

2017|18
ANNUAL
REVIEW



It is my pleasure to present to you BHC's Annual Report for 2017/18. This has been a pivotal year for BHC in many ways, as we have welcomed Stuart Lummis to the group as Chief Executive Officer, heralding a new phase for the company and a renewed vision for the future.

We are also proud to have brought new parts of our corporate strategy to life this year, with the launch of our social purpose real estate business, Elevate Residential, offering Brisbane's landlords the opportunity to use their property management fees to create social impact. Further, we are extremely pleased with the progress toward the delivery of our second purpose-built seniors' development in partnership with the Department of Housing and Public Works, located in Springwood, and our ground-breaking affordable retirement living development, Arbor Sherwood. We look forward to sharing more with you about these innovative projects over the coming year.

BHC's partners in government, in the community and across the sector have always been critical to us being able to achieve our vision of "creating homes, empowering lives and enabling transformation". This annual review highlights the achievements of some of these important partnerships. We thank all of our partners for their ongoing commitment to improving the lives of Queenslanders in need and we look forward to creating more positive impact during the 2018/19 year.

Eloise Atkison
Independent Chair



It's been an honour to join an organisation with such a strong history and a commitment to provide people in need with safe, quality affordable homes.

During my first few months at BHC, my top priority was visiting each property in our diverse and extensive portfolio and meeting our residents face to face. I have had the privilege of connecting with these residents, listening to their personal stories and hearing about their hopes for the future. Seeing firsthand the powerful impact BHC has made on these communities makes me proud to lead our organisation and support our future endeavours.

Engaging with our stakeholders has been a significant focus throughout this year. BHC has worked with a wide range of partners to achieve outcomes for Queenslanders needing housing. This past year we have undertaken joint initiatives with community housing partners Jacaranda Housing, Coast to Bay and Communify, alongside community support agencies including the Community Living Association, Lady Musgrave Trust, Second Chance Foundation, and BlueCare. We are continuing to re-engage and refresh our relationships with our founding shareholders and key partners, the Queensland

State Government and Brisbane City Council, to ensure affordable housing remains firmly on the agenda for government at all levels.

Built under the Elderly Parent Carer Innovation Initiative (EPCII) and in partnership with the Department of Communities, Child Safety and Disability Services and the Department of Housing and Public Works, I am pleased to announce the completion of our building at 101 Glenalva Tce, Enoggera. See Page 3 for more about this new development and meet one of our excited tenants preparing to move in.

I look forward to the next 12 months, with two significant developments due for completion in 2019. I'm thrilled to continue to strive to meet our 10 year strategic goal of delivering 3000 homes for Queenslanders by 2026.

Thank you and I hope you enjoy this report.

Stuart Lummis
Chief Executive Officer

We love OUR COMMUNITY PARTNERS

BHC has formal and informal relationships with over 50 support organisations and community partners throughout Brisbane. These organisations deliver essential services and activities which assist our tenants in sustaining their tenancies. We work closely with these dedicated organisations to achieve our vision of Creating Homes, Empowering Lives and Enabling Transformation.



Communitify Qld is a BHC Community Shareholder and this year they are celebrating their 40th birthday as one of Brisbane's most respected and beloved community service providers. Over the past 16 years our relationship with Communitify Qld has gone from strength to strength, based on a shared commitment to supporting some of Brisbane's most disadvantaged individuals.

"WE ARE VERY EXCITED TO BE WORKING ALONGSIDE BHC WITH THEIR NEW ENOGERA DEVELOPMENT. HAVING THE OPPORTUNITY TO ASSIST TENANTS AND THEIR FAMILIES TO TRANSITION INTO INDEPENDENT LIVING - THIS IS A VERY SPECIAL AND UNIQUE OPPORTUNITY"

- Karen Dare, CEO, Communitify

GLENALVA TCE, ENOGERA

BHC has engaged Communitify Qld as a key partner for our upcoming development at 101 Glenalva Terrace, Enoggera. Our shared vision is to provide the necessary ingredients to develop an intentional community for the residents at this property.

SPECTRUM APARTMENTS, LUTWYCHE

In 2017, Communitify Qld purchased 7 new one-bedroom units at BHC's Spectrum Apartments. This purchase gave Communitify the opportunity to divest older properties and acquire brand new, purpose built accommodation for their clients.

THE EXCHANGE, KELVIN GROVE

Communitify delivers a number of vital services and activities from our community hub venue, The Exchange, located in Kelvin Grove Urban Village. Popular services include art classes, English lessons, computer tutoring and Jobs Club.

PROPERTY MANAGEMENT SERVICES

Communitify contracts BHC as the property manager for their properties at Spectrum Apartments and other properties throughout Brisbane. Together, BHC and Communitify work closely to ensure residents are supported to sustain their tenancies.



GETTING NDIS READY

On July 1, 2018 the National Disability Insurance Scheme began its rollout across Brisbane. Accordingly, BHC is engaging with tenants to ensure they are able to access the NDIS and receive the funded supports they are entitled to.

As a registered provider of Specialist Disability Accommodation under the NDIS, BHC is committed to providing great housing outcomes for people living with a disability. In partnership with the Department of Communities, Child Safety and Disability Services and the Department of Housing and Public Works, BHC has developed 10 one-bedroom units of accommodation at Enoggera under the Elderly Parent Carer Innovation Initiative. The units are built to "Gold Liveable Housing Design Standard" and are conveniently located behind the Enoggera Bus and Rail Exchange. Construction was completed during October of this year and successful applicants are looking forward to independent living.

**"I AM LOOKING FORWARD TO
LIVING ON MY OWN, IT WILL BE A
HUGE CHALLENGE FOR ME"**

- Joe

MEET Joe and Rosemary

Joe and his mother Rosemary have lived at their family home in Red Hill for 11 years. Joe lives with cerebral palsy and Rosemary has been his primary and only carer since he was born 37 years ago. Joe's goal is to live independently in his own home, however finding a suitable property to meet his needs has not been possible, until now.

Joe was referred to BHC by Communitify and has since been offered a tenancy at our new development in Enoggera. Joe is incredibly excited to be finally moving into his own home. When asked what Joe is looking forward to most, he replied "Freedom". He also said, "I am looking forward to living on my own, it will be a huge challenge for me." Joe can't wait to play video games and invite mum over for dinner at this new place.

Rosemary finds comfort in the fact that her son can now be suitably housed. "I want to make sure that Joe is set up and living independently just in case anything were to happen to me. If I didn't come home one day, what would happen to Joe?"

"There has been nothing for Joe, especially not in housing. Joe can't live in a group home. He doesn't need 24/7 care. He has two computer screens and loves to cook. He has his friends that come over. He needs his own space, his own home. What BHC is doing at Enoggera is quite different."



INTRODUCING ELEVATE RESIDENTIAL

for exceptional property outcomes

BHC's Strategic Plan 2016/17 identified business diversification and the building of new revenue streams as a key priority area for business growth. BHC continually strives to contribute to improvements to the housing sector, enhancing outcomes for tenants, government, and property providers.

Elevate Residential answers this call. Elevate is a licensed real estate agency new to the Brisbane market offering property owners an ethical property management or sales option, with a genuine service focus. Utilising BHC's expertise in property and tenancy management, Elevate allows property owners to use their properties in a way that achieves social outcomes. All profits generated by Elevate supports BHC's work in providing affordable housing to vulnerable Queenslanders.

Elevate's General Manager and Principal Licensee, Chris Meadmore, is an experienced and successful real estate professional from the private market. Chris joined BHC in early 2018 to launch Elevate Residential and steer its growth in the competitive real estate industry.

"Elevate addresses the property needs of so many - we believe it's a game changer for Brisbane. For

owners who are frustrated with the service they currently receive from their agents, Elevate offers a genuinely personalised approach. We offer socially-conscious owners the opportunity to contribute to the community through the property management fees they pay. We have real respect for our tenants and want to ensure they are happy and able to sustain successful tenancies. We offer a different kind of real estate experience; where owners and tenants are supporting affordable housing outcomes and helping the push to increase service standards across the industry," he explains.

Paige Browning, New Business Investment Manager, is a highly experienced real estate professional from the private market. Paige agrees the opportunity to help create a new business based on service standards and community outcomes was what she had been waiting for.

"In the property industry it's not often that you get the opportunity to truly make a difference, but Elevate Residential offers that to its staff, its landlords and its tenants. We are excited to grow the business over the next year and are passionate about seeing it deliver for Brisbane landlords and residents."

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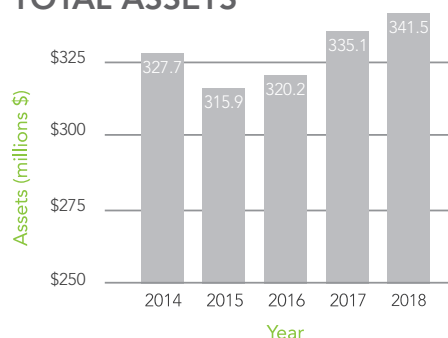
2017|18

FINANCIAL OPERATIONS SUMMARY

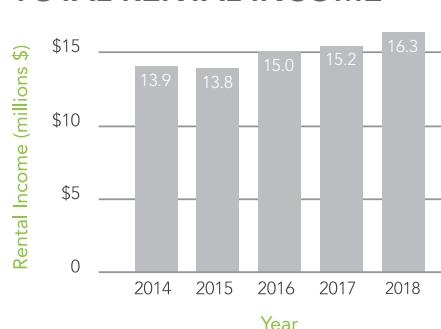
Summary Statement of Financial Performance	2017/18 '000	2016/17 '000	2015/16 '000
Revenue			
Rent	\$ 16,260	\$ 15,234	\$ 14,955
Grants	\$ 4,172	\$ 1,031	\$ 4,026
Property Sales	–	\$ 3,859	\$ 1,220
Other (Bank Interest & Sundry)	\$ 1,143	\$ 1,192	\$ 1,462
Total Revenue	\$ 21,575	\$ 21,316	\$ 21,663
Total Expenses	\$ 19,982	\$ 23,648	\$ 20,818
Revaluation of Property Assets	\$ 6,241	\$ 10,661	\$ 3,780
Total Comprehensive Income	\$ 7,835	\$ 8,329	\$ 4,625
Cash at the end of the Financial Year	\$ 27,664	\$ 28,137	\$ 22,597
Total Assets	\$ 341,486	\$ 335,088	\$ 320,245
Total Liabilities	\$ 8,805	\$ 10,242	\$ 3,729
Total Equity	\$ 332,681	\$ 324,846	\$ 316,516

BHC is audited by Grant Thornton Brisbane, 145 Ann Street, Brisbane Qld 4000

TOTAL ASSETS



TOTAL RENTAL INCOME



BHC continues to maintain a strong financial foundation through the ownership of more than 1,400 units with no debt.

Revenue for 2017/18 was \$21.6 million which was in line with the previous year. Higher government grant revenue during the year offset a reduction in revenue from property sales from the previous year's position. Expenses for 2017/18 were \$19.9 million which was lower than the previous year, primarily due to the absence of costs relating to property sales.

During 2017/18 BHC invested over \$5 million in the construction of two new affordable housing developments and pre-construction works on a future affordable housing development for retirees. Over the next financial year BHC will invest an additional \$23 million in these three projects which when completed will add a further 97 units to BHC's portfolio.

BHC's AA- credit rating was reaffirmed by Standard and Poor's during the year. BHC will continue to explore alternative funding options to increase the supply of affordable housing, including potentially accessing long-term funding via the National Housing and Finance Investment Corporation's (NHFIC) new bond aggregator and also utilising BHC's existing debt facility with Westpac.



BHC Skill Based BOARD OF DIRECTORS

Eloise Atkinson - Independent Chair

Eloise is an architect with over 20 years experience in the design of public and affordable housing and has worked with clients in the Queensland Government, community organisations and private developers.

Eloise is the Independent chair of BHC, contributing to the sector through research and advocacy and is a Churchill Fellow. In her role as Director of design practice Deicke Richards, she also has design expertise in aged care and education projects. Eloise is committed to working with clients who might not otherwise access professional design advice.

John Gallimore

A long-time Partner in a leading law firm, John is now a Consultant to that firm and is a Board Member of Multicap. John 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 and is a member of BHC's Property and Audit & Risk Committees.

Geoff Woolcock

Geoff Woolcock is a Senior Research Fellow at the University of Southern Queensland's Institute for Resilient Regions, and an Adjunct Associate Professor at Griffith University and QUT. Geoff has 30 years community-based research experience nationally and internationally in the housing, youth and health sectors. Geoff is a board director of the Australian National Development Index (ANDI) and the Logan Child-Friendly Community Charitable Trust, and is a member of BHC's Tenancy Management Committee.

Stacey Ross

Stacey is a Director and CEO of The Centre For Women & Co. specialising in domestic and family violence and women's wellbeing services. With over 19 years' experience in the community sector Stacey is passionate about community development at a grassroots level, she leads with integrity and has an endless desire to empower others to reach their full potential. Stacey is a State Government appointed Director and is a member of BHC's Tenancy Management Committee.

Ben Foster

As a Professional Quantity Surveying consultant Ben has worked within the construction industry for over 30 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. Ben is the Chair of BHC's Property Committee.

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. Julie is the Chair of BHC's Tenancy Management Committee and a member of the Catalyst Board.

Kirsty Smith

Kirsty is Managing Director of Kelen Property. Previously CEO for the City of Brisbane Investment Corporation, Kirsty was responsible for its property development and investment strategies. Her property experience across both public and private sectors follows an early career in finance and business management roles. Kirsty is a member of the Queensland Divisional Council of the Property Council of Australia and a member of BHC's Property Committee.

Les Jones

Les is a retired Grant Thornton Partner with extensive involvement in not for profit organisations. At Grant Thornton, Les headed up Assurance Services and was the Office Managing Partner for five years. Les has been a Director of various not for profits and contributed to the Professional Education program for the Australian Institute of Chartered Accountants. Les is Chair of BHC's Audit & Risk Committee and a member of the Finance Committee.

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 is the Brisbane City Council appointed Director and is the Chair of BHC's Finance Committee and a member of the Audit & Risk Committee.

Just a few members of
our Resident Community
Development Team

BACK (L-R): Community
Development Manager
Kaitlyn, joined by
residents Janet and Ken
FRONT (L-R): Grame
and Greg.



2018 - 2021

TENANT ENGAGEMENT STRATEGY

Over the past 12 months staff and residents have worked together to develop a new 2018-2021 Tenant Engagement Strategy. A key outcome of this new strategy has been the founding of the Resident Community Development (RCD) Team. This group consists of motivated and passionate BHC residents who will work alongside the Community Development Manager to create opportunities for residents, build vital connections and further strengthen the communities across our BHC buildings. Some of the RCD Team's key priorities include; creating welcome packs for all new BHC residents, working together with BHC to develop strategies and actions to improve current processes, creating more access to and utilising existing resources in the community (both amongst the BHC resident community and wider). We welcome all interested residents to lend their voice and be a part of the RCD Team. BHC is proud to embrace a co-led approach to Tenant Engagement; providing an inclusive and empowering environment for residents to create positive change in their communities and enrich their lives.

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Queensland
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Dedicated to a better Brisbane

BHC takes this opportunity to acknowledge the funding received from the Commonwealth, Queensland Government and Brisbane City Council and the continued support of all our community shareholders. BHC is a public company limited by shares, a public benevolent institution, an income tax exempt charity and deductible gift recipient.

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

