



2013/14

BUILDING NEW OPPORTUNITIES

Dear Friends

BHC has achieved some important successes in 2013/14. We are enthusiastic about and strongly committed to the work we do. We take great pride in the buildings we deliver and the outcomes that we achieve for our tenants. Like many of our community housing colleagues, however, we continue to operate in an environment of significant uncertainty and change.

The state of social and affordable housing in Australia has been a high profile topic across Australia in the past year. The emphasis on "fiscal repair" at all levels of government has challenged government's willingness to invest in an increased supply of affordable housing. The \$1.27bn National Affordable Housing Agreement (NAHA) remains the Commonwealth's primary method of funding the States' delivery of social and affordable housing, but it is difficult to demonstrate the outcomes that are being achieved and it is widely accepted that reform is needed. Round 5 of the National Rental Affordability Scheme (NRAS) has been cancelled, a decision which has been of great concern to the sector.

We remain hopeful, however, that the State and Commonwealth governments recognise this hiatus as an opportunity to bring together the community housing sector, private sector developers and private financiers to devise a new, improved and, crucially, ongoing affordable housing program to replace NRAS. The need for this has never been greater, given the impending National Disability Insurance Scheme, the increasing complexity of social and affordable housing tenants' needs, and the diminishing affordability of our cities and regions. The time to do something truly ground-breaking is now, given the strengthening of the community housing sector through the National Regulatory System, and the proven aptitude of providers like BHC to leverage significant private finance from a minimal government investment.

These government decisions will set the scene for a generation. BHC is invigorated by these challenges and we are well positioned to work alongside government to help shape a new social and affordable housing framework.

Looking to Queensland specifically, our community housing sector is poised for unprecedented change as the State Government progresses the implementation of its Housing 2020 vision. BHC is keen to participate in the creation of a sustainable and viable solution for public housing outsourcing in Queensland, particularly one with the right conditions to mobilise investment for regeneration of public housing stock.

Whilst this broad strategic outlook is important, BHC remains equally focused on making a positive contribution to our local communities and supporting our tenants to reach their potential. We are thrilled to be delivering 57 homes for under-occupying public housing tenants in Mount Gravatt. With this and other projects we will sustain our long term average output of 100 new homes a year going forward. BHC continues to generate high tenant satisfaction, as well as strong performance on tenancy sustainment, bad debts and vacancy turn-around. Our company generates an operational surplus.

This sustainable business model gives security to our tenants, and to us, that we will be delivering quality homes and excellent tenant services, for many years to come.

Finally, I would like to acknowledge our success in winning a national design award for our project at Green Square Close. This project is a finalist in the awards at the World Architectural Festival in Singapore in October. Whether we take the prize or not, this level of recognition for what BHC does is testament to the commendable skills and approach of all of our partners, stakeholders and staff. I also recognise our staff for securing Commonwealth funds to explore practical ways of meeting the needs of clients exiting hospital with mental health issues. We have seen that many such clients are not yet ready to move straight into independent living. This project will report in the coming year.

I commend this report to you.

J. F. m. aueste

Professor John McAuliffe AM Independent Chair

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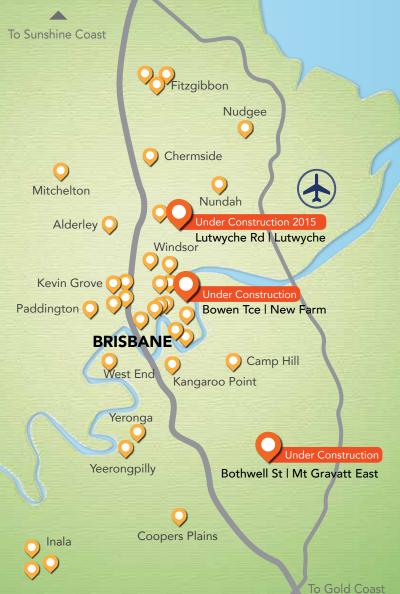
September 2014

NEW DEVELOPMENT PROJECTS

As median rents in Australia's capital cities continue to increase, BHC has ensured the location of homes with easy access to jobs and services has remained imperative to our model.

Well located affordable housing is essential to allow people to participate socially and economically, provides a stable base and supports community engagement. Since 2002, BHC has developed a property portfolio in excess of 1,500 homes in prime Brisbane locations. We are also proud to have now commenced construction on two projects in Gladstone.





BOTHWELL ST. MOUNT GRAVATT EAST

The Bothwell Street development represents a new model for the provision of affordable housing by BHC. Delivered in partnership with the Queensland Government, Department of Housing and Public Works, this innovative project will see seniors currently residing in under occupied public housing offered quality, purpose-built modern residences into which they can transition.



ADDRESS PUBLIC HOUSING UNDER-OCCUPANCY

The Bothwell Street development achieves:

- Better matching of household size and home
- Singles and couples move into new accommodation better suited to their needs less maintenance, adaptable design
- Families on the waitlist move into vacated public housing that better suits their needs space, sufficient bedrooms, yard
- Reduction in Queensland's public housing waitlist
- Reduction in public housing underoccupancy

Families on the public housing waitlist are able to move into the public housing that has now become vacated.

BHC builds new, architecturally designed affordable housing developments in partnership with the Queensland State Government (utilising government land where possible).



MEET TERRY & ADELE

Terry and Adele Steuart have resided in a 3 bedroom public housing property for 48 years. The property has become too large for them to maintain by themselves.

The Steuart's are among those looking forward to moving to a smaller, more manageable home. Their existing home and yard will be made available for a family on Queensland's Social Housing waitlist.

RELOCATION OR PUBLIC HOUSING YOUR SANARY Households that no longer need a 3 bedroom public housing dwelling voluntarily move into the new affordable housing development. The rents in the new home are similar to that paid previously. REDEVELOP EXISTING PUBLIC HOUS 4 OINI = NON STAND MARIO MORNIC HORSW Public housing that has been vacated and is no longer suitable for use can be redeveloped, through amalgamation of sites, into new larger affordable housing developments.

2013/14 FINANCIAL OPERATIONS SUMMARY

Since its incorporation, the Company has received \$119.1 million in grant funding from the State Government and \$18.1 million in funding from the Brisbane City Council. The Company has received \$94.9 million in Federal Government Funding through the Nation Building Social Housing Initiative and the National Rental Affordability Scheme.

Revenue for the year was \$53.67 million, a 4% increase on the previous year. This excludes the gain achieved on the acquisition of Catalyst Affordable Housing in 12/13, and is a result of grants increasing by 107% and rental income increasing by 6%. This was offset by a 13% decrease in Property Sales due to lower numbers of units for sale.

Total Expenses decreased by \$5.08 million on the 2012/13 results due to decreases in costs associated with the sale of NRAS and Market for Sale units.

The Company has a \$50 million credit facility with Westpac Banking Corporation as at the 30th June 2014 of which \$15.0 million has been drawn.

KEY FINANCIAL STATISTICS (Consolidated)

Summary Statement of Financial Performance	2013/14 \$	2012/13 \$	2011/12 \$
Revenue			
Rent	\$ 13,964,399	\$ 13,202,979	\$ 10,592,594
Grants	\$ 9,593,277	\$ 4,638,294	\$ 13,830,457
Property Sales	\$ 28,125,405	\$ 32,354,380	\$ 35,781,710
Other (Bank Interest & Sundry)	\$ 1,991,557	\$ 15,054,607	\$ 1,146,514
Total Revenue	\$ 53,674,638	\$ 65,250,260	\$ 61,351,275
Total Expenses / Cost of Sales	\$ 45,765,093	\$ 51,608,325	\$ 49,581,208
Net Surplus / Loss	\$ 7,909,545	\$ 13,641,935	\$ 11,770,067
Cash at the end of the Financial Year	\$ 43,672,432	\$ 21,500,984	\$ 5,194,126
Total Assets	\$ 327,727,736	\$ 310,775,014	\$ 301,534,166
Total Liabilities	\$ 21,908,333	\$ 24,548,531	\$ 43,042,844
Total Equity	\$ 305,819,403	\$ 286,226,483	\$ 258,491,322

CATALYST

Catalyst Affordable Housing Ltd is a controlled entity within the BHC group.

The Financial Statistics table below illustrates the Company's operational performance. The results are representative of a developing housing organisation in a start up phase and this results are included in the Consolidated Financial Statistics above.

The group's financial statements are audited by - Grant Thornton Brisbane of King George Central, 145 Ann St, Brisbane QLD 4000'

Summary Statement of Financial Performance	2013/14 \$	2012/13 \$	2011/12 \$
Grants	\$ 4,500,000	\$ 5,000,001	\$ 9,800,000
Other (Bank Interest & Sundry)	\$ 281,111	\$ 238,516	\$ 2,715
Total Revenue	\$ 4,781,111	\$ 5,238,517	\$ 9,802,715
Total Expenses	\$ 1,014,751	\$ 985,303	\$ 351,373
Net Surplus / Loss	\$ 3,766,360	\$ 4,253,214	\$ 9,451,342
Cash at the end of the Financial Year	\$ 7,828,727	\$ 11,994,742	\$ 4,457,248
Total Assets	\$ 18,011,061	\$ 18,758,150	\$ 14,736,842
Total Liabilities	\$ 540,145	\$ 5,053,594	\$ 5,285,500
Total Equity	\$ 17,470,916	\$ 13,704,556	\$ 9,451,342



SKILL BASED BOARD OF DIRECTORS

PROFESSOR JOHN MCAULIFFE AM

As a Property/Commercial Consultant specialising in Central Business District, sales purchase and development for many years Professor John McAuliffe AM holds extensive knowledge in the property development sector.

John is the Independent Chair of BHC and his service extends to many other avenues including Chair of Multicap, Chair of Catholic Property, Brisbane, former Chair of Mater Health Services, Brisbane, former Chair of the Holy Spirit Private Hospital, Brisbane and former Member of the Mount Olivet Hospital Board.



JOHN GALLIMORE

A long-time Partner in a leading law firm, John is now a Consultant to that firm and remains a Board Member of Multicap, a disability services provider.

He is a former Board Member of Queensland Sudden Infant Death Research Foundation and has had various roles in the Anglican Church in Brisbane. John is a State Government appointed Director of BHC.



ELOISE ATKINSON

Eloise is an architect energetically committed to housing in the not for profit sector. She has worked with the Queensland Government, community organisations and private developers in the design of public and community housing. She also contributes to the sector through research and advocacy and is a Director of design practice Deicke Richards.

Eloise is committed to working with clients who might not otherwise access professional design advice and is a former Churchill Fellowship recipient.



STUART GREGORY

With over 30 years experience in professional services as both a Finance Director and Chief Executive, Stuart has a wide array of skills in Finance, Administration and Business Management.

Stuart has been a member of the BHC Board since 2005 and is a member of the BHC Finance and Audit Committee. Stuart is the Brisbane City Council appointed Director.



JULIE HECKENBERG

Julie holds over 25 years' experience in leadership and organisational development, and education and training at both enterprise and Government levels.

Julie has successfully translated her skills to the community sector through her work as Founder and Interim Board Member of Under 1 Roof. Under 1 Roof has gained recognition as an exemplar of cooperation and collaboration, demonstrating real outcomes for people with complex needs.



GEOFF WOOLCOCK

Geoff is Wesley Mission Brisbane's Community Services Research Manager and an Adjunct Associate Professor at Griffith University. His research looks at applying indicators of community strengths in disadvantaged communities and building child-friendly communities.

Geoff is the Queensland Convenor for the Australian Research Alliance for Children & Youth (ARACY) and is a Director of both the Logan Child-Friendly Community Charitable Trust and the Australian National Development Index (ANDI).



LES JONES

Les is a retired Grant Thornton Partner with a wide involvement in not for profit organisations. During his time at Grant Thornton Les headed up Assurance Service and was the Office Managing Partner for five years.

Les has been a Director of various not for profit organisations and has also contributed to the Professional Education program for The Australian Institute of Chartered Accountants.



BEN FOSTER

As a Professional Quantity Surveying consultant Ben has worked within the construction industry for over 20 years. Ben is currently a Director of the Queensland consultancy firm Steele Wrobel, after many years working on a range of large scale social infrastructure projects for Government and private enterprise.

Ben has also held positions including that of chapter president for the Australian Institute of Quantity Surveyors.



BRIAN STEWART

Brian Stewart has extensive experience as a Company Chairman and Director. He is currently Chairperson of Legal Aid Queensland as well as Chairman of KNM Services PTY Ltd.

Brian is a Life Member and Fellow of the UDIA (Queensland), Brian has extensive experience in leadership of policy and business initiatives associated with the Urban Development Industry in Queensland for over 10 years.

13/14 ANNUAL





SPECTRUM APARTMENTS

Lutwyche

To commence construction in early 2015, the mixed tenure Spectrum Apartments located on Lutwyche Road, Lutwyche will host 60 studio, one-bedroom and two-bedroom apartments and additional commercial space part of which MS Queensland will use to provide affordable accommodation and support services for clients with Multiple Sclerosis



13/14 ANNUAL REVIEW

Queensland Government



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

BOWEN TERRACE

New Farm

Due for completion in late 2014 Bowen Terrace, New Farm will provide relief for Brisbane seniors struggling to afford increasing inner-city rents. The innovative project is delivered through a partnership between BHC and the not-for-profit service provider Blue Care. The apartments will provide quality affordable housing close to medical services, shops and public transport.





Brisbane Housing Company Limited

Trading as BHC Creating Liveable Communities

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All images within this publication are of BHC tenants and properties. We thank our tenants and investors for their generous input.

BHC is a public company limited by shares, a public benevolent institution, an income tax exempt charity and deductible gift recipient.





