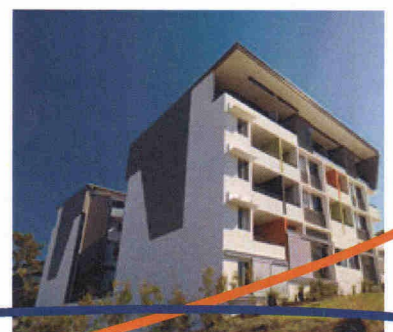
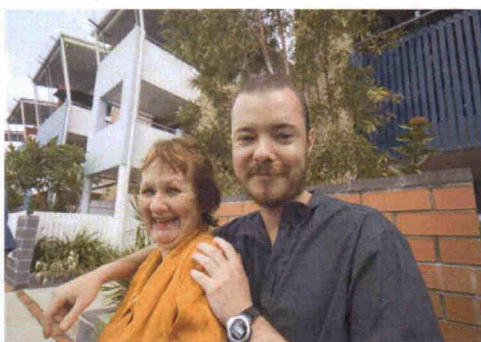
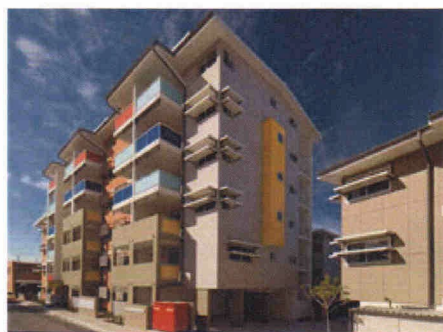


2007-08 ANNUAL REVIEW

Brisbane Housing Company Ltd.



MESSAGE FROM THE INDEPENDENT CHAIR



In the past year Brisbane Housing secured further significant achievements. The company now has 596 homes in management, by means of which we have assisted in excess of 1500 households since incorporation. Tenant satisfaction is high, rent arrears are low and properties are re-let speedily. The professionalism of our operations team was recognised by Australasian Housing Institute for professional excellence in Practice: Housing Management.

In the past year our design and procurement expertise was also recognised in the national award from the Planning Institute of Australia for our four Kelvin Grove developments.

The company also secured the UDIA award for affordable housing for our project at Danby Lane, Nundah.

Past good performance however is no guarantee of future success in today's uncertain world, but there are positive signs.

The company welcomes the housing initiatives that have been launched by the Rudd Government. The National Rental Affordability Scheme is clearly the one of greatest relevance to our work and we have bid to undertake a pilot project via this scheme.

The Company also welcomes the State Government's creation of the Urban Land Development Authority. We view this as an important government initiative and hope to work closely with this Authority going forward.

However, despite these new ideas, with each year that passes and the continued growth of Brisbane City, the proportion of the housing stock that is provided as social and affordable housing declines as a percent of the total. In Queensland as a whole, Social Housing it is now below three percent of total housing stock. With market forces driving up rents at more than double the rate of income increases, more and more low income households need the security that long term, appropriate affordable housing can provide. We want to do more to meet this growing need.

Whilst the company is creating investment resources through its master planning of larger sites, the additional provision continues to be reliant on a proportion of grant subsidy. It is a matter of concern that public grants for the company over the last two years are now at their lowest since the Company's inception.

I would like to take this opportunity to thank my fellow directors and the staff of Brisbane Housing Company for their exceptional efforts.

I commend this review to you.

John McAuliffe
Independent Chair
Brisbane Housing Company Ltd
November 2008

ANNUAL REVIEW

Brisbane Housing Company Ltd

A YEAR OF ADDING VALUE

Urban Development Institute of Australia

- UDIA Qld Award for Excellence Finalist (Medium Density Housing Category)
– Hartopp Lane, Kelvin Grove.
- UDIA Qld Award for Excellence Winner (Affordable Housing Category)
– Hartopp Lane, Kelvin Grove.
- UDIA Qld Award for Excellence Winner (Affordable Housing Category)
– Danby Lane, Nundah.
- UDIA Qld Award for Excellence Finalist (Affordable Housing Category)
– Musk Avenue, Kelvin Grove.

Qld Planning Institute of Australia

- Qld Planning Institute of Australia Award for Excellence (Housing Category)
– Kelvin Grove Urban Village.
- Qld Planning Institute of Australia Award for Excellence (Overall Winner 2007)
– Kelvin Grove Urban Village.

National Planning Institute of Australia

- National Planning Institute of Australia Award for Excellence (National Winner Affordable Housing)
– Kelvin Grove Urban Village.

Australasian Housing Institute

- Australasian Housing Institute Award for Professional Excellence (Excellence in Practice: Housing Management) – Brisbane Housing Company Ltd.

National Rental Affordability Scheme (NRAS)

Brisbane Housing Company has submitted a modest initial bid for 30 incentives under the new Commonwealth affordable housing initiative, the National Rental Affordability Scheme (NRAS). Under this scheme the Commonwealth provides \$6000 per home per year for a ten year period with additional funds from the State Government, provided that landlords reduce the rent by at least 20 per cent below market rates. BHC units will be rented out at a discount of 25 per cent below the market, a larger discount than Government rules require.

The viability of the projects BHC is exploring using debt finance are obviously affected by the level of interest rates, construction cost inflation and the expectations of capital gains over the 10 year life of the incentive scheme. This current uncertain economic climate has lead the Company to take a prudent approach to its NRAS bid.

The scheme will provide a source of quality affordable housing for rent for Queenslanders. Under the scheme the State Government has committed through COAG to provide \$2000 per unit per year indexed to supplement the Commonwealth incentive.

Merits of the Brisbane Housing Company Model

Public company structure enables government to harness the talents of organisations and individuals such as community shareholders and directors.

The Brisbane Housing Company's 'not for profit' model locks in assets for long term community benefit.



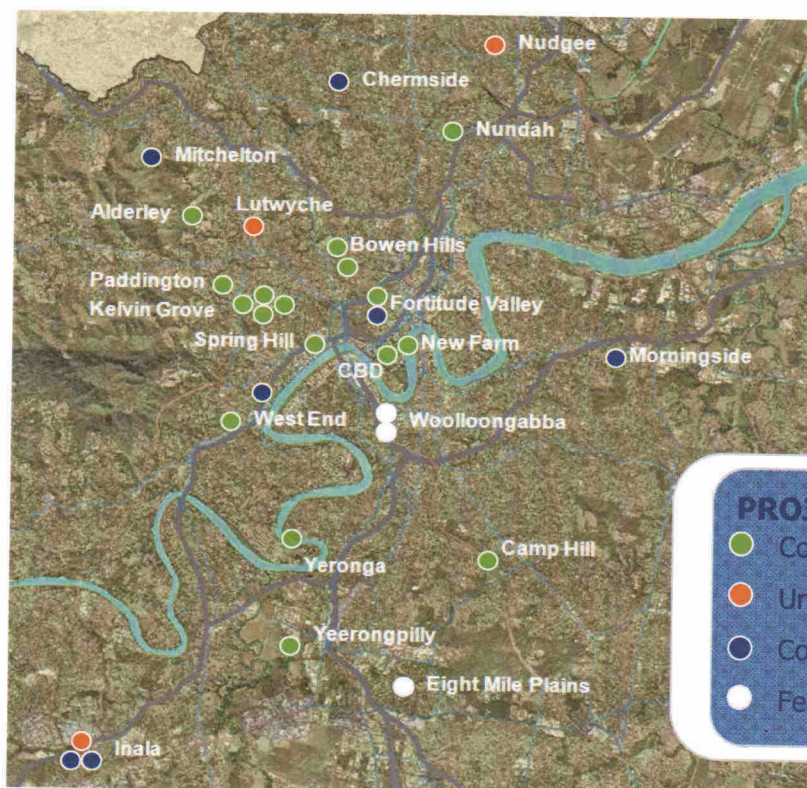
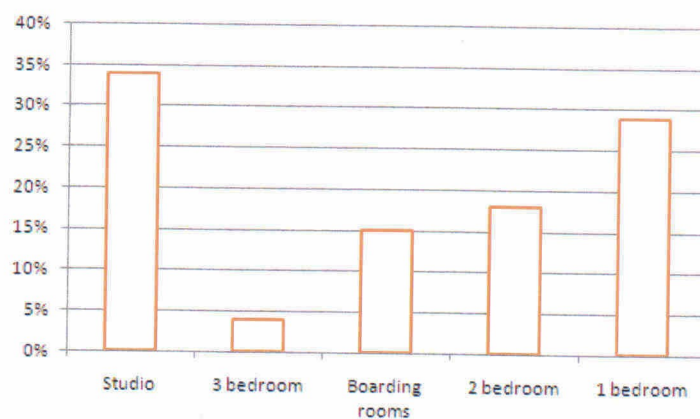
Stuart Gregory, Rebecca Oelkers, Bill McClanachan, David Cant, Tanya Plibersek (Federal Housing Minister), John McAuliffe and Jan Williams at Musk Avenue development

BRISBANE HOUSING COMPANY PERFORMANCE

In 2007-08 Brisbane Housing Company achieved the following housing outcomes:

- 596 units completed (total portfolio since inception).
- Total of 1,562 households assisted by BHC.
- Total development expenditure exceeded \$13.5 million in the 2007/2008 year.
- 40% of households assisted by BHC in the year have a household member with a disability.

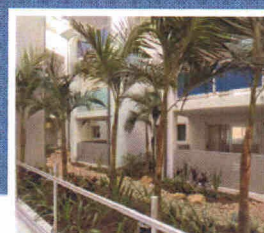
Types of homes BHC is delivering



ANNUAL REVIEW

Brisbane Housing Company Ltd

BRISBANE HOUSING COMPANY PERFORMANCE



Danby Lane property profile

For the third time in four years Brisbane Housing Company has been awarded the top gong for excellence in planning, urban design and innovation at the 2008 Queensland Urban Development Institute of Australia. The winner, Oxenham Apartments.

Located at Danby Lane in Nundah this complex makes a practical contribution to the South East Queensland urban development objectives which call for the concentration of development around railway stations and transport nodes.

This new facility includes 12 studio units, 41 one bedroom apartments, 10 two bedroom apartments and four three bedroom apartments.

Brisbane Housing Company chose award winning architects Mode Design to ensure the Company's commitment to excellence for the 67 unit complex. The development provides a robust architecture that is sure to stand the test of time as the major centre continues to develop and grow. The development incorporates simple fundamental concepts in environmentally sustainable design that are low cost, practicable and achieve a 4 star energy rating.

UDIA Queensland President Brett Gill said "the Nundah development shows it is possible to produce affordable accommodation of high quality, designed with care and creativity to meet the needs and aspirations of its occupants."

The apartment complex is named after the pioneering Oxenham Family who were among the first European settlers in the Nundah District. It pays tribute to their strength and determination and acknowledges the evolution of a community.

Providing quality affordable housing allows tenants to take the next step in improving their lives and the communities in which they live. Since taking out a tenancy in the building 25 per cent of tenants previously unemployed have taken on employment while 20 per cent of tenants have taken on voluntary work.

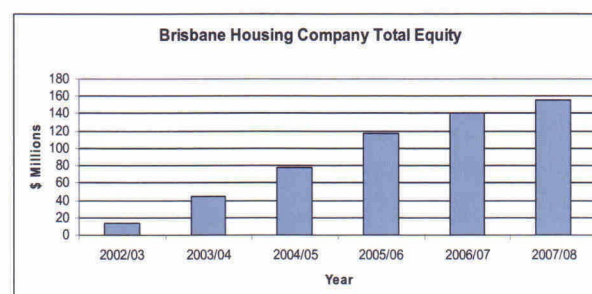
SUMMARY OF FINANCIAL OPERATIONS 2007/2008

BHC continues to benefit from sustained growth as we utilise the grants provided by our Ordinary Shareholders, the State Government and Brisbane City Council.

- Since its incorporation, BHC has received \$109 million in grant funding from the State Government and \$14 million in grant funding from the Brisbane City Council.
- Revenue for the year was \$12.96 million, a 6 per cent increase on the previous year due to an increase in rental income.
- Rent income was \$4.52 million, a 54 per cent increase on the previous year.
- Total expenses increased 66 per cent on 2006/07 position.
- The company has a \$30 million credit facility with Westpac Banking Corporation as at 30 June 2008.

The table of key financial statistics (last table) illustrates how the company performed in the 2007/08 financial year, compared to the 2006/07 financial year.

BHC is audited by Merrotts Chartered Accountants Business Advisors of 241 Adelaide Street, Brisbane QLD 4000 as a delegate of the Queensland Audit Office.



Summary Statement of Financial Performance	2007/08 \$	2006/07 \$	2005/06 \$
Revenue			
Rent	\$ 4,523,166	\$ 2,939,897	\$ 1,550,346
Grants	\$ 7,000,000	\$ 7,000,000	\$ 33,850,000
Other (Bank Interest & Sundry)	\$ 1,438,772	\$ 2,264,866	\$ 1,735,168
Total Revenue	\$ 12,961,938	\$ 12,204,763	\$ 37,135,514
Total Expenses	\$ 5,704,866	\$ 3,425,037	\$ 1,430,108
Net Surplus / Loss	\$ 7,257,072	\$ 8,779,726	\$ 35,705,406
Cash at the end of the Financial Year	\$ 13,284,715	\$ 23,150,903	\$ 40,212,773
Total Assets	\$ 160,335,765	\$ 141,554,894	\$ 122,996,045
Total Liabilities	\$ 4,811,070	\$ 544,055	\$ 4,584,018
Total Equity	\$ 155,524,695	\$ 141,010,839	\$ 118,412,027

ANNUAL REVIEW

Brisbane Housing Company Ltd

BOARD OF DIRECTORS

**John McAuliffe AM**

- Company Director and Chairman of the Mater Hospital Health Services.
- Independent Chair, Chair of the Tenancy Committee, Member of the Finance, Property and Audit Committee, Chair of BHC Development Services Pty Ltd.
- Nominated by the State Government and Brisbane City Council.

**John Gallimore**

- Partner of the legal firm Allens Arthur Robinson.
- Member of the Property Committee.
- Director nominated by the State Government.

**Ann Langley**

- Community advocate and Director of various charities.
- Member of the Tenancy Committee, Director BHC Nudgee Pty Ltd.
- Director elected by Community Shareholders.

**Ken Gough**

- CEO and a Director of Waratah Co-operative Housing
- Chair of the Audit Committee, Member of the Finance Committee, Director BHC Development Services Pty Ltd.
- Director elected by Community Shareholders.

**Jan Williams**

- Director of Jardine Developments.
- Chair of the Property Committee, Director BHC Development Services Pty Ltd, Chair BHC Richlands Pty Ltd.
- Nominated by the State Government.

**Garry McLean**

- Executive Director Ernst & Young Transaction Real Estate.
- Member of the Property Committee, Chair BHC Nudgee Pty Ltd.
- Director elected by Community Shareholders.

**Stuart Gregory**

- Company Director and Consultant.
- Chair of the Finance Committee, Member of the Audit Committee, Director BHC Nudgee Pty Ltd, Director BHC Development Services Pty Ltd.
- Director nominated by the Brisbane City Council.

**Eloise Atkinson**

- Director Deicke Richards Architects.
- Member of the Tenancy and Property Committee, Director BHC Richlands Pty Ltd.
- Director appointed by the BHC Board to fill a casual vacancy.

Bowen Hills

"It is a wonderful feeling to know that after waiting months, or even years for a place of our own we have moved into such a fantastic complex."

Nundah

"Being so close to the railway & shopping centre for me and to the local school for my daughter is a huge plus"

Paddington

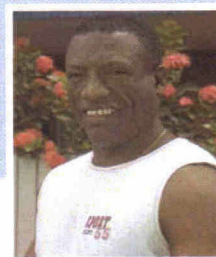
"Everything is arranged beautifully in the unit and I'm very happy with the size. It is big for a two-bedroom unit and having a balcony is a real benefit. It is a wonderful thing what the BHC is doing in making this affordable."

Kelvin Grove

"I never thought I would have an opportunity to live this close to the city in a nice place with the money I earn. I can walk to work and shops and my daughter loves all the parks in the area. I hate to think where I would be living if this wasn't here."

Camp Hill

"I love my unit! I have a safe place to call home and I've made a few friends as well."



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Brisbane Housing Company takes this opportunity to acknowledge the funding received from the Queensland Government and Brisbane City Council and the continued support of all our community shareholders.



**Queensland
Government**
Department of Housing



Dedicated to a better Brisbane

