

A decorative graphic element consisting of three overlapping wavy lines in grey, blue, and gold, positioned in the top right corner of the page.

# ANNUAL REPORT 2021

MAKING A DIFFERENCE **TO PEOPLES LIVES**

[www.bluechp.com.au](http://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.**



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# CHAIR'S REPORT

## SUPPORTING THOSE REQUIRING HOUSING ASSISTANCE

### A YEAR TO SHARPEN OUR FOCUS - DELIVERING ON OUR PROMISE

Notwithstanding the obvious challenges of lockdowns, supply chain disruptions, and other COVID related impacts on construction projects, BlueCHP Limited had a strong year and further delivered on our promise to provide additional secure, suitable, and affordable housing for those in need. Throughout this period, we remained steadfast in our commitment to maintain a safe environment for our employees, contractors, and residents.

### FINANCIAL PERFORMANCE

Surplus before equity accounting and fair value adjustments  
in 2021 is \$12,280,097 2020 : \$9,586,337

Surplus before tax (incl. revaluation adjustments)  
in 2021 is \$28,690,573 2020 : (\$4,216,695)

Total assets in 2021 is \$367,408,950 2020 : \$336,387,468

Importantly, all generated surpluses are retained in the business so we can further invest in affordable housing.



## BUSINESS GROWTH

This year saw us continue to execute on strategy, growing our reach across sectors and geography. As housing affordability continues to decline across our major markets, the need for quality, affordable housing has never been more acute.

Everything we do is anchored by our mission to contribute to a future where every Australian has access to secure and affordable housing. To achieve this, we look beyond our heritage of social and affordable housing in Sydney to include disability housing, and also now operate in markets across New South Wales, Queensland and Victoria.

In addition to working with all levels of government, we partner with the private sector, other CHPs, and institutional investors to deliver housing beyond the natural and prudent limits of our own balance sheet. The Chief Executive Officer, Charles Northcote, reports on many of these initiatives in his report.

“

Everything we do is anchored by our mission to contribute to a future where every Australian has access to secure and affordable housing.

# CHAIR'S REPORT

## GOVERNANCE

The current BlueCHP Board of directors has served the company with skill and passion over the last five years. With the company's growth and diversification during this time, directors have willingly taken on additional duties. I am deeply grateful to each of our directors for the energy and expertise they bring to BlueCHP.

We are thoughtful of the need for renewal over the coming years, and the Board is committed to ensuring the company maintains the appropriate mix of skills, diversity and thinking.

May I take this opportunity to thank not just our dedicated directors but also our CEO, his leadership team, and the many passionate individuals who contribute so much to the success of the company. It remains a privilege and a pleasure to work with this dynamic group.



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

**Craig Lee**  
Chairman



“

We are thoughtful of the need for renewal over the coming years, and the Board is committed to ensuring the company maintains the appropriate mix of skills, diversity and thinking.

# CEO'S REPORT

## UNEXPECTED CHALLENGES AND SUCCESSES!



The last year can be characterised as a COVID-19 gap year. At the beginning of the year we saw the lifting of the lockdown and the closing of the financial years impacted by the imposition of the lockdown.

The year has provided an opportunity to invest in our staff by emphasising the importance of the company's culture and mission.

During the year we developed our Just Cause statement to guide the organisation over the long-term, and the provision of housing for the disadvantaged with the desire to see families create opportunities for changing their lives. Housing stability and particularly education are key to changing one's life opportunities. For people with a disability, there has been the opportunity to realise their goals under their National Disability Insurance Scheme (NDIS) plans.



“  
BlueCHP has spent time  
investing in our staff over  
the year emphasising the  
importance of developing the  
company’s culture and mission.

Resulting from the development of our Just Cause, we have seen growth in the team in both New South Wales and Queensland.

During this time, staff have participated in educational opportunities with our Senior Development Managers, attending courses run by McKinsey under the Australian Scholarship program. During 2021 Matthew Whiteley joined the team as Chief Financial Officer, bringing significant global multinational and housing experience. I want to thank Preeti Lamba, who has filled the interim role over the last year.

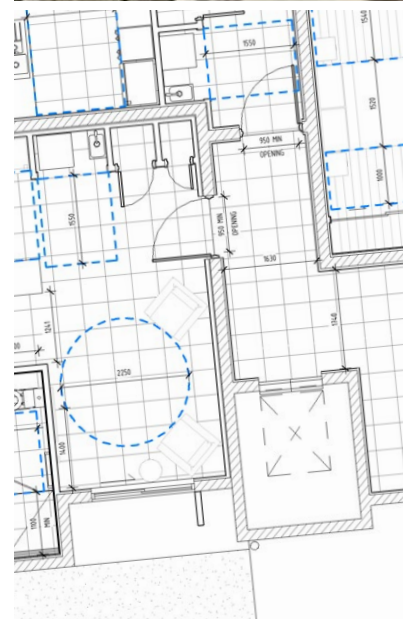
The BlueCHP business continues to evolve, and this year’s report focuses on the growth of the business segments where we operate.

# CEO'S REPORT

## SOCIAL AND AFFORDABLE HOUSING

During the year we have seen significant realisation of the efforts in Queensland, where we have 80 units under construction in Brisbane, with completion expected next year. This is a testament to the team's perseverance over the last five years to develop our business in that State. We have negotiated a \$100 million facility with the National Housing Finance Investment Committee (NHFIC), and in conjunction with matching funding from the State, the total project value to date is over \$40 million.

In NSW we have continued to progress our Communities Plus projects in Liverpool and Lane Cove North, with Development Applications approved. Construction of both projects is expected to commence in this current year.





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In QLD, 80 units are under construction, due for completion next year.

As part of the Communities Plus projects we are recycling some of our underperforming properties, and during the financial year we sold 30 houses in our property portfolio. Currently we are halfway through our program of selling 72 properties. The timing of sales has benefited marginally from the strong property market, though apartment sales have not experienced the same growth as houses.

We also participated in Victoria's Big Housing Build tender as we look to expand our operations into Victoria.

During the year we were successful with the Expression of Interest (EOI) on the urban transformation of Tolland, Wagga Wagga, partnering with Argyle Housing and NSW Aboriginal Housing Corporation. This is a pilot project run in conjunction with Land and Housing Corporation (LAHC) and will also provide a template for urban renewals for LAHC's outer Greater Sydney metropolitan areas. The planning and financial feasibility phase will be completed over the current financial year.

# CEO'S REPORT

## DISABILITY HOUSING

### GUIDE YOU HOME

In July 2020 we launched our Specialist Disability Accommodation (SDA) business under the brand Guide You Home, utilising a digital marketing campaign. The outcome to date is that we now have projects to deliver for circa 40 clients. Our long-term goal is to provide housing for 1,250 clients through the eastern and southern States of Australia.

We have created a team of SDA Housing Specialists and allied to this a marketing team. The SDA Housing Specialists provide a one-stop location for clients to realise their housing goals. The specialists are highly trained in bringing together the complete support circle of carers and families. They bring expertise in explaining the house plan's feasibility and help facilitate the housing design brief, working with architects and the BlueCHP Development team. We are investing in the long-term understanding that clients will live in the home for as long as they wish.

In addition to NSW and QLD, we are now in the process of developing projects in Victoria and South Australia. The total capital investment amounts to \$30 million.



**GUIDEYOU**  
**HOME**  
NDIS HOUSING BY BLUECHP



Our first Guide You Home project was completed in September 2021 at Boolaroo, Lake Macquarie NSW. During the year we have worked hard to bring outside funding into the BlueCHP Group with the creation of a new Community Housing Provider subsidiary BlueCHP Housing. The formation of that company has resulted in partnering with For Purpose Investment Partners and NHFIC to fund initially projects up to a value of \$40 million. This exciting funding partnership lays the platform for the business to expand.

BlueCHP concluded the construction of the Hunter Residences Program, delivering the final home in September 2021 at Shellharbour, Illawarra NSW. This Home4Life joint venture with Compass Housing is now fully in its operational phase.



[guideyouhome.com.au](https://guideyouhome.com.au)

# CEO'S REPORT

## HELPING THE COMMUNITY

In addition, as part of our Affordable Housing program at Jordan Springs, we have built our homes to have a dual use in that they meet the Improved Liveability design standard. This exciting innovation adds a further 27 SDA homes completed in the 2021 financial year. As noted last year, BlueCHP continues to be a leader in the delivery of SDA housing.

The impact of COVID-19 has continued to challenge BlueCHP's local homeless charity 'We are Community' and our employees assist particularly in cooking meals and providing packaged food goods. We also gifted a VW Caddy this year and loaned a VW Amarok to ensure that meal delivery capacity was maintained.

The number of meals now delivered is running at a rate of 36,000 per annum, and this is making a substantial difference to the local Macarthur region. We are proud of our association with 'We Are Community' and strongly believe that whilst we operate nationally, we should always look after our local community.

Finally we have provided social benefit to the community of over \$4.5m and continue to meet our commitments to housing single women who make up 28% of our residents.



A handwritten signature in black ink, reading "Charles Northcote". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

**Charles Northcote**  
Chief Executive Officer



“

BlueCHP now operates across borders nationally, however we strongly believe we should always still look after our local communities.

# DEVELOPMENT REPORT



## QUEENSLAND

### DRIVING INVESTMENT INTO QLD

Through the work of many committed individuals across government and the sector, 2021 has been a milestone year for BlueCHP in Queensland.

We successfully launched the Guide You Home disability housing team in Brisbane, enabling custom-designed housing solutions for people with a disability and their families across Queensland, northern New South Wales and South Australia. The success of Guide You Home is underwritten by the team's earlier work in rehousing more than 300 people across New South Wales through the Home4Life 'Hunter Residences Program', a \$160 million program providing Specialist Disability Accommodation (SDA) from mainly the Hunter Valley region but up to northern New South Wales, west to Wagga Wagga and south to the Illawarra.

In Brisbane we will complete a purpose-designed disability housing apartment project in the suburb of Oxley, offering accommodation

for up to 10 individuals requiring SDA through the National Disability Insurance Scheme (NDIS). MS Queensland has been engaged to partner with BlueCHP, offering resident intake services. Several further custom design homes are underway for residents across South East Queensland.

In Social and Affordable Housing, we welcomed the execution of a first of its kind in Queensland \$100 million umbrella loan facility between BlueCHP and the Federal Government's National Housing Finance and Investment Corporation (NHFIC) to enable BlueCHP to invest significantly in social and affordable housing in Queensland. This facility establishes a secure investment facility to underwrite the next several years of BlueCHP's growth plans in the State.

Sue Aspinall joins the Guide You Home team in Brisbane.



# DEVELOPMENT REPORT



QUEENSLAND

## COMMUNITY HOUSING PROVIDER

We recognise the efforts of all who enabled BlueCHP to become the first community housing provider in Queensland to execute a tripartite funding agreement with the Queensland State Government and NHFIC.

Capital funding agreements were executed with the Queensland Department of Housing, enabling significant investment to flow into the State through BlueCHP's facilities with NHFIC, with significant further investment planned.

We engaged Hutchinson Builders, who have commenced the construction of two of BlueCHP's Social and Affordable Housing projects in Brisbane, providing housing solutions for over 80 people.

## EXCELLENCE

BlueCHP was successfully shortlisted as one of four preferred proponent teams and invited to progress a developed proposal in Brisbane to deliver and operate a 250+ apartment Build-to-Rent project as part of Queensland Treasury's second round of Build-to-Rent pilot projects in South East Queensland.

BlueCHP has been invited to work with multiple not-for-profits to support growth plans, and memoranda of understanding were signed with organisations where mission and purpose align.

We engaged deeply to enable social and affordable housing growth through the Queensland State Government's 'Partnering for Growth with the



## QLD DEVELOPMENT TEAM

Community Housing Sector' initiative and look forward to assisting the State Government to deliver on the housing targets established in their new QuickStarts initiative and Housing Investment Fund.

Our team continues to contribute significantly to the growth in sector capacity and capability, including Darren Mew's role as President of Q Shelter.



### 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.

# DEVELOPMENT REPORT



## NEW SOUTH WALES

### COVID-19

Over the last 12 months, COVID-19 required our team to remain cautious, alert and prepared to adapt to any regulatory challenges. Overall, we successfully continued with our existing projects and delivered them on time. The Hunter Residences Program was successfully completed, with the remaining two group homes handed over in April and September 2021, respectively.

In Jordan Springs, NSW an additional 13 dwellings were completed, all of which are designed as Improved Liveability under the Specialist Disability Accommodation standards. Within these affordable dwellings, we have the flexibility to accommodate future residents who have a sensory, intellectual or cognitive impairment approved under the NDIS. During the COVID-19 lockdown, we partnered with Fairmont Homes and Fowler Homes to construct a further 11 dwellings. These homes are on track for completion by the end of the 2022 financial year.



## SPECIALIST DISABILITY ACCOMMODATION

Disability housing remains integral to BlueCHP's core purpose. We maintain a strong strategic commitment to providing and growing high-quality housing for people living with a disability by working with participants and families to cater for their individual needs.

Over the last 12 months we have sourced and acquired sites in Lake Macquarie and Sydney metro to deliver a mixture of Robust and High Physical Support design homes. Our first home at Boolaroo, Lake Macquarie delivered under the brand Guide You Home was completed and handed over to our Supported Independent Living partner Songbird in September 2021. The 3 bedroom home has been purposely built for three participants who are transitioning from a home that is no longer suitable to support their disability-related needs.



## LIVERPOOL

BlueCHP has awarded the construction contract to PBS Building (NSW) for the \$23.5 million Communities Plus project at Liverpool, and works are currently underway. The partnership with Land and Housing Corporation (LAHC) is to deliver a total of 63 apartments, comprising 15 social homes and 48 affordable homes, to be managed by BlueCHP. BlueCHP is excited to be partnering with LAHC to bring more affordable housing to the people of South Western Sydney and will generate an estimated 100 jobs during construction.

The National Housing Finance and Investment Corporation's Affordable Housing Bond Aggregator is funding the development, which assists community housing providers access to low-cost finance. The development features a modern architectural design and will target a Nationwide House Energy Rating Scheme (NatHERS) rating of 8 stars, together with additional sustainable features

## LANE COVE NORTH

BlueCHP has appointed Mono Constructions under an Early Contractor Involvement to provide input on the design phase and procurement of the construction certificate. The project will feature a highly articulated design and well-considered streetscape facade, and construction is expected to start in early 2022 following the support of Lane Cove Council and approval from the Sydney North Planning Panel.

The \$21 million Communities Plus project is a partnership with LAHC to deliver a total of 30 apartments to accommodate a mixture of cohorts by delivering nine Social Housing, seven Specialist Disability Accommodation and 14 private dwellings, the latter to be sold to the market. The site is close to local amenities such as Lane Cove Village and its supermarkets, specialty stores and eclectic dining. It also benefits from immediate access to transport to the City, Chatswood and Macquarie CBD.



## 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.

# ASSET AND TENANCY REPORT

## DELIVERING ON OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE GOALS

### ASSET AND TENANCY MANAGEMENT

The ongoing stewardship of our asset portfolio is vital to minimise maintenance costs and provide high-quality housing for our clients. During the year we spent \$503,000.00 on upgrading a number of our complexes that have reached the ten year age mark to ensure they are attractive and functional to prospective clients.

BlueCHP continues to deliver on its Environmental, Social and Governance (ESG) goals. We utilise the 17 Sustainable Development Goals of the United Nations to guide our approach. As part of the ongoing commitment in the FY2022 year BlueCHP will be developing the framework further to better adapt it to our business approach. For example as part of every Board decision paper ESG forms part of process.

Our Service Providers are part of the delivery of these goals and each of them are incorporating these goals into every day business as usual.

“

BlueCHP continues to deliver on  
its Environmental, Social and  
Governance (ESG) goals



# ASSET AND TENANCY REPORT

## UN SUSTAINABLE DEVELOPMENT GOALS

As part of our obligation as a Tier 1 Community Housing Provider (CHP), we are focused on engaging with our local communities and continue to do this through our support of 'We Are Community' located in Campbelltown, New South Wales. Staff have participated in cooking meals, and we also provide financial and logistics support. We Are Community currently provide around 36,000 meals per annum, particularly through the COVID-19 lockdown periods.

The impact of climate change policies is particularly challenging for the less well off as they bear the costs of climate impact through the introduction of government mitigation strategies. Both can lead to energy poverty, as they cannot fund solar or other clean energy sources. A little known fact is that cold kills far more people than heat. Heatwaves are sporadic, and government warnings enable clients to take mitigating actions; however, cold is a slow killer, and our clients suffer more due to turning off heaters, etc. On average, one person dies from a heat-related illness compared to 17 people who die from cold.



Over the past year, BlueCHP has focused on the following the UN's SUSTAINABLE GOALS.

- 1. No Poverty
- 7. Affordable and clean energy
- 10. Reducing inequalities
- 13. Climate action
- 17. Partnership for the goals



# ASSET AND TENANCY REPORT

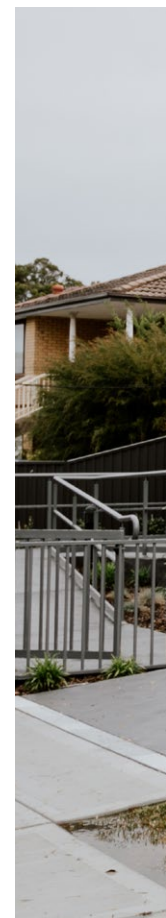
## SOLAR ENERGY TO POWER VIRTUAL POWER GRID

To this end, BlueCHP is pioneering a clean solar energy project to create virtual power grids to reduce energy consumption and increase savings for our existing clients. The solar pilot program provides solar panels and inverters in two apartment complexes and 80 individual homes in Western Sydney. The net effect is a reduction in electrical costs for tenants of 15%.

The program is also self-financing, with payback around ten years. This program will be completed in the 2021-2022 financial year. This model will be replicated across all BlueCHP owned properties in the southern parts of NSW and ultimately to all tenants in the medium term.

With every new development that BlueCHP completes, we aim to improve our designs to be more environmentally conscious and energy-efficient at all levels of design.

During the past year, we completed the air conditioning installation project on existing dwellings in Western Sydney. The provision of air conditioning systems, both hot and cold, is the most efficient method of keeping a house temperature stable and will improve tenants' lives and satisfaction with a BlueCHP home. The provision of air conditioning along with solar plus education will help tenants reduce their overall energy costs and stabilise temperatures in the home that will help lead to better health outcomes.





# ASSET AND TENANCY REPORT



## DISABILITY HOUSING

The growth of our disability business is now bringing new opportunities to expand the number of service providers in this sector as we grow geographically. We have entered an arrangement with Evolve Housing to provide tenancy management services for our disability housing, and we hope to expand this partnership.

As we create a new disability housing supply, we continue to ensure these homes incorporate the features that are our way of taking climate action – such as solar, water recycling, improved insulation, cross-flow ventilation, fan installation and efficient air conditioning.

## PARTNERSHIPS AND COLLABORATION

Partnership and collaboration are part of the BlueCHP DNA, and we see our multiple partners as key to delivering on our mission. Without our service providers, Argyle Housing, Compass Housing Services, Evolve Housing and Southern Cross Community Housing, we would not achieve the highest occupancy rate of a large CHP in NSW at 99.5%. Sustaining this high level over the last three years is a notable achievement. Each service provider operates under a Management Service Level Agreement and has maintained a high level of service provision. We work very closely with the providers to manage bad debts and asset repairs and maintenance.

As we continue to build specialist disability accommodation, our relationships with the supported independent living providers who provide care to clients will continue to expand. Our relationships with families will also expand, which will provide new challenges for the BlueCHP Asset and Tenancy Management team.

To that end, we welcome Amanda Nicholson as a trainee cadet. We are very grateful to the Land and Housing Corporation for providing the supporting funding and the Community Housing Industry Association for providing the academic training.



# BOARD OF DIRECTORS

Full details of the current BlueCHP Limited Board are listed on pages 41-44



**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**

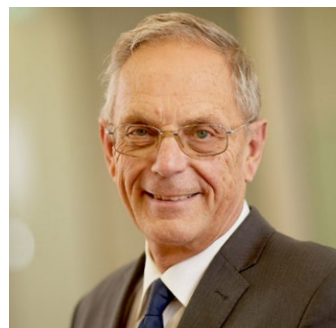
Vice Chair

## 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 knowledge, 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

The Board's committees were renewed in 2020 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 2021 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 2021

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 2021 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 2021.

### 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 2021

## 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 2021 the Group delivered 10 dwellings with a further 254 under construction. As at 30 June 2021, BlueCHP owned 738 properties with an additional 57 under management. BlueCHP, under a design and construct head contract with Home4Life Limited ('Home4Life'), has completed the construction of 65 specialist disability accommodation group homes in New South Wales with one remaining property to be completed early in the new financial year.

# FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2021

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 per cent membership in Home4Life with Compass Housing Services Co. Ltd holding the other 50 per cent.

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

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 2021

## DIRECTORS' REPORT

### IMPACT OF COVID-19

During this reporting period BlueCHP has kept its COVID-19 Response Plan up to date to ensure its employees, consultants, contractors, casuals and visitors safe and to manage the workplace. On 20 July 2021, the Department of Communities and Justice reinforced that BlueCHP was an essential service. 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.

Only a few tenants have required rental reductions and vacancies and arrears remain well ahead of target and industry benchmarks. BlueCHP's Service Providers introduced protocols to keep its personnel and BlueCHP's tenants safe by minimising physical interactions which included 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 25 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 2021

## 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 Limited and a member of the Community Advisory Committee for the Special Activation Precinct – Jindabyne.

#### **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

# FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2021

## 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 current and prior roles in local councils, private consultancies and private development corporations.

### 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. Director of BCL2 Limited.

# FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2021

## 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 2021

## 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	8	8	8
Peter Beer	8	6	5	3
Claire Davis	8	8	8	8
Robert Elvy	8	8	5	5
Vanessa Morschel	8	8	5	5
Stephen Quill	8	8	4	4
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 2021

## 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 2021

## 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 2021 the number of members was nine (9).

On behalf of the directors



CRAIG LEE  
Director



ROBERT ELVY  
Director

Sydney, 28 October 2021

# FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2020

## SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2021 \$	2020 \$
Operating revenue	23,839,460	22,074,740
<b>Expenses</b>		
Employee benefits expense	(2,722,998)	(2,554,825)
Depreciation and amortisation expense	(285,746))	(376,457))
Finance costs	(2,051,086)	(2,095,967)
Property operating expense	(4,805,687)	(5,725,638)
Property consultants' expense	(9,995)	(40,378)
Administration expense	(1,231,538)	(1,628,970)
Loss in disposal of investment properties	(452,313)	(66,168)
<b>Surplus before equity accounting, fair value adjustments and income tax</b>	<b>12,280,097</b>	<b>9,586,337</b>
Share of the of joint ventures accounted for using the equity method	(2,881,272)	(1,774,065)
Gain / (loss) on revaluation of investment property	19,291,748	(3,596,428)
<b>Surplus / (loss) before income tax</b>	<b>28,690,573</b>	<b>(,215,844</b>
Income tax expense	-	-
<b>Surplus / (loss) after income tax expense for the year</b>	<b>28,690,573</b>	<b>4,215,844</b>
Other comprehensive income for the year, net of tax	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>28,690,573</b>	<b>4,215,844</b>

# FINANCIAL STATEMENTS

BLUECHP LIMITED AS AT 30 JUNE 2020

## SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2021 \$	2020 \$
<b>Current assets</b>		
Cash and cash equivalents	22,139,422	16,859,559
Trade and other receivables	2,613,996	4,021,495
Other current assets	721,427	478,410
Non-current assets classified as held for sale	7,352,950	2,245,670
<b>TOTAL CURRENT ASSETS</b>	<b>32,827,795</b>	<b>23,605,134</b>
<b>Non-current assets</b>		
Interests in joint ventures	992,890	3,558,126
Property, plant and equipment	417,915	429,248
Right-of-use assets	303,697	459,609
Investment properties	332,866,653	308,335,351
<b>TOTAL NON-CURRENT ASSETS</b>	<b>334,581,155</b>	<b>312,782,334</b>
<b>TOTAL ASSETS</b>	<b>367,408,950</b>	<b>336,387,468</b>

# FINANCIAL STATEMENTS

BLUECHP LIMITED AS AT 30 JUNE 2020

## SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2021 \$	2020 \$
<b>Current liabilities</b>		
Trade and other payables	3,585,236	4,108,896
Contract liabilities	2,872,854	6,529,614
Lease liabilities	126,041	127,592
Employee benefits	212,961	193,424
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,797,092</b>	<b>10,959,526</b>
<b>Non-current liabilities</b>		
Lease liabilities	262,883	386,664
Employee benefits	84,285	61,260
Contract liabilities	13,849,005	7,254,906
Borrowings	70,000,000	70,000,000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>77,702,830</b>	<b>77,702,830</b>
<b>TOTAL LIABILITIES</b>	<b>84,196,173</b>	<b>88,662,356</b>
<b>NET ASSETS</b>	<b>276,415,685</b>	<b>247,725,112</b>
<b>Equity</b>		
Retained surpluses	276,415,685	247,725,112
<b>TOTAL EQUITY</b>	<b>276,415,685</b>	<b>247,725,112</b>

## SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Retained surpluses \$	Total equity \$
<b>Balance at 1 July 2019</b>	243,509,268	243,509,268
Loss after income tax expense for the year	(4,215,844)	(4,215,844)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(4,215,844)	(4,215,844)
<b>Balance as at 30 June 2020</b>	247,725,112	247,725,112
<b>Balance as at 1 July 2020</b>	247,725,112	247,725,112
Surplus after income tax expense for the year	28,690,573	28,690,573
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	28,690,573	28,690,573
<b>Balance as at 30 June 2021</b>	276,415,685	276,415,685

# FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2021

## SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	2021 \$	2020 \$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	22,083,810	21,416,125
Payments to suppliers and employees (inclusive of GST)	(6,313,977)	(14,129,801)
Receipt of grants – National Rental Affordability Scheme ('NRAS') Incentives	1,597,575	2,377,700
Interest received	101,895	201,803
Finance costs paid	(2,051,086)	(2,095,967)
<b>Net cash from operating activities</b>	<b>15,418,217</b>	<b>7,769,860</b>
<b>Cash flows from investing activities</b>		
Loan to joint venture	-	(709,886)
Payments for property, plant and equipment	(118,501)	(181,137)
Proceeds from sale of investment property	14,966,951	827,457
Payments for investment property	(24,861,472)	(5,583,941)
<b>Net cash from operating activities</b>	<b>(10,013,022)</b>	<b>(5,647,507)</b>

# FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2021

## SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	2021 \$	2020 \$
<b>Cash flows from financing activities</b>		
Repayment of lease liabilities	(125,332)	(110,124)
<b>Net cash (used in)/from financing activities</b>	<u>(125,332)</u>	<u>(110,124)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	5,279,863	2,012,229
Cash and cash equivalents at beginning of the financial year	16,859,559	14,847,330
<b>Cash and cash equivalents at the end of the financial year</b>	<u>22,139,422</u>	<u>16,859,559</u>

# FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2021

## DISCUSSION AND ANALYSIS

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

The Group's operating revenue has increased by \$1,764,720 since the prior year and expenses have increased by \$929,040.

The Group achieved a surplus before fair value adjustments and recognition of share of losses from the joint venture of \$12,280,097 (2020: \$9,586,337) after allowing for these adjustments, the profit of the Group amounted to \$28,690,573 (2020: \$4,215,844).

Individual items that have significantly impacted the 2021 result include:

- Rental decrease by \$68,080;
- Grants increased by \$5,467,321;
- Property operating expenses decreased by \$919,951;
- Employee benefits expense increased by \$168,173;
- Administration expenses decreased by \$397,432;
- Finance costs decreased by \$44,881;
- Gain on revaluation of investment properties of \$19,291,748 compared to a loss of \$3,596,428 in the prior year.
- Share of losses on joint venture of \$2,881,272 compared to a loss of \$1,774,065 in the prior year.

# FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2021

## SUMMARY STATEMENT OF FINANCIAL POSITION

The Group's net assets have increased by \$28,690,573 since the prior year which has resulted in the company being in a net asset position of \$276,415,685 at the year end. There has been an increase in total assets of \$31,021,482 in addition to an increase in total liabilities of \$2,330,909.

The increase in total assets for the year is mainly attributed to an increase in the investment property portfolio which had a net increase of \$24,657,666 which includes the gain on revaluation of \$19,291,748. There was also a decrease in the carrying value in the joint venture entity by \$2,881,272. 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 2021.

The increase in total liabilities is mainly attributed to the increase in contract liabilities of \$2,937,339. The increase was a result of capital funding receipted in June 21 for capital development projects which are commencing in the financial year ended June 2022, with completion expected in the 2022/23 financial year.

# FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2021

## DISCUSSION AND ANALYSIS

### SUMMARY STATEMENT OF CASH FLOWS

Operating activities generated a net cash inflow of \$15,418,217, an increase of \$7,648,357 when compared to the previous year.

Net cash outflow from investing activities was \$10,013,022, which predominately relates to \$24,861,472 of payments

for investment property, offset by \$14,966,951 of net proceeds from the sale of investment property. Net cash used in financing activities was \$125,332 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 \$5,279,862 compared to the previous year's increase of \$2,021,229.

Cash at the end of the financial year amounted to \$22,139,422 compared to last year's balance of \$16,859,559 (an increase of 31%).

# FINANCIAL STATEMENTS

BLUECHP LIMITED FOR THE YEAR ENDED 30 JUNE 2021

## **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 2021.

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 2021

## DISCUSSION AND ANALYSIS

### **NOTE 2**      **EVENTS AFTER THE REPORTING PERIOD**

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 2021 are an extract from the full financial report for the year ended 30 June 2021 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, 28 October 2021

## 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 2021

#### OPINION

The accompanying summary financial statements of BlueCHP Limited, which comprise the summary consolidated statement of financial position as at 30 June 2021, 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 28 October 2021.

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 2021 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 Audit Pty Ltd



Clayton Eveleigh

Director

Sydney, 28 October 2021

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

## BlueCHP Limited

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