
and management of all the
developments in NSW.



PAU-LAHI MARSHALL

Development Manager
(NSW)

Responsible for the delivery
of current development
projects and assessment of
future developments in NSW.



JIMMY LE

Project Manager
(NSW)

Responsible for the delivery
and project management of
properties in NSW.

Over the next year, BlueCHP's NSW
development team are working to deliver
approximately 200+ new dwellings

ASSET AND TENANCY REPORT

STRATEGIC ASSET MANAGEMENT PLAN

BlueCHP's activities for this last financial year have been guided by our Strategic Asset Management Plan.

This plan sets out our strategic intent and provides a clear focus on actions we will perform to improve the condition of our properties.

The company is committed to ensuring its assets are optimised to provide the best possible social and economic outcomes for all stakeholders.

GOAL ONE

One of BlueCHP's main goals for this last financial year was to rationalise the portfolio to enhance asset effectiveness by implementation of the asset recycling program to eliminate high cost operating assets, and to change the asset mix towards more affordable housing properties.

The company has gained approval to execute the program and it is fully underway with completion scheduled for 2023. The asset recycling program will result in the release of funds to invest in new projects and an estimated net increase of 21 dwellings (85 bedrooms). It will reduce the negative impact of the expiry of the National Rental Affordability Scheme (NRAS) incentives.

GOAL TWO

BlueCHP's second main goal is to optimise rental security and minimise maintenance costs. If this goal is achieved, then we will have higher-quality assets, lower vacancy and voids and lower maintenance costs. The vacancy rates over the last financial year have reduced from 2.0% to 0.6%. We have used excellent designs to add house/granny flats to our new lots at Jordan Springs. This has the effect of increasing the number of dwellings and increasing rental returns.

GOAL THREE

BlueCHP's third main goal is to ensure a minimum 90% Tenant Satisfaction Score through the Community Housing Provider's quality performance. The company has worked with our service providers such as Argyle Housing and Compass Housing Services, to meet and exceed industry benchmarks. The current Tenant Satisfaction Score is 86%, which is an improvement from our previous result. We continue to conduct regular reviews of tenancy management to keep on improving.

As part of the Strategic Asset Management Plan, there were five (5) complexes targeted for a cosmetic upgrade to improve the facilities. These complexes are in the Sydney Metropolitan area and were over 10 years old. The upgrade also included measures to improve security and amenities.

ASSET AND TENANCY REPORT

TENANCY MANAGEMENT

The Tenancy Management department has been focused on improving our services to provide better and timely care for the tenants in our properties. To achieve this focus it has had four key aims:

- ... Improving our services
- ... Improving tenant satisfaction
- ... Improving property condition
- ... Improving our technology.

We have outsourced all tenancy management and property management to service providers that excel in these areas. The results from this outsourcing are that property care has greatly improved, rental returns have risen and vacancy levels have reduced. All service providers have improved their communication with tenants by introducing call centres for maintenance and tenancy inquiries.

“

... with our service providers, BlueCHP is now performing above the Community Housing Industry Association threshold and on the way to reaching a Tenant Satisfaction Score of 90%. ”

Having worked with our service providers to improve the tenant satisfaction survey results, we are now performing above the Community Housing Industry Association threshold and on the way to reaching a Tenant Satisfaction Score of 90%. Four areas where BlueCHP has performed the best are overall tenant satisfaction, property condition, quality of repairs and maintenance, and repairs and maintenance satisfaction. Three areas of improvement highlighted by the survey are appeals knowledge, complaint satisfaction and improved communication. These three areas are a focus for all service providers in the financial year 2021.

BlueCHP has focused on automating business processes and the collection of information from our service providers over the last financial year. This has improved lead times for the collection of property information and cost efficiencies in the processing of maintenance costs.



JAMES CAMPBELL-BRUCE

Senior Asset and
Tenancy Manager

Responsible for the Asset portfolio including upgrades and recycling. Also responsible for service provider performance in tenancy management.

BOARD OF DIRECTORS

Full details of the current BlueCHP Limited board are listed on pages 49-52.



CRAIG LEE

Chairman

QUALIFICATIONS

BEcon, BA (Asian Studies),
MBus (Banking & Finance),
GAICD

SPECIAL RESPONSIBILITIES

Chairman, Member of the
Governance, Nominations &
Remuneration Committee.
Member Director
representative of Home4Life
Limited.



CLAIRE DAVIS

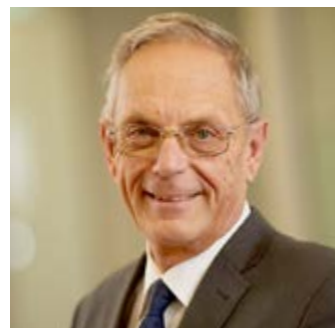
Vice Chair

QUALIFICATIONS

BA (Hons) Accy, FCA,
GAICD, GradCertExecLead,
GradCertBA

SPECIAL RESPONSIBILITIES

Chair of the Governance,
Nominations & Remuneration
Committee, Member of the
Audit & Risk Committee.



PETER BEER

Director

QUALIFICATIONS

AAIHS, ADTCP

SPECIAL RESPONSIBILITIES

Member of the Audit & Risk
Committee.



ROBERT ELVY

Director

QUALIFICATIONS

BScEng, BComAccy, FIEAust,
FCPA, FAICD, FGIA

**SPECIAL
RESPONSIBILITIES**

Chair of the Audit & Risk
Committee.



VANESSA MORSCHER

Director

QUALIFICATIONS

BA BusLaw & Geography,
AdvDip Property Valuation,
MSocSc, MAICD

**SPECIAL
RESPONSIBILITIES**

Member of the Audit & Risk
Committee.



STEPHEN QUILL

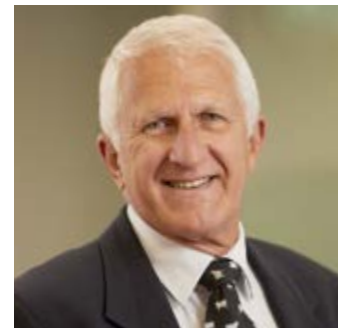
Director

QUALIFICATIONS

BE (Civil)

**SPECIAL
RESPONSIBILITIES**

Member of the Governance,
Nominations & Remuneration
Committee.



TONY WATERS

Director

QUALIFICATIONS

BASocSc

**SPECIAL
RESPONSIBILITIES**

Member of the Governance,
Nominations & Remuneration
Committee.

CORPORATE GOVERNANCE

BOARD COMPOSITION

The BlueCHP Board structure combines good corporate governance oversight and a value adding skills based approach. The director selection process strategically matches BlueCHP's future directions and growth to a specific mix of skills and experience. The company provides opportunities for director development so that directors are able to continue to perform their role. The Board composition is currently seven non-executive directors. Information on the directors is set out in the Directors' Report.

The Constitution specifies that the minimum number of directors is three and maximum nine.

BOARD COMMITTEES

In financial year 2020 the Board's committees were renewed to reflect the assistance the Board requires to meet its responsibilities and are as follows:

- ... Audit and Risk Committee
- ... Governance, Nominations & Remuneration Committee.

GOVERNANCE PRINCIPLES

Throughout the 2020 financial year, BlueCHP's governance arrangements were consistent with the ASX Corporate Governance Principles and Recommendations (4th edition).

BOARD RESPONSIBILITIES

The Board is responsible for the corporate governance of BlueCHP. The principle role of the Board is to ensure the long term prosperity of BlueCHP by setting broad strategies and policies and ensuring that they are effectively implemented by management. The Board carries out this role primarily by:

- ... Setting and approving the overall strategic direction;
- ... Approving the statement of values which underpins the desired culture;
- ... Approving major decisions, major capital expenditure, significant financial decisions and delegations of authority;
- ... Approving operating budgets and monitoring progress against those budgets, and establishing and measuring financial and non-financial key performance indicators;
- ... Overseeing management's performance against the company's risk management framework and whether it is operating within the risk appetite set by the Board;
- ... Ensuring the company meets regulatory compliance;
- ... Approving the entity's remuneration framework; and
- ... Evaluating and monitoring the performance of the Board and the CEO.

The Board has delegated to senior management responsibility for a number of matters, including:

- ... Managing BlueCHP's day to day operations in accordance with Board approved authorisations, policies and procedures;
- ... Developing BlueCHP's annual budget, recommending it to the Board for approval and managing BlueCHP's day to day operations within that budget; and
- ... Implementing corporate strategy and making recommendations on significant corporate strategic initiatives.



DIRECTORS' REPORT AND SUMMARY FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2020

The summary financial statements and other specific disclosures have been derived from BlueCHP Limited's (the Group's) full financial report for the financial year. Other information included in the summary financial statements is consistent with the Group's full financial report.

The summary financial statements do not, and cannot be expected to, provide the same understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

A copy of the Group's 2020 Annual Financial Report, including the independent audit report, is available to all members upon request.

DIRECTORS' REPORT

The Directors present this report on BlueCHP Limited ('BlueCHP') and its controlled entities ('the Group') for the year ended 30 June 2020.

DIRECTORS

The names of each person who has been a Director during the year and to the date of this report are:

Craig Lee

Peter Beer

Claire Davis

Robert Elvy

Vanessa Morschel

Stephen Quill

Tony Waters

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

OBJECTIVES

The Group aims to provide affordable housing opportunities for households on very low to moderate incomes experiencing housing stress; including key workers, seniors and those at risk of homelessness within our community. In response to social needs, BlueCHP also provides opportunities for specialist disability housing. These opportunities can be from BlueCHP providing its own property or providing development management services to other providers of community housing.

FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2020

DIRECTORS' REPORT

STRATEGY FOR ACHIEVING OBJECTIVES

BlueCHP will seek development opportunities through its own not for profit status, strong balance sheet and combined skills, experience and relationships. It will also actively enter into joint ventures, public private partnerships, green field developments and urban renewal projects.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was to increase the supply of dwellings through construction or life cycle replacement facilitated by securing finance and/or government grants. The Group increased the supply of social, affordable, disability, seniors and private accommodation. BlueCHP takes a portfolio approach to managing its assets and from time-to-time will sell assets and re-invest the proceeds in new dwellings. Dwellings retained by BlueCHP comprise its housing asset portfolio that is then leased by experienced community housing providers.

During the year ended 30 June 2020 the Group delivered 91 dwellings with a further 3 under construction which includes the Hunter Residences Program. As at the 30 June 2020 BlueCHP owned 789 properties with an additional 61 under management.

FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2020

BlueCHP under a design and construct head contract with Home4Life Limited ('Home4Life') completed the construction of 64 specialist disability accommodation group homes in New South Wales. These homes are initially for residents being transferred from three large residential centres in the Hunter region. The balance of places are available to National Disability Insurance Scheme qualifying residents. BlueCHP Limited holds 50% membership in Home4Life with Compass Housing Services Co. Ltd holding the other 50%.

SIGNIFICANT AFTER BALANCE DATE EVENTS

On 12 August 2020 BlueCHP Housing Limited was incorporated as a wholly owned subsidiary of BlueCHP for the purpose of delivering specialist disability accommodation.

On 27 August 2020 BlueCHP entered into a contract for the purchase of 11 apartments on completion in-one-line at Oxley Queensland for \$6,352,000 which BlueCHP will retain for specialist disability accommodation.

Additionally, on 27 August 2020 BlueCHP entered into a contract for the purchase of a property at Windsor, Queensland for \$4,825,000 (incl. GST).

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

FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2020

DIRECTORS' REPORT

IMPACT OF COVID-19

Corona Virus Disease 2019 ('COVID-19') was declared a pandemic by the World Health Organisation on 11 March 2020 and has had a significant impact on domestic and global markets and economies. The impact of the COVID-19 pandemic, which continues to evolve daily, has significantly affected market volatility, exchange rates, supply chains, consumer demand, liquidity and credit conditions and unemployment rates. In a bid to curtail the spread of COVID-19, travel, trade and social restrictive measures have been imposed by the respective governments.

By mid-March 2020 BlueCHP had developed a COVID-19 Response Plan to keep its employees, consultants, contractors, casuals and visitors safe and to manage the workplace. On 25 March the Department of Communities and Justice announced that Community Housing Providers were an essential service and should remain open. Despite the various lockdowns and periods of remote working, BlueCHP has continued to meet its project targets as well as work on new opportunities in NSW and Queensland.

The directors and management are closely monitoring the impact of COVID-19 on the Group. To date, there has been no material impact.

Only a few tenants have required rental reductions and vacancies and arrears are well below target. BlueCHP's Service Providers introduced protocols to keep its personnel and BlueCHP's tenants safe by minimising physical interactions which includes fewer property inspections, non-emergency and non-essential repairs and maintenance. Safe work alerts for builders have been incorporated into BlueCHP's protocols.

INFORMATION ON DIRECTORS AS AT THE DATE OF THIS REPORT

CRAIG LEE

Chairman, Non-executive Director

Qualifications BEcon, BA (Asian Studies), MBus
(Banking & Finance), GAICD

Experience Experienced non-executive director. Thirty-year executive career in banking, finance and insurance specialising in major infrastructure projects and complex property-based structured finance transactions across Australia and Asia. Current board roles include Brightlight Impact Holdings Pty Ltd, Uniting Financial Services and Assured Guaranty. Prior roles include non-executive Vice Chairman of L J Hooker International Limited.

Special Responsibilities

Chairman, Member of the Governance, Nominations & Remuneration Committee. Member Director representative of Home4Life Limited

CLAIRE DAVIS

Vice Chair, Non-executive Director

Qualifications BA (Hons) Accy, FCA, GAICD, GradCertExecLead, GradCertBA

Experience Claire brings over 20 years' experience in the not for profit housing sector in both Australia and the UK. She is a non-executive director of Open Minds Australia Limited and founder of Stretch Leaders Pty Ltd. Her governance and leadership roles include non-executive director, chief finance officer and director corporate services, working in both not for profit and commercial sectors.

Special Responsibilities

Vice Chair of the Board, Chair of the Governance, Nominations & Remuneration Committee, Member of the Audit & Risk Committee

FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2020

DIRECTORS' REPORT

INFORMATION ON DIRECTORS AS AT THE DATE OF THIS REPORT

PETER BEER

Non-executive Director

Qualifications AAIHS, ADTCP

Experience Peter is a qualified Building Surveyor, Town Planner and Health Surveyor. Predominantly involved with local government, his experience also includes interstate community and planning agreements. Mayor of Snowy Monaro Regional Council. Chairman of the Monaro Housing Taskforce. Peter is a director of Southern Cross Community Housing Ltd.

Special Responsibilities

Member of the Audit & Risk Committee

ROBERT ELVY

Non-executive Director

Qualifications BScEng, BCom(Accy), FIEAust, FCPA, FAICD, FGIA

Experience Extensive experience as an executive director and non-executive director in the building and construction, and non-executive director in the finance and government sectors. Former director and CEO of the Cleary Bros Group. Former Deputy Chairman of IMB Bank Limited and former Chairman of Port Kembla Port Corporation.

Special Responsibilities

Chair of the Audit & Risk Committee & Director of BlueCHP Housing Limited

INFORMATION ON DIRECTORS AS AT THE DATE OF THIS REPORT

VANESSA MORSCHER

Non-executive Director

Qualifications BA BusLaw & Geography, AdvDip
Property Valuation, MSocSc, MAICD

Experience Vanessa has experience in town planning, real estate valuations and development management with prior roles in local councils, private consultancies and private development corporations. Currently working for Catholic Education Diocese of Wollongong as Manager School Facilities Planning and Development.

Special Responsibilities

Member of the Audit & Risk Committee

STEPHEN QUILL

Non-executive Director

Qualifications BE (Civil)

Experience Steve has had a successful 40 year career at a senior level in the development and construction of major projects around Australia. Steve has held senior executive roles with Sydney Harbour Foreshore Authority, Stockland Property Group, AMP Capital Investors and Lend Lease. Prior to his appointment to the BlueCHP board he was a strategic development advisor to the Group.

Special Responsibilities

Member of the Governance,
Nominations & Remuneration
Committee

FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2020

DIRECTORS' REPORT

INFORMATION ON DIRECTORS AS AT THE DATE OF THIS REPORT

TONY WATERS

Non-executive Director

Qualifications BASocSc

Experience Extensive public sector involvement in developing and implementing social housing and homelessness policy and programs. Tony retired in 2013 from his role as Deputy Director-General, Housing Services in the Queensland Department of Housing and Public Works. Extensive experience in delivery of large housing construction, redevelopment and maintenance programs.

Special Responsibilities

Member of the Governance,
Nominations & Remuneration
Committee

FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2020

MEETINGS OF DIRECTORS

During the financial year meetings of directors and committees of the board held and attendance by each director were as follows:

	DIRECTORS' MEETINGS		COMMITTEE MEETINGS	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Craig Lee	8	7	8	7
Peter Beer	8	7	5	4
Claire Davis	8	8	8	8
Robert Elvy	8	8	5	5
Vanessa Morschel	8	7	4	4
Stephen Quill	8	8	3	3
Tony Waters	8	8	4	4

Committee meetings include Audit and Risk Committee and Governance, Nominations & Remuneration Committee.

FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2020

DIRECTORS' REPORT

COMPANY SECRETARY

The following persons held the position of Company Secretary at the end of the financial year:

CHARLES NORTHCOTE

Chief Executive Officer

Qualifications B.Com Ag Ec, MBA, MCT(UK), GAICD

Experience 30 years of international business experience with listed companies covering sectors – merchant banking, agribusiness, chemicals, mining services and industrial products distribution.

SARAH DONOVAN

General Manager, Governance & Risk

Qualifications BA (Hons) BusLaw, FCIS, FGIA

Experience Governance professional and qualified chartered secretary for over 30 years. Senior executive roles in listed, non-listed entities in transport, venture capital, pharmaceuticals and consumer products.

FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2020

MEMBERS' GUARANTEE

BlueCHP Limited is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the entity is wound up, the constitution states that each Member is required to contribute a maximum of \$10 towards meeting any outstanding liabilities and obligations of BlueCHP Limited. At 30 June 2020 the number of members was nine (9).

On behalf of the directors



CRAIG LEE
Director



ROBERT ELVY
Director

Sydney, 22 October 2020

FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2020

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2020 \$	2019 \$
Operating revenue	22,008,572	25,932,150
Expenses		
Employee benefits expense	(2,554,825)	(2,115,842)
Depreciation and amortisation expense	(376,457)	(188,287)
Finance costs	(2,095,967)	(2,546,408)
Property operating expense	(5,725,638)	(4,286,382)
Property consultants expense	(40,378)	(43,900)
Administration expense	(1,628,970)	(1,274,265)
Surplus before equity accounting, fair value adjustments and income tax	9,586,337	15,477,066
Share of the (loss) / profit of joint ventures accounted for using the equity method	(1,773,214)	1,622,305
Loss on revaluation of investment property	(3,596,428)	(22,564,549)
Surplus / (loss) before income tax	4,216,695	(5,465,178)
Income tax expense	-	-
Surplus / (loss) after income tax expense for the year	4,216,695	(5,465,178)
Other comprehensive income for the year, net of tax	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	4,216,695	(5,465,178)

FINANCIAL STATEMENTS

BLUECHP LIMITED AS AT 30 JUNE 2020

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2020 \$	2019 \$
Current assets		
Cash and cash equivalents	16,859,559	14,847,330
Trade and other receivables	4,021,495	8,923,475
Other current assets	478,410	4,166,070
Non-current assets classified as held for sale	2,245,670	-
TOTAL CURRENT ASSETS	23,605,134	27,936,875
Non-current assets		
Interests in joint ventures	3,558,977	4,622,305
Property, plant and equipment	429,248	459,797
Right-of-use assets	459,609	-
Investment properties	308,335,351	308,321,540
TOTAL NON-CURRENT ASSETS	312,783,185	313,403,642
TOTAL ASSETS	336,388,319	341,340,517

FINANCIAL STATEMENTS

BLUECHP LIMITED AS AT 30 JUNE 2020

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2020 \$	2019 \$
Current liabilities		
Trade and other payables	4,108,896	8,377,542
Contract liabilities	6,529,614	-
Lease liabilities	127,592	-
Employee benefits	193,424	127,358
TOTAL CURRENT LIABILITIES	10,959,526	8,504,900
Non-current liabilities		
Lease liabilities	386,664	-
Employee benefits	61,260	38,672
Contract liabilities	7,254,906	-
Borrowings	70,000,000	70,000,000
TOTAL NON-CURRENT LIABILITIES	77,702,830	70,038,672
TOTAL LIABILITIES	88,662,356	78,543,572
NET ASSETS	247,725,963	262,796,945
Equity		
Retained surpluses	247,725,963	262,796,945
TOTAL EQUITY	247,725,963	262,796,945

FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2020

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Retained surpluses \$	Total equity \$
Balance at 1 July 2018	268,262,123	268,262,123
Loss after income tax expense for the year	(5,465,178)	(5,465,178)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(5,465,178)	(5,465,178)
Balance as at 30 June 2019	262,796,945	262,796,945
Balance as at 1 July 2019 - restated	243,509,268	243,509,268
Surplus after income tax expense for the year	4,216,695	4,215,844
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	4,216,695	4,215,844
Balance as at 30 June 2020	247,725,963	247,725,112

FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2020

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	2020 \$	2019 \$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	21,416,125	10,428,777
Payments to suppliers and employees (inclusive of GST)	(14,129,801)	(6,941,129)
Receipt of grants – National Rental Affordability Scheme ('NRAS') Incentives	2,377,700	3,425,842
Interest received	201,803	117,087
Finance costs paid	(2,095,967)	(2,543,651)
Net cash from operating activities	7,769,860	4,486,926
Cash flows from investing activities		
Repayment from/ payments on behalf of related parties	-	1,319,209
Loan to joint venture	(709,886)	(3,000,000)
Payments for investment in term deposits	-	(4,000,000)
Payments for property, plant and equipment	(181,137)	(263,667)
Proceeds from sale of investment property	827,457	-
Payments for investment property	(5,583,941)	(3,147,435)
Net cash from operating activities	(5,647,507)	(9,091,893)

FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2020

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	2020 \$	2019 \$
Cash flows from financing activities		
Proceeds from borrowings	-	74,600,000
Payment of transaction costs	-	(170,625)
Repayment of lease liabilities	(110,124)	-
Repayment of borrowings	-	(55,726,591)
Net cash (used in)/from financing activities	(110,124)	18,702,784
Net (decrease)/increase in cash and cash equivalents	2,012,229	14,097,817
Cash and cash equivalents at beginning of the financial year	14,847,330	749,513
Cash and cash equivalents at the end of the financial year	16,859,559	14,847,330

FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2020

DISCUSSION AND ANALYSIS

SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The company's operating revenue has decreased by \$3,923,578 since the prior year and expenses have increased by \$1,967,151.

The company achieved a surplus before fair value adjustments and recognition of share of profits/losses from the joint venture of \$9,586,337 (2019: Surplus of \$15,477,066) after allowing for these adjustments, the surplus of the Company amounted to \$4,216,695 (2019: loss of \$5,465,178).

Individual items that have significantly impacted the 2020 result include:

- ... Rental revenue increased by \$656,027;
- ... Grants received decreased by \$5,696,517;
- ... Property operating expenses increased by \$1,439,256;
- ... Employee benefits expense increased by \$438,983;
- ... Administration expenses increased by \$354,705;
- ... Finance costs decreased by \$450,441;
- ... Loss on revaluation of investment properties of \$3,596,428 compared to a loss of \$22,564,549 in the prior year.

FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2020

SUMMARY STATEMENT OF FINANCIAL POSITION

The company's net assets have decreased by \$15,070,982 since the prior year which has resulted in the company being in a net asset position of \$247,725,963 at the year end. There has been a decrease in total assets of \$4,952,198 in addition to an increase in total liabilities of \$10,118,784.

The decrease in total assets for the year is mainly attributed to a decrease in trade and other receivables of \$4,901,980 and a decrease in the carrying value in the joint venture entity by \$1,063,328. The movement in trade and other receivables has been a result of collections from amounts due from members. The net movement in the investment in the joint venture entity is attributable to the equity adjustment taking up the Group's share of the joint ventures loss for the year ended 30 June 2020.

The increase in total liabilities for the year is mainly attributed to the adoption of AASB 1058. The Group has historically received numerous land parcels and associated construction funding facilities have been transferred to the Group for significantly less than its fair value. The fair value of the land and financial assets obtained had historically been recognised as income on receipt in the prior financial report. The respective agreements have been reviewed in accordance with AASB 1058 and concluded to contain sufficiently specific performance obligations, being the construction of dwellings remain unsatisfied on 1 July 2019. As a result, a transitional adjustment was recognised in the financial statements to recognise contract liabilities of \$19.8m as at 1 July 2019, of which \$5.5m has been released into the statement of profit or loss and other comprehensive income during the financial year ended 30 June 2020.

FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2020

DISCUSSION AND ANALYSIS

SUMMARY STATEMENT OF CASH FLOWS

Operating activities generated a net cash inflow of \$7,769,860, an increase of \$3,282,934 when compared to the previous year.

Net cash outflow from investing activities was \$5,647,507, which predominately relates to \$5,583,941 of payments for investment property, offset by \$827,457 of net proceeds from the sale of investment property.

Net cash used in financing activities was \$110,124 for the current year as a result of payments of lease liabilities.

As a result of these cash flows, the net cash held during the year increased by \$2,012,229 compared to the previous year's increase of \$14,097,817.

Cash at the end of the financial year amounted to \$16,859,559 compared to last year's balance of \$14,847,330 (an increase of 14%).

FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1 BASIS OF PREPARATION OF THE SUMMARY FINANCIAL STATEMENTS

The summary financial statements are an extract from the full financial report for the year ended 30 June 2020.

Specific disclosures and other information included in the summary financial statements are derived from and are consistent with the full financial report of BlueCHP Limited. The summary financial statements cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of BlueCHP Limited as the full financial report.

The presentation currency used in these summary financial statements is Australian dollars.

FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2020

DISCUSSION AND ANALYSIS

NOTE 2 **EVENTS AFTER THE REPORTING PERIOD**

On 12 August 2020 BlueCHP Housing Limited was incorporated as a wholly owned subsidiary of BlueCHP for the purpose of delivering specialist disability accommodation.

On 27 August 2020 BlueCHP entered into a contract for the purchase of a property at Windsor, Queensland for \$4,825,000.

On 27 August 2020 BlueCHP entered into a contract for the purchase of 11 apartments on completion in-one-line at Oxley Queensland for \$6,352,000 which BlueCHP will retain for specialist disability accommodation.

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

DIRECTORS'
DECLARATION

The Directors of the Company declare that the accompanying summary financial statements of the Company for the financial year ended 30 June 2020 are an extract from the full financial report for the year ended 30 June 2020 and have been derived from and are consistent with the full financial report of the Company.

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



CRAIG LEE
Director



ROBERT ELVY
Director

Sydney, 22 October 2020

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

To the members of BlueCHP Limited

Report on the summary financial statements prepared from the audited financial report for the year ended 30 June 2020

OPINION

The accompanying summary financial statements of BlueCHP Limited, which comprise the summary consolidated statement of financial position as at 30 June 2020, the summary consolidated statements of profit or loss and other comprehensive income, summary consolidated statements of changes in equity and summary consolidated statements of cash flows for the year then ended and related notes, are derived from the audited financial report of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year. We expressed an unmodified audit opinion on that financial report in our report dated 22 October 2020.

In our opinion, the summary financial statements for the consolidated entity derived from the audited financial report of BlueCHP Limited for the year ended 30 June 2020 are consistent, in all material respects, with that audited financial report, on the basis described the accounting policies.

SUMMARY FINANCIAL STATEMENTS

The summary financial statements do not contain all the disclosures required by Australian Accounting Standards - Reduced Disclosure Requirements and

Interpretations. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial report and the auditor's report thereon.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The Directors' are responsible for the preparation of the summary financial statements in accordance with the basis described in the accounting policies.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material aspects, of the audited financial report based on our procedures, which were conducted in accordance with Auditing Standard *ASA 810 Engagements to Report on Summary Financial Statements*.

BDO EAST COAST PARTNERSHIP



Clayton Eveleigh

Director

Sydney, 22 October 2020

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

A photograph of three BlueCHP employees standing in front of a modern, single-story house with a dark tiled roof and white pillars. The employees are wearing black jackets with blue collars and BlueCHP logos. A diagonal yellow line runs from the top right towards the middle of the image. A dark blue circular graphic is overlaid on the bottom left, containing white and yellow text.

At BlueCHP
everything we do
has a tangible effect
and every employee
contributes to
that effect.

Ramon Valderrey
Accountant-Special Projects

Velvilli Bhatt
Accounts Payable

Lanvy Nguyen
Financial Accountant

BlueCHP Limited

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