



ANNUAL FINANCIAL REPORT

Property Council of Australia Limited

ABN 13 008 474 422

30 June 2016



of Property Council of Australia

Directors' Report

For the year ended 30 June 2016

The directors present their report together with the consolidated financial report of the Property Council of Australia Limited (the Company) and its subsidiaries (the Group) for the financial year ended 30 June 2016 and the auditor's report thereon.

1. Directors

The directors of the Group at any time during or since the end of the financial year are:

Mark Steinert

Managing Director and Chief Executive Officer, Stockland

Mark Steinert was appointed as Managing Director and CEO of Stockland in January 2013. He has over 25 years' of experience in property and financial services including almost a decade of experience running operating businesses, leading large teams of professionals to drive profitability and employee engagement. Mark commenced his career in real estate with eight years' in direct property primarily with Jones Lang LaSalle, and 10 years' in listed real estate with UBS. At UBS Mark was Managing Director, Global Head of Real Estate Research and Co-Head of ANZ Real Estate. Mark was deeply involved in bringing many Australian REITs to market post the 1990 real estate crash and was very involved with industry bodies including the Property Council of Australia and establishing world leading real estate investor conferences.

Mark was appointed President of the Property Council of Australia in 2015, Chair of the Nominations Committee, and a member of both the Audit & Risk Committee and the Remuneration Committee. Mark is also a Director of the Shopping Centre Council of Australia and a founding member of the Property Male Champions of Change. Director since 23 April 2015 and National President since 23 April 2015.

Carmel Hourigan

Global Head of Real Estate, AMP Capital

Carmel is the Global Head of Real Estate for AMP Capital, responsible for leading AMP Capital's property investment and management business. Previously Chief Investment Officer for the GPT Group, Carmel's experience also includes senior roles at Lendlease and Challenger Financial Services Group, in addition to roles within Colonial First State, Stockland Group, JLL and Raine & Horne Commercial. Carmel holds a Bachelor of Business (Land Economics) and a Graduate Diploma of Finance and Investment from the Securities Institute of Australia.

Carmel is a Vice President on the Board of Directors for the Property Council of Australia, Chair of the Audit & Risk Committee, a member of the Nominations Committee and special advisor to the Property Male Champions of Change. Director since 7 April 2011.

Darren Steinberg

Chief Executive Officer and Executive Director, DEXUS Funds Management Limited

Darren Steinberg is the CEO of DEXUS Property Group and an Executive Director of DEXUS Funds Management Limited. Darren has over 25 years' experience in the property and funds management industry with an extensive background in office, industrial and retail property investment and development. Darren holds a Bachelor of Economics from the University of Western Australia. Darren is a Fellow of the Australian Institute of Company Directors, Royal Institution of Chartered Surveyors and the Australian Property Institute.

Darren is the Immediate Past President of the Property Council of Australia. Director since 16 April 2009 and National President from April 2011 to 23 April 2015. Darren is also a founding member of the Property Male Champions of Change.

Directors' Report (continued)

For the year ended 30 June 2016

1. Directors (continued)

Peter Allen

Chief Executive Officer, Scentre Group

Peter Allen is an Executive Director and Chief Executive Officer of Scentre Group. Prior to the establishment of Scentre Group in 2014, Peter was an executive Director and Chief Financial Officer of Westfield Group. Peter joined Westfield in 1996 and between 1998 and 2004 was Westfield's CEO of the United Kingdom/Europe and responsible for establishing Westfield's presence in the United Kingdom. Prior to joining Westfield, Peter worked for Citibank in Melbourne, New York and London. Peter is Chairman of the Shopping Centre Council of Australia and a Director of the Victor Chang Cardiac Research Institute. He is a member of the President's Council of the Art Gallery of NSW.

Peter is Chair of the Shopping Centre Council of Australia. Peter is also a founding member of the Property Male Champions of Change. Director since 23 April 2015.

Kingsley Andrew

General Manager, Residential Development, Stockland

Kingsley Andrew joined Stockland in 2005 and has led the group's Queensland residential business since 2010. This includes some 25 residential communities across the state with a total end market value of approximately \$12 billion. Kingsley has 20 years' experience in property development and project management roles across the country. Kingsley has led the approval and delivery of some of Stockland's largest and most successful master planned communities, including North Lakes in Brisbane, Highlands in Victoria, North Shore in Townsville and Caloundra South on the Sunshine Coast. Prior to his current role, Kingsley was General Manager of Stockland's Victorian Residential business during 2008 and 2009, and Regional Manager in Queensland for two years' prior to that. Before joining Stockland, Kingsley was managing director of Perth based private developer the Rockingham Park Group. Kingsley holds a Bachelor of Business in Property from the University of South Australia.

Kingsley is President of the Property Council's Queensland Division. Director since 23 April 2015.

Virginia Briggs

Partner, Minter Ellison

Virginia Briggs is a leading practitioner in the Sydney property, development and infrastructure markets acting for both private and government clients. Virginia deals in complex large-scale real estate transactions spanning the development, sale, purchase and leasing of commercial, industrial, residential and retail developments and infrastructure assets. Virginia acts for vendors, purchasers, landlords and tenants including such leading clients as UrbanGrowth NSW, AMP Capital Investors, Brookfield, CBA, Coles, DEXUS, PropertyNSW, NSW Treasury, Transport for NSW, Roads and Maritime Services and Sydney Harbour Foreshore Authority.

Virginia is an Associate Member and is the Chair of the Remuneration Committee. Virginia is also Chair of the NSW Women and Diversity Committee. Director since 28 May 2015.

Directors' Report (continued)

For the year ended 30 June 2016

1. Directors (continued)

Stephen Conry

Chief Executive Officer, JLL Australia

Stephen Conry is the Chief Executive Officer of JLL in Australia, the largest commercial property services firm in Australia and the first global property firm to establish an Australian presence. Stephen joined JLL in 1982, was appointed a Director in 1989, an International Director in 2000, and was appointed Australian CEO in 2009. Stephen's professional roles have encompassed all sectors of the commercial property industry, specialising in investment, consultancy, valuation, development and marketing, in addition to his various national executive leadership roles within JLL and the industry.

Stephen is a National Member representative on the Board of Directors for the Property Council of Australia and a member of the Audit & Risk Committee. Stephen is also a founding member of the Property Male Champions of Change. Director since 3 April 2014.

David Harrison

Managing Director and Group CEO, Charter Hall Group

David has 30 years' of property market experience across office, retail and industrial sectors in multiple geographies globally. As Charter Hall's Managing Director and Group CEO, David is responsible for all aspects of the Charter Hall business, with specific focus on strategy and continuing the momentum from building a \$16 billion Investment Manager recognised as a multi-core sector market leader. David is an executive member of various Fund Boards and Partnership Investment Committees, Chair of the Executive Property Valuation Committee and Executive Leadership Group.

David has overseen the growth of the Charter Hall Group from \$500 million to \$17.5 billion of assets under management in 12 years'. David has been principally responsible for transactions exceeding \$25 billion of commercial, retail and industrial property assets over the past 27 years'. David holds a Bachelor of Business Degree (Land Economy) from the University of Western Sydney, is a Fellow of the Australian Property Institute (FAPI) and holds a Graduate Diploma in Applied Finance from the Securities Institute of Australia.

David is a Corporate Leader representative on the Board of Directors for the Property Council of Australia and a member of the Remuneration Committee. David is also a member of the Property Male Champions of Change. Director since 14 April 2016.

Bob Johnston

Chief Executive Officer, The GPT Group

Bob Johnston joined The GPT Group as Chief Executive Officer in September 2015. He is an experienced property executive and business leader with a career spanning 28 years. Bob has been involved in most facets of the property sector including investment, development, project management and construction in Australia, Asia, the US and UK. He has a wealth of experience in funds management, asset management, development and across most asset classes including office, retail and industrial. For the eight years prior to joining GPT, Bob was Managing Director of the ASX-listed Australand Property Group, which became Frasers Australand in September 2014. Prior to that Bob held a number of senior management positions with Lendlease. Bob is also the Chairman of the Property Industry Foundation.

Bob is a Corporate Leader representative on the Board of Directors for the Property Council of Australia. Director since 14 April 2016. Bob is also a founding member of the Property Male Champions of Change.

Directors' Report (continued)

For the year ended 30 June 2016

1. Directors (continued)

Steve Maras

Group Managing Director and CEO, Maras Group

Steve has a multi-faceted professional background which includes accounting, insolvency management, corporate recovery and reconstruction, commerce and finance, valuation and advisory, commercial and retail investment sales and leasing, project management, investment management and development. Aside from managing and directing the Maras Group business, Steve is actively involved in a number of other organizations and serves on various Boards and Executive Committees. Maras Group is a privately owned and operated commercial and retail property investment and development business headquartered in South Australia. Prior to joining Maras Group in 2006, Steve spent several years with leading international commercial property agency, Knight Frank, where he successfully transacted a number of Adelaide's most significant commercial office and retail investments. During this time, he was also an Authorised Representative in South Australia for the Centro Property Group and was responsible for its shopping centre syndication capital raisings. Steve administers the strategic and operational day-to-day running of the Maras Group of Companies and has a very "hands on" approach to the business. He has developed a long standing team of key and loyal operators who assist him in driving the success of the business. He is committed to constantly growing and improving the business, "taking it to the next level" and is excited about Maras Group's future.

Steve is President of the Property Council's South Australian Division. Director since 6 August 2015.

Louise Mason

Chief Operating Officer, Property AMP Capital

Louise is the Chief Operation Officer for Property AMP Capital, responsible for driving operational performance and supporting the strategic direction of the business, with particular focus on the delivery of their office development pipeline and their Asset Creation strategies. Appointed to her role in 2016, Louise also oversees risk and compliance and communications functions within Property. With 27 years' experience in property, Louise was previously Managing Director of AMP Capital Office & Industrial (O&I), heading one of the largest in-house asset, property and development management teams in the industry. Louise joined AMP Capital in 2005 as Head of Shopping Centre Development before being appointed Head of Property Development in 2008 responsible for the management and delivery of all AMP Capital Property projects to achieve optimal commercial outcomes in line with the owner's objectives. Prior to joining AMP Capital, Louise's experience also includes 13 year with Lendlease Group in various roles including National Development Manager, Divisional Asset Manager and Investment Manager. She holds a Bachelor of Arts and Law (with Honours) from Macquarie University and is a member of the AMP Capital Property Leadership Team.

Louise is President of the Property Council's New South Wales Division. Director since 14 April 2016.

Angus McNaughton

Chief Executive Officer and Managing Director of Vicinity Centres

Angus is Chief Executive Officer and Managing Director of Vicinity Centres. Prior to his current appointment, Angus was the Managing Director and CEO of Novion Property Group (Novion). Before Novion, Angus held a number of roles within Colonial First State Global Asset Management (CFSGAM) including Managing Director of Property, Head of Wholesale Property and Chief Executive of the Manager of Kiwi Income Property Trust in New Zealand (now known as Kiwi Property Group Limited). Angus is a Fellow of Australian Property Institute and a Director of the Shopping Centre Council of Australia.

Angus is a Corporate Leader representative on the Board of Directors for the Property Council of Australia. Angus is also a founding member of the Property Male Champions of Change. Director from 5 August 2014 to 23 April 2015 and since 14 April 2016.

Directors' Report (continued)

For the year ended 30 June 2016

1. Directors (continued)

Chris Palandri

Regional Managing Director, Multiplex

Chris has been a member of the Multiplex team for over 26 years in roles that vary from Contracts Manager and Development Manager to Sector Managing Director - Apartments. Chris has a strong track record in the management of major residential and retail projects and the ability to form long-term alliances with clients, consultants and key subcontractors. These projects included Westralia Square, the Australian Taxation Office in Perth, and the construction of Northern Territory's State Parliament House in Darwin. Chris then moved to our Sydney Head Office reporting directly to the Multiplex Board of Directors in the role of Senior Development Manager. Following on from the success of these projects, Chris relocated to Auckland where, as General Manager for the New Zealand Development division, he was responsible for the successful establishment and growth of the Multiplex Developments business in the NZ market including strategic planning for the business, the creation of a divisional identity and the identification of development opportunities. In December 2009, Chris was asked to return to Perth as the Regional Managing Director for the WA business. In his current role, Chris has ultimate responsibility for all Multiplex projects in Western Australia including Brookfield Place Tower 2, Perth Stadium, Midland Health Campus and City Busport for the Public Transport Authority.

Chris is President of the Property Council's West Australian Division. Director since 23 April 2015.

Alison Quinn

CEO, Retire Australia

Alison has previously held positions as Executive General Manager Retirement at Aveo Group, CEO Growth Management Queensland for the Queensland State Government and Executive General Manager of Sanctuary Cove, a leading master-planned residential resort community on Queensland's Gold Coast. She has extensive development and investment experience in the property and constructions sector. Additionally, Alison has held Chair and Board memberships across multiple public sector growth projects. Holding a degree in Commerce from the University of Queensland.

Alison is currently the Chair of the Retirement Living Council. Director since 14 April 2016.

Kylie Rampa

Chief Executive Officer - Property, Australia, Lendlease

Kylie joined Lendlease in 2013 and was appointed to her current position on 1 May 2016. She is responsible for Lendlease's Australian Property business, which comprises a multibillion urban regeneration portfolio as well as the communities, retirement living and investment management businesses. Prior to her current role, Kylie was Managing Director – Investment Management, Australia, where she was responsible for the strategic growth of Lendlease's Australian Investment Management business, including retail asset management and development. Kylie has over 25 years' experience in Australian and global real estate. She has strong operational capability, along with significant investment management, asset management and development experience. Prior to joining Lendlease, Kylie held the position of Chief Executive of Gandel Group. Previous to this she was Head of Real Estate Advisory North America for the Macquarie Group and held various roles with Macquarie both in Australia and the US, including Chief Executive for the ASX listed Macquarie Countrywide Trust between 2000 and 2006. Kylie is an executive director of Lendlease Real Estate Investments Limited and a director of the Green Building Council of Australia. She holds a Bachelor of Business degree from Queensland University of Technology (QUT).

Kylie is a Corporate Leader representative on the Board of Directors for the Property Council of Australia. Director from 11 April 2002 to 27 July 2006, 4 April 2013 to 23 April 2015 and since 25 May 2016.

Directors' Report (continued)

For the year ended 30 June 2016

1. Directors (continued)

Nigel Satterley AM

Chief Executive, Satterley Property Group

Nigel Satterley founded the Satterley Property Group more than 35 years' ago and has more than 40 years' experience in home building, real estate and property development. Satterley Property Group has been awarded more than 90 prestigious industry awards and Nigel's personal achievements in residential development, real estate, project management, environmental and urban renewal have won recognition, respect and admiration. With wife Denise, Nigel is well known for supporting charity, particularly medical research, women's refuge, the churches, schools and sport. In 2006, Nigel received membership of the Order of Australia for his contribution to land development, urban renewal programs and to charity, medical research and sport. He is a life member and former No 1 ticket holder of the West Coast Eagles Football Club.

Nigel is Chair of the Property Council's Residential Development Council. Director since 23 April 2015.

Phil Soumilas

Principal, Buildcom Australia

Phil He has 35 years' experience in the Victorian property industry and is a former Managing Director of Knight Frank Victoria and General Manager, Commercial, at MAB Corporation. He is also a principal of Buildcom Australia a property development and investment company. He also holds Board positions with AMB Capital Partners and PGA Properties and is the Chair of Bluestone OCM. Phil holds a Bachelor of Arts, a Grad. Dip. Valuations and is a Licensed Real Estate Agent.

Phil is President of the Property Council's Victorian Division. Director from 7 April 2011 to 4 April 2013 and since 4 August 2016.

Tarun Gupta

Group Chief Financial Officer, Lendlease

Tarun was appointed Group Chief Financial Officer in May 2016 and is based in Sydney. Tarun joined Lendlease in 1994 and has held a number of senior executive positions within Lendlease. Prior to his current role, Tarun was Chief Executive Officer, Property, Australia for over three years where he oversaw significant growth and strong performance of Lendlease's Australian Urban Regeneration, Communities, Retirement and Investment Management businesses. Tarun has also held various roles in investment, asset and development management businesses, including Global Head of Investment Management, Chief Investment Officer Asia Pacific, Chief Executive Officer for the Investment Management business in Australia and Fund Manager of Australian Prime Property Fund (APPF), Lendlease's flagship unlisted Fund. Tarun has held the position of Deputy Chair of the Green Building Council of Australia. He holds a Bachelor of Economics (Honours) from the University of Delhi and a Master of Business Administration (MBA) from the University of Newcastle.

Tarun was formerly a Corporate Leader representative on the Board of Directors for the Property Council of Australia. Director from 23 April 2015 to 10 May 2016.

Directors' Report (continued)

For the year ended 30 June 2016

1. Directors (continued)

Ming Long

Ming Long was the Group Executive and the Fund Manager for Investa Office Fund (ASX: IOF), a \$2.5bn listed fund. Ming has extensive experience in funds management, capital management and corporate finance in the real estate and media sectors. She has a strong track record in the leadership of financial and human capital within organisations and driving performance through challenging markets. Prior to her most recent role, Ming was the Joint Managing Director & Finance Director for Investa Property Group and was the Group Chief Financial Officer of Investa Property Group from 2009. She has over twenty years' financial management experience and was previously a Director on the Responsible Entity Boards of Investa Office Fund and Investa Commercial Property Fund, and other Investa funds management Boards. She is a member of the Finance & Audit Committee of the University of Sydney, one of Australia's leading universities. Ming has a Bachelor of Economics, a Bachelor of Laws, a Masters of Business Administration and is a Fellow Chartered Accountant. She is also a Member of the Australian Institute of Company Directors, Chief Executive Women and a Fellow of Finsia.

Ming was formerly the Chair of the Property Council of Australia's International and Capital Markets Division. Director from 23 April 2015 to 20 April 2016.

Derek McMillan

Chief Executive Officer, Independent & Assisted Living, Australian Unity Limited

Derek joined Australian Unity in 1999. Derek held a number of executive positions before being appointed into his current role in 2005. He is responsible for all elements of the operations and development of the Independent and Assisted Living business, spanning Retirement Communities, Aged Care and Home Services. Following the acquisition of the Home Care Service of NSW, Australian Unity Independent & Assisted Living now provides services to around 60,000 clients and residents. Derek is a director of a number of Australian Unity Limited subsidiaries and is an active industry participant. Derek was elected to the board of the Retirement Villages Association (RVA) in 2007. Following its merger with the Property Council of Australia in 2012, Derek was elected the inaugural chairman of the new peak body, the Retirement Living Council, a position he held until early 2016. Derek has been a director of Leading Age Services Australia – Victoria since 2012. In December 2013 Derek was also appointed as a director of the National Ageing Research Institute, Australia's leading institute for research into ageing. Prior to joining Australian Unity Derek spent 3 years as an Executive at Pivot Limited (now Incitec-Pivot) responsible for commercial operations and advisory services to the agricultural industry. From 1987 to 1996 Derek was employed by Rhone-Poulenc Rorer (now Sanofi-Aventis) in the pharmaceutical industry in a range of sales, marketing and business management positions.

Derek was formerly the Chair of the Property Council of Australia's Retirement Living Council. Director from 7 February 2013 to 4 February 2016.

David Rolls

National Development Director, Property, Lendlease

David has over 26 years' of experience in property, construction, design and development, with a particular focus on complex major mixed use development projects. He has extensive leadership experience in some of the largest urban regeneration projects nationally. Previously, David held the role as Managing Director, Development at Lendlease and was responsible for all development projects for Lendlease Australia including mixed use & commercial, communities, apartments and retail developments. He was appointed to his current role as CEO Commercial, Development for Mirvac in March 2013.

David was formerly the President of the Property Council of Australia's NSW Division. Director from 4 April 2013 to 4 February 2016.

Directors' Report (continued)

For the year ended 30 June 2016

1. Directors (continued)

Steven Sewell

As Executive Director overseeing Macquarie Asset Management, MIRA Real Estate in UK and Europe, Steven Sewell is responsible for helping to develop these key markets as well as expanding MIRA's platform in Asia, Australia and Mexico. He is based in London. Before re-joining MIRA early in 2016, Steven acted as the Managing Director and CEO of Federation Centres (now named Vicinity Centres). His strong 17+ year track record in real estate funds management and capital transactions also includes a prior stint with MIRA as CEO of Macquarie CountryWide Trust (now Charter Hall Retail REIT) with shopping centre holdings in Europe, Australia, New Zealand and the US. Steven is a member of the International Council of Shopping Centres (ICSC). He received his Bachelor of Science degree (Mathematics and Chemistry) from the University of Melbourne.

Steven was formerly the Chair of the Shopping Centre Council of Australia. Director from 26 May 2011 to 5 August 2015.

David Southon

David was a co-founder of the Charter Hall Group and was formerly one of its Joint Managing Directors, with over 28 years' of property industry experience. In consultation with the CHC Executive Leadership Group and Board, the Joint Managing Directors were responsible for the formulation and implementation of the Group's strategy. David was directly responsible for overseeing the operation of the Property and Support Services Divisions including Retail, Office and Industrial Property Services; People, Brand and Community; Legal/CoSec; and Technology, as well as strategic involvement in project origination and direction. Together the Joint Managing Directors shared responsibility for the Chief Financial Officer in relation to Group Finance, Treasury and Capital Management. David is a Fellow Member of the Australian Property Institute (FAPI). David holds a Bachelor of Business Degree (Land Economy) from Western Sydney University.

David was formerly a Vice President on the Board of Directors for the Property Council of Australia, and Chair of the Remuneration Committee. Director from 23 April 2015 to 1 February 2016.

Adam Tindall

Chief Executive Officer, AMP Capital

Adam was appointed to the role of Chief Executive Officer, AMP Capital in October 2015. As CEO, Adam leads a market leading specialist investment manager which manages funds on behalf of retail and institutional clients across a range of asset classes including equities, fixed interest, property and infrastructure. AMP Capital has offices in Australia, Bahrain, China, Hong Kong, India, Japan, Luxembourg, New Zealand, the United Kingdom and the United States. Adam has 28 years of extensive experience in the investment management and property industries, most recently in the position of Director and Chief Investment Officer, Property at AMP Capital. In this role Adam led an integrated investment management business, managing a A\$19 billion portfolio of high quality property assets across Australia, New Zealand and Singapore on behalf of many leading institutional investors. Adam joined AMP Capital Property in 2009 from Macquarie Capital where he was Executive Director, Property and Infrastructure. Prior to this, Adam spent 17 years with Lendlease, ultimately working in various business leadership roles including Chief Executive Officer, Asia Pacific for Bovis Lendlease.

Adam was formerly a Corporate Leader representative on the Board of Directors for the Property Council of Australia. Director from 23 April 2015 to 19 October 2015.

Directors' Report (continued)

For the year ended 30 June 2016

1. Directors (continued)

Carolyn Viney

Whilst a Director Carolyn Viney was CEO of Grocon, one of Australia's largest privately held construction, development and real estate investment companies. Prior to that she was Deputy CEO and prior to that led the successful growth of Grocon's property development business to enable the group to transition from the high risk low return nature of construction which had defined much of its history, to the much more favourable risk and reward equation of property development and real estate investment. Simultaneously she grew the group's profile and project footprint away from its traditional home market of Melbourne and into the much prized Sydney market, where today most of the group's work is located, as well as its expansion into Queensland as a developer. She has held a variety of roles including leading the successful growth of Grocon's property development business as well as reorienting the way the business approaches its client and key stakeholder relationships. They include roles as Non-Executive Director and Chairman of the Australian Institute of Management (Vic), Grocon's engagement with The Big Issue and the Homes for Homes homelessless funding initiative and her current role on the Advisory Board of Women's Property Initiatives, a not for profit organization which supports women and children at risk of homelessness. Carolyn is a Non-Executive Director of the Australian Construction Association as well as a panel member of the Women's Property Initiatives Advisory Panel. Until recently, Carolyn was a Non-Executive Director of the Australian Institute of Management (Victoria and Tasmania) and President of the Victorian Chapter of the National Association of Women in Construction (NAWIC).

Carolyn was formerly the President of the Property Council of Australia's Victorian Division and Chair of the Remuneration Committee. Director from 23 April 2015 to 25 May 2016.

Kurt Wilkinson

Kurt Wilkinson was appointed President and Chief Operating Officer of Brookfield Property Partners, Australian Office Division in September 2012 following previous roles with Brookfield including Head of Asset Management. Kurt joined Brookfield in November 2009 and departed in March 2016. Kurt has 20 years' experience in the property industry, and prior to joining Brookfield, held roles in the area of commercial leasing and sales, property consultancy (Deloitte), asset management/investment/development as well as management experience in Listed Property Trusts. He holds a Bachelor of Business in Land Economics from the University of Western Sydney.

Kurt was formerly a Corporate Leader representative on the Board of Directors of the Property Council of Australia. Director from 23 April 2015 to 10 March 2016.

2. Company secretary

Joanne Gullick

Chief Financial Officer and Company Secretary, Property Council of Australia

Jo Gullick has over 25 years' experience in finance and corporate governance. Jo has worked in a broad range of industries including a not for profit employer membership group; an ASX publicly listed company; performing arts, retail and chartered accountancy. She has sat on a number of Boards in her capacity as company secretary. Jo holds a Bachelor of Commerce from the Australian National University. She is also a Certified Practising Accountant and has obtained a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia.

Appointed Company Secretary 8 June 2016.

Directors' Report (continued)

For the year ended 30 June 2016

1. Company secretary (continued)

Lesleigh Thompson

Former Chief Financial Officer, Property Council of Australia

Appointed Company Secretary from 6 August 2015, retired as Company Secretary on 21 June 2016.

Kathy Mac Dermott

Chief Operating Officer, Property Council of Australia.

Appointed Company Secretary from 15 May 2015, retired as Company Secretary on 6 August 2015.

3. Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Group during the financial year are:

Director	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B
Mr Mark Steinert	6	6			2	2
Ms Carmel Hourigan	6	2	1	1		
Mr Darren Steinberg	6	3				
Mr Peter Allen	6	4				
Mr Kingsley Andrew	6	5				
Ms Virginia Briggs	6	6			2	1
Mr Stephen Conry	6	5	1	1		
Mr David Harrison	2	1				
Mr Bob Johnston	2	1				
Mr Steve Maras	6	6				
Ms Louise Mason	2	2				
Mr Angus McNaughton	2	1				
Mr Chris Palandri	6	5				
Ms Alison Quinn	2	0				
Ms Kylie Rampa	1	0				
Mr Nigel Satterley AM	6	3				
Mr Phil Soumilas	0	0				
Mr Tarun Gupta	5	3				
Ms Ming Long	5	2				
Mr Derek McMillan	4	4				
Mr David Rolls	4	3				
Mr Steven Sewell	1	0				
Mr David Southon	3	3			1	1
Mr Adam Tindall	2	1				
Ms Carolyn Viney	6	6			2	2
Mr Kurt Wilkinson	4	2				

A – Number of meetings held during the time the director held office during the year.

B – Number of meetings attended.

Directors' Report (continued)

For the year ended 30 June 2016

4. Principal activities

The principal activities of the Group during the course of the financial year ended 30 June 2016 were public policy advocacy and the provision of information, professional development, research and events activities for the members of the Property Council of Australia and the property industry. There have been no significant changes in the nature of these activities during the year. The Group is a not-for-profit organisation, limited by guarantee.

5. Review and results of operations

During the year the Group provided education and research programmes, and supplied information to members and others through the provision of seminars, forums, luncheons, conferences, and the publication of magazines and newsletters.

The results after income tax of the Group for the year ended 30 June 2016 was a loss of **(\$874,579)** (2015: profit \$483,336).

It is important to note that the loss reported for the year ended 30 June 2016 was not an operating loss for the Group. During the year the Board approved the expenditure of **\$1,264,224** (2015: nil) for the Let Property Grow the Economy and Don't Touch Negative Gearing industry campaigns in line with our strategic objective of telling the story of the industry.

6. State of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Group that occurred during the year.

7. Environmental regulation

The Group's operations are not subject to any significant environmental regulation under either Commonwealth or State legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

8. Significant events after balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

9. Likely developments

Information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report.

10. Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit, by reason of a contract made by the Group or a related body corporate with the director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest.

Directors' Report (continued)

For the year ended 30 June 2016

11. Indemnification and insurance of officers

Indemnification

Since the end of the previous financial year, the Group has agreed to indemnify the Company Secretary, of its controlled entity, Lifemark Village Pty Ltd, against all liabilities to another person (other than the Group or a related body corporate) that may arise from his position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Group will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

During the financial year the Group has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 30 June 2016 and since the financial year, the Group has paid or agreed to pay premiums in respect of such insurance contracts for the year ended 30 June 2016. Such insurance contracts insure against certain liability (subject to specific exclusions) of persons who are or have been directors or executive officers of the Group.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

12. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 14 and forms part of the directors' report for the financial year ended 30 June 2016.

This report is made with a resolution of the directors:



Mark Steinert
Director

20 October 2016



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of the Property Council of Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Nigel Virgo', written over a faint KPMG logo.

KPMG

A large, stylized handwritten signature in black ink, appearing to read 'Nigel Virgo', written over a faint KPMG logo.

Nigel Virgo

Partner

Sydney

20 October 2016

Consolidated Statement of Financial Position**As at 30 June 2016**

	Note	2016	2015
Current assets			
Cash and cash equivalents	6	5,557,008	1,718,360
Trade and other receivables	7	1,621,689	2,193,276
Investments	8	9,148,073	12,894,763
Lease asset		35,429	47,101
Total current assets		16,362,199	16,853,500
Non-current assets			
Property, plant and equipment	9	1,052,802	1,147,412
Total non-current assets		1,052,802	1,147,412
Total assets		17,415,001	18,000,912
Current liabilities			
Trade and other payables	10	1,742,032	1,304,833
Deferred income	11	7,776,783	7,856,183
Employee benefits	12	1,846,106	1,889,887
Lease liability		26,356	19,580
Total current liabilities		11,391,277	11,070,483
Non-current liabilities			
Employee benefits	12	146,901	182,859
Lease liability		146,830	142,998
Total non-current liabilities		293,731	325,857
Total liabilities		11,685,008	11,396,340
Net assets		5,729,993	6,604,572
Equity			
Retained earnings	14	5,729,993	6,604,572
Total equity		5,729,993	6,604,572

The notes on pages 19 to 34 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income**For the year ended 30 June 2016**

	Note	2016	2015
Revenue from rendering of services			
Subscriptions / membership fees		11,100,311	10,551,671
Events		13,089,375	11,348,772
Education		2,982,821	2,763,228
Communication		622,714	984,712
Advocacy		30,927	31,000
Information		1,064,097	1,086,920
Accreditation (Lifemark)		33,025	60,762
Other revenue	2	394,999	466,621
Total revenue		29,318,269	27,293,686
Expenses			
Events		7,963,706	7,186,910
Education		1,692,168	1,461,425
Communication		653,261	1,028,752
Advocacy		6,856,893	6,408,924
Information		462,167	526,465
Shopping Centre Council	15(iii)	433,000	433,000
Corporate services (including depreciation)		12,131,653	9,764,874
Total expenses		30,192,848	26,810,350
Profit/(loss) before income tax		(874,579)	483,336
Income tax expense	5	-	-
Profit/(loss) after tax		(874,579)	483,336
Other comprehensive income		-	-
Total comprehensive income for the year		(874,579)	483,336

The notes on pages 19 to 34 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

As at 30 June 2016

	Note	2016	2015
Balance as at 1 July		6,604,572	6,121,236
Profit/(loss) for the year		(874,579)	483,336
Balance as at 30 June	14	5,729,993	6,604,572

The notes on pages 19 to 34 are an integral part of these financial statements.

Consolidated Statement of Cash Flows**For the year ended 30 June 2016**

	Note	2016	2015
Cash flows from operating activities			
Cash receipts from customers		32,379,882	30,377,787
Cash payments to suppliers and employees		<u>(32,352,884)</u>	<u>(29,229,943)</u>
Net cash from operating activities	17	26,998	1,147,844
Cash flows from investing activities			
Interest received		392,036	431,321
Proceeds from (acquisition of) term deposits		3,746,690	(1,199,155)
Acquisition of property, plant and equipment	9	<u>(327,076)</u>	<u>(358,921)</u>
Net cash provided by (used in) investing activities		3,811,650	(1,126,755)
Net increase in cash and cash equivalents		3,838,648	21,089
Cash and cash equivalents at 1 July		1,718,360	1,697,271
Cash and cash equivalents at 30 June	6	<u>5,557,008</u>	<u>1,718,360</u>

The notes on pages 19 to 34 are an integral part of these financial statements.

Notes to the Financial Statements

Note 1. Statement of significant accounting policies

Property Council of Australia Limited (the “Group”) is a Company domiciled in Australia. The address of the Group’s registered office is Level 1, 11 Barrack Street, Sydney, New South Wales, 2000. The Group is a not-for-profit entity and is primarily involved in public policy advocacy and the provision of information, professional development, research and events activities for its members and the property industry.

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Board of Directors on 20 October 2016.

(b) Basis of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities and comprise the Property Council of Australia Limited (the parent entity) and its controlled entities as defined in Accounting Standard AASB 127 “Consolidated and Separate Financial Statements”. Controlled entities are listed in note 19 to the financial statements. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting principles.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The consolidated financial statements include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions arising within the consolidated entity are eliminated in full.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(d) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Group’s functional currency.

Notes to the Financial Statements

Note 1. Statement of significant accounting policies (continued)

(e) Changes in accounting policies

The Group has consistently applied the accounting policies set out in note 1 to all periods presented in these consolidated financial statements.

(f) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- note 1(j) – impairment
- note 1(k) – employee benefits
- note 1(l) – provisions

(g) Property, plant and equipment

Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses (see accounting policy note 1(j)). Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other income” in profit or loss.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation and amortisation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The residual value, the useful life and the depreciation method applied to an asset are reviewed at each reporting date. The estimated useful lives for the current and comparative periods are as follows:

Notes to the Financial Statements

Note 1. Statement of significant accounting policies (continued)

(g) Property, plant and equipment (continued)

Plant & equipment

▪ Computer equipment & software	2.5 - 5 years
▪ Office furniture & equipment	5 - 10 years
▪ Leasehold improvements	5 - 10 years

(h) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses (see accounting policy note 1(j)).

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash balances, at call deposits, term deposits and commercial bills invested for periods not exceeding 90 days.

(j) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash flows of other assets or groups of assets.

Notes to the Financial Statements

Note 1. Statement of significant accounting policies (continued)

(j) Impairment (continued)

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(k) Employee benefits

Long-term service benefits

The Group's net obligation in respect of long-service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates, including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date, which have maturity dates approximating to the terms of the Group's obligations.

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Trade and other payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 30-day terms.

(n) Revenue

Rendering of services

Revenue principally relates to membership subscriptions, sponsorships, advertising, professional development courses and events. Revenue from members' subscriptions, sponsorship and advertising is recognised over the period to which each relates.

Revenue from professional development courses, events and other products and services is recognised in the period in which the course, event or service is provided.

Interest Revenue

Interest revenue is recognised on an accruals basis taking into account the interest rates applicable to the financial assets.

Notes to the Financial Statements

Note 1. Statement of significant accounting policies (continued)

(n) Revenue (continued)

Government Grants

Government grants that compensate the company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(o) Expenses

Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(p) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

(q) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Notes to the Financial Statements

Note 1. Statement of significant accounting policies (continued)

(r) New standards and interpretations not yet adopted

Certain new Accounting Standards and Interpretations have been published that are not mandatory for the financial year ended 30 June 2016, but are available for early adoption. They have not been applied in preparing this financial report.

AASB 9 Financial Instruments

AASB 9 addresses the classification, measurement and recognition of financial assets, financial liabilities and hedging. The standard becomes mandatory for the June 2019 financial year, and will be applied prospectively. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 9.

AASB 15 Revenue from Contracts with Customers and Consequential amendments

AASB 15 provides a new five step model for recognising revenue earned from a contract with a customer and will replace the existing AASB 118 Revenue and AASB 111 Construction Contracts. This standard becomes mandatory for the June 2019 financial year and will be applied retrospectively. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 15.

AASB 16: Leases

AASB 16 provides a new model for accounting for leases. Early adoption is permitted under certain circumstances. The standard becomes mandatory for the June 2020 financial year and will be applied retrospectively. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 16.

Notes to the Financial Statements

Note 2. Other revenues from ordinary activities

	2016	2015
Interest revenue	387,203	428,787
Other	7,796	37,834
	394,999	466,621

Note 3. Profit/(loss) before income tax

	2016	2015
Profit before income tax includes:		
- Depreciation of furniture and equipment	214,210	229,390
- Depreciation of software and websites	128,161	231,052
- Amortisation of leasehold improvements	77,022	64,472
- Operating lease expense	1,152,233	1,161,568
- Personnel expenses	13,245,045	12,520,752

Note 4. Auditor's remuneration

	2016	2015
KPMG Australia		
- Audit of the financial statements	55,000	65,000
- Taxation services	10,000	11,000
- Other consulting services	28,497	28,000
	93,497	104,000

Note 5. Income tax expense

The current year tax expense and deferred tax for the current year is **\$Nil** (2015: \$Nil). The numerical reconciliation between tax expense and pre-tax net profit is set out below.

Only certain income of the Group is subject to taxation. This includes proceeds from the sale or supply of goods and services to persons who are non-members of the Property Council of Australia.

Notes to the Financial Statements

Note 5. Income tax expense (continued)

	2016	2015
Profit/(loss) before tax	(874,579)	483,336
Prima facie income tax expense/(benefit) using the domestic corporation tax rate of 30% (2015: 30%)	(262,374)	145,001
Non-assessable income	(7,795,506)	(7,210,859)
Non-deductible expenses	7,862,517	6,863,447
Prior year (over)/under provision	126,155	(75,300)
	(69,208)	(277,712)
Tax losses created not recognised	69,208	277,712
Income tax expense	-	-

The Group has unrecognised carried forward tax losses at 30% of **\$588,610** (2015: \$519,402).

Note 6. Cash and cash equivalents

	2016	2015
Cash at bank and on hand	3,899,147	1,483,590
Short term deposits	1,367,861	234,770
	5,557,008	1,718,360

Note 7. Trade and other receivables

	2016	2015
Trade receivables	698,258	1,302,917
Provision for doubtful debts	(45,608)	(15,158)
Interest accrued	77,897	82,729
Prepayments	891,142	822,788
	1,621,689	2,193,276

The ageing of the Group's trade receivables at the balance date was:

	Not past due	Past due			Total
		31 – 60 days	61 – 120 days	120 + days	
2016	516,804	35,721	88,548	57,185	698,258
2015	940,915	273,384	162,482	(6,293)	1,370,488

Notes to the Financial Statements

Note 8. Investments

	2016	2015
Held-to-maturity investments – term deposits	9,148,073	12,894,763

Note 9. Property, plant and equipment

	Leasehold Improvements	Software & Websites	Furniture & Equipment	Total
Cost				
Balance at 1 July 2014	939,746	1,229,803	2,071,397	4,240,946
Acquisitions	49,645	179,594	129,682	358,921
Write-offs	(452,170)	-	(143,777)	(595,947)
Balance at 30 June 2015	<u>537,221</u>	<u>1,409,397</u>	<u>2,057,302</u>	<u>4,003,921</u>
Balance at 1 July 2015	537,221	1,409,397	2,057,302	4,003,921
Acquisitions	44,824	167,464	114,787	327,076
Write-offs	-	-	(12,137)	(12,137)
Balance at 30 June 2016	<u>582,045</u>	<u>1,576,861</u>	<u>2,159,952</u>	<u>4,318,860</u>
Depreciation and impairment losses				
Balance at 1 July 2014	544,549	852,595	1,524,512	2,921,656
Depreciation	64,472	231,052	229,390	524,914
Write-offs	(451,360)	-	(138,702)	(590,062)
Balance at 30 June 2015	<u>157,662</u>	<u>1,083,647</u>	<u>1,615,200</u>	<u>2,856,509</u>
Balance at 1 July 2015	157,662	1,083,647	1,615,200	2,856,509
Depreciation	77,022	128,161	214,210	419,393
Write-offs	-	-	(9,844)	(9,844)
Balance at 30 June 2016	<u>234,684</u>	<u>1,211,808</u>	<u>1,819,566</u>	<u>3,266,058</u>
Carrying amounts at 30 June 2015	<u>379,561</u>	<u>325,749</u>	<u>442,103</u>	<u>1,147,412</u>
Carrying amounts at 30 June 2016	<u>347,362</u>	<u>365,052</u>	<u>340,387</u>	<u>1,052,802</u>

Notes to the Financial Statements

Note 10. Trade and other payables

	2016	2015
Trade payables and accruals	1,693,086	1,255,888
Special contribution for Managed Investment Trust research (note (a))	48,945	48,945
	1,742,032	1,304,833

(a) Special contribution for Managed Investment Trust research

In 2009, special contributions were collected from our International Capital Market members to conduct MIT research in relation to redesigning and streamline the investment trusts regime. There were no contributions, or any expenditure relating to such contributions, during the year, and the balance in the account represents funds carried forward to future periods.

Note 11. Deferred income

	2016	2015
Subscriptions received in advance	4,778,387	4,970,500
Sponsorship billed in advance	946,211	1,180,733
Other fees billed in advance	2,052,185	1,704,950
	7,776,783	7,856,183

Note 12. Employee benefits

	2016	2015
Current		
Annual leave	552,327	515,667
Long service leave	230,552	384,499
Bonuses	1,063,227	989,721
	1,846,106	1,889,887
Non Current		
Long service leave	146,901	182,859

Note 13. Member's guarantee

The Group is limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the company.

Note 14. Retained earnings

	2016	2015
Balance at beginning of year	6,604,572	6,121,236
Net profit/(loss) for the period	(874,579)	483,336
Balance at end of year	5,729,993	6,604,572

Notes to the Financial Statements

Note 15. Related Party Transactions

(i) Key management personnel disclosures

The following were key management personnel (KMP) of the Group at any time during the reporting period and unless otherwise indicated, were key management personnel for the entire period.

Non-Executive Directors

Mr M Steinert	Appointed 23 April 2015	
Ms C Hourigan	Appointed 7 April 2011	
Mr D Steinberg	Appointed 16 April 2009	
Mr P Allen	Appointed 23 April 2015	
Mr K Andrew	Appointed 23 April 2015	
Ms V Briggs	Appointed 23 April 2015	
Mr S Conry	Appointed 3 April 2014	
Mr D Harrison	Appointed 14 April 2016	
Mr R Johnston	Appointed 14 April 2016	
Mr S Maras	Appointed 6 August 2015	
Ms L Mason	Appointed 14 April 2016	
Mr A McNaughton	Appointed 14 April 2016	
Mr C Palandri	Appointed 23 April 2015	
Ms A Quinn	Appointed 14 April 2016	
Ms K Rampa	Appointed 25 May 2016	
Mr N Satterley	Appointed 23 April 2015	
Mr P Soumilas	Appointed 4 August 2016	
Mr T Gupta	Appointed 23 April 2015	Retired 10 May 2016
Ms M Long	Appointed 23 April 2015	Retired 20 April 2016
Mr D McMillan	Appointed 7 February 2013	Retired 4 February 2016
Mr D Rolls	Appointed 4 April 2013	Retired 4 February 2016
Mr S Sewell	Appointed 26 May 2011	Retired 5 August 2015
Mr D Southon	Appointed 23 April 2015	Retired 1 February 2016
Mr A Tindall	Appointed 23 April 2015	Retired 19 October 2015
Ms C Viney	Appointed 23 April 2015	Retired 25 May 2016
Mr K Wilkinson	Appointed 23 April 2015	Retired 10 March 2016

Notes to the Financial Statements

Note 15. Related Party Transactions (continued)

(i) Key management personnel disclosures (continued)

Executive Management

Ken Morrison	Chief Executive
Kathy Mac Dermott	Chief Operating Officer
Joanne Gullick	Chief Financial Officer – Appointed 18 July 2016
Helen Harms	Head of Technology and Digital Innovation – Appointed 11 July 2016
Sandra Rouco	Head of People and Culture
Glenn Byres	Chief of Policy and Housing – Appointed 25 January 2016 (formerly Executive Director, NSW Division)
Jane Fitzgerald	Executive Director, NSW Division – Appointed 21 March 2016
Chris Mountford	Executive Director, QLD Division
Sally Capp	Executive Director, VIC Division – Appointed 19 September 2016
Lino Iacomella	Executive Director, WA Division – Appointed 1 April 2016
Daniel Gannon	Executive Director, SA Division
Brian Wightman	Executive Director, TAS Division
Ruth Palmer	Executive Director, NT Division – Appointed 25 July 2016 (formerly Director – NT)
Andrew Mihno	Executive Director, International Capital Markets
Mary Wood	Executive Director, Retirement Living Council
Lesleigh Thompson	Chief Financial Officer – Resigned 21 June 2016
Ian Kynaston	Chief Information Officer – Redundancy 17 June 2016
Jennifer Cunich	Executive Director, VIC Division – Resigned 12 May 2016
Joe Lenzo	Executive Director, WA Division – Resigned 31 March 2016
Catherine Carter	Executive Director, ACT Division – Resigned 11 December 2015
Nick Proud	Executive Director, Residential Development Council – Redundancy 5 February 2016
Merlin Kong	Executive Director, ACT Division – Resigned 16 September 2016

Notes to the Financial Statements

Note 15. Related Party Transactions (continued)

(ii) Key management personnel compensation

The Non-Executive Directors of the Group received no compensation during the current and prior year.

The compensation of the Executive Management is set out below.

	2016	2015
Short-term employee benefits	3,678,205	4,023,284
Post-employment benefits	291,719	322,832
Other long-term benefits	(200,803)	(120,837)
Termination benefits	565,941	388,496
	4,335,062	4,613,775

(iii) Other Related Party Transactions

Other than membership and related fees payable to the Group by director related entities in the normal course of business, there are no other related party transactions in the current or prior year.

Shopping Centre Council of Australia Limited

The Group provides payroll and some accounting services for Shopping Centre Council of Australia Limited (SCCA), for which Property Council of Australia Limited charges a service fee. In addition, Property Council of Australia Limited makes a financial contribution to SCCA to support their advocacy work on retail property issues. The total financial contribution incurred during the year totalled \$433,000 (2015: \$433,000).

Green Building Council of Australia Limited

The Group operates a profit sharing arrangement with the Green Building Council of Australia Limited (GBCA) for the Green Cities conference, which is held annually. The Chief Executive Officer of the Property Council of Australia is a Director on the Board of the GBCA. No transactions occurred between the entities during the year, only the share of profit attributable to each entity from the conference, which amounted to \$218,943 (2015: \$197,585).

Lifemark Village Pty Ltd

The Group provides management oversight and governance for Lifemark Village Pty Limited (Lifemark), which is a wholly owned subsidiary of the parent entity, the Property Council of Australia. Lifemark incurs an annual management fee for the management services received. The total management fees incurred during the year totalled \$25,000 (2015: \$25,000).

Note 16. Operating leases

Leases as lessee

	2016	2015
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	1,252,993	1,288,776
Between one and five years	4,499,964	4,704,860
More than five years	2,601,832	3,649,927
	8,354,789	9,643,563

Notes to the Financial Statements

Note 17. Notes to the Statement of Cash Flows

	2016	2015
Reconciliation of net cash flows from operating activities:		
Profit/(loss) for the period	(874,579)	483,336
Less items classified as investing activities:		
Interest received	(392,036)	(431,321)
Add non-cash items:		
Amortisation	77,022	64,472
Depreciation	342,371	460,442
Write-off of plant and equipment no longer held	2,293	5,886
Provision for bonuses	1,063,227	989,721
	219,298	1,572,536
Change in receivables	639,942	(3,479)
Change in prepayments	(68,354)	118,743
Change in payables	437,198	(399,498)
Change in lease liability	22,280	(14,078)
Change in revenue received in advance	(79,400)	874,030
Change in employee benefits	(1,142,966)	(1,000,410)
Net cash from operating activities	26,998	1,147,844

Note 18. Financial instruments

Credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was **\$698,258** (2015: \$1,370,488) the receivables balance as set out in note 7.

The Directors consider that there is no significant difference between the fair values and book values of the financial assets and liabilities at the balance date.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

Notes to the Financial Statements

Note 18. Financial instruments (continued)

Interest rate risk

The Group's exposure to interest rate risk and the effective weighted average interest rate for the classes of financial assets and financial liabilities is set out below:

2016	Note	Floating Interest Rate	Fixed-interest Rate	Non-interest bearing	Total	Weighted average interest rate
Financial assets						
Cash and cash equivalents	6	3,893,647	1,657,861	5,500	5,557,008	1.55%
Receivables	7	-	-	698,258	698,258	-
Investments	8	-	9,148,073	-	9,148,073	2.64%
		3,893,647	10,805,934	703,758	15,403,339	
Financial liabilities						
Payables	10	-	-	1,742,032	1,742,032	-

2015	Note	Floating Interest Rate	Fixed-interest Rate	Non-interest bearing	Total	Weighted average interest rate
Financial assets						
Cash and cash equivalents	6	1,478,090	234,770	5,500	1,718,360	0.81%
Receivables	7	-	-	1,370,488	1,370,488	-
Investments	8	-	12,894,763	-	12,894,763	2.95%
		1,478,090	13,129,533	1,375,988	15,983,611	
Financial liabilities						
Payables	10	-	-	1,304,833	1,304,833	-

At the reporting date, the Group's only interest bearing financial instruments were its cash and cash equivalents, and investments.

An increase/decrease of 100 basis points in interest rates during the course of the year would have increased/decreased the Group's equity by **\$156,274** (2015: \$142,256).

Notes to the Financial Statements

Note 19. List of subsidiaries

The consolidated financial statements of the Property Council of Australia Limited and its subsidiary as follows:

Name	Principal place of business	Ownership Interest %	
		2016	2015
Parent entity			
Property Council of Australia Limited	Australia	100	100
Subsidiary			
Lifemark Village Pty Limited	Australia	100	100

Property Council of Australia Limited is the parent entity of the Group. Lifemark Village Pty Limited was acquired to manage a new accreditation standard for retirement villages throughout Australia. Management fees are paid each year to Property Council of Australia Limited for governance and oversight of the subsidiary. During 2016, a total of \$25,000 in management fees were incurred by the subsidiary.

Note 20. Parent entity

As at, and throughout, the financial year ended 30 June 2016 the parent entity of the Group was the Property Council of Australia Limited.

	2016	2015
Results of parent entity		
Profit/(loss) for the year	(881,197)	447,574
Other comprehensive income	-	-
Total comprehensive income for the year	(881,197)	447,574
Financial position of parent entity at year end		
Current assets	16,319,819	16,792,739
Total assets	17,372,621	17,940,150
Current liabilities	11,366,277	11,020,483
Total liabilities	11,660,007	11,346,340
Total equity of parent entity comprising of:		
Retained earnings	5,712,613	6,593,810
Total equity	5,712,613	6,593,810

Note 21. Subsequent events

No events have occurred subsequent to balance date that would have a material effect on the financial statements at 30 June 2016.

Directors' Declaration

- 1 In the opinion of the directors of the Property Council of Australia Limited ('the Group'):
 - (a) the financial statements and notes, set out on pages 15 to 34, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
- 2 The directors draw attention to note 1(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



Mark Steinert
Director

Dated at Hamilton Island

20 October 2016



Independent auditor's report to the members of Property Council of Australia Limited

Report on the financial report

We have audited the accompanying financial report of the Property Council of Australia Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2016, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, Notes 1 to 21 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

A stylized signature of the KPMG firm, consisting of the letters 'KPMG' in a cursive, handwritten style.

KPMG

A handwritten signature of Nigel Virgo, consisting of several overlapping, slanted lines.

Nigel Virgo

Partner

Sydney

20 October 2016