



BlueCHP Limited
AFFORDABLE HOUSING - FOUNDATION FOR LIFE

2015 **ANNUAL REPORT**

MAKING A DIFFERENCE TO PEOPLE'S LIVES



2015 HIGHLIGHTS

Apartment sales
at Tower C,
The Gardens
is underway

Completion of
11 dwellings
in Moss Vale

Stage 2 of Ropes
Crossing commenced
with 2 dwellings out
of 24 already
completed

Development of a
new disability ramp
in SW Sydney for
disability respite provider
– Share Care


Parliamentary
Secretary for Youth
and Homelessness,
Tanya Davies opens
our 33rd house at
Ropes Crossing

Gold Foundation
Member for new
national industry body
- Community Housing
Industry Association
(CHIA)



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Terry Downing
Chairman

// CHAIRMAN REPORT 2015

2015 has seen BlueCHP continue to strengthen its financial position whilst also implementing a considered business strategy to ensure its continued growth and financial success.

Our strong result demonstrates our approach is working and we are now well positioned to deliver sustainable profitable growth into the future.

FINANCIAL PERFORMANCE

The Company achieved a surplus before fair value adjustments of \$9,465,454 (2014: surplus of \$105,951,984). After allowing for fair value adjustments, the surplus of the Company amounted to \$27,173,386 (2014: surplus of \$113,004,045).

FUTURE OUTLOOK

BlueCHP continues to meet its St Mary's ADI development commitment with a projected completion date of 2018 for its current obligations.

Construction of our major multi unit development at The Gardens is scheduled to commence in the last quarter of 2015 after extensive planning and redesign work over the last 12 months to ensure we have a financially viable and environmentally sensitive building project. Completion of this important development will enable BlueCHP to deliver 39 dwellings of its leverage obligations as part of the Nation Building Economic Stimulus Package (NBESP) prior to 2021.



*Logan Renewal Initiative
- the largest outsourcing
project in the whole of
Australia... it is the most
important project in
community housing that
has ever happened.*

CHARLES NORTHCOTE
CEO, BlueCHP Limited

The Logan Renewal Initiative in Queensland provides BlueCHP with the long-term opportunity to use its development capability to deliver 2,614 new dwellings on a fee-for-service basis, providing an important alternate source of income. This provides BlueCHP with the flexibility to pursue other development proposals using its own financial capacity should appropriate prospects arise.

Whilst government policy varies considerably across the States and Federally, the underlying demand for affordable housing remains high. This will provide BlueCHP with many opportunities to work with others in the sector or alone over the coming years to deliver innovative solutions to help address the need for additional affordable housing.

BOARD CHANGES

Mr Keith Bryant resigned from the Board effective 1 September 2015. I wish to thank Keith for his contribution to the success of the business and role in positioning the organisation to succeed in the future. Mr Cameron Lamb has been appointed to the Board as the new Wentworth Community Housing Limited nominee.

IN CONCLUSION

I would like to thank all BlueCHP employees and my fellow Board members for their ongoing commitment and contribution, which enables the Company to achieve its strong results.

Terry Downing
Chairman



Charles Northcote
Chief Executive Officer

During the past year, BlueCHP has continued to evolve and consolidate our solid business strategy becoming a dynamic business that has laid strong foundations for further growth.

CEO REPORT

The business' financial operating metrics have continued to improve, enhancing the balance sheet strength of the business.

The business strategy seeks to generate growth in two major streams - investing in further affordable housing and providing fee-for-service property development services.

CURRENT PROJECTS

ROPES CROSSING

The St Mary's ADI project continues with the completion of:

- **PARCEL 1B** - 9 dwellings and
- **PARCEL 2** - a further 15 dwellings
(Commenced in March 2015. Expected to be completed by end of March 2016).
- **PARCEL 3** amounting to 29 dwellings
(To commence December 2015. Completion expected in September 2016).
- The **FINAL 9 PROPERTY LOTS** are expected to be transferred to BlueCHP in early 2016 from Lend Lease.



// **Ropes Crossing** - delivering innovative homes which neatly fit into the urban fabric and existing street landscape.

*Ropes Crossing
is expected to deliver
86 affordable homes
with an estimated
construction cost
of \$22 million*

The project team has won deserved plaudits from Lend Lease in the quality of dwellings delivered. In Parcel 2 BlueCHP in conjunction with Lilly Homes has developed an innovative design creating a granny flat incorporated into a 3 bedroom home, which neatly fits into the urban fabric being indistinguishable in existing street landscape.

The total number of dwellings likely to be delivered is 86, with an estimated construction cost of \$22m.

MEMBER PROJECTS

BlueCHP during the past year has been managing property development projects on behalf of Members. For Argyle Community Housing an 11 unit development under the affordable housing NRAS incentive scheme was completed in July 2015 at Moss Vale.

Currently, for Wentworth Community Housing a 28 unit development with NRAS incentives at Civic Way, Rouse Hill is under construction with completion late 2015. In addition a '6 bedroom group home' is being constructed at Macquarie Avenue, Springwood with completion early 2016.

KEY PROJECTS

THE GARDENS – MACARTHUR

BlueCHP is about to commence construction of a 101 apartment complex at Macarthur Gardens. Over the past year the development team has done considerable work to re-engineer the project into a financially viable project.

The successful awarding of the development application and appointment of Strongbuild building contractors will deliver a high quality product.

Pre-sales are underway and the project has been successfully financed with our bankers – Bank Australia. Completion is expected early 2017.



MACARTHUR GARDENS 101 APARTMENTS

Completion - expected early 2017

// **Macarthur Gardens** - BlueCHP is about to commence construction of a 101 apartment complex (artist impression).

BlueCHP development strategy for Logan is to reduce social housing concentration below the 4.2% national average.



// **Logan City Community Housing** - Artist impression of the property development
BlueCHP will be responsible for in the renewal program for a minimum 2,614 new dwellings.



LOGAN CITY COMMUNITY HOUSING MIN. 2,614 NEW DWELLINGS

Commencement - start in first half of 2016

LOGAN RENEWAL INITIATIVE

As noted in last year's annual report BlueCHP in conjunction with Compass Housing were the successful tenders for this project. The consortium set up a 50:50 joint venture company called Logan City Community Housing (LCCH) to manage the project.

During the last financial year the process of transition has commenced with some delays experienced with the change in state government. It is likely that commencement will now start in the first half of 2016.

The project has a 20 year life with management of approximately 4,900 existing dwellings. BlueCHP has responsibility for the property development renewal program which amounts to a minimum 2,614 new dwellings.

BlueCHP over the past year has worked very closely with Logan City Council to set up the appropriate development approval framework to manage the planning risk in a consistent way over the period of the contract.

WORKING IN THE SECTOR

BlueCHP has been very active in the sector over past year particularly with respect to the NSW Premier's Innovation Initiative for Social Housing participating in 5 submissions. No response has been received from the government to date. In addition the government announced \$1bn Social and Affordable Housing fund to be funded by the sale of electricity assets. BlueCHP has provided thought leadership on the design of the fund in conjunction with the NSW Federation of Housing presenting to both Departments of Treasury and Family and Community Services.

The community housing sector nationally has put forward a proposal to set up a national body (Community Housing Industry Association) which BlueCHP strongly supports. The lack of a coherent national approach is a concern for the sector as the majority of revenue for social housing comes from welfare payments and Commonwealth Rent Assistance payments. The impact of indexing or other changes can have marked impact on viability for CHPs. Only last year changes in eligibility for single parents had a significant impact on some CHPs.

BlueCHP became a member of CHPs for QLD in June 2015 as part of its Queensland housing commitment. CHPs for QLD is a not for profit, member run organisation that aims to bring together community housing providers across the state of Queensland. It was created as a response to the changes in the sector, including public housing outsourcing and the new regulatory environment.

BUSINESS IMPROVEMENT

Over the past year BlueCHP implemented a number of business improvements, the main ones are the implementation of a new IT platform and service level agreements with its property managers. The benefits of a new IT platform will enable BlueCHP to improve its business efficiency using scanning technology for invoices such as water and council rates, whilst the itemising of repairs and maintenance data for individual properties will lead to better understanding of property performance. This system will enable BlueCHP to grow the size of the business without adding large administrative overheads. The standardisation of service level agreement for the management of our properties will enable BlueCHP to measure the quality of performance.

Allied to this, the NSW Federation of Housing Association (NSWFHA) introduced an online tool known as Housing Keys to benchmark performance. As one of 38 launch partners, BlueCHP has signed up for this pioneering benchmarking system. Housing Keys was developed for the community housing industry to set industry standards and allow community housing providers to see how they compare with peers across NSW and eventually Australia. BlueCHP has also been a lead representative in the sector on the AHURI project reference group to develop a standardised performance framework for the industry which together with NSWFA will lead to solid industry benchmarks of performance.

BlueCHP has implemented a number of business improvements to enable us to grow to meet the demand for social and affordable housing

STAFF

As BlueCHP continues to expand its housing portfolio, our team continues to grow with it. As part of BlueCHP's commitment to development activities in Queensland and the Logan Renewal Initiative, we were pleased to appoint Darren Mew as our Senior Development Manager. Based in Queensland, Darren has significant expertise in affordable housing, compact communities and project leadership.

I would like to thank all BlueCHP staff in 2015 for their ongoing dedication and professionalism. Their efforts are genuinely valued and appreciated.

FUTURE OUTLOOK

The policy space within the sector continues to wax and wane – South Australia is implementing a significant transfer of management and property renewal program. Unfortunately BlueCHP was unsuccessful in the first round, however there are significant opportunities in the next 12 months.

NSW after having a policy vacuum over the past 3 years is expected to announce a policy late 2015. As mentioned earlier BlueCHP is actively involved in contributing to this policy framework and has engaged external help to improve its access to key government decision makers.

Queensland has retreated from its ambitious 2020 strategy to outsource 90% of its social housing provision. Until the Logan Renewal Initiative commences it is unlikely major policy changes will be announced.

Federally the White Paper on Federation responsibilities will likely have a significant bearing on future federal support for housing. The environment is very uncertain and less clear with the new Turnbull government. It is worth noting the strong support for affordable housing we have received from the Committee for Sydney Chair Lucy Turnbull.

CONCLUSION

I would like to extend my gratitude to the BlueCHP Board of Directors for their continued support during the past year. I would also like to express my appreciation to all our partners, supporters and stakeholders for the support BlueCHP has received over what has been a dynamic and successful year.

I wish to commend my staff for continuing to strive to build a better organisation that can continue to meet the expectations of the community in general. I look forward to continuing the great work that we have accomplished in 2015 as a solid platform for growth into the New Year.

Charles Northcote
CEO, BlueCHP Limited



Marcelo Steimbeisser
Head of Property Services

FY14/FY15 has been another successful year for BlueCHP delivering dwellings, streamlining our property management processes and carrying out fee for service in the sector.

// STREAMLINING OUR SERVICES AND NEW DEVELOPMENTS

BLUECHP PROJECTS

The lodgement of a new design 101 apartment project (The Gardens) with Campbelltown City Council, was to ensure the project is not only built at a cost effective price but also a product which would compete with the private sector.

After a 6 month assessment process, on 27 May 2015, the Joint Regional Planning Panel (JRPP), approved the application for 101 apartments and 1 commercial space, Going through an extensive tender process, Strongbuild Commercial was selected as the successful tenderer to deliver the project. With construction commencing at the end of October 2015, we will be ready to house tenants by September 2016 with practical completion scheduled for early 2017.

BlueCHP will retain ownership of 39 dwellings and management of the 56 NRAS entitlement on behalf of the Commonwealth and State Government. The remaining 45 apartments will be sold to the public, providing an excellent opportunity for first home buyers, investors and empty nesters to purchase in a rapidly developing region of Macarthur. It is worth noting that Lend Lease is investing \$250m in upgrading the adjacent Macarthur Square retail district.

BlueCHP has also been very active fulfilling our current obligation in



// **McCleery Avenue** (above)
BlueCHP completed this development in June 2015.

// **Ropes Crossing** (right) is progressing well. It is expected to be ready for tenancy by December 2015.

Ropes Crossing, with 24 dwellings under construction, ready for tenancy by December 2015. A further 23 lots (Stage 3) were transferred to BlueCHP in May 2015, that will produce an additional 30 additional dwellings to our portfolio. These properties will be ready for tenancy by September 2016.

BlueCHP with our partner, Compass Housing, have been working with the Queensland Government for the transfer of the social housing portfolio in Logan City, for the redevelopment and property management over 4,900. The first phase of development (150 dwellings) is programmed to commence early 2016, once official handover of the properties is received from the State Government.

BLUECHP FEE FOR SERVICES

Our fee for service work for our members and other organisations is growing steadily. We successfully completed McCleery Avenue, Moss Vale for Argyle in June 2015. The project experienced in excess of 80 days of rain delay (and 1 day of snow!) and a further 20 day delay due to the presence of rock and asbestos on site.

Wentworth Community Housing projects are also progressing well with Springwood Group Home and Rouse Hill expected to be completed in November 2015 and February 2016 respectively.

Queensland has also been very productive for BlueCHP, undertaking fee for service to the following not for profits providers;

- **AFTERCARE:** Evaluating an existing building with 15 studio accommodation as a method of providing assisted living for their cohort who suffer from mental illness,
- **YFS:** Preparing a development strategy of an apartment development on 1500 sqm in Woodridge, as well as negotiations with Qld Housing for funding support.
- **ISLAMIC WOMEN ASSOCIATION QUEENSLAND:** Providing development options on a 2000sqm site located in Runcorn.



The Asset Team has been restructuring. As a result, we have made significant efficiency gains.

ASSET TEAM

The Asset team has been busy restructuring the department to independently handle all processing of work orders and invoicing. As a result, we have seen significant efficiency gains by reducing risk, streamlining workflow and managing accountability.

There has been a strong focus around improving system outputs. We now have a robust management system that has seen successful processing, audit and analysis of almost 3,000 maintenance orders annually. We are able to provide accurate data to the finance department and better manage monthly activities. The system has been developed to satisfy service delivery needs to tenants occupying BlueCHP properties.

We have been extremely busy negotiating directly with builders, project managing remedial works on significant building defects. All pre-existing defects are now deemed closed. The next challenge is to implement a work order delivery portal available to all members. The goal is to further simplify the work order process, contractor invoicing and live tracking of work tasks. Once this is implemented, the double handling of tasks between the organisations will be eliminated and become paperless by 2016-2017.

With much sadness and regret, Jozef Sirec has presented his resignation in search of bigger challenges in life. I would particularly like to thank Jozef Sirec for all his hard work and dedication to BlueCHP and the Members ensuring property and resident needs have been attended too. We wish Jozef all the very best with his future endeavours.

Marcelo Steimbeisser
Head of Property Services



*Working
together to
help make a
difference*

// PARTNERING WITH THE COMMUNITY

BlueCHP Limited in collaboration with leading multi-trader Social Return Construction are proud to deliver the new, and much needed disability access ramp at Share Care's inclusive Child Care Centre "Cooinda" in Sydney's Southwest. This entire project was designed, funded then constructed all through donations by BlueCHP and SR Construction as part of the ongoing support for the Share Care organisation.

ABOUT SHARE CARE

Share Care is a service which has evolved and grown with the needs of the community. Starting in 1982, Share Care started supporting a small group of families caring for a child with a disability.

Today, they service over 450 families per week, each caring for a child or young person with a disability.



// **Disability access ramp** (above) designed and constructed by donations from BlueCHP and SR Construction.

// BlueCHP CEO, Charles Northcote presents Claire Pearson (Share Care CEO) and John Lupton (Share Care Fundraising Officer)

// THE GARDENS

The new development, known as “The Gardens” will consist of a mixture of affordable housing tenants and private ownership/investors.



The development will house 56 affordable housing tenants with BlueCHP retaining ownership of 39 units and on selling to investors the remaining 17 affordable housing units. A further 45 apartments will be sold to the market, providing an excellent opportunity for first home buyers, investors and empty nesters to purchase in a rapidly developing area.

Known as “The Gardens”, the new development will be located on the corner of Stowe Avenue, Kellicar Drive and Tailby Street. The new complex will consist of a café/ community facility and beautifully designed 1, 2 and 3 bed apartments.

The Gardens will provide residents with an opportunity to be in close proximity to a wide range of services and amenities including Macarthur Square Shopping Centre, Macarthur Train Station as well as University of Western Sydney (Macarthur Campus).

Construction is expected to commence November 2015, with Stage 1 practical completion by September 2016 and Stage 2 by March 2017. We anticipate Affordable Housing tenants to move into The Gardens by September 2016.



// Artist impression



// Artist impression

In August 2014 The Logan Renewal Initiative Project (LRI) was awarded to Logan City Community Housing (LCCH), a consortium between BlueCHP Limited and Compass Housing Services.

// LOGAN RENEWAL INITIATIVE UPDATE FOR 2015

As Australia's largest single stock transfer to a Community Housing Provider, the initiative positions BlueCHP as one of Australia's largest CHP's.

Spread across more than 900km² of the Logan City Council local government area in South East Queensland, this project includes the tenancy and maintenance management of over 4,900 dwellings. The redevelopment of existing estimated 800 houses by BlueCHP will result in more than 2,600 new homes. Ultimately delivering a net increase of not less than an additional 500 social and 1,000 affordable dwellings in Logan, the 20 year development strategy established by BlueCHP with LCCH, will:

- contribute more than \$790 million to the local economy
- create and maintain over 420 direct and indirect jobs; and
- reduce social housing concentration below the 4.2% national average.

Following the appointment of LCCH to the Logan Renewal Initiative, LCCH and BlueCHP have:

- working with the Department of Housing and Public Works (DHPW) to engage the community of Logan, has resulted in more than 1,300 individual interactions to date and full transfer will be completed in the second quarter of 2016
- BlueCHP has worked closely with the Logan City Council and DHPW to establish a working framework that will enable the planning process to be streamlined to ensure all key local and state requirements are met
- work to date has included the creation of a builder panel to provide new dwellings, in addition we are working with local social enterprises to help with creating more local job participation.

The official opening ceremony of the 33rd home in the affordable housing development in Ropes Crossing was hosted by BlueCHP on 14 October 2015.

// DELIVERING NEW HOMES IN ROPES CROSSING

Ms Tanya Davies MP, Parliamentary Secretary for Youth Affairs and Homelessness attended the event with members of staff of BlueCHP, Lend Lease, Wentworth Community Housing, FACS as well as a number of our builders Jandson Homes, Fowler Homes and Lilly Homes.

The project was awarded to BlueCHP was awarded in 2011 by Department of Families and Community Services (FACS) to deliver the affordable housing component in the Lend Lease Estate of Ropes Crossing / Jordan Springs green field development. The progress to date is as follows:

- **PARCEL 1A** (22 dwellings) – COMPLETED December 2012
- **PARCEL 1B and 2** (24 dwellings) – TO BE COMPLETED April 2016
- **PARCEL 3** (23 dwellings) - land transferred on 24th June 2015. Construction has yet commenced. COMPLETION OF THIS STAGE is expected to yield 86 overall by 30 June 2018.



// Tanya Davies MP MP
Parliamentary Secretary
for Youth Affairs and
Homelessness and BlueCHP
CEO Charles Northcote
officially open the 33rd home
at Ropes Crossing.

// Head of Property Services
Marcelo Steimbeisser
explaining the innovative
design created by BlueCHP
for a combination 3 bedroom
house with integrated 2
bedroom granny flat.



*86 new homes to
be delivered at
Ropes Crossing
by mid 2018*

// BOARD OF DIRECTORS



Terence Downing
Chairman

B Comm; M Mgmt; CPA; FAICD; FCSA;
ANZIIF (Fellow)



Tony Conides
Vice Chairman

JP AREI



Peter Beer
Director

AAIHS; ADTCP; MAITP(NSW); MAIBS
(retired)



Keith Bryant
Director

BEC. Lib; MBA; GAICD

Resigned 1st September 2015



Leanne Hillman
Director

B Social Studies;
Graduate Diploma TESOL;
Executive Masters in Public Administration



Cameron Lamb
Director

B Engineering (Civil); Chartered
Professional Engineer and Diploma of
Youth and Development

Appointed 1st September 2015

// MANAGEMENT TEAM



Charles Northcote
Chief Executive Officer

Charles brings over 25 years' of senior leadership experience across a broad range of industries and countries including growing two organisations into global companies with sales exceeding a billion dollars. As the Chief Financial Officer at Mission Australia Housing, Charles was part of a team that grew the property portfolio to nearly 2,000 homes in 3 years.

Other achievements include developing proactive corporate partnerships and building strong business systems to support rapid organisational growth.

Additionally, Charles has worked directly with the Registrar, NSW Housing to establish the compliance framework for community housing provider registration. Charles is a graduate of the Australian Institute of Company Directors and the Association of Corporate Treasurers UK, with a Bachelor of Commerce and a MBA from Warwick University.



Marcelo Steimbeisser
Head of Property Services

Marcelo has been involved with property development for over 15 years, consulting with the private sector and working with government and not for profit organisations.

His career began as a Project Engineer/Manager with Lean and Hayward then moving on to various consultancies in Sydney. As Project Manager with Norwest Limited, Marcelo assisted with the development of the Norwest Business Park. At the NSW Government Agency – Landcom, he structured joint ventures within the private sector. At Anglican Retirement Villages, Marcelo was involved with land acquisition and master-planning of retirement villages. He later joined Stockland as a Development Manager before coming to BlueCHP in 2011.

Marcelo has been involved with the delivery of the Ropes Crossing project, Worrigea and obtained development approval for BlueCHP's Macarthur Garden development.



Shobna Lal
Finance Manager

Shobna has brought in 20 years of accounting experience when she joined BlueCHP in April 2012. She has an Advanced Diploma in Accounting from University of Western Australia in Perth. Shobna was working in Western Australia as an Accountant for a Logistic and Real Estate company whilst doing her studies. She has worked for BOC Gases for 10 years in Fiji.

Shobna has gained extensive accounting experience and skills whilst working for companies engaged in manufacturing, wholesale retail, construction, freight forwarding, auction, and engineering. Prior to working for BlueCHP Limited she worked for Sebastian Engineering.

// THE BLUECHP TEAM

22

BACK LEFT TO RIGHT

Fiona Tunnicliffe (Property Manager),
Jozef Sirec (Asset Manager),
Kylie Harris (Accounts Payable Officer),
Charles Northcote (CEO),
Felicity Johnson (Development Manager),
Marcelo Steimbeisser
(Head of Property Services),
Darren Mew (Senior Development
Manager – Logan).

FRONT LEFT TO RIGHT

Esther Schaeffer (Revenue Officer),
Paul Shelley (Project Manager),
Shobna Lal (Finance Manager),
Liza Rivo (Assistant Accountant),
Christina Chiu (Compliance Manager
/Company Secretary),
Lyn White (Executive Assistant to CEO)





// CORPORATE GOVERNANCE STATEMENT

Throughout the 2015 financial year, BlueCHP governance arrangements were consistent with the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

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 the strategic direction of BlueCHP and providing strategic advice to management;

- Overseeing BlueCHP senior management and operations;
- Providing input into and approving the corporate strategy and performance objectives developed by management;
- Reviewing and ratifying systems of governance, risk management and internal compliance and control as well as codes of conduct and legal compliance to ensure appropriate compliance frameworks and controls are in place;
- Approving budgets and monitoring progress against those budgets, and establishing and reporting on financial and non-financial key performance indicators;
- Ensuring executive remuneration is appropriate and consistent with guidance provided by the Board's Remuneration Committee.

- 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

The Board has established the following committees that meet on a regular basis to provide compliance oversight of BlueCHP's operations:

- Audit, Risk & Governance Committee
- Asset Management & Development Committee
- Remuneration Committee

BOARD COMPOSITION

The Constitution has retained the precedent that the minimum number of directors is three and the maximum number of directors is nine. There are currently five Directors, one nominated by each of the five member organisations. Details of the current Directors, their qualifications, skills and experience are contained within the BlueCHP Annual Report. The Board has a broad range of necessary skills, knowledge and experience to govern BlueCHP and understand the markets and challenges BlueCHP faces.



// DIRECTORS' REPORT AND CONCISE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

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

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

A copy of the Company's 2015 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 for the year ended 30 June 2015.

DIRECTORS

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

Terence Downing
 Tony Conides
 Peter Beer
 Keith Bryant ²
 Leanne Hillman
 Cameron Lamb ¹

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

COMPANY SECRETARY

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

Charles Northcote
 Chief Executive Officer

Qualifications
 B.Com Ag Ec, MBA, GAICD

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

OBJECTIVES

The Company aims to assist its Members in the fulfilment of their goals to provide affordable housing opportunities for households on very low to moderate incomes experiencing housing stress; including key workers and those at risk of homelessness within our community. Such opportunities can be from BlueCHP providing its own property or providing development management services to the Members to develop their own projects.

STRATEGY FOR ACHIEVING OBJECTIVES

BlueCHP will seek development opportunities through joint ventures, public private partnerships, broad acre land development, urban renewal projects and work with Members to redevelop their existing assets.

- 1 Appointed alternate Director for Keith Bryant 22 May 2015;
Appointed Director 1 September 2015
- 2 Resigned 1 September 2015

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was to purchase and/or construct dwellings that are then leased to its Member Organisations as social or affordable housing which is facilitated by securing of finance and/or government grants.

OPERATING RESULTS

The Company achieved a surplus before fair value adjustments of \$9,465,454 (2014: surplus of \$105,951,984). After allowing for fair value adjustments, the surplus of the Company amounted to \$27,173,386 (2014: surplus of \$113,004,045).

REVIEW OF OPERATIONS

A review of the operations of the Company during the financial year indicated that operating revenue has decreased \$33,888,009 due to the deferred grants recorded in the prior year of \$39,365,232, offset by increases in grants received of \$4,678,752 and increases in rental income of \$744,995. There was a gain on revaluation of investment property of \$17,279,578 (2014: \$7,052,061). During the current financial year, there were three significant events that impacted the Company and its financial performance and position. These were as follows:

1. Information Technology – BlueCHP switched over from Recon Accounts and House operating system to Basix Software.
2. BlueCHP secured a tender for Logan Renewal Initiate with joint enterprise with Compass Housing Services Co Limited. BlueCHP will oversee the redevelopment.
3. Land grants were received during the current year, totalling \$5,740,750 for St Marys ADI Project – Parcel 3.

SIGNIFICANT AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

FUTURE DEVELOPMENTS - SHORT AND LONG TERM OBJECTIVES OF THE COMPANY

The construction of 101 apartments at “The Gardens” is expected to commence in the final quarter of 2015.

The completion of “The Gardens” project will enable BlueCHP to meet its leverage requirements as part of the Nation Building Economic Stimulus Package (NBESP) to deliver an extra 39 completed units by 2021.

St Marys ADI project will develop a further 30 units that will be constructed during the next financial year.

The Logan Renewal project is expected to commence in 2016, with the management transfer of 4,900 dwellings. Upon the transfer of management, the renewal phase will commence totalling 2,614 dwellings over 20 years.

INFORMATION ON DIRECTORS

Terence Downing Chairman

Qualifications

B Comm, M Mgmt, CPA, FAICD, ANZIIF
(Fellow)

Experience

Extensive experience as a non-executive director with current and prior roles in the public, private and not-for-profit sectors. Over 35 years experience in the financial services sector in Australia and Asia as a director, senior executive and consultant. Terry has been a Director of Argyle Community Housing Ltd since April 2012.

Special responsibilities

Terry is a member of the Asset and Development Committee, Audit, Risk and Governance Committee and Remuneration Committee.

Tony Conides Vice Chairman

Qualifications

JP, AREI

Experience

A fully licensed and accredited Strata and Property Manager, Tony has been running his own Real Estate and Strata Management Company since 1976. Tony is the President of the Board of Hume Community Housing and has been a Director since December 2006. He joined the BlueCHP board in November 2010.

Special Responsibilities

Tony is a member of the Asset and Development Committee and Remuneration Committee.

Peter Beer Director

Qualifications

A.A.I.H.S., A.D.T.C.P., M.A.I.T.P.(NSW),
M.A.I.B.S (retired)

Experience

Peter is a qualified Building Surveyor, Town Planner, Health Surveyor and is a Councillor with Snowy River Shire Council. Peter was formerly the Chairperson of the Monaro Tenancy Scheme and is the former Director of Environmental Services of four Councils. Further experience include Deputy Mayor Snowy River Shire Council, Chairman of Monaro Housing Taskforce, Member Monaro Regional Library Management Committee; Member South East and Southern NSW Resource Recovery Group; Member Monaro Local Area Command and Safety Committee.

Special responsibilities

Peter is the Chairman of the Asset and Development Committee.

Keith Bryant

Director (resigned 1 September 2015)

Qualifications

B Ec., LLB, MBA, GAICD

Experience

Keith is the principal in a management consultancy that works with philanthropists. He has extensive senior management experience in both for-profit and not-for-profit organisations. He was an investment banker for 18 years, working in London, Johannesburg, Milan, South East Asia and Australia, including 10 years as Director at Deutsche Bank Australia.

Since 1999 he has worked in the not-for-profit sector, including 10 years at the Benevolent Society in Sydney. Keith brought expertise to the Board in the following areas: social impact measurement, social finance, community development, social enterprise, venture philanthropy, NGO governance and fund raising.

Special responsibilities

Keith was the Chairman of the Audit, Risk & Governance Committee.

Leanne Hillman

Director

Qualifications

B Social Studies; Graduate Diploma TESOL; Executive Masters in Public Administration

Experience

Leanne has over 25 years experience in State Government and has extensive management and operational experience at senior and executive levels in the NSW Department of Community Services. Leanne offers high level business and strategic planning, financial management, change management and project management skills.

Leanne has been a member of Women's Housing Company since March 2009.

Special responsibilities

Leanne is a member of the Audit, Risk and Governance Committee.

Cameron Lamb

Alternate Director

(22 May 2015 – 1 September 2015)

Director

(Appointed 1 September 2015)

Qualifications

Bachelor of Engineering (Civil), Chartered Professional Engineer and Diploma of Youth and Development.

Experience

Cameron has very broad experience in property development; the majority of his work has been focussed around the planning, development and construction of large master planned and medium density residential developments however, he also has considerable experience in commercial developments and special projects including schools and parks. He has also worked in the community development sector on housing estate renewal enabling him to provide a unique perspective on achieving commercial and housing in the context of community housing.

MEETINGS OF DIRECTORS

During the financial year, 10 meetings of Directors (including committees of Directors) were held. Attendances by each Director were as follows:

	DIRECTORS' MEETINGS		COMMITTEE MEETINGS	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Terence Downing	10	10	5	5
Tony Conides	10	10	2	2
Keith Bryant ²	10	9	3	3
Peter Beer	10	8	1	1
Leanne Hillman	10	8	3	2
Cameron Lamb ¹	1	1	0	0

Committee meetings include Audit, Risk and Governance, Asset and Development and Remuneration.

MEMBERS' GUARANTEE

The Company 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 and obligations of the Company. At 30 June 2015 the number of Members was 5, and obligations of the Company. At 30 June 2014 the number of Members was 5.

¹ Appointed Alternate Director for Keith Bryant 22 May 2015;
Appointed Director 1 September 2015

² Resigned 1 September 2015


Terence Downing
Director


Tony Conides
Director

Sydney, 23 October 2015

// SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2015	2014
	\$	\$
Operating revenue	17,279,578	51,167,587
Donation of property (NBESP)	-	62,660,000
Other income	7,000	-
Total revenue	17,286,578	113,827,587
Expenses		
Employee benefits expense	(1,351,331)	(1,183,571)
Depreciation and amortisation expense	(108,808)	(122,914)
Finance costs	(2,398,598)	(2,369,702)
Property operating expense	(2,875,065)	(3,383,356)
Property consultants expense	-	(120,043)
Administration expense	(1,087,322)	(696,017)
Surplus before fair value adjustments and income tax	9,465,454	105,951,984
Gain on revaluation of investment property	17,707,932	7,052,061
Surplus before income tax	27,173,386	113,004,045
Other comprehensive income for the year, net of tax	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	27,173,386	113,004,045

The above Summary Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the attached notes.

// SUMMARY STATEMENT OF FINANCIAL POSITION

	2015 \$	2014 \$
Current assets		
Cash and cash equivalents	4,004,474	3,533,187
Trade and other receivables	3,931,425	3,312,854
Other current assets	131,558	158,317
Total current assets	8,067,457	7,004,358
Non-current assets		
Property, plant & equipment	737,527	200,088
Investment properties	225,428,219	199,888,661
Total non-current assets	226,219,746	200,088,749
TOTAL ASSETS	234,287,203	207,093,107
Current liabilities		
Trade and other payables	1,153,754	908,810
Other current liabilities	93,246	552,149
Employee benefits	108,932	84,392
Total current liabilities	1,355,932	1,545,351
Non-current liabilities		
Borrowings	46,898,573	46,736,534
Employee benefits	52,342	4,252
Total non-current liabilities	46,950,915	46,740,786
TOTAL LIABILITIES	48,306,847	48,286,137
NET ASSETS	185,980,356	158,806,970
Equity		
Retained surpluses	185,980,356	158,806,970
TOTAL EQUITY	185,980,356	158,806,970

The above Summary Statement of Financial Position should be read in conjunction with the attached notes.

// SUMMARY STATEMENT OF CHANGES IN EQUITY

	Retained surpluses \$	Total equity \$
Balance at 1 July 2013	45,802,925	45,802,925
Surplus after income tax expense for the year	113,004,045	113,004,045
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	113,004,045	113,004,045
Balance as at 30 June 2014	158,806,970	158,806,970
Balance as at 1 July 2014	158,806,970	158,806,970
Surplus after income tax expense for the year	27,173,386	27,173,386
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	27,173,386	27,173,386
Balance as at 30 June 2015	185,980,356	185,980,356

The above Summary Statement of Changes in Equity should be read in conjunction with the attached notes.

// SUMMARY STATEMENT OF CASH FLOWS

	2015 \$	2014 \$
Cash flows from operating activities		
Receipt of grants - National Rental Affordability Scheme Incentives	2,257,701	423,016
Receipts from customers (inclusive of GST)	9,459,789	7,968,780
Payments to suppliers and employees (inclusive of GST)	(6,546,520)	(6,181,796)
Interest received	64,556	110,331
Finance costs paid	(2,236,054)	(2,225,039)
Net cash from operating activities	2,999,472	95,292
Cash flows from investing activities		
Payment for property, plant and equipment	(615,310)	(20,133)
Proceeds from disposal of property, plant and equipment	7,000	-
Payment for investment property	(1,919,875)	(3,335,442)
Net cash used in investing activities	(2,528,185)	(3,355,575)
Cash flows from financing activities		
Proceeds from borrowings	-	2,718,917
Repayment of grants (Blue Mountains PTP upgrade funding)	-	(2,622,273)
Net cash flow from financing activities	-	96,644
Net increase in cash and cash equivalents	471,287	(3,163,639)
Cash and cash equivalents at beginning of the financial year	3,533,187	6,696,825
Cash and cash equivalents at the end of the financial year	4,004,474	3,533,187

The above Summary Statement of Cash Flows should be read in conjunction with the attached notes.

// NOTES TO THE SUMMARY FINANCIAL STATEMENTS

SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The company's operating revenue has decreased by \$33,888,009 since the prior year, fair value adjustments have increased by \$10,655,871 and expenses have decreased by \$54,479.

The company achieved a surplus before fair value adjustments of \$9,465,454 (2014: surplus of \$105,951,984). After allowing for fair value adjustments, the surplus of the Company amounted to \$27,173,386 (2014: surplus of \$113,004,045).

Individual items that have significantly impacted the 2015 result include:

- Rental revenue increased by \$744,995;
- Grants received increased by \$4,678,752;
- Donation of property from the National Building Economic Stimulus Package decreased \$62,660,000;
- Property operating expenses decreased by \$508,291;
- Employee benefits expense increased by \$167,760;
- Administration expenses increased by \$391,305;
- Finance costs of \$2,398,598 (2014 - \$2,369,702) relating to interest expense for borrowing facilities held;
- Gain on revaluation of investment properties of \$17,707,932 compared to a gain of \$7,052,061 in prior year.

SUMMARY STATEMENT OF FINANCIAL POSITION

The company's net assets have increased by \$27,173,386 since the prior year which has resulted in the company being in a net asset position of \$185,980,356 at the year end. This has been achieved through an increase in total assets of \$27,194,096 and a decrease in total liabilities of \$20,710.

The increase in total assets for the year is mainly attributed to a land grant received from Housing NSW to the value of \$5,740,750 and a subsequent upward revaluation on the properties of \$17,707,932 during the current year.

SUMMARY STATEMENT OF CASH FLOWS

Operating activities generate a net cash inflow of \$2,999,472, an increase of \$2,904,180 when compared to the previous year, predominately due to the increase of cash flow from NRAS grants during the current year.

Net cash used in investing activities was \$2,528,185 which relate mainly to the acquisition and development of properties.

Net cash outflow from financing activities was nil for the current year (2014: \$96,644).

As a result of these cash flows, the net cash held during the year increased by \$471,287 compared to the previous year's decrease of \$3,163,639.

Cash at the end of the financial year therefore amounted to \$4,004,474 compared to last year's balance of \$3,533,187 (an increase of 13%).

NOTE 1 BASIS OF PREPARATION OF THE CONCISE FINANCIAL STATEMENTS

The concise financial statements are an extract from the full financial report for the year ended 30 June 2015.

Specific disclosures and other information included in the concise financial statements are derived from and are consistent with the full financial report of BlueCHP Limited. The concise 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 concise financial statements is Australian dollars.

NOTE 2 EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which has significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

// DIRECTORS DECLARATION

The Directors of the Company declare that the accompanying concise financial statements of the Company for the financial year ended 30 June 2015 are an extract from the full financial report for the year ended 30 June 2015 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.



Terence Downing
Director



Tony Conides
Director

Sydney, 23 October 2015



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 Australia

INDEPENDENT AUDITOR'S REPORT

To the members of BlueCHP Limited

Report on the Concise Financial Statements

The accompanying concise financial statements, which comprise the summary statement of financial position as at 30 June 2015, the summary statement of profit or loss and other comprehensive income, summary statement of changes in equity and summary statement of cash flows statement for the year then ended and related notes are derived from the audited financial report of BlueCHP Limited for the year ended 30 June 2015. We expressed an unmodified audit opinion on that financial report in our report dated 23 October 2015.

The concise financial statements do not contain all the disclosures required by Australian Accounting Standards - Reduced Disclosure Requirements. Reading the concise financial information, therefore, is not a substitute for reading the audited financial report of BlueCHP Limited.

Directors' Responsibility for the Concise Financial Statements

The Directors are responsible for the preparation and fair presentation of the concise financial statements

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial statements based on our procedures which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

Opinion

In our opinion, the concise financial statements derived from the audited financial report of BlueCHP Limited for the year ended 30 June 2015 are a fair summary of that audited financial report.

BDO East Coast Partnership

Arthur Milner
 Partner

Sydney, 23 October 2015

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.



// OUR MEMBERS

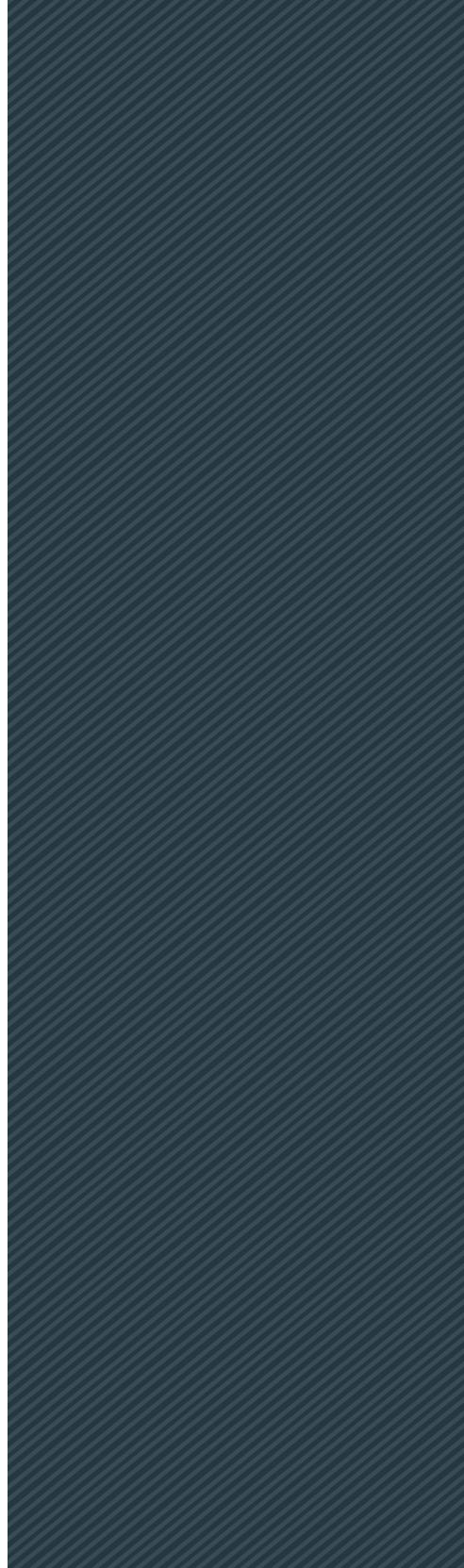
Argyle Community Housing Ltd (Argyle)

Hume Community Housing Association Company Ltd (Hume)

Southern Cross Community Housing Ltd (Southern Cross)

Wentworth Community Housing Ltd (Wentworth)

Women's Housing Company Ltd (Women's)



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