
City West Housing Pty Limited

AUDIT OPINION

The audit of the Company's financial statements for the year ended 30 June 2010 resulted in an unqualified Independent Auditor's Report.

PERFORMANCE INFORMATION

The Company's progress against its long-term development program at 30 June 2010 was:

Location	Long-term target (units)	Completed units	% of target
Ultimo-Pyrmont	600	446	74.3
Green Square *	216	102	47.2

Source: City West Housing Pty Limited (unaudited).

* Includes 57 unit development completed in August 2010

The Company had 491 residential units at 30 June 2010. This included 446 units in Ultimo-Pyrmont, accommodating 850 people and 45 units in Green Square, accommodating 85 people. This is consistent with 30 June 2009.

The average cost of construction is approximately \$243,000 per unit. Costs per unit range from approximately \$160,000 for a development in Pyrmont completed in 1997 to approximately \$398,000 for a development in Waterloo completed in 2007.

In August 2010, the Company completed construction of its 57 unit development at Zetland. The cost to develop this site was \$19.2 million. The development was completed on time and under budget.

The Company reported a 99 per cent average occupancy in 2010 and 2009. There are currently 365 households on its eligibility wait list.

Accommodation is allocated to eligible applicants according to need. Eligibility is determined by applicants':

- gross household income and financial circumstances
- connections to the local area
- current housing adequacy and suitability
- need for long term housing in the local area
- Australian residency.

Rent charges paid by tenants are determined having regard to annual household income. At six month intervals, tenants are reassessed to ensure they still meet eligibility requirements and are charged appropriate rents. Bad debts represent 0.1 per cent of rent charges for 2009-10.

OTHER INFORMATION

Future Developments

The Company receives developer contributions under the Sydney Local Environmental Plan 2005 as part of the City West Affordable Housing Program. The Department of Planning revised this City West Affordable Housing Program in June 2010.

The revised program acknowledges reducing availability of land in Ultimo-Pyrmont, which causes constraints and limitations on spending developer contributions within that area. Contributions from Ultimo-Pyrmont can be used for the provision of future affordable housing developments elsewhere in the City of Sydney local government area.

The Company is working on plans for a further development in South Sydney, which is expected to yield between 90 and 120 units and be completed by 2014.

FINANCIAL INFORMATION

Abridged Statement of Comprehensive Income

Year ended 30 June	2010 \$'000	2009 \$'000
Developer contributions	4,549	6,556
Rental income and tenants' contributions to outgoings	5,502	5,385
Investment income	2,256	2,380
Grant income	7,817	24
TOTAL REVENUE	20,124	14,345
Depreciation	3,762	3,768
Property outgoings and maintenance	1,755	1,475
Employee benefits	459	420
Other	209	204
TOTAL EXPENSES	6,185	5,867
SURPLUS	13,939	8,478
OTHER COMPREHENSIVE INCOME		
Gain on revaluation of property, plant and equipment	34,969	--
TOTAL OTHER COMPREHENSIVE INCOME	34,969	--
TOTAL COMPREHENSIVE INCOME	48,597	8,478

In 2010, the company received \$7.8 million from the National Employment Stimulus Package. A further \$1.3 million is expected in 2010-11. The Company allocated the funding to construction of its 57 unit development at Zetland.

Abridged Statement of Financial Position

At 30 June	2010 \$'000	2009 \$'000
Cash and investments	56,997	51,679
Property, plant and equipment	251,415	208,373
Other	1,390	368
TOTAL ASSETS	309,802	260,420
Trade and other payables	1,342	881
Employee benefits	215	202
TOTAL LIABILITIES	1,557	1,083
NET ASSETS	308,245	259,337

The Company's significant cash and investments are being held to fund its extensive capital program. Over the next four years, the Company expects to construct 216 units at a cost of \$81.2 million.

At 30 June 2010, the Company had units rented to tenants valued at \$238 million (\$206 million at 30 June 2009). After a revaluation at 30 June 2010, the average fair value of units at 30 June 2010 was \$474,000 per unit (\$420,000).

COMPANY ACTIVITIES

The Company was established in 1994, with its principal function to provide affordable rental housing to very low, low and moderate-income households in Pyrmont, Ultimo and Green Square. It develops and manages affordable housing, which contributes to the maintenance of a socially diverse community in the inner city.

The key aim of affordable housing is to maintain socially diverse communities by providing housing to people who are unable to compete in the existing private housing market. By contrast, social housing (also known as public housing) is provided to people on low incomes who are unable to obtain affordable housing.

Ownership vests with Government by holding the Company's only ordinary shares. Redeemable preference shares are issued to organisations with a direct interest in the development and management of affordable rental housing in the City West area. There are currently 11 preference shareholders.

For further information on the company, refer to www.citywesthousing.com.au.