



ANNUAL FINANCIAL REPORT

Property Council of Australia Limited

ABN 13 008 474 422

30 June 2017

Directors' Report

For the year ended 30 June 2017

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 2017 and the auditor's report thereon.

1. Directors

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

Susan Lloyd-Hurwitz – National President CEO and Managing Director – Mirvac

Susan Lloyd-Hurwitz was appointed Chief Executive Officer & Managing Director in August 2012 and a Director of Mirvac Board in November 2012. Prior to this appointment, Susan was Managing Director at LaSalle Investment Management. Susan has also held senior executive positions at MGPA, Macquarie Group and Lend Lease Corporation, working in Australia, the US and Europe. Susan has been involved in the real estate industry for over 28 years, with extensive experience in investment management in both the direct and indirect markets, development, mergers and acquisitions, disposals, research and business strategy. Susan holds a Bachelor of Arts (Hons) from the University of Sydney and an MBA (Distinction) from INSEAD (France).

Susan is also National President of the Property Council of Australia, a Director of the Shopping Centre Council of Australia and the Green Building Council of Australia, a member of the NSW Public Service Commission Advisory Board, President of INSEAD Australasian Council and a member of the INSEAD Global Board. Susan is also Chair of the Nominations Committee and a member of the Remuneration Committee. Director since 20 October 2016. National President since 30 March 2017.

Mark Steinert – Immediate Past President Managing Director & CEO, Stockland

Mark was appointed Managing Director and Chief Executive Officer of Stockland on 29 January 2013. Mark has 26 years of experience in property and financial services including eight years in direct property primarily with Jones Lang LaSalle and ten years in listed real estate with UBS. He was appointed as Head of Australasian Equities at UBS in 2004 and as Global Head of Research in New York in late 2005. In 2012, he was appointed as Global Head of Product Development and Management for Global Asset Management at UBS, a \$559 billion Global Fund Manager. Mark is a member of the Stockland Sustainability Committee and a Director of Stockland Capital Partners Limited, the Responsible Entity for Stockland's unlisted property funds. Mark also served as a Director of the Green Building Council of Australia until 30 June 2016.

Mark is the Immediate Past President of the Property Council of Australia. Mark is also a founding member of the Property Male Champions of Change. Director since 23 April 2015 and National President from 23 April 2015 to 30 March 2017.

Directors' Report (continued)

For the year ended 30 June 2017

1. Directors (continued)

David Harrison – National Vice President

Managing Director and Group CEO, Charter Hall Group

As Charter Hall's Managing Director and Group CEO, David is responsible for all aspects of the Charter Hall business. 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 \$19 billion of assets under management in 13 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 Vice President of the Property Council of Australia and Chair of the Audit and Risk Committee and a member of the Nominations Committee. David is also a member of the Property Male Champions of Change. Director since 14 April 2016. National Vice President since 30 March 2017.

Kylie Rampa – National Vice President

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 Vice President of the Property Council of Australia and a member of both the Nominations Committee and the Remuneration Committee. Director from 11 April 2002 to 27 July 2006, 4 April 2013 to 23 April 2015 and since 25 May 2016. National Vice President since 30 March 2017.

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 a Director of the Victor Chang Cardiac Research Institute.

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

Directors' Report (continued)

For the year ended 30 June 2017

1. Directors (continued)

Virginia Briggs

Partner, MinterEllison

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, Property NSW, 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. Director since 28 May 2015.

Anastasia Clarke

Chief Financial Officer – The GPT Group

Anastasia is responsible for the Group's capital management, financial reporting, accounting, tax, technology and business services. She has over 25 years' of experience in accounting, finance and treasury roles in the real estate industry. Anastasia joined The GPT Group in September 2009 as Group Treasurer. Her past roles include Chief Financial Officer of New City Australia and Singapore, Treasurer and Head of Finance at Dexus Property Group and corporate treasury and project finance roles at Lendlease. Anastasia is a Fellow of the Australian Society of Certified Practising Accountants and holds a Bachelor of Accounting from the University of Technology, Sydney.

Anastasia is President of the Property Council's International and Capital Markets Division and the ICMD representative on the Board of Directors for the Property Council of Australia. Director since 20 October 2016.

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. Stephen is also a founding member of the Property Male Champions of Change. Director since 3 April 2014.

Directors' Report (continued)

For the year ended 30 June 2017

1. Directors (continued)

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 Corporate Leader representative on the Board of Directors for the Property Council of Australia and a member of the Audit and Risk Committee, a member of the Nominations Committee and a special advisor of the Property Male Champions of Change. Director since 7 April 2011.

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 29 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. Bob is also a founding member of the Property Male Champions of Change. Director since 14 April 2016.

Laurence Lancini

Managing Director, Lancini Group

The sole director of Lancini Property and Development, Laurence Lancini, is a licensed builder and commenced his construction business some 36 years ago. He started as a house builder based in Townsville and progressed over the years to grow his business to a state wide operation covering all facets of property development.

Laurence is President of the Property Council's Queensland Division. Director since 30 March 2017.

Directors' Report (continued)

For the year ended 30 June 2017

1. Directors (continued)

Steve Maras

Group Managing Director and CEO, Maras Group

Steve has an extensive and multi-faceted background over 25 years which includes accounting, corporate recovery and reconstruction, commerce and finance, valuation and advisory, commercial and retail investment sales and leasing, project management, investment management and development. Prior to his appointment in 2007 as Managing Director of Maras Group, a privately owned and operated commercial and retail property investment and development business headquartered in South Australia, Steve had worked in various senior roles with both PwC and Knight Frank.

Aside from managing and directing the Maras Group business, Steve serves on various boards and not-for-profits including as Vice Chairman of the Living Without Limits Foundation and Deputy Chair of the Australia Day Council of South Australia. Steve is also the Honorary Consul for Uruguay in Adelaide.

He is a Fellow of the Australian Institute of Company Directors, Senior Fellow of the Institute of Place Management (UK) and Member of The Consular Corps of SA. He holds a Master of Business in Property from the University of South Australia and a Bachelor of Economics (Accounting) from the University of Adelaide.

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

Louise Mason

Chief Operating Officer, Real Estate, AMP Capital

Louise is the Chief Operating Officer for Real Estate, 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, research and communications functions within Real Estate. 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 years with the 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 Real Estate Leadership Team and the AMP Capital Exco.

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 the 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 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 2017

1. Directors (continued)

Alison Quinn

CEO, Retire Australia

Alison is one of Australia's most experienced senior executives with an extensive track record of success, having 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 seniors housing, property and construction sector. Additionally, Alison has held Chair and Board memberships across multiple public sector growth projects. She has a degree in Commerce from the University of Queensland.

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

Darren Steinberg

Chief Executive Officer and Executive Director, Dexus Funds Management Limited

Darren Steinberg is the CEO of Dexus 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 also a founding member of the Property Male Champions of Change. Director since 16 April 2009 and National President from 7 April 2011 to 23 April 2015.

Roger Teale

Head of Markets - Victoria, Lendlease

Roger is primarily responsible for leading Lendlease Victoria to establish business, industry and government networks, and identify new market opportunities. Roger works across Lendlease's areas of expertise and in particular with the Property, Building and Engineering businesses in Victoria to build enduring and successful relationships with clients and partners. Roger is a member of the State Government's Victorian Aboriginal Economic Board. Roger is also involved with key industry associations including the Committee for Melbourne, CEDA, VECCI, ABCC and MBAV.

Roger is currently President of the Victorian Division. Director since 30 March 2017.

Tanya Trevisan

Chief Operating Officer, TRG Properties

Tanya Trevisan is primarily responsible for managing the design, planning and construction of the Transcontinental Group's property development operations, and is Chief Operating Officer of TRG Properties Pty Ltd. She has substantial experience in project managing all aspects of large built-form property projects, holds a Bachelor of Architecture from the University of Western Australia and is a registered architect in Western Australia and in the United Kingdom. Tanya has over 30 years' of national and international experience in property development, with a particular focus on multi-residential and mixed-use projects, and was involved in large scale inner city redevelopment projects in London, Berlin and Sydney before returning to live in Western Australia in 2004. Since then, she has played a major role in establishing mixed-use, commercial, heritage, green-star and englobo land projects in Western Australia and Victoria. Tanya is also a member of the West Australian Planning Commission Design WA Advisory Group.

Tanya is President of the Property Council's WA Division. Director since 31 May 2017.

Directors' Report (continued)

For the year ended 30 June 2017

1. Directors (continued)

Andrew Whitson

Group Executive and CEO Residential, Stockland

Andrew Whitson was appointed Group Executive and CEO of Stockland's residential business in June 2013. Stockland is Australia's largest residential developer, with a strong focus on delivering affordable, liveable communities and a pipeline of 72,600 future lots with an end value of almost \$18.2 billion. He has an extensive background in residential property development and investment both in Australia and overseas. Andrew joined Stockland in early 2008 as Regional Manager for Greater Brisbane and Far North Queensland. He was appointed General Manager Residential, Victoria in July 2009 and in November 2012, his role expanded to include New South Wales. Andrew began his career in the construction industry before joining Springfield Land Corporation in Queensland. He was promoted to the role of General Manager Residential in 2005 where he led the company's residential development business. Andrew is currently a director of the Green Building Council of Australia. Andrew holds a Bachelor of Civil Engineering from the University of Adelaide.

Andrew is currently the President of the Residential Development Council. Director since 30 March 2017.

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.

Director from 23 April 2015 to 30 March 2017.

Chris Palandri

Regional Managing Director, Multiplex Constructions

Chris has been a member of the Multiplex team for over 27 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, retail and commercial 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. From Darwin Chris moved to Multiplex's Sydney Head Office reporting directly to the Multiplex Board of Directors in the role of Senior Development Manager. Following on from the success of many Sydney 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. Between 2007 and 2009 Chris was the Managing Director of Multiplex Apartment business, Multiplex Living. 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 Perth Stadium, Mandurah Shopping Centre, Karrinyup Shopping Centre and the New Perth Museum.

Director from 23 April 2015 to 30 March 2017.

Directors' Report (continued)

For the year ended 30 June 2017

1. Directors (continued)

Tony Perrin

Tony was the General Manager, Residential – WA for Frasers Property Australia. With over 25 years' experience in a variety of property development roles he worked for Nakheel in Dubai on the Palm Jebel Ali and Waterfront projects, and prior to that in Business & Development Manager roles with Frasers Property, in both the Sydney and Perth offices. During this time, he worked on a variety of Residential, Mixed Use, Retail, Commercial and Industrial projects.

Tony was a Director from 30 March 2017 to 31 May 2017.

Nigel Satterley AM

Chief Executive, Satterley Property Group

Nigel Satterley founded the Satterley Property Group (SPG) in 1980 and has more than 40 years' experience in homebuilding, real estate and property development. SPG is the largest private residential land developer in Australia with an annual sales turnover of around AU\$1 billion. It has been involved in 167 individual residential communities, sold more than 62,000 lots and won over 100 international, national and state industry awards. Controlling a land bank with an end-value of some AU\$11 billion, SPG operates in three Australian states: Western Australia (25% market share), Victoria (10% market share) and Queensland. SPG has six large-scale residential joint ventures with the WA State Government including the Department of Housing and Landcorp. Nigel is a sought-after industry expert on Australian residential housing markets and cycles, taking on advisory roles to the Australian Federal Government and working with all levels of government to improve housing affordability. 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. In 2015, he was honoured with a Doctor of Business from the Edith Cowan University for the contribution to the WA housing industry and his philanthropic activities in the community. He is a patron of the Telethon Speech and Hearing, St John of God's Hospital Appeal, Board Member of PCYC, former President of the Residential Council of Australia, Life Member of the West Coast Eagles.

Director from 23 April 2015 to 30 March 2017.

Phil Soumilas

Principal, Buildcom Australia

Phil has 38 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.

Director from 7 April 2011 to 4 April 2013 and from 4 August 2016 to 30 March 2017.

2. Committee member (non-Director)

Adrian Williams

Head of Real Estate Finance, AMP Capital

Adrian joined AMP Capital in 2007 after six years at Jones Lang LaSalle where he held the position of National Director of Finance, Lease Administration and Compliance. Prior to this, Adrian spent six years at Fairfax where he held a number of senior finance roles. Adrian has significant experience leading large finance teams through major cultural and system change programs. AMP Capital and a member of their Real Estate Leadership Team.

Committee member from 26 September 2016.

Directors' Report (continued)

For the year ended 30 June 2017

3. 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 an industry membership organisation, 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 Fellow of the CPAs and has obtained a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia.

Appointed Company Secretary 8 June 2016.

4. 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 & Risk Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B
Ms Susan Lloyd-Hurwitz	5	5				
Mr Mark Steinert	6	5			2	2
Mr David Harrison	6	5	1	1	2	2
Ms Kylie Rampa	6	5				
Mr Peter Allen	6	5				
Ms Virginia Briggs	6	5			2	2
Ms Anastasia Clarke	5	5				
Mr Stephen Conry	6	6	3	3		
Ms Carmel Hourigan	6	5	4	4		
Mr Bob Johnston	6	4				
Mr Laurence Lancini	2	1				
Mr Steve Maras	6	5				
Ms Louise Mason	6	6				
Mr Angus McNaughton	5	3				
Ms Alison Quinn	6	5				
Mr Darren Steinberg	6	4				
Mr Roger Teale	2	1				
Ms Tanya Trevisan	1	0				
Mr Andrew Whitson	2	1				
Mr Kingsley Andrew	4	4				
Mr Chris Palandri	4	4				
Mr Nigel Satterley AM	4	2				
Mr Phil Soumalis	4	2				
Mr Tony Perrin	1	1				
Mr Adrian Williams*			4	3		

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

B – Number of meetings attended.

* Committee member (non-Director)

Directors' Report (continued)

For the year ended 30 June 2017

5. Principal activities

The principal activities of the Group during the course of the financial year ended 30 June 2017 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.

6. 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 2017 was a profit of **\$660,209** (2016: loss \$874,579).

7. 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.

8. 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.

9. 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.

10. 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.

11. 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 2017

12. 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 their 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

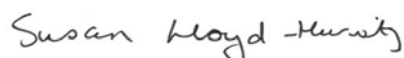
During the financial year the Group has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 30 June 2017 and since the financial year, the Group has paid or agreed to pay premiums in respect of such insurance contracts for the year ended 30 June 2017. 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.

13. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 13 and forms part of the directors' report for the financial year ended 30 June 2017.

This report is made with a resolution of the directors:



Susan Lloyd-Hurwitz
Director

18 October 2017



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 of the Property Council Australia Limited for the financial year ended 30 June 2017 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.

KPMG

Nigel Virgo
Partner

Sydney

18 October 2017

Consolidated Statement of Financial Position**As at 30 June 2017**

	Note	2017	2016
Current assets			
Cash and cash equivalents	6	3,268,869	5,557,008
Trade and other receivables	7	1,965,068	1,621,689
Investments	8	13,120,347	9,148,073
Lease asset		23,348	35,429
Total current assets		18,377,632	16,362,199
Non-current assets			
Property, plant and equipment	9	1,748,703	1,052,802
Total non-current assets		1,748,703	1,052,802
Total assets		20,126,335	17,415,001
Current liabilities			
Trade and other payables	10	2,502,726	1,742,032
Deferred income	11	8,711,900	7,776,783
Employee benefits	12	2,057,106	1,846,106
Lease liability		33,638	26,356
Total current liabilities		13,305,370	11,391,277
Non-current liabilities			
Employee benefits	12	191,115	146,901
Lease liability		239,648	146,830
Total non-current liabilities		430,763	293,731
Total liabilities		13,736,133	11,685,008
Net assets		6,390,202	5,729,993
Equity			
Retained earnings	14	6,390,202	5,729,993
Total equity		6,390,202	5,729,993

The notes on pages 18 to 33 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income**For the year ended 30 June 2017**

	Note	2017	2016
Revenue from rendering of services			
Subscriptions / membership fees		11,718,553	11,100,311
Events		15,346,709	13,089,375
Education		1,405,688	2,982,821
Communication		580,427	622,714
Advocacy		13,800	30,927
Information		1,091,635	1,064,097
Accreditation (Lifemark)		31,450	33,025
Other revenue	2	384,319	394,999
Total revenue		30,572,580	29,318,269
Expenses			
Events		9,443,751	7,963,706
Education		658,518	1,692,168
Communication		125,094	653,261
Advocacy		7,201,494	6,856,893
Information		493,185	462,167
Shopping Centre Council	15(iii)	485,000	433,000
Corporate services (including depreciation)		11,505,330	12,131,653
Total expenses		29,912,371	30,192,848
Profit/(loss) before income tax		660,209	(874,579)
Income tax expense	5	-	-
Profit/(loss) after tax		660,209	(874,579)
Other comprehensive income		-	-
Total comprehensive income for the year		660,209	(874,579)

The notes on pages 18 to 33 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

As at 30 June 2017

	Note	2017
Opening balance at 1 July 2016		5,729,993
Profit/(loss) for the year		660,209
Closing balance at 30 June 2017	14	6,390,202
		2016
Opening balance at 1 July 2015		6,604,572
Profit/(loss) for the year		(874,579)
Closing balance at 30 June 2016	14	5,729,993

The notes on pages 18 to 33 are an integral part of these financial statements.

Consolidated Statement of Cash Flows**For the year ended 30 June 2017**

	Note	2017	2016
Cash flows from operating activities			
Cash receipts from customers		34,014,647	33,196,301
Cash payments to suppliers and employees		<u>(31,412,345)</u>	<u>(33,065,583)</u>
Net cash from operating activities	17	2,602,302	130,718
Cash flows from investing activities			
Interest received		330,851	392,035
Proceeds from/(paid) (acquisition of) term deposits		(3,972,274)	3,746,690
Acquisition of property, plant and equipment		<u>(1,249,018)</u>	<u>(430,795)</u>
Net cash provided by /(used in) investing activities		(4,890,441)	3,707,930
Net (decrease)/increase in cash and cash equivalents		(2,288,139)	3,838,648
Cash and cash equivalents at 1 July		5,557,008	1,718,360
Cash and cash equivalents at 30 June	6	<u>3,268,869</u>	<u>5,557,008</u>

The notes on pages 18 to 33 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 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 18 October 2017.

(b) Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 30 June 2017. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(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 2017, 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. AASB 9 is effective for the annual reporting periods beginning on or after 1 January 2018. No material impact is expected 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. AASB 15 is effective after 1 January 2018. No material impact is expected 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. AASB 16 is effective for the annual reporting periods beginning on or after 1 January 2019. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 16.

AASB 1058: Income for Non for Profit

AASB 1058 which becomes effective 1 January 2019 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15 Revenue from Contracts with Customers. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

This Standard applies when a NFP entity receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity recognises and measures the asset at fair value in accordance with the applicable Australian Accounting Standard (eg AASB 116 Property, Plant and Equipment). Upon initial recognition of the asset, this Standard requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised, such as contributions by owners, revenue, or a contract liability arising from a contract with a customer. These related amounts are then accounted for in accordance with the applicable Australian Accounting Standard.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 1058.

Notes to the Financial Statements

Note 2. Other revenues from ordinary activities

	2017	2016
Interest revenue	333,589	387,203
Other	50,729	7,796
	384,319	394,999

Note 3. Profit/(loss) before income tax

	2017	2016
Profit before income tax includes:		
- Depreciation of furniture and equipment	302,960	214,210
- Amortisation of software and websites	123,026	128,161
- Amortisation of leasehold improvements	60,631	77,022
- Operating lease expense	1,489,748	1,152,233
- Personnel expenses	13,851,920	13,245,045

Note 4. Auditor's remuneration

	2017	2016
KPMG Australia		
- Audit of the financial statements	55,000	55,000
- Taxation services	4,613	10,000
- Other consulting services	2,376	28,497
	61,988	93,497

Note 5. Income tax expense

The current year tax expense and deferred tax for the current year is **\$Nil** (2016: \$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)

	2017	2016
Profit/(loss) before tax	660,209	(874,579)
Prima facie income tax expense/(benefit) using the domestic corporation tax rate of 30% (2016: 30%)	198,063	(262,374)
Non-assessable income	(8,103,380)	(7,795,506)
Non-deductible expenses	7,858,430	7,862,517
Prior year adjustment	(126,154)	126,155
	(173,041)	(69,208)
Tax losses created	173,041	69,208
Income tax expense	-	-

The Group has carried forward tax losses at 30% of **\$761,652** (2016: \$588,611).

Note 6. Cash and cash equivalents

	2017	2016
Cash at bank and on hand	1,246,110	3,899,147
Short term deposits	2,022,759	1,367,861
	3,268,869	5,557,008

Note 7. Trade and other receivables

	2017	2016
Trade receivables	871,439	698,258
Provision for doubtful debts	-	(45,608)
Interest accrued	80,634	77,897
Prepayments	1,012,995	891,142
	1,965,068	1,621,689

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	
2017	619,565	83,869	60,443	107,562	871,439
2016	516,804	35,721	88,548	57,185	698,258

Notes to the Financial Statements

Note 8. Investments

	2017	2016
Held-to-maturity investments – term deposits	13,120,347	9,148,073

Note 9. Property, plant and equipment

	Leasehold Improvements	Software & Websites	Furniture & Equipment	Total
Cost				
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	582,045	1,576,861	2,159,952	4,318,860
Balance at 1 July 2016	582,045	1,576,861	2,159,952	4,318,860
Acquisitions	20,493	300,272	863,095	1,183,860
Write-offs	-	-	(1,603)	(1,603)
Balance at 30 June 2017	602,539	1,877,133	3,021,444	5,501,116
Depreciation and impairment losses				
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	234,684	1,211,808	1,819,566	3,266,058
Balance at 1 July 2016	234,684	1,211,808	1,819,566	3,266,058
Depreciation	60,631	123,026	302,960	486,617
Write-offs	-	-	(261)	(261)
Balance at 30 June 2017	295,314	1334,835	2,122,264	3,752,413
Carrying amounts at 30 June 2016	347,362	365,052	340,387	1,052,802
Carrying amounts at 30 June 2017	307,224	542,298	889,180	1,748,703

Notes to the Financial Statements

Note 10. Trade and other payables

	2017	2016
Trade payables and accruals – held at fair value	2,491,431	1,693,086
Special contribution for Managed Investment Trust research (note (a))	11,295	48,945
	2,502,726	1,742,032

(a) Special contribution for Managed Investment Trust research

In 2009, special contributions were collected from our International and 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

	2017	2016
Subscriptions received in advance	5,159,159	4,778,387
Sponsorship billed in advance	1,218,717	946,211
Other fees billed in advance	2,334,024	2,052,185
	8,711,900	7,776,783

Note 12. Employee benefits

	2017	2016
Current		
Annual leave	654,924	552,327
Long service leave	176,738	230,552
Bonuses	1,225,444	1,063,227
	2,057,106	1,846,106
Non Current		
Long service leave	191,115	146,901

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

	2017	2016
Balance at beginning of year	5,729,993	6,604,572
Net profit/(loss) for the period	660,209	(874,579)
	6,390,202	5,729,993

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

Ms S Lloyd-Hurwitz	Appointed 20 October 2016	
Mr M Steinert	Appointed 23 April 2015	
Mr D Harrison	Appointed 14 April 2016	
Ms K Rampa	Appointed 25 May 2016	
Mr P Allen	Appointed 23 April 2015	
Ms V Briggs	Appointed 28 May 2015	
Ms A Clarke	Appointed 20 October 2016	
Mr S Conry	Appointed 3 April 2014	
Ms C Hourigan	Appointed 7 April 2011	
Mr R Johnston	Appointed 14 April 2016	
Mr L Lancini	Appointed 30 March 2017	
Mr S Maras	Appointed 6 August 2015	
Ms L Mason	Appointed 14 April 2016	
Mr A McNaughton	Appointed 14 April 2016	
Ms A Quinn	Appointed 14 April 2016	
Mr D Steinberg	Appointed 16 April 2009	
Mr R Teale	Appointed 30 March 2017	
Ms T Trevisan	Appointed 31 May 2017	
Mr A Whitson	Appointed 30 March 2017	
Mr K Andrew	Appointed 23 April 2015	Retired 30 March 2017
Mr C Palandri	Appointed 23 April 2015	Retired 30 March 2017
Mr T Perrin	Appointed 30 March 2017	Retired 31 May 2017
Mr N Satterley AM	Appointed 23 April 2015	Retired 30 March 2017
Mr P Soumilas	Appointed 4 August 2016	Retired 30 March 2017

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
Glenn Byres	Chief of Policy and Housing
Sally Capp	Executive Director, VIC Division – Appointed 19 September 2016
Adina Cirson	Executive Director, ACT Division – Appointed 28 November 2016
Jane Fitzgerald	Executive Director, NSW Division
Daniel Gannon	Executive Director, SA Division
Joanne Gullick	Chief Financial Officer & Company Secretary
Helen Harms	Head of Technology and Digital Innovation
Lino Iacomella	Executive Director, WA Division
Chris Mountford	Executive Director, QLD Division
Ben Myers	Executive Director, Retirement Living Council – Appointed 19 December 2016
Belinda Ngo	Executive Director, International and Capital Markets – Appointed 14 June 2017 (formerly Director of Tax Policy)
Ruth Palmer	Executive Director, NT Division
Paul Ritchie	Head of Media & Communications
Sandra Rouco	Head of People and Culture
Brian Wightman	Executive Director, TAS Division
Andrew Mihno	Executive Director, International Capital Markets – Resigned 1 May 2017
Mary Wood	Executive Director, Retirement Living Council – Resigned 28 October 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.

	2017	2016
Short-term employee benefits	3,916,288	3,678,205
Post-employment benefits	315,444	291,719
Other long-term benefits	29,907	(200,803)
Termination benefits	173,972	565,941
	4,435,512	4,335,062

(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 \$485,000 (2016: \$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 \$232,596 (2016: \$218,943).

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 (2016: \$25,000).

Note 16. Operating leases

Leases as lessee

	2017	2016
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	1,248,502	1,252,993
Between one and five years	4,313,421	4,499,964
More than five years	1,539,873	2,601,832
	7,101,796	8,354,789

Notes to the Financial Statements

Note 17. Notes to the Statement of Cash Flows

	2017	2016
Reconciliation of net cash flows from operating activities:		
Profit/(loss) for the period	660,209	(874,579)
Less items classified as investing activities:		
Interest received	(333,589)	(387,203)
Add non-cash items:		
Amortisation	60,631	77,022
Depreciation	432,923	341,051
Provision for bonuses	1,225,444	1,063,227
	2,045,618	219,518
Change in receivables	(173,182)	604,659
Change in prepayments	(121,853)	(68,354)
Change in payables	798,345	437,198
Change in lease liability	(76,752)	(57,709)
Change in revenue received in advance	935,118	(79,400)
Change in employee benefits	(804,992)	(925,194)
Net cash from operating activities	2,602,302	130,718

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 **\$871,439** (2016: \$698,258) 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:

2017	Note	Floating Interest Rate	Fixed-interest Rate	Non-interest bearing	Total	Weighted average interest rate
Financial assets						
Cash and cash equivalents	6	1,246,610	2,022,759	5,550	3,268,869	1.08%
Receivables	7	-	-	871,439	871,439	-
Investments	8	-	13,120,347	-	13,120,347	2.39%
		1,246,610	15,143,106	876,939	17,260,656	
Financial liabilities						
Payables	10	-	-	2,502,726	2,502,726	-

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	-

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 **\$178,470** (2016: \$156,274).

Notes to the Financial Statements

Note 19. List of subsidiaries

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

Name	Principal place of business	Ownership Interest %	
		2017	2016
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 2017, 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 2017 the parent entity of the Group was the Property Council of Australia Limited.

	2018	2017
Results of parent entity		
Profit/(loss) for the year	654,234	(881,197)
Other comprehensive income	-	-
Total comprehensive income for the year	654,234	(881,197)
Financial position of parent entity at year end		
Current assets	18,404,284	16,319,819
Total assets	20,152,988	17,372,621
Current liabilities	13,343,396	11,366,277
Total liabilities	13,786,141	11,660,007
Total equity of parent entity comprising of:		
Retained earnings	6,366,847	5,712,613
Total equity	6,366,847	5,712,613

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 2017.

Directors' Declaration

- 1 In the opinion of the directors of the Property Council of Australia Limited ('the company'):
 - (a) the consolidated financial statements and notes, set out on pages 14 to 33, 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 2017 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting and the Corporations Regulations 2001;
 - (b) there are reasonable grounds to believe that the company 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:



Susan Lloyd-Hurwitz

Director

Dated at Cairns

18 October 2017



Independent Auditor's Report

To the members of the Property Council of Australia Limited

Opinion

We have audited the **Financial Report** of the Property Council of Australia Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2017;
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in the Property Council of Australia Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar7.pdf. This description forms part of our Auditor's Report.

KPMG

Nigel Virgo
Partner

Sydney
18 October 2017