

Summary Financial Statements 2018/19



GREAT

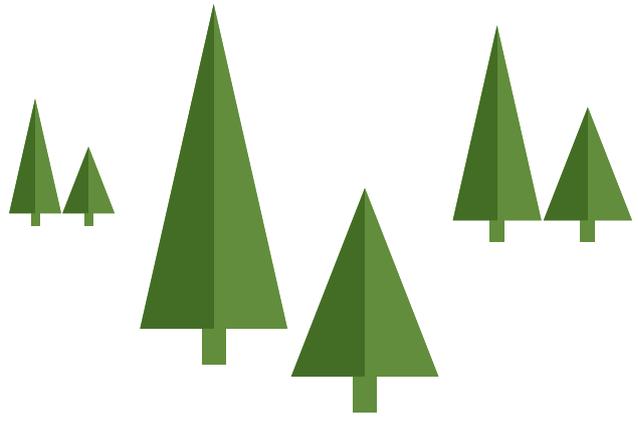
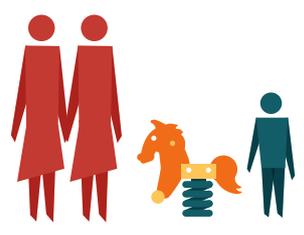
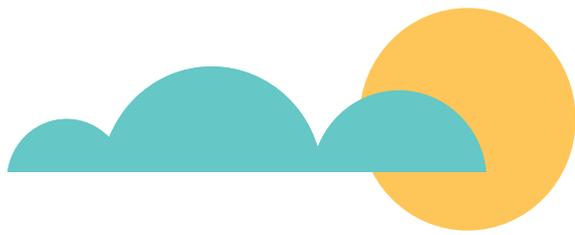
An illustration of a construction site. A large red pyramid is the central focus. To its left, a worker in an orange uniform and hard hat stands with a shovel. Two orange traffic cones are positioned on either side of the worker. To the right of the pyramid, a woman in an orange dress stands. The word "GREAT" is written in large, orange, sans-serif capital letters across the top of this section.

PLACES

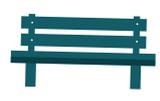
An illustration of a family consisting of two adults and a child, all in teal colors, standing together. A teal cat is perched on the top of the letter 'S'. The word "PLACES" is written in large, teal, sans-serif capital letters across the middle of this section.

EVERYONE

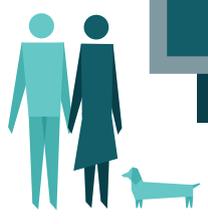
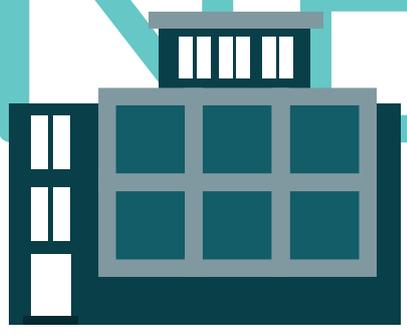
An illustration of two construction workers in black carrying a long yellow beam. A yellow ladder is positioned to the left of the beam. The word "EVERYONE" is written in large, teal, sans-serif capital letters across the middle of this section.



S FOR ONE



ONE





Welcome

SGCH provides a place to call home for more than 11,000 people in 6,400 properties across Sydney. We work collaboratively to shape great places through sustainable, safe and affordable housing. We connect our customers to opportunity to improve quality of life. Our vision is great places for everyone.

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Group structure

Our established governance structure provides strong oversight of all the SGCH Group's activities.





St George Community Housing Limited
ACN 133 729 503
Tier 1 Community Housing Provider
Registration No: R4587141217



SGCH Portfolio Limited
ACN 160 035 441
Tier 1 Community Housing Provider
Registration No: R48340725

SGCH Sustainability Limited
ACN 606 965 799
Tier 1 Community Housing Provider
Registration No: R5843150924

Subsidiary directors

SGCH Group has a contemporary and appropriate structure comprising St George Community Housing Limited (parent entity) and subsidiaries SGCH Portfolio Limited and SGCH Sustainability Limited. In the financial year 2018/2019, these two Directors served only on our subsidiary Boards.



Jane Hewitt

Non-executive Director

Qualifications and Experience

BAppSc (Land Economics).

Founding UniLodge in 1996, Jane pioneered the corporatisation of student accommodation facilities in Australia and New Zealand and has extensive experience in development and accommodation management.

She is Chair of the Beacon Foundation - a national not-for-profit working with young people in disadvantaged communities to promote education. Jane is a member of the Sydney Business Alliance to End Homelessness.

Jane resigned from the subsidiary Boards on 22 January 2019.

Special responsibilities

Member of the Development and Construction Committee until 22 January 2019



Philip Manidis

Non-executive Director

Qualifications and Experience

BBus Sc (Cape Town) MCRP (Cape Town), FAICD.

As Managing Director of Manidis Roberts, Philip led a professional service organisation, providing urban planning, environment and communication services to infrastructure providers. He has participated in and shaped major infrastructure projects and programs in the transport, water and energy sectors. Philip has experience in developing high performing teams, ensuring effective governance and providing a strong platform of growth, profitability and risk management.

Special responsibilities

Chair of the Audit and Risk Committee | Member of the Development and Construction Committee.



Directors' report



Directors' report

Your Directors present their report on the consolidated entity (referred to hereafter as 'the Group') consisting of St George Community Housing Limited (referred to hereafter as 'the Company' or 'SGCH') and its wholly-owned subsidiaries, SGCH Portfolio Limited and SGCH Sustainability Limited, for the year ended 30 June 2019.

Directors

The names of those who have been Directors during the year and at the date of this report are as follows:

David Thrift
Dennis Cafe
Victoria Weekes
Annette Gallard
Salaheddine Kahil (Salah)
Graham Millett
Graham Rowlson

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

Company Secretaries

Rebecca Pierro
Scott Langford

Principal Activities

The principal activity of the Group during the financial year was the provision of housing services and assistance to low and moderate income earners. No significant change in the nature of this activity occurred during the year.

The Group is involved with many State and Federal government agencies. Any change in the policies of these government agencies may impact upon the way the Group performs its principal activity.

Operating Results

The surplus of the Group for the year ended 30 June 2019 amounted to \$47,924,433 (2018: \$14,871,658 without adjusting for the effect of changes in accounting policies in the current financial year). The Group is exempt from income tax.



Directors' report



David Thrift
Chair

Qualifications and Experience

David is a retired company Director and senior executive with extensive experience in credit/risk management and project finance across a range of industries. He has a strong background in integration of acquisitions and senior management experience in organisation culture, operations and IT. David spent 17 years with GE Capital retiring as Senior Executive Director, Risk and Ombudsperson.

Special responsibilities

Chair from 29 August 2017 - present.

Chair of the Remuneration and Nomination Committee | Member of the Audit and Risk Committee.



Dennis Cafe
Non-executive Director

Qualifications and Experience

BSc (Tech) Civil Eng (UNSW)
Local Govt Engineer.

Dennis is an engineer and town planner. He is the former General Manager of Woollahra Council and has experience as a management consultant in private and public sectors. Between 2004 and 2007, Dennis was employed by SGCH in asset and change management. He has lectured in risk and asset management. Dennis is currently Special Projects Engineer at Bayside Council and served as Chair of SGCH between 2009 and 2017.

Special responsibilities

Member of the Remuneration and Nomination Committee.



Victoria Weekes
Non-executive Director

Qualifications and Experience

BComm LLB, FAICD, SFFinsia.

A professional Director with over 25 years of experience as a senior executive in the financial services sector, Victoria is the Independent Chair of OnePath Custodians and Oasis Funds Management. Victoria is also a Director of URB Investments Limited, non-executive Director of the Sydney Local Health District, Chair of the Audit & Risk Committees of NSW Treasury and Chair of the Australian Gender Equality Council.

Special responsibilities

Vice Chair from 27 February 2018 - present.

Member of the Remuneration and Nomination Committee | Member of the Development & Construction Committee.



Annette Gallard
Non-executive Director

Qualifications and Experience

B Soc Stud (USyd) M Comm (UNSW) GAICD.

Annette's professional career in the NSW Public Service spanned 28 years. During this time, she held senior executive roles in Housing, and senior and chief executive roles in Community Services. Since her retirement, Annette has focused on homelessness, disability services and housing through advisory and Non-executive Director roles.

Special responsibilities

Member of the Audit and Risk Committee.



Salah Kahil

Non-executive Director

Qualifications and Experience

BSc, Dip App Sc Masters Biomedical Engineering (Uni of NSW).

Salah is a Technical Officer with Douglass Hanly Moir Pathology. He has also worked as a Community Liaison Officer for the Community Relations Commission for a Multicultural NSW. Salah is an SGCH resident and has represented SGCH tenants at internal tenant advisory groups and within the broader community housing sector. From 2002 – 2005, Salah was a committee member of St George Accommodation for Youth who provide case management and accommodation for young people aged 16 to 25.



Graham Millett

Non-executive Director

Qualifications and Experience

BA Dip Ed (Macq), MBA (Macq), AIQS (Affil). (Aust Institute of Quantity Surveyors), AIPM.

Graham is CEO of WSA Co, a \$5.3 billion aviation and infrastructure project that will deliver Western Sydney’s international airport. He has lectured in strategic management, global strategy, competition in Asia Pacific, project management and new enterprise management. Graham has previously held senior executive positions at national and global organisations, including Qantas and the National Broadband Network.

Special responsibilities

Chair of the Development & Construction Committee | Member of the Audit & Risk Committee.



Graham Rowson

Non-executive Director

Qualifications and Experience

Graham is an SGCH resident and was a foundational Director of SGCH in the mid-1980s. He was responsible for the early growth of SGCH (then a small locally managed co-operative) working with other community housing providers to develop strategies for partnerships and growth.

Graham is NSW Service Manager for Control Systems Technology Pty Ltd.

Special responsibilities

Member of the Remuneration and Nomination Committee.

Directors' report

	Full Board	Audit & Risk Committee	Development & Construction Committee	Remuneration & Nomination Committee
David Thrift	12/12	3/3	—	3/3
Dennis Cafe	10/12	—	—	2/3
Victoria Weekes	10/12	—	3/3	3/3
Annette Gallard	11/12	2/3	—	—
Salah Kahil	11/12	—	—	—
Graham Millett	9/12	2/3	3/3	—
Graham Rowlson	11/12	—	—	3/3

Meetings of the Directors

During the financial year and up to the date of this report, 12 meetings of Directors were held. Attendance by each Director was as detailed above.

— = Not a member of the stated Committee



Directors' report

Remuneration of the Directors

During the financial year the remuneration of the Directors amounted to \$120,450 (2018: \$117,693)

Company Secretary's qualifications

Rebecca Pierro BCom, LLB, FCSA.

Scott Langford MBA, P.GradDip Prop. Dev., FAIM, FAICD, MRICS.

Strategy for achieving the corporate objectives

Board and management have reviewed and renewed the Group's Strategic Plan with a focus on outcomes to Improve outcomes for people, communities and places; Grow a quality, sustainable housing portfolio; A leading business; and, High performing culture. Key measures and goals assess ongoing performance including financial performance, tenancy management and maintenance targets. The Group's activities resulted in the continuation of the Group's Tier 1 registration by the NRSCH and produced a surplus that will be used to further the Group's purpose. The Group continues its significant development activity to increase the supply of social and affordable housing, with 314 new social and affordable homes delivered, and a further 756 to be delivered before the end of the 2022 financial year. In 2019, the Group successfully transferred 1,418 tenancies and established a new satellite office in Northern Sydney under the NSW Government's Social Housing Management Transfer Program. The Group was also successful in its bid to provide 260 new homes in Phase 2 of the Social and Affordable Housing Fund.

Future Developments -

Short and Long Term Objectives of the Company

The Group is expected to participate in the growth of the social and affordable housing industry, actively pursuing opportunities to further expand its impact beyond the completion of the current development pipeline.

This year, significant new or expanded committed finance facilities were established with financiers to fund committed developments. The Group has adequate cash reserves to sustain ongoing operations and pursue new business opportunities as they arise. In line with its strategy and purpose, the Group is investing in major IT systems upgrades, moving the main operating platform to the cloud. Upgrades and security improvements will increase capacity and improve efficiency and user experience.

In the long term the Group Strategic Plan drives towards an increased ability to develop and construct more homes and being well positioned to participate and create value adding prospects for our tenants.

Significant Events after the Reporting Date

The following matters arose after the reporting date:

- a. In August 2019, SGCH signed an agreement with National Housing Finance and Investment Corporation (NHFIC) and received a \$15,000,000 loan. This was used to successfully settle the CBA commercial bill facility of \$10,160,000.
- b. In July 2019, SGCH Portfolio Limited signed a development construction contract with J Hutchinson Pty Ltd for the construction of the Youth Foyer Project for the value of \$18,371,108.
- c. In September 2019 SGCH Sustainability Limited signed a development construction contract with Lendlease D&C contract for the construction of 11 Gibbons St, Redfern for the value of \$62,866,131.
- d. 5 properties have been disposed and settled post year end for a total amount of \$3,655,000.
- e. An additional amount was drawn from an existing CEFC loan for SGCH Sustainability Limited of \$22,313,418 on 24 September 2019
- f. On 30 September 2019, the Group settled an amount of \$16,100,767 for the balance payment of land plot on 11 Gibbons street, Redfern.

Other than the foregoing, no matter or circumstance has arisen since 30 June 2019, that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Environmental Issues

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory. The Group is governed by environmental regulations managed by local government as applied to residential properties. During the year the Directors are not aware of any particular or significant environmental issues which have been raised in relation to the Group's operations.

Indemnifying Directors, Officers or Auditors

Deeds of Indemnity have been entered into between the Company and Directors and Officers that indemnify them from financial losses that may occur arising from the performance of their duties. No indemnities have been given during or since the end of the financial year for any person who is or has been an auditor of the Company. Directors' and Officers' insurance premiums are paid by the Company.

The policy prohibits the disclosure of amounts paid.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Contributions on Winding Up

In the event of the Company being wound up, ordinary members are required to contribute a maximum of \$2 each. The total amount that members of the Company are liable to contribute if the Company is wound up is \$138, based on 69 current ordinary members.



David Thrift
Chairman

Sydney, 29 October 2019

Financial statements summary







Discussion and analysis of the summary financial statements

Basis of Preparation of the Summary Financial Statements

The Summary Financial Statements are an extract from the full financial statements for the year ended 30 June 2019. The financial statements and disclosures in the Summary Financial Statements have been derived from the 2019 consolidated financial statements of St George Community Housing Limited.

A copy of the full financial statements and auditors' report will be sent to any member, free of charge, upon request.

The discussion and analysis is provided to assist members in understanding the Summary Financial Statements. The discussion and analysis is based on St George Community Housing Limited's financial statements and the information contained in the Summary Financial Statements.

The financial statements are presented in Australian Dollars which is the Group's functional and presentational currency.

Statement of Profit of Loss and Other Comprehensive Income

Total revenue increased by \$16,030,366 (23%) to \$86,784,457 (2018: \$70,754,091) whilst other income decreased by \$995,077 (91%) to \$101,931 (2018: \$1,097,008). Total expenditure decreased by \$7,067,587 (11%) to \$60,074,944 (2018: \$67,142,531). The fair value changes in the investment properties and derivatives increased by \$10,949,899 (108%) to \$21,112,989 (2018: \$10,163,090). The surplus for the financial year increased by \$33,052,775 (222%) to \$47,924,433 (2018: \$14,871,658).

The increase in revenue is primarily driven by overall increase in rental from leased properties.

Statement of Financial Position

Total assets increased by \$172,153,287 to \$886,037,697 (2018: \$713,884,410) representing an increase of 24%. The movement is mainly due to recognition of right of use assets under AASB 16 for \$97,865,504 and the net fair value increment recognised with respect to investment property of \$27,043,007 following the valuation exercised carried out by an independent registered property valuer as at 30 June 2019.

The Group has also invested significantly in the development of its existing projects, with capitalised expenditure for investment properties of \$43,121,275 during the year.

Total liabilities increased by \$103,282,210 to \$224,104,219 (2018: \$120,822,009) representing an increase of 85%. The increase is predominantly in relation to a corresponding lease liability for right of use assets under AASB 16 of \$88,772,484 and a draw down under the Group's existing loan facility with Commonwealth Bank of \$30,286,968.

Statement of Cash Flows

Cash flow movements during the financial year were a result of increased rental income, grants received and good control over expenditure.

Statement of Changes in Equity

During the year ended 30 June 2019, \$38,378,568 was transferred to the Investment Property Reserve, which reflects the fair value gain on investment property for the year.

Summary consolidated statement of profit or loss and other comprehensive income

	Note	2019 (\$)	2018 (\$)
Revenue	02	86,784,457	70,754,091
Other Income	03	101,931	1,097,008
Expenses			
Property expenses		(25,315,050)	(39,390,021)
Employee benefits expense		(19,197,412)	(17,245,529)
Depreciation and amortisation		(1,263,186)	(503,155)
Finance costs		(10,109,516)	(4,075,211)
Professional fees		(356,018)	(908,103)
Other expenses		(3,833,762)	(5,020,512)
Fair value gain on investment property – owned		38,378,568	11,019,631
Fair value loss on investment property – right of use assets		(12,083,561)	—
Fair value loss on derivative financial instrument		(5,182,018)	(856,541)
Surplus for the year attributable to members of St George Community Housing Limited		47,924,433	14,871,658
Income tax expense		—	—
Surplus for the year after income tax expense attributable to members of St George Community Housing Limited		47,924,433	14,871,658
Other comprehensive income for the year		—	—
Total comprehensive income for the year attributable to members of St George Community Housing Limited		47,924,433	14,871,658

Summary consolidated statement of financial position

	Note	2019 (\$)	2018 (\$)
Current assets			
Cash and cash equivalents		44,274,264	35,970,418
Trade and other receivables		4,642,305	4,474,764
Non-current assets classified as held for sale		6,237,500	10,112,500
Other current assets		4,750,528	10,663,586
Total current assets		59,904,597	61,221,268
Non-current assets			
Other non-current assets		1,251,626	1,182,206
Property, plant and equipment		4,828,377	1,328,398
Contract asset		1,242,634	—
Investment property	04	818,810,463	650,152,538
Total non-current assets		826,133,100	652,663,142
Total assets		886,037,697	713,884,410
Current liabilities			
Trade and other payables		14,160,054	7,250,027
Employee benefits		2,107,417	1,711,107
Liability for right of use assets		14,221,926	—
Deferred grants		—	1,406,295
Unexpended grants		1,501,748	9,067,548
Total current liabilities		31,991,145	19,434,977
Non-current liabilities			
Employee benefits		292,579	253,784
Borrowings		111,151,092	80,864,124
Derivative financial liability		6,118,845	936,827
Liability for right of use assets		74,550,558	—
Deferred grants		—	18,939,136
Unexpended grants		—	393,161
Total non-current liabilities		192,113,074	101,387,032
Total liabilities		224,104,219	120,822,009
Net assets		661,933,478	593,062,401
Equity			
Accumulated surplus		102,031,802	71,539,293
Investment property reserve		559,901,676	521,523,108
Total equity		661,933,478	593,062,401

Summary consolidated statement of changes in equity

	Accumulated surplus (\$)	Investment property reserve (\$)	Total (\$)
Balance at 30 June 2017	67,687,266	510,503,477	578,190,743
Surplus for the year	14,871,658	—	14,871,658
Other comprehensive income for the year	—	—	—
Total comprehensive income for the year	14,871,658	—	14,871,658
Transfer to reserves	(11,019,631)	11,019,631	—
Balance at 30 June 2018			
As previously reported	71,539,293	521,523,108	593,062,401
Changes in accounting policies	20,946,644	—	20,946,644
Balance at 1 July 2018	92,485,937	521,523,108	614,009,045
Surplus for the year	47,924,433	—	47,924,433
Other comprehensive income for the year	—	—	—
Total comprehensive income for the year	47,924,433	—	47,924,433
Transfer to reserves	(38,378,568)	38,378,568	—
Balance at 30 June 2019	102,031,802	559,901,676	661,933,478

Summary consolidated statement of cash flows

	Note	2019 (\$)	2018 (\$)
Cash flow from operating activities			
Receipts from customers (inclusive of GST)		73,607,579	63,807,486
Receipts of government grants (inclusive of GST)		11,583,855	12,321,034
Payments to suppliers and employees (inclusive of GST)		(47,518,820)	(69,872,054)
Interest received		546,770	653,139
Finance costs paid		(7,407,652)	(3,582,722)
Net cash provided by operating activities		30,811,732	3,326,883
Cash flow from investing activities			
Proceeds from sale of investment properties		10,919,500	20,712,397
Payment for investment properties		(45,887,937)	(53,191,996)
Payment for property, plant and equipment		(911,735)	(606,489)
Payment for contract asset		(1,258,363)	—
Net cash used in investing activities		(37,138,535)	(33,086,088)
Cash flow from financing activities			
Proceeds from borrowings		31,735,268	13,373,021
Lease payments		(17,104,619)	—
Repayment of borrowings		—	(53,245)
Net cash provided by financing activities		14,630,649	13,319,776
Net increase / (decrease) in cash held		8,303,846	(16,439,429)
Cash at the beginning of the financial year		35,970,418	52,409,847
Cash at the end of the financial year		44,274,264	35,970,418

Notes to the summary financial statements

Note 01

Basis of Preparation of the Summary Financial Statements

The Summary Financial Statements have been prepared from the audited financial statements for the year ended 30 June 2019. The audited financial statements for the year ended 30 June 2019 are available on request from St George Community Housing Limited.

The financial statements are presented in Australian Dollars which is the Group's functional and presentational currency.

The financial statements, specific disclosures and other information included in the summary financial statements are derived from and are consistent with the full financial statements of St George Community Housing Limited. The summary financial statements cannot be expected to provide a detailed understanding of the financial performance, financial position and financing and investing activities of St George Community Housing Limited as the full financial report.

The accounting policies have been consistently applied to St George Community Housing Limited and are consistent with those of the preceding financial year in their entirety.

Note 02

	2019 (\$)	2018 (\$)
Revenue		
Revenue from tenants		
Rent income	60,253,567	54,170,175
Reimbursements	1,661,158	1,500,860
Insurance recoveries	212,308	74,626
Total revenue from tenants	62,127,033	55,745,661
Revenue from government		
CHLP – Tenancy management and maintenance funding	10,116,608	9,717,537
SHMTP – Tenancy management and property management	371,406	—
SAHF – Tenancy management and accommodation services	1,652,993	37,836
Release of deferred grants	—	919,004
Contribution from FACS for Youth Foyer Project	8,300,000	—
National Rental Affordability Scheme Incentives	2,378,758	2,603,497
Home Energy Action Program	19,430	331,750
Other	1,062,171	501,898
Total government and other grants	23,901,366	14,111,522
Other revenue		
Interest received from corporations	546,770	653,139
Management fees - private tenancy services	209,289	243,769
Total	756,058	896,908
Total revenue	86,784,457	70,754,091

The CHLP provides funding for tenancy management activities, the maintenance of property and a component that is intended to compensate the Group for the excess of the market rent payable to private landlords over the rent earned from tenants who occupy the leased property. In accordance with AASB 15, the funding is wholly allocated as consideration for the housing services to be delivered in accordance with the contract and is recognised as the services are delivered.

In July 2018, the NSW Government announced that FACS would provide a 10-year funding guarantee related to aspects of the Group's CHLP social housing funding. The Group have not recognised this guarantee in the statement of financial position because the Group's entitlement to such funding is only unconditionally established when the conditions associated with the arrangement are satisfied each year.

Note 03

	2019 (\$)	2018 (\$)
Other income		
Gain on disposal of investment properties	—	1,011,052
Other income	101,931	85,956
Total	101,931	1,097,008

Refer to note 4 for details of the valuation basis of the investment properties.

Note 04

	2019 (\$)	2018 (\$)
Investment Property		
Investment property - owned		
Balance at the beginning of year	650,152,538	612,056,889
Capitalised subsequent expenditure	43,121,275	42,588,518
Disposal of investment property	(807,000)	(5,400,000)
Assets transferred to property plant and equipment	(336,834)	—
Assets transferred from other assets	8,757,473	—
Assets transferred to non-current assets held for sale	(6,237,500)	(10,112,500)
Change in fair value of investment property	38,378,568	11,019,631
	733,028,520	650,152,538
Investment property – right of use leased assets		
Balance at the beginning of year – as previously reported	—	—
Balance at the beginning of year – changes in accounting policies	74,708,181	—
Additions of new properties to right of use assets	29,380,130	—
De-recognition of terminated properties from right of use assets	(6,222,807)	—
Change in fair value of investment property	(12,083,561)	—
Balance at the end of the year	85,781,943	—
Total	818,810,463	650,152,538

Included within Investment property is a balance of \$113,927,020 (2018: \$61,180,038) which relates to capital works in progress.

The majority of investment properties are leased to tenants on low to moderate incomes. The lease terms vary depending on the property provider and range from 2 weeks to 10 years rolling contracts. Majority of these long term leases pertain to the newly acquired properties under SHMT program.

Ageing, Disability and Home Care which provided the grant used to purchase the property located at 182 Holden Street, Ashbury, has lodged a caveat over the property.

The borrowings of the Group are secured by a registered mortgage over the Group's investment properties.

Note 04

Valuation Basis

The fair value of owned investment properties has been determined with reference to independent valuations performed by a registered property valuation company that holds recognised and relevant professional qualifications and has recent experience in the location and category of the investment property. The valuations are prepared in accordance with established valuation methodologies, international valuation standards and Australian Accounting Standard *AASB 13 Fair value measurements* using the market approach. Fair value is measured using the assumptions that market participants would use when pricing the asset, assuming they act in their economic best interests. The fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. During the current year the independent valuer and the Company determined that using a gross realisation technique to value the investment properties rather than a one line technique better reflected the highest and best use. Applying a gross realisation technique has resulted in an upward valuation on the investment properties.

The fair value of leased property has been determined with reference to the present market rental earning capability under the leasehold interest (including for the non-cancellable period plus any further option to renew which is likely to be exercised), net of the present value of expected lessee obligations. The discount rate used is the Group's estimated incremental borrowing rate of 5.50%. For private residential property leases negotiated on market terms, the carrying amount of the right of use asset reasonably approximates the carrying amount of the lease liability at the reporting date.





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REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

To the members of St George Community Housing Limited

Report on the summary financial statements prepared from the audited financial report for the year ended 30 June 2019

Opinion

The summary financial statements, which comprise the summary consolidated statement of financial position as at 30 June 2019, the summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated cash flow statement for the year then ended, and related notes, are derived from the audited financial report of St George Community Housing Limited (the responsible entity) and its subsidiaries (the Group) for the year ended 30 June 2019.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial report, in accordance with the basis of preparation described in Note 1.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act). 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. The summary financial statements and the audited financial report do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial report.

The Audited Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial report in our report dated 29 October 2019.

Responsibilities of responsible entities for the Summary Financial Statements

The directors of the responsible entity are responsible for the preparation of the summary financial statements in accordance with the basis of preparation described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with 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 East Coast Partnership

BDO

Ian Hooper
Partner

Sydney, 29 October 2019

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Directors' declaration

The Directors of the Group declare that the summary financial statements of St George Community Housing Limited and the entities it controlled for the financial year ended 30 June 2019, as set out on pages 18 to 33:

(a) are an extract from the full financial statements for the year ended 30 June 2019 and have been derived from and are consistent with the full consolidated financial statements of St George Community Housing Limited and the entities it controlled.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by



David Thrift
Chairman, SGCH Group

Sydney, 29 October 2019

The Summary Financial Statements 2018/19 complements our Year in Review 2019 and Strategic Directions booklets. For copies, please contact us.

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