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## **BHL Annual General Meeting**

### **Chairman's address by Dr Saliba Sassine**

Ladies and Gentlemen, I am pleased to present my Chairman's address at this year's Annual General Meeting for BHL. It has been a successful year and indeed a year of transition for your company.

We continue to strengthen our business. That is reflected not just in our financial results, but also in the further progression of our development pipeline, the enhancement of our executive team and the extension of our stakeholder engagement, as we continue to develop our strategic vision.

Today I would like to address these three objectives in turn.

#### **Financial Results**

First on our financial results. BHL delivered a strong financial result in FY2018. The Group reported a profit after tax attributable to the owners of \$3.4 million, compared to \$1.3 million for the prior year.

The major contributing factors to our improved financial result included the settlement of the Austral project in south west Sydney, increase in development management fees as projects that we managed progresses and become more active and a full year of operations for our Lifestyle Living business division compared to only one month's contribution in the prior year. Group revenue in Australia increased to \$48.6 million from \$7.0 million in the prior year.

Our financial position remains strong with net assets of \$57.0 million compared to \$53.4 million for the prior year. That equates to net tangible assets per security of 14.4 cents compared to 12.7 cents for the prior year. We strengthened our balance sheet by capitalising on market conditions with the sale of the Peachtree Hotel in Penrith, Western Sydney for \$16.5 million. That sale has enabled us to repay debt and has also allowed us to focus on further investments across our property development assets and our fast-growing lifestyle living portfolio.

We were pleased with our financial result for 2018 but more importantly, we remain excited about the strong platform we are creating for future growth of your company.

#### **Strong Development Pipeline**

An essential element of that growth relates to our property development pipeline. I would now like to spend some time discussing how we are progressing that pipeline of opportunities across our portfolio, which as you will recall is focused on the growth corridor of western Sydney.

First, the Northern Gateway. BHL is the development management lead on the masterplan for this 344-hectare site, on the doorstep of the new 'Nancy Bird Walton' western Sydney Airport, at Badgerys Creek.

This is an incredibly exciting proposal to create a world-class 'Future City'; a major employment hub in western Sydney which includes commercial, industrial, education, health & medical, tourism, entertainment and retail. This project will transform Western Sydney.

According to analysis carried out by Urbis, the development will inject \$21.6 billion into the fast-growing regional economy of Western Sydney and will create more than 55,720 direct jobs.

We are partnering with world-renowned neurosurgeon Professor Charlie Teo, AM, who will head a world-class medical and Wellness Centre of Healthcare Excellence, focusing on preventative health.

Other foundation partners include Scentre Group (the owner and operator of Westfield in Australia and New Zealand) who will integrate a vibrant, highly-activated mixed-use town centre, featuring retail and entertainment quarters, hotels, commercial activities and community facilities which will be enhanced by native parklands and waterways in a walkable urban environment.

The project also includes international logistics firm, LOGOS who will operate a logistics hub for high-tech industries, warehousing and manufacturing, leveraging its prime location adjacent to the new Airport.

Our masterplan's flexible approach to land uses within our site will ensure health and education centres, tourism, retail and entertainment hubs and high-tech industry clusters, are fully integrated with local road and rail corridors to cater for the entire community's needs.

We believe a whole-of-Government approach is needed to best integrate land use and transport planning and maximise the development and employment-generating potential of the Northern Gateway site for the benefit of the whole Region.

BHL will keep shareholders updated on the progress of this masterplan.

We can celebrate the start of construction at the Clydesdale Estate development, at Marsden Park, located in the heart of the fast-growing north-west corridor. The boutique 216-hectare Clydesdale Estate will feature 450 designer homes, and plans for future integrated living, spanning five integrated precincts, with over 150 hectares of parklands, open green space and sporting fields, playgrounds, bike paths and waterways. We are continuing to advance discussions with high-profile operators and exploring commercial opportunities for the heritage-listed Clydesdale House.

Settlements at our sub-division at the development site at Austral Green, south west Sydney started in December 2018. This 2.02-hectare site, with 43 housing lots, is part of the South West Growth Precinct and benefits from major infrastructure and regional transport links.

We are also advancing our other key property development such as the 40.5-hectare development on The Northern Road, at Bringelly. The site is particularly compelling, given its close proximity to the Western Sydney Airport and the Oran Park Town Centre, in its location within the the Camden Local Government Area, the fastest growing Council in Sydney.

We believe this will be a value accretive acquisition for BHL, with significant upside for our shareholders over time and that's why we're excited to be working to bring the project to life.

## **Retirement Living**

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**Boyuan Holdings Limited** ABN 92 608 897 963

Level 16, 5 Martin Place Sydney NSW 2000

**bhlgroup.com.au**

As shareholders will recall, BHL continues to provide high-quality, affordable housing options for a growing number of retirees through our Seniors and Lifestyle Living Division. We're delivering solid returns for our shareholders from the operation and development of our Broadlands Gardens portfolio whilst continuing to explore other seniors' living opportunities across BHL's diverse development holdings in NSW.

Housing and lifestyle affordability are significant issues for the expanding bubble of Baby Boomers who mostly own their own homes, but do not have the savings or superannuation to live comfortably through their retirement years.

Our ongoing delivery of high-quality, right-sized housing with integrated community and leisure facilities not only generates long-term annuity income streams for our investors, but also assists in alleviating these pressing community needs and allows our customers to unlock the equity in their home to support a comfortable retirement.

### **Funds Management**

BHL's 65% ownership of Integer Securities Limited allow us to actively pursue investment opportunities in key sectors that will further enhance our performance.

Integer continues to develop initiatives that are complementary to the broader business strategy of BHL. At the same time, Integer will be supporting BHL's operations and helping facilitate our future growth strategy for the diversification of our investment portfolio for the benefit of our shareholders.

### **Strategic vision**

I would now like to comment on how we are building our business and creating a strategic vision for the future. Let me begin with the significant progress we have made in strengthening our management team. This has been a key priority of the Board this year as we take the company to the next level in its journey to deliver our strategic plan.

Adam Pearce joined BHL in the new position of Deputy Chief Executive Officer in April 2019. Adam has over 20 years' experience in finance, construction, property and real estate, having worked in senior roles for Australian development companies, Mirvac and Multiplex, as well as the National Australia Bank. As Deputy CEO, Adam's primary responsibilities will be in capital transactions, capital management and in assisting the BHL Board and the CEO in developing BHL's strategic agenda.

Joining Adam is Paul Hourigan as our new Head of Development. Paul has over 30 years' experience in the property and development industry, having worked in senior executive roles for Landcom, the Becton Property Group and other project and development companies. Paul will be responsible for the day-to-day management of rezonings, development approvals, design, construction and delivery of our pipeline of major residential and commercial projects across NSW.

Michael Rabey has also joined our Team as the General Manager of our Retirement and Lifestyle Living Division. Michael has 25 years' experience in management consulting, business analytics and property development, with a focus on residential and seniors living. He is the Chair of Retirement Living Committee for the Property Council of Australia and a member of the Property Council's NSW Division Council.

In addition to these management appointments, we have engaged specialist government relations and communications advisors to assist in coordinating our stakeholder engagement and communications activities for our major developments. With these appointments, we have significantly bolstered our executive management and engagement capability which is critical to delivering our strategic vision.

Let me talk briefly about what that vision means for BHL.

At BHL we are becoming a prominent development advisory company overseeing a significant pipeline of projects for landowners, focused primarily in western and south western Sydney. We are clearly in the early stages of that process which provides a 'blank canvas' for the types of community living we wish to create. That blank canvas affords us the opportunity to think strategically about these developments and what we'll be delivering.

For BHL it is not just about bricks and mortar. Our vision is focused on building beautiful masterplanned communities where people want to live and work. It's a vision also centred on creating future communities – using technology and innovation such as a Smart City or green development or using technology to achieve green outcomes. BHL is creating valuable communities which can improve people's lives. And it's a vision based on strong relationships with our strategic capital partners, Governments and all key stakeholders to build these communities in western and south western Sydney.

To realise that vision we are corporatising our business. That means implementing the right leadership team and having the right procedures and policies in place to build a high-performance culture across our business. In building that culture we recognise we have a unique opportunity to combine our proven international track record with our local Australian experience, networks and project partners to create a powerful mix of skills and relationships to further our strategic agenda.

We have made good progress over the past year in implementing the building blocks to realise this vision and I look forward to keeping shareholders updated on our continuing progress.

Ladies and Gentlemen, that concludes my address today.

On behalf of the Board, I would like to thank shareholders for your ongoing support of the Company and reassure you of your Board's commitment to create sustainable value for our shareholders over the medium to longer term.

## **About BHL**

Boyuan Holdings Limited is an ASX-listed property development company (ASX: **BHL**). In addition to its assets and operations in the lifestyle living sector, BHL is committed to creating communities and is focused on developing residential sites at Pokolbin and Austral and residential/commercial sites at Bringelly and Marsden Park.

**BHL media contact: Richard Lenarduzzi 0411 254390**