



## **ANNUAL FINANCIAL REPORT**

**Property Council of Australia Limited**

**ABN 13 008 474 422**

**30 June 2018**



## Directors' Report

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### For the year ended 30 June 2018

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 2018 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 the 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 is 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 holds a Bachelor of Arts (Hons) from the University of Sydney and an MBA (Distinction) from INSEAD (France).

Susan is the National President of the Property Council of Australia, 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.

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 2018**

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### **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, with specific focus on strategy. 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 \$22.5 billion of assets under management in 14 years. David has been principally responsible for transactions exceeding \$25 billion of commercial, retail and industrial property assets over the past 28 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 is Chief Executive Officer Property, Australia for the Lendlease Group. Prior to this role Kylie was Managing Director of Lendlease Investment Management and has held other senior positions with the Gandel Group, Macquarie Group, AMP and Schroders. She has over 25 years' experience in Australian and global real estate, living and working in both Australia and the US. She has extensive experience in investment management across both listed and unlisted capital markets, development, asset management, mergers and acquisitions and business strategy and operations. She holds a Bachelor of Business degree from Queensland University of Technology (QUT).

Kylie is a Director of Lendlease Real Estate Investments Limited, the Responsible Entity for Lendlease's unlisted property funds and a Director of Lendlease Development Pty Limited; Deputy Chair of the Green Building Council of Australia and a Director of the Sydney Opera House Trust where she also Chairs the Building and Heritage Committee.

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 2018**

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### **1. Directors (continued)**

#### **Virginia Briggs**

##### **Partner, MinterEllison**

Virginia Briggs is the leader of MinterEllison's Infrastructure, Construction and Property Group. She 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. She acts for vendors, purchasers, landlords and tenants including such leading clients as AMP Capital Investors, Brookfield, Dexu The GPT Group, UrbanGrowth NSW Development Corporation, Property NSW, NSW Treasury, NSW Land and Housing Corporation, Place Management NSW.

Virginia is a member of the Property Council of Australia's National Board and a Board member of the Committee for Sydney and the NSW Schools' Infrastructure Advisory Council. Virginia is also a member of MinterEllison's Diversity Committee and its Innovation Council, using her positions of leadership and influence to drive strategy, growth and diverse thinking in a changing legal landscape.

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**

As Chief Financial Officer, Anastasia is responsible for The GPT Group's capital management, financial reporting, accounting, tax and technology divisions. Named one of Asia's 25 Most Influential Women in Finance & Treasury in 2015, and with over 25 years' of experience in the real estate industry, Anastasia's past roles include Chief Financial Officer at New City Australia and Singapore, Treasurer and Head of Finance at Dexu Property Group and corporate treasury and project finance roles at Lendlease. Anastasia is a Fellow of the Australian Society of Certified Practising Accountants, a member of Chartered Accountants ANZ and holds a Bachelor of Accounting from the University of Technology, Sydney.

Anastasia is President of the Property Council's Capital Markets Division and the CMD 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 2018**

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### **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 30 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.

#### **Grant Kelley**

##### **CEO and Managing Director, Vicinity Centres**

Grant Kelley joined Vicinity Centres in 2018 and has over 25 years' of global experience in real estate investment, corporate strategy, funds management and private equity.

Grant was formerly CEO at City Developments Limited, a Singapore-based global real estate company with operations in over 20 countries. Prior to this, Grant was the Co-Head of Asia Pacific for Apollo Global Management, and also led their real estate investment activities in the region. In 2008, Grant founded Holdfast Capital Limited, an Asian-based real estate investment firm, which was acquired by Apollo in 2010. From 2004 to 2008, Grant was the CEO of Colony Capital Asia where he guided acquisition and asset management activities in Asia. From 2002 to 2004, he was based in New York, where he was a Principal at Colony with responsibility for the identification of US and European investment opportunities.

Grant holds a Bachelor of Laws degree from the University of Adelaide, a Masters in Economic Sciences from the London School of Economics, and an MBA from the Harvard Business School. Grant is Chairman of Adelaide Basketball and Chairman of Holdfast Assets, a Director of the Shopping Centre Council of Australia and a Council Member of the Asia Society Policy Institute.

Grant is a member of the Property Male Champions of Change and a director of the Property Council of Australia since 27 February 2018.

## **Directors' Report (continued)**

**For the year ended 30 June 2018**

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### **1. Directors (continued)**

#### **Laurence Lancini**

##### **Managing Director, Lancini Group**

The Managing Director of Lancini Property and Development, Laurence Lancini is a licensed builder who commenced his construction business some 36 years ago. Laurence started as a bricklayer based in Townsville, and progressed over the years to grow his business to a state-wide operation covering all facets of property development. Laurence has extensive direct experience in the property industry, having developed, built, owned and managed a wide cross-section of award-winning property types throughout Queensland, including residential, high rise, office, industrial, commercial, special purpose and retail/shopping centres.

Laurence is the Chair of the Cowboys Football Club, a Director and former Chair of the Cowboys Leagues Club, and a life member of both of those Clubs and Townsville Enterprise Limited.

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

#### **Steve Maras**

##### **Group Managing Director and CEO, Maras Group**

Steve has a wide-ranging and multi-faceted background spanning over almost 30 years which includes corporate recovery and reconstruction, commerce and finance, valuation and advisory, commercial and retail investment sales and leasing, syndicate raising, 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 including 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**

##### **Group Executive & CEO Commercial Property, Stockland**

Louise joined Stockland as Group Executive and CEO Commercial Property in June 2018. Louise is responsible for all aspects of Stockland's extensive Commercial Property portfolio of 75 shopping centres, logistics and business parks, and office assets with a combined value of over \$10.6 million.

Louise has 28 years' experience in real estate. Prior to joining Stockland, Louise was Chief Operating Officer of AMP Capital Real Estate. She has also held several senior executive operational and development roles at AMP in retail, office, and industrial, as well as retail management positions at Lendlease. She holds a Bachelor of Arts / Bachelor of Law (Honours) from Macquarie University.

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

## **Directors' Report (continued)**

**For the year ended 30 June 2018**

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### **1. Directors (continued)**

#### **Angus McNaughton**

Angus was CEO and Managing Director of Vicinity Centres from August 2015 to December 2017. Prior to joining Vicinity Centres, Angus was 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.

Angus was a Corporate Leader representative on the Board of Directors for the Property Council of Australia and a member of the Property Male Champions of Change until December 2017. Director from 5 August 2014 to 23 April 2015 and 14 April 2016 to 22 November 2017.

#### **Alison Quinn**

##### **CEO, Retire Australia**

Alison Quinn is the Chief Executive Officer of RetireAustralia, the largest privately-owned retirement village operator in Australia, with a portfolio of 27 villages nationally, including 3,700 villas and apartments.

Alison is one of Australia's most experienced senior property 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 a Director of Lifemark Village Pty Ltd since 29 February 2016. She is currently the National President of the Retirement Living Council. Director since 14 April 2016.

#### **Darren Steinberg**

##### **Chief Executive Officer of Dexu and an Executive Director of Dexu Funds Management Limited**

Darren Steinberg is the CEO of Dexu and an Executive Director of Dexu 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 responsible for driving Lendlease's business, industry and government networks in Victoria, and identifying new market opportunities across the State. He is focused on building enduring and successful relationships with clients and partners throughout the development and delivery lifecycle of major projects. Roger is a member of the State Government's Victorian Aboriginal Economic Board and also actively involved in key industry associations including the Committee for Melbourne, CEDA, VECI, ABCC and MBAV.

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



## **Directors' Report (continued)**

**For the year ended 30 June 2018**

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### **1. Directors (continued)**

#### **Tanya Trevisan**

##### **Chief Operating Officer, Iris Residential**

Tanya Trevisan is Chief Operating Officer and an executive director of Iris Residential, a privately-owned Western Australian property developer with a strong track record in the successful delivery of quality residential, commercial and englobo land projects. She brings almost 30 years' of national and international property experience to the role, delivering a range of large-scale inner-city redevelopment projects in London, Berlin and Sydney over a period of almost two decades before returning to WA and commencing at Iris Residential (then TRG Properties) in 2004. Today, Iris Residential is one of WA's biggest and most successful apartment developers. A registered architect, Tanya studied architecture in London and at the University of Western Australia. She is a member of the West Australian Planning Commission Design WA Advisory Group, and a leading advocate for quality apartment design and progressive planning policy.

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

#### **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 85,000 future lots with an end market value of approximately \$22.8 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 working across Asia and Australia before joining Springfield Land Corporation in Queensland in 2003. 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.

### **2. Committee member (non-Director)**

#### **Adrian Williams**

##### **Acting COO, Head of Corporate Responsibility and Business Platform, AMP Capital**

Adrian has been at AMP Capital for 10 years with the majority of this time as Head of Finance for Real Estate. He moved into his current role in September 2017 where he is responsible for Governance and Risk, ESG and Technology. Since early 2018 Adrian has also been acting in the COO role.

Committee member from 26 September 2016.

## Directors' Report (continued)

For the year ended 30 June 2018

### 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	6			3	3
Mr Mark Steinert	3	6				
Mr David Harrison	4	6	1	2		
Ms Kylie Rampa	5	6			3	3
Mr Peter Allen	2	6				
Ms Virginia Briggs	6	6			3	3
Ms Anastasia Clarke	6	6				
Mr Stephen Conry	6	6				
Ms Carmel Hourigan	2	6	1	2		
Mr Bob Johnston	6	6				
Mr Grant Kelley	2	3				
Mr Laurence Lancini	3	6				
Mr Steve Maras	6	6				
Ms Louise Mason	3	6				
Mr Angus McNaughton	2	3				
Ms Alison Quinn	5	6				
Mr Darren Steinberg	4	6				
Mr Roger Teale	4	6				
Ms Tanya Trevisan	6	6				
Mr Andrew Whitson	3	6				
Mr Adrian Williams*			2	2		

A – Number of meetings attended.

B – Number of meetings held during the time the director held office during the year

\* Committee member (non-Director)

## **Directors' Report (continued)**

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**For the year ended 30 June 2018**

### **5. Principal activities**

The principal activities of the Group during the course of the financial year ended 30 June 2018 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 2018 was a profit of **\$195,374** (2017: profit \$660,209).

### **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)**

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**For the year ended 30 June 2018**

### **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 2018 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 2018. 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 12 and forms part of the directors' report for the financial year ended 30 June 2018.

This report is made with a resolution of the directors:



**Susan Lloyd-Hurwitz**  
*Director*

23 October 2018

## Auditor's Independence Declaration

### To the Directors of Property Council of Australia Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Property Council of Australia Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



A Sheridan  
Partner – Audit & Assurance

Sydney, 23 October 2018

**Consolidated Statement of Financial Position****As at 30 June 2018**

	Note	2018	2017
<b>Current assets</b>			
Cash and cash equivalents	6	6,465,144	3,268,869
Trade and other receivables	7	3,150,154	1,965,068
Held-to-maturity	8	-	13,120,347
Available-for-sale	10	3,500,000	-
Lease asset		10,138	23,348
<b>Total current assets</b>		<b>13,125,436</b>	<b>18,377,632</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	1,762,154	1,748,703
Available-for-sale	10	5,330,464	-
<b>Total non-current assets</b>		<b>7,092,618</b>	<b>1,748,703</b>
<b>Total assets</b>		<b>20,218,054</b>	<b>20,126,335</b>
<b>Current liabilities</b>			
Trade and other payables	11	2,964,380	2,502,726
Deferred income	12	7,934,610	8,711,900
Employee benefits	13	2,187,873	2,057,106
Lease liability		25,705	33,638
<b>Total current liabilities</b>		<b>13,112,568</b>	<b>13,305,370</b>
<b>Non-current liabilities</b>			
Employee benefits	13	161,335	191,115
Lease liability		358,575	239,648
<b>Total non-current liabilities</b>		<b>519,910</b>	<b>430,763</b>
<b>Total liabilities</b>		<b>13,632,478</b>	<b>13,736,133</b>
<b>Net assets</b>		<b>6,585,576</b>	<b>6,390,202</b>
<b>Equity</b>			
Retained earnings	15	6,579,926	6,390,202
Available- for-sale Reserve		5,650	-
<b>Total equity</b>		<b>6,585,576</b>	<b>6,390,202</b>

The notes on pages 17 to 33 are an integral part of these financial statements.

## Consolidated Statement of Comprehensive Income

For the year ended 30 June 2018

	Note	2018	2017
Revenue from rendering of services			
Subscriptions / membership fees		12,118,359	11,718,553
Events		16,585,999	15,346,709
Education		1,629,111	1,405,688
Communication		602,041	580,427
Advocacy		11,050	13,800
Information		1,344,917	1,091,635
Accreditation (Lifemark)		30,911	31,450
Other revenue	2	303,428	384,319
<b>Total revenue</b>		<b>32,625,816</b>	<b>30,572,580</b>
Expenses			
Events		10,401,204	9,443,751
Education		805,077	658,518
Communication		120,159	125,094
Advocacy		8,097,122	7,201,494
Information		547,806	493,185
Shopping Centre Council		535,000	485,000
Corporate services (including depreciation)		11,929,724	11,505,330
<b>Total expenses</b>		<b>32,436,092</b>	<b>29,912,371</b>
<b>Profit/(loss) before income tax</b>		<b>189,724</b>	<b>660,209</b>
Income tax expense	5	-	-
<b>Profit/(loss) after tax</b>		<b>189,724</b>	<b>660,209</b>
Other comprehensive income		5,650	-
<b>Total comprehensive income for the year</b>		<b>195,374</b>	<b>660,209</b>

The notes on pages 17 to 33 are an integral part of these financial statements.

## Consolidated Statement of Changes in Equity

As at 30 June 2018

	Note	2018
Opening balance at 1 July 2017		6,390,202
Profit/(loss) for the year		189,724
Other Comprehensive Income		5,650
<b>Closing balance at 30 June 2018</b>	<b>15</b>	<b>6,585,576</b>
		2017
Opening balance at 1 July 2016		5,729,993
Profit/(loss) for the year		660,209
Other Comprehensive Income		-
<b>Closing balance at 30 June 2017</b>	<b>15</b>	<b>6,390,202</b>

*The notes on pages 17 to 33 are an integral part of these financial statements.*



**Consolidated Statement of Cash Flows****For the year ended 30 June 2018**

	Note	2018	2017
<b>Cash flows from operating activities</b>			
Cash receipts from customers		33,781,824	34,014,647
Cash payments to suppliers and employees		<u>(34,640,186)</u>	<u>(31,412,345)</u>
<b>Net cash from operating activities</b>	18	<b>(858,362)</b>	2,602,302
<b>Cash flows from investing activities</b>			
Interest received		335,734	330,851
Proceeds from/(paid) (acquisition of) term deposits		4,295,533	(3,972,274)
Acquisition of property, plant and equipment		<u>(576,630)</u>	<u>(1,249,018)</u>
<b>Net cash provided by /(used in) investing activities</b>		<b>4,054,637</b>	(4,890,441)
Net (decrease)/increase in cash and cash equivalents		<b>3,196,275</b>	(2,288,139)
Cash and cash equivalents at 1 July		3,268,869	5,557,008
<b>Cash and cash equivalents at 30 June</b>	6	<b><u>6,465,144</u></b>	<u>3,268,869</u>

*The notes on pages 17 to 33 are an integral part of these financial statements.*

## Notes to the Financial Statements

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### 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 financial statements were authorised for issue by the Board of Directors on 12 September 2018.

#### (b) Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 30 June 2018. 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, except for available-for-sale financial assets which are measured at fair value

#### (d) Functional and presentation currency

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

#### (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.

## Notes to the Financial Statements

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### Note 1. Statement of significant accounting policies (continued)

#### (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:

##### 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)).

## Notes to the Financial Statements

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### Note 1. Statement of significant accounting policies (continued)

#### (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) Investments and other financial assets

The group classifies its financial assets in the following categories:

- Loans and receivables
- Held-to-maturity investments, and
- Available-for-sale financial assets

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

##### **Available for sale**

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long term. Financial assets that are not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category. The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

#### (k) 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

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### Note 1. Statement of significant accounting policies (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.

#### (l) 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.

#### (m) 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.

#### (n) 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.

#### (o) 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

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### Note 1. Statement of significant accounting policies (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.

#### **(p) 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.

#### **(q) 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.

#### **(r) 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.

#### **(s) 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 2018, 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.

## Notes to the Financial Statements

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### Note 1. Statement of significant accounting policies (continued)

#### (s) New standards and interpretations not yet adopted (continued)

##### **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

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### Note 1. Statement of significant accounting policies (continued)

### Note 2. Other revenues from ordinary activities

	2018	2017
Interest revenue	272,389	333,589
Other	31,039	50,729
	<b>303,428</b>	<b>384,319</b>

### Note 3. Profit/(loss) before income tax

	2018	2017
Profit before income tax includes:		
- Depreciation of furniture and equipment	328,578	302,960
- Amortisation of software and websites	174,247	123,026
- Amortisation of leasehold improvements	53,376	60,631
- Operating lease expense	1,454,418	1,489,748
- Personnel expenses	14,318,045	13,851,920



## Notes to the Financial Statements

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### Note 4. Auditor's remuneration

	2018	2017
Grant Thornton		
- Audit of the financial statements	50,000	-
- Taxation services	5,000	-
- Other consulting services	14,000	-
KPMG Australia		
- Audit of the financial statements	-	55,000
- Taxation services	-	4,613
- Other consulting services	36,250	2,376
	<b>105,250</b>	<b>61,988</b>

### Note 5. Income tax expense

No provision for income tax has been raised as the Group is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

The Group is currently preparing a submission for a private ruling to the Australian Taxation Office (ATO) as to whether the Property Council of Australia is an income tax exempt employer, should the ATO provide this private ruling then the entity would be income tax exempt resulting in the extinguishment of any carried forward tax losses.

### Note 6. Cash and cash equivalents

	2018	2017
Cash at bank and on hand	1,965,144	1,246,110
Short term deposits	4,500,000	2,022,759
	<b>6,465,144</b>	<b>3,268,869</b>

## Notes to the Financial Statements

### Note 7. Trade and other receivables

	2018	2017
Trade receivables	1,940,114	871,439
Provision for doubtful debts	(39,019)	-
Interest accrued	17,289	80,634
Prepayments	1,231,770	1,012,995
	<b>3,150,154</b>	<b>1,965,068</b>

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	
<b>2018</b>	<b>1,658,264</b>	<b>93,892</b>	<b>148,830</b>	<b>39,128</b>	<b>1,940,114</b>
2017	619,565	83,869	60,443	107,562	871,439

### Note 8. Held-to-maturity

	2018	2017
Held-to-maturity investments – term deposits	-	13,120,347

During the period the held-to-maturity investments have been reclassified as available-for-sale due to more than an insignificant amount of held-to-maturity investments being withdrawn prior to maturity.

### Note 9. Property, plant and equipment

	Leasehold Improvements	Software & Websites	Furniture & Equipment	Total
<b>Cost</b>				
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
Balance at 1 July 2017	<b>602,539</b>	<b>1,877,133</b>	<b>3,021,444</b>	<b>5,501,116</b>
Acquisitions	17,530	536,608	32,473	586,611
Write-offs	(136,060)	(1,179,433)	(1,782,091)	(3,097,584)
<b>Balance at 30 June 2018</b>	<b>484,009</b>	<b>1,234,308</b>	<b>1,271,826</b>	<b>2,990,143</b>

## Notes to the Financial Statements

### Note 9. Property, plant and equipment (continued)

	Leasehold Improvements	Software & Websites	Furniture & Equipment	Total
<b>Depreciation and impairment losses</b>				
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	1,334,835	2,122,264	3,752,413
Balance at 1 July 2017	<b>295,314</b>	<b>1,334,835</b>	<b>2,122,264</b>	<b>3,752,413</b>
Depreciation	<b>53,376</b>	<b>174,434</b>	<b>328,578</b>	<b>556,388</b>
Write-offs	<b>(136,058)</b>	<b>(1,179,433)</b>	<b>(1,765,319)</b>	<b>(3,080,812)</b>
<b>Balance at 30 June 2018</b>	<b>212,632</b>	<b>329,836</b>	<b>685,523</b>	<b>1,227,989</b>
Carrying amounts at 30 June 2017	307,224	542,298	889,180	1,748,703
<b>Carrying amounts at 30 June 2018</b>	<b>271,379</b>	<b>904,472</b>	<b>586,303</b>	<b>1,762,154</b>

### Note 10. Available-for-sale

	2018	2017
<i>Current</i>		
Available-for-sale	<b>3,500,000</b>	-
<i>Non-current</i>		
Available-for-sale	<b>5,330,464</b>	-

#### (i) Classification of financial assets as available for sale

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category. The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

#### (ii) Impairment indicators for available for sale financial assets

A security is considered to be impaired if there has been a significant or prolonged decline in the fair value below its cost. See note 1(k) for further details about the group's impairment policies for financial assets.

## Notes to the Financial Statements

### Note 10. Available-for-sale (continued)

#### (iii) Amounts recognised in profit or loss and other comprehensive income

During the year, the following gains/(losses) were recognised in profit or loss and other comprehensive income.

	2018	2017
Gains/(losses) recognised in other comprehensive income	<u>5,650</u>	<u>-</u>

#### (iv) Fair value, impairment and risk exposure

None of the available-for-sale financial assets are either past due or impaired. All available-for-sale financial assets are denominated in Australian dollar. For an analysis of the sensitivity of available-for-sale financial assets to price and interest rate risk refer to note 20.

### Note 11. Trade and other payables

Trade payables and accruals – amortised cost	2,343,752	2,491,431
Special contribution for member research (note (a))	<u>620,628</u>	<u>11,295</u>
	<u>2,964,380</u>	<u>2,502,726</u>

#### (a) Special contribution for member research

In 2018, special contributions were collected from the Property Council Cyber Security Roundtable members to engage Deloitte to provide cyber security advisory services to assist the group in proactively managing cyber security threats in the build environment. Member contributions to this research during 2018 totalled \$265,000 (2017: \$0).

Also in 2017, special contributions were collected from our Retirement Living members to commence a retirement living industry advertising campaign. Member contributions to this campaign during 2018 totalled \$587,128 (2017: \$0).

### Note 12. Deferred income

	2018	2017
Subscriptions received in advance	4,279,922	5,159,159
Sponsorship billed in advance	1,289,149	1,218,717
Other fees billed in advance	<u>2,365,539</u>	<u>2,334,024</u>
	<u>7,934,610</u>	<u>8,711,900</u>

### Note 13. Employee benefits

	2018	2017
<b>Current</b>		
Annual leave	652,481	654,924
Long service leave	261,853	176,738
Bonuses	<u>1,273,539</u>	<u>1,225,444</u>
	<u>2,187,873</u>	<u>2,057,106</u>
<b>Non Current</b>		
Long service leave	<u>161,335</u>	<u>191,115</u>

## Notes to the Financial Statements

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### Note 14. 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 15. Retained earnings

	2018	2017
Balance at beginning of year	6,390,202	5,729,993
Net profit/(loss) for the period	189,724	660,209
<b>Balance at end of year</b>	<b>6,579,926</b>	<b>6,390,202</b>

### Note 16. 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 G Kelley	Appointed 27 February 2018	
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	Retired 22 November 2017
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	

## Notes to the Financial Statements

### Note 16. 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 & Company Secretary
Mike Zorbas	Group Executive, Policy and Advocacy – Appointed 28 May 2018 (formerly Acting Executive Director, VIC Division)
Glenn Byres	Chief of Policy and Housing – Resigned 2 March 2018
Sandra Brewer	Executive Director, WA Division – Appointed 6 August 2018
Sally Capp	Executive Director, VIC Division – Resigned 20 May 2018
Adina Cirson	Executive Director, ACT Division
Jane Fitzgerald	Executive Director, NSW Division
Matt Francis	Head of Media & Communications – Appointed 26 March 2018
Daniel Gannon	Executive Director, SA Division
Helen Harms	Head of Technology and Digital Innovation
Lino Iacomella	Executive Director, WA Division – Resigned 27 July 2018
Chris Mountford	Executive Director, QLD Division
Ben Myers	Executive Director, Retirement Living Council
Belinda Ngo	Executive Director, Capital Markets
Ruth Palmer	Executive Director, NT Division
Paul Ritchie	Head of Media & Communications – Resigned 22 December 2017
Sandra Rouco	Head of People and Culture
Cressida Wall	Executive Director, VIC Division – Appointed 12 September 2018
Brian Wightman	Executive Director, TAS Division

#### (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.

	2018	2017
Short-term employee benefits	4,134,421	3,916,288
Post-employment benefits	318,175	315,444
Other long-term benefits	6,872	29,907
Termination benefits	62,088	173,972
	<b>4,521,556</b>	<b>4,435,512</b>

#### (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.

##### 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 (2017: \$25,000).

## Notes to the Financial Statements

### Note 17. Operating leases

#### Leases as lessee

	2018	2017
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	1,281,947	1,248,502
Between one and five years	4,655,946	4,313,421
More than five years	608,857	1,539,873
	<b>6,546,750</b>	<b>7,101,796</b>

### Note 18. Notes to the Statement of Cash Flows

	2018	2017
Reconciliation of net cash flows from operating activities:		
Profit/(loss) for the period	189,724	660,209
Less items classified as investing activities:		
Interest received	(272,389)	(333,589)
Add non-cash items:		
Amortisation	53,376	60,631
Depreciation	502,825	432,923
Provision for doubtful debts	(39,019)	-
Gain on disposal of PPE	6,791	-
Provision for bonuses	1,273,540	1,225,444
	<b>1,714,847</b>	<b>2,045,618</b>
Change in receivables	(1,029,469)	(173,182)
Change in prepayments	(179,756)	(121,853)
Change in payables	461,654	798,345
Change in lease liability	124,204	(76,752)
Change in revenue received in advance	(777,290)	935,118
Change in employee benefits	(1,172,552)	(804,992)
Net cash from operating activities	<b>(858,362)</b>	<b>2,602,302</b>

### Note 19. 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 **\$1,940,114** (2017: \$871,439) 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 19. 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:

2018	Note	Floating Interest Rate	Fixed-interest Rate	Non-interest bearing	Total	Weighted average interest rate
Financial assets						
Cash and cash equivalents	6	1,965,144	4,500,000	-	6,465,144	1.89%
Receivables	7	-	-	1,940,113	1,940,113	-
Available for sale	8	-	3,500,000	-	3,500,000	2.50%
Available for sale	10	-	5,330,464	-	5,330,464	5.22%
		<b>1,965,144</b>	<b>13,330,464</b>	<b>1,940,113</b>	<b>17,235,721</b>	
Financial liabilities						
Payables	11	-	-	2,964,380	2,964,380	-

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	-
Available for sale	8	-	13,120,347	-	13,120,347	2.39%
Available for sale	10	-	-	-	-	-
		<b>1,246,610</b>	<b>15,143,106</b>	<b>876,939</b>	<b>17,260,656</b>	
Financial liabilities						
Payables	11	-	-	2,502,726	2,502,726	-

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 **\$94,396** (2017: \$178,470).

### Note 20. Fair value measurement

#### (i) Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities



## Notes to the Financial Statements

### Note 20. Fair value measurement (continued)

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

**Level 3:** unobservable inputs for the asset or liability

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2018 and 30 June 2017:

2018	Note	Level 1	Level 2	Level 3	Level 4
<b>Financial assets</b>					
Cash and cash equivalents	6	6,465,144	-	-	6,465,144
Available for sale	10	8,830,464	-	-	8,830,464
		<b>15,295,608</b>	-	-	<b>15,295,608</b>

2017	Note	Level 1	Level 2	Level 3	Level 4
<b>Financial assets</b>					
Cash and cash equivalents	6	3,268,869	-	-	3,268,869
Held-to-maturity	8	13,120,347	-	-	13,120,347
Available for sale	10	-	-	-	-
		<b>16,389,216</b>	-	-	<b>16,389,216</b>

### Measurement of fair value of financial instruments

The Group's third party investment manager performs valuations of financial items for financial reporting purposes. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. Valuation processes and fair value changes are discussed among the Audit Committee and the valuation team at least every year, in line with the Group's reporting dates.

### Note 21. 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 %	
		2018	2017
<b>Parent entity</b>			
Property Council of Australia Limited	Australia		
<b>Subsidiary</b>			
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 2018, a total of \$25,000 in management fees were incurred by the subsidiary.

## Notes to the Financial Statements

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### Note 22. Parent entity

As at, and throughout, the financial year ended 30 June 2018 the parent entity of the Group was the Property Council of Australia Limited.

	2018	2018
	2018	2017
<b>Results of parent entity</b>		
Profit/(loss) for the year	<b>184,067</b>	654,234
Other comprehensive income	<b>5,650</b>	-
<b>Total comprehensive income for the year</b>	<b>189,717</b>	654,234
<b>Financial position of parent entity at year end</b>		
Current assets	<b>13,097,891</b>	18,404,284
Total assets	<b>20,190,509</b>	20,152,988
Current liabilities	<b>13,114,028</b>	13,343,396
Total liabilities	<b>13,633,938</b>	13,786,141
<b>Total equity of parent entity comprising of:</b>		
Retained earnings	<b>6,556,571</b>	6,366,847
<b>Total equity</b>	<b>6,556,571</b>	6,366,847

### Note 23. Subsequent events

No events have occurred subsequent to balance date that would have a material effect on the financial statements at 30 June 2018.

### Note 24. Contingent Liabilities

During the period the Group undertook a review of its FBT return process for the 2018 year. As a result of this review the Group decided to prepare a submission for a private ruling to the Australian Taxation Office (ATO) as to whether the Property Council of Australia is a rebatable employer and an income tax exempt organisation. There may be a possible obligation on fringe benefits tax as a result of rebatable self-assessments made in prior years should the ATO not provide this private ruling. The estimate of the financial effect of the contingent liability has been based on the previous FBT returns submitted and could amount up to \$684,246 for 3 years and \$1,355,650 for 6 years, excluding any possible interest and penalties. This amount may be subject to possible offset as the Group would look to undertake a detailed review of all prior returns should this need arise.

## Directors' Declaration

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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 2018 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.

Signed in accordance with a resolution of the directors:



**Susan Lloyd-Hurwitz**  
*Director*

Dated at Sydney

23 October 2018

# Independent Auditor's Report

## To the Members of Property Council of Australia Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Property Council of Australia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Directors' 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*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial report**

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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\\_responsibilities/ar5.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar5.pdf). This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



A Sheridan  
Partner – Audit & Assurance

Sydney, 23 October 2018