



## **ANNUAL FINANCIAL REPORT**

**Property Council of Australia Limited**

**ABN 13 008 474 422**

**30 June 2020**

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For the year ended 30 June 2020

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## Directors' Report

For the year ended 30 June 2020

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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 2020 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:

#### **Stephen Conry AM – National President Chief Executive Officer, JLL Australia & New Zealand**

Stephen Conry AM is the CEO of JLL, Australia's largest commercial property services firm and the first global property firm to establish in Australia. He commenced his career with JLL in 1982, at the same time undertaking part time studies in Property Economics (graduating in 1986). Stephen was appointed a Director of JLL in 1989 and Managing Director for Queensland in 1996. In 2000 he was appointed to the Australian Board, appointed as an International Director, and has served in various national business leadership roles. He was appointed CEO for Australia and to the Asia Pacific Board in 2009.

Stephen has served on various Business and Community Boards and Committees. He is currently a Board Member of Redkite, a Fellow of the Australian Property Institute, a Fellow of the Royal Institution of Chartered Surveyors and a Fellow of the Australian Institute of Company Directors. In 2019, Stephen was appointed a Member of the Order of Australia (AM) for his significant service to the commercial property sector and to the community.

Stephen is the National President of the Property Council of Australia, appointed 3 April 2019, and a member of the Board of Directors. He is also Chair of the Nominations Committee and the Financial Management Committee, and a member of the Remuneration Committee. Stephen is also a member of the Property Male Champions of Change and a Director of the Shopping Centre Council of Australia. Director since 3 April 2014.

#### **Susan Lloyd-Hurwitz – Immediate Past President CEO and Managing Director – Mirvac**

Susan Lloyd-Hurwitz was appointed CEO & 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 Lendlease Corporation, working in Australia, the US and Europe.

Susan is Chair of 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 Immediate Past President of the Property Council of Australia. Director since 20 October 2016. National President from 30 March 2017 to 3 April 2019.

#### **David Harrison – National Vice President Managing Director and Group CEO, Charter Hall Group**

As Charter Hall's Managing Director and Group CEO, David Harrison is responsible for all aspects of the Charter Hall business, with specific focus on strategy. Recognised as a multi-core sector market leader, David has over 33 years' global property market experience and has led transactions exceeding \$35 billion of commercial, retail and industrial property assets.

Under his stewardship, the Charter Hall Group portfolio has grown from \$500 million to \$40 billion of assets under management.

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

**For the year ended 30 June 2020**

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

David is a Fellow of the Australian Property Institute (FAPI), and Property Male Champions of Change. He 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 and the Financial Management Committee. Director since 14 April 2016. National Vice President since 30 March 2017.

#### **Kylie Rampa – National Vice President Chief Executive Officer - Property, Australia, Lendlease**

Kylie Rampa 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 the 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. She is also a Director of the Sydney Opera House Trust where she chairs the Building and Heritage Committee.

Kylie was appointed by the Federal Government an inaugural Director of the National Housing Finance and Investment Corporation, an independent Commonwealth body dedicated to improving housing affordability.

Kylie is a Vice President of the Property Council of Australia and a member of the Nominations Committee, the Remuneration Committee and the Financial Management 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. Peter is Chairman of the Shopping Centre Council of Australia and a Director of the Victor Chang Cardiac Research Institute and Essendon Football Club. He is a member of the President's Council of the Art Gallery of NSW.

Peter is a member of the Property Male Champions of Change. Director since 23 April 2015.

#### **Virginia Briggs Partner, MinterEllison**

Virginia Briggs is the Managing Partner of MinterEllison's Infrastructure, Construction and Property line of business. 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.

Virginia's expertise goes beyond the legal and she is recognised as a passionate thought leader to the property industry. Virginia is 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 representative of the Board of Directors for the Property Council of Australia and is the Chair of the Remuneration Committee. Director since 28 May 2015.

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

**For the year ended 30 June 2020**

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

#### **Jonathan Callaghan**

##### **Chief Executive Officer, Investa Property Group**

Jonathan Callaghan is Chief Executive Officer of Investa. Jonathan has been with Investa for more than 13 years, where he has held a number of roles including Group General Counsel and Joint Managing Director and Finance Director. Prior to joining Investa, Jonathan had a career as a lawyer in private practice. He holds a Bachelor of Science (Hons), a Bachelor of Laws (Hons) and a Master of Applied Finance.

Jonathan is a Corporate Leader representative of the Board of Directors for the Property Council of Australia and a member of the Audit and Risk Committee and the Financial Management Committee. Jonathan is a member of the Property Male Champions of Change. Director since 3 April 2019.

#### **Deborah Coakley**

##### **Executive General Manager, Funds Management, Dexus**

Deborah Coakley is Executive General Manager of Funds Management at Dexus, one of Australia's leading real estate groups. She has responsibility for managing its \$17 billion funds management platform comprising a number of wholesale pooled funds and capital partnerships. She has more than 20 years' experience in management roles in consulting, human resources and outsourcing gained in organisations such as Deloitte, Qantas and Alexander Mann Solutions.

Deborah is an Ambassador for the Sydney Children's Hospital Foundation and a non-Executive Director of the Children's Cancer Institute. She holds a Bachelor of Business degree from University of Technology Sydney (BBus) and is a graduate of the Australian Institute of Australian Company Directors (GAICD).

Deborah is President of the Property Council's Capital Markets Division and a member of the Board of Directors for the Property Council of Australia. Director since 3 April 2019.

#### **Travis Doherty**

##### **Chief Executive Officer, Village Building Company**

Travis Doherty was appointed Chief Executive Officer of Village Building Company on 1 July 2016 after joining the group as Deputy CEO in 2015. Travis has close to 25 years' experience in executive leadership positions across a range of industries including property development and construction, financial services, manufacturing and professional services.

Prior to joining Village, Travis held senior positions at NAB over a nine-year period including as General Manager of various operational business units, CEO of Anchorage Home Loans and Director of Vipro, an industry utility with NAB, Westpac and CBA. Travis also spent 8 years at Ernst & Young Melbourne and the UK, and 3 years at Simplot Australia in various client engagement and leadership positions.

Travis is President of the Property Council's Australian Capital Territory Division. Director since 3 April 2019.

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

**For the year ended 30 June 2020**

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

#### **Adrian Esplin**

##### **Chief Executive Officer, Sarah Constructions**

Adrian Esplin is the CEO of Sarah Constructions (60-year family business), leading the organisation since 2014. In that time, Adrian has grown the Sarah business three-fold to an annual turnover of \$0.5bn, to be a significant commercial contractor and property owner in South Australia.

Adrian's career has spanned over 25 years in commercial construction and development, starting in 1994 with GHD as a structural engineer, before moving into contracting with Lendlease. In 2000 he commenced with Brookfield Multiplex; in 2007 becoming Regional Director and member of the Vic/SA Executive. During this period, he also assumed responsibility for Multiplex Developments SA.

Adrian has served on various business and community boards and is currently Director of Youthinc, an alternate education provider for disadvantaged youth recently achieving accreditation from the Department of Education. He is also an adjunct lecturer for the School of Civil and Environmental Engineering at the University of Adelaide.

Adrian is the President of the Property Council's South Australian Division. Director from 1 April 2020.

#### **Christian Grahame**

##### **Head of Home, Grocon**

Christian Grahame joined Grocon in 2016 to lead the company's residential division. Christian has over 20 years' experience across Australia, London and the UAE with an established track record in developing and implementing strategies for property development. Prior to joining Grocon, Christian was the National General Manager of Apartments at Mirvac where he managed a portfolio of residential projects worth in excess of \$1 billion.

During his career, Christian has been involved with the inception and delivery of many of Australia's most awarded residential mixed-use projects, including the Yarra's Edge, Beacon Cove, Harold Park and Brisbane Racing Club's (Eagle Farm) redevelopment, and has a strong reputation for long and successful partnering relationships with public and private organisations. Christian holds a Bachelor of Business (Property), a Master of Business (Management) and a Master of Applied Finance. He has been a member of numerous advisory committees and industry and government working groups.

Christian is President of the Property Council's Victorian Division. Director since 3 April 2019.

#### **Bruce Harper**

##### **General Manager QLD, Avid Property Group**

Bruce Harper is the General Manager – Queensland for AVID Property Group. The team he leads manages a portfolio of residential and industrial developments. Bruce has a 35+ year career in property development holding senior roles in both the public and private sectors. From his early career as a local government city planner, Bruce took on the role of CEO of the Land Management Corporation, the South Australian State Government's development arm, and in the last 20 years with Chief Executive and senior management roles in the private sector.

Bruce has a particular focus on large scale greenfield projects and has been involved in some of Australia's iconic projects such as Golden Grove, Mawson Lakes, Harmony and a range of other projects across New South Wales, Queensland and South Australia. He has been an instigator of many of the innovations in urban development including small lot housing and numerous environmental innovation and urban design initiatives. Bruce holds Planning and Company Director qualifications and has been an active member of industry groups in addition to serving as Chairman and member of a range of Government and industry advisory Boards and committees.

Bruce is President of the Property Council's Queensland Division. Director since 3 April 2019.

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

**For the year ended 30 June 2020**

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

#### **Carmel Hourigan**

##### **Global Head of Real Estate, AMP Capital**

Carmel Hourigan was appointed Office CEO of the Charter Hall Group in July 2020, commencing in October 2020.

Carmel was previously the Global Head of Real Estate for AMP Capital, responsible for leading AMP Capital's direct real estate investment and management business and was part of AMP Capital's Global Leadership Team. Responsible for the portfolio management and performance of real estate assets for pooled fund investors and significant separately managed account clients, Carmel also oversaw AMP Capital's strategic global real estate partnerships with investment managers in the United States and New Zealand. With a focus on delivering exceptional real estate outcomes for clients and customers, Carmel's responsibilities included AMP Capital's integrated platform of real estate capabilities across diversified commercial real estate sectors. This included asset management; property management; development; leasing; research and investment strategy; capital transactions; treasury management; and finance. Carmel was also responsible for overseeing AMP Capital's real estate investment committees, which govern investment strategy and implementation.

Carmel joined AMP Capital in November 2015 from The GPT Group, where she was Chief Investment Officer and prior to that, Head of Investment Management since 2012. Her experience also includes senior roles at Lendlease and Challenger Financial Services Group in addition to roles within Colonial First State, Stockland Group, Jones Lang LaSalle and Raine & Horne Commercial.

Carmel is the Deputy Chancellor at Western Sydney University (WSU), and also sits on the WSU Board of Trustees. She is a Fellow of the Australian Property Institute and 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 has previously held the position of National Vice President. Carmel serves as Special Advisor to the Property Male Champions of Change group, which is dedicated to increasing gender equality in the property industry. 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 more than 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. Prior to joining GPT, Bob was Managing Director of the ASX-listed Australand Property Group (now known as Frasers Property Australia) and 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 member of the Property Male Champions of Change. Director since 14 April 2016.

#### **Marie-Louise MacDonald**

##### **CEO, Masonic Care**

Marie-Louise MacDonald has over 35-years experience in executive management in Australia and overseas, working in diverse fields of health policy, health care, Industrial Relations and aged and retirement operations.

She is a committed learner and holds qualifications in nursing, business administration, research, public policy analysis and law. She sits on a number of Government and independent Boards.

Marie-Louise is the President of the Property Council's Retirement Living Council. Director since 3 April 2019.

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

**For the year ended 30 June 2020**

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

#### **Scott Nugent**

##### **Divisional Development Manager – WA, AMP Capital**

Scott Nugent is a career property professional, who has worked internationally for many major and well-known real estate companies and institutions in various senior management roles in both Asset Management and Development Management. Currently, Scott is Divisional Development Manager WA for AMP Capital investors overseeing real estate expansion in West Australia. He has worked for AMP Capital Investors in Perth for nine years. Prior to that he was based in Hong Kong as Director of Project & Development for Asia's largest Real Estate Investment Trust, The Link REIT. Whilst there he oversaw the expansion of their real estate portfolio with 22 developments in delivery. Before moving to Hong Kong, Scott was Portfolio Manager - Australia/New Zealand for Macquarie Bank and prior to that started his career at Lendlease in Melbourne.

Scott is President of the Property Council's Western Australia Division. Director since 3 April 2019.

#### **Carl Schibrowski**

##### **Executive Vice President and Co-Head of Property, Brookfield Properties**

Carl Schibrowski is an Executive Vice President, and Co-Head of Brookfield Properties in Australia. He is principally responsible for all development activities and formed and led a team responsible for completing Brookfield Place Tower 2 Perth in 2015, and Classic East Melbourne in 2018. He is also responsible for delivering Wynyard Place Sydney, 405 Bourke Street Melbourne, and One The Esplanade (Chevron) Tower in Perth. Along with Danny Poljak, Carl leads the wider Brookfield Property management team across the Australian platform.

Prior to joining Brookfield in 2012, Carl was a Development Director at the Charter Hall Group where he was responsible for all of the Victorian commercial development activities, including the development of BHP Billiton's new global headquarters at 171 Collins Street in Melbourne. He has also worked with the Macquarie Group, and Lendlease Corporation in development roles. He has over 23 years' of real estate experience working in Australia, Spain and the United States.

Carl received an MBA from Melbourne Business School where he was awarded the Rupert Murdoch Fellowship in 2004. Carl also holds a Bachelor of Science (Arch) Degree from Sydney University and a first-class honours Bachelor of Architecture from Melbourne University where he graduated as dux in 1996.

Carl is President of the Property Council's New South Wales Division. Director since 3 April 2019.

#### **Mark Steinert**

##### **Managing Director and CEO, Stockland**

Mark Steinert was appointed Managing Director and Chief Executive Officer of Stockland in January 2013. Mark has 33 years' of experience in property and financial services including 8 years in direct property primarily with Jones Lang LaSalle and 10 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 a former National President of the Property Council of Australia and a member of the Property Male Champions of Change. Mark is a Corporate Leader representative of the Board of Directors of Property Council of Australia. 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 2020**

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

#### **Josephine Sukkar AM**

##### **Principal, Buildcorp**

Josephine Sukkar AM is a professional company director who established Buildcorp with her husband 30 years ago, employing over 350 staff and has revenue of \$600 million.

Josephine is a Director of Growthpoint Properties Australia, The Washington H. Soul Pattinson and Company Limited, Opera Australia, the Australian Museum, Centenary Institute of Medical Research and Melbourne University Infrastructure Advisory Board. She is President of Australian Women's Rugby and through Buildcorp has been a major sponsor of rugby in Australia for nearly 30 years. She has previously served as a Director of The Trust Company and was Co-President of the YWCA NSW.

In 2017 she was recognised for her services to the community, the arts and sports in the Queen's Birthday Honours list.

Josephine is a Core Member representative on the Board of Directors of the Property Council of Australia. Director since 3 April 2019.

#### **Andrew Whitson**

##### **Group Executive and CEO Residential, Stockland**

After five years leading Stockland's Residential business, in August 2018 Andrew Whitson was appointed Group Executive and CEO of Stockland Communities – a combined Retirement Living and Residential business. Stockland is Australia's largest residential developer, with a strong focus on delivering affordable, liveable communities in growth areas across the country.

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 the Chair of the Residential Development Council. Director since 30 March 2017.

#### **Steve Maras**

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

Steve Maras 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 the Immediate Past President of the Property Council's South Australian Division. Director from 6 August 2015 to 26 February 2020.

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

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**For the year ended 30 June 2020**

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

#### **Keir Barnes**

##### **Deputy Chief Financial Officer, Dexus**

Keir Barnes is Deputy Chief Financial Officer at Dexus, responsible for the finance function including financial operations and performance, planning and analysis, transactions and reporting, taxation, valuations and shared services.

She has an extensive background in the property and funds management industry, with more than 17 years' experience gained in roles across finance, funds management, corporate advisory and chartered accounting.

Keir is a member of Chartered Accountants Australia and New Zealand, a Graduate of the Australian Institute of Company Directors and holds a Bachelor of Commerce from the University of New South Wales and a Master of Business Administration (Executive) from the Australian Graduate School of Management.

Committee member since 2 September 2019.

### **3. Company secretary**

#### **Joanne Gullick**

##### **Chief Financial Officer | Head of Business Innovation | 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.

**Directors' Report (continued)**

For the year ended 30 June 2020

**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
Mr Stephen Conry AM	5	5			1	1
Ms Susan Lloyd-Hurwitz	3	5				
Mr David Harrison	5	5	4	4		
Ms Kylie Rampa	3	5			1	1
Mr Peter Allen	4	5				
Ms Virginia Briggs	5	5			1	1
Mr Jonathan Callaghan	5	5	4	4		
Ms Deborah Coakley	5	5				
Mr Travis Doherty	4	5				
Mr Christian Grahame	5	5				
Mr Bruce Harper	5	5				
Ms Carmel Hourigan	3	5				
Mr Bob Johnston	5	5				
Ms Marie-Louise MacDonald	5	5				
Mr Steve Maras	2	3				
Mr Adrian Esplin	2	2				
Mr Scott Nugent	5	5				
Mr Carl Schibrowski	5	5				
Mr Mark Steinert	5	5				
Ms Josephine Sukkar AM	5	5				
Mr Andrew Whitson	5	5				
Ms Keir Barnes*			4	4		

Also during the year in response to the fast moving effects of the COVID-19 pandemic on the Group, a Financial Management Committee was formed comprising of Audit & Risk Committee Board members, Vice President David Harrison and Jonathan Callaghan, along with the National President Stephen Conry AM and Vice President Kylie Rampa. This Committee is tasked with working with the Chief Executive on initiatives and reforms in the operation of the organisation during and caused by the pandemic crisis period on behalf of the Board and to report back to Board meetings its findings and recommendations.

**A** – Number of meetings attended.

**B** – Number of meetings held during the time the Director held office during the year

\* Committee member (non-Director)

**5. Short-term and long-term objectives**

The Group's short-term and long-term objectives are to champion a strong Australian property industry through policy advocacy, research and education including the supply of information to members and others, through the provision of seminars, forums, and conferences; education and professional development programs; research insights and projects, and member, industry and public communications activities.

These objectives reflect our industry's status as Australia's biggest employer and its significant contribution to Australia's economic and social well-being.

## Directors' Report (continued)

For the year ended 30 June 2020

### 6. Strategies for achieving short and long-term objectives

The Group launched its three-year strategy for 2018-2020 that builds on our achievements to date, while also creating added value for members. Our strategy sets out four clear goals: powerful advocacy, industry leadership, exceptional member value and a dynamic organisation. The results of the Group for the year ended 30 June 2020 was a loss of **\$131,058** (2019: profit \$338,549).

### 7. Principal activities

The principal activities of the Group during the course of the financial year ended 30 June 2020 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.

These activities have assisted the organisation in achieving its objectives by shaping policy and regulatory outcomes relevant to the property industry as well as providing opportunities for its members to grow their businesses and improve their professional and industry knowledge and participation.

### 8. Performance measures

To achieve these 2018-2020 goals, we have developed nine strategies. Together these strategies reflect our unique position as Australia's largest industry that contributes more than \$200 billion to GDP and supports 1.4 million jobs. These strategies include: advocacy impact, showcasing the industry's contribution to the community, attracting talent to our industry, championing diversity and inclusion, stronger membership engagement, digital delivery, exceptional events, member services, creating new value for members and a great place to work.

### 9. Impact of COVID-19 pandemic

The COVID-19 pandemic has had a significant impact on our revenues during the final quarter of the year. Health restrictions required us to defer or cancel a range of conferences, study tours, events and education courses. Some lost revenue was replaced by online events and activities. The organisation implemented a range of savings measures to offset these revenue reductions. The organisation also received JobKeeper and other government COVID-19 stimulus funding income of \$1,013,220 (2019: \$0) as set out in Note 2.

### 10. Contributions in winding up

The Company is incorporated under the Corporations Act 2001 and is a company 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 entity.

### 11. Auditor's Independence Declaration

The Auditor's Independence Declaration as required under s.307C of the Corporations Act 2001 is set out on page 12 and forms part of the Directors' report for the financial year ended 30 June 2020.

This report is made with a resolution of the Directors:



**Stephen Conry AM**  
Director  
Dated at Sydney  
14 September 2020

## Auditor's Independence Declaration

### To the Directors of the 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 the Property Council of Australia Limited for the year ended 30 June 2020, 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



James Winter  
Partner – Audit & Assurance

Sydney, 14 September 2020

**Consolidated Statement of Profit or Loss and Other Comprehensive Income****For the year ended 30 June 2020**

	Note	2020 \$	2019 \$
<b>Revenue</b>			
Subscriptions / membership fees		13,451,365	12,755,332
Events		11,696,298	17,451,163
Education		1,375,936	2,039,007
Communication		514,331	574,595
Advocacy		3,000	15,207
Information		1,392,457	1,479,264
Accreditation		-	9,949
Other income	2	1,254,029	542,491
<b>Total revenue and other income</b>		<b>29,687,416</b>	<b>34,867,008</b>
<b>Expenses</b>			
Events		8,498,685	11,357,656
Education		875,607	965,345
Communication		141,845	117,629
Advocacy		7,002,238	7,640,857
Information		545,037	569,741
Shopping Centre Council management fees		576,105	565,738
Corporate services (including depreciation)		12,113,347	13,331,108
<b>Total expenses</b>		<b>29,752,864</b>	<b>34,548,074</b>
<b>(Deficit)/Surplus for the year</b>		<b>(65,448)</b>	<b>318,934</b>
<b>Other comprehensive income</b>			
Unrealised net fair value (loss)/gain in financial assets at FVOCI		(65,610)	19,615
<b>Other comprehensive (loss)/income for the year</b>		<b>(65,610)</b>	<b>19,615</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>(131,058)</b>	<b>338,549</b>

*The notes on pages 17 to 30 are an integral part of these financial statements.*

**Consolidated Statement of Financial Position****As at 30 June 2020**

	Note	2020 \$	2019 \$
<b>Current assets</b>			
Cash and cash equivalents	4	11,217,233	8,055,584
Trade receivables and other assets	5	1,156,582	2,659,990
Financial assets	6	736,418	1,782,589
Lease asset		-	27,185
<b>Total current assets</b>		<b>13,110,233</b>	12,525,348
<b>Non-current assets</b>			
Property, plant and equipment	7	2,140,179	2,502,588
Financial assets	6	6,635,025	6,660,291
Right-of-use assets	8	5,167,396	-
<b>Total non-current assets</b>		<b>13,942,600</b>	9,162,879
<b>Total assets</b>		<b>27,052,833</b>	21,688,227
<b>Current liabilities</b>			
Trade and other payables	9	2,629,290	2,686,475
Deferred income	10	10,593,354	9,042,425
Employee benefits	11	1,077,212	2,412,956
Lease liabilities		1,118,428	3,772
<b>Total current liabilities</b>		<b>15,418,284</b>	14,145,628
<b>Non-current liabilities</b>			
Employee benefits	11	184,107	248,553
Lease liabilities		4,446,138	153,795
Provisions	12	211,237	216,126
<b>Total non-current liabilities</b>		<b>4,841,482</b>	618,474
<b>Total liabilities</b>		<b>20,259,766</b>	14,764,102
<b>Net assets</b>		<b>6,793,067</b>	6,924,125
<b>Funds</b>			
Accumulated funds		6,833,412	6,898,860
Reserve		(40,345)	25,265
<b>Total funds</b>		<b>6,793,067</b>	6,924,125

The notes on pages 17 to 30 are an integral part of these financial statements.

**Consolidated Statement of Changes in Funds****For the year ended 30 June 2020**

	Note	Accumulated funds \$	Financial Assets FVOCI Reserve \$	Total \$
Opening balance at 1 July 2018		6,579,926	5,650	6,585,576
Surplus for the year		318,934	-	318,934
Other comprehensive income		-	19,615	19,615
Closing balance at 30 June 2019		6,898,860	25,265	6,924,125
Opening balance at 1 July 2019		<b>6,898,860</b>	<b>25,265</b>	<b>6,924,125</b>
Deficit for the year		<b>(65,448)</b>	-	<b>(65,448)</b>
Other comprehensive income		-	<b>(65,610)</b>	<b>(65,610)</b>
<b>Closing balance at 30 June 2020</b>		<b>6,833,412</b>	<b>(40,345)</b>	<b>6,793,067</b>

*The notes on pages 17 to 30 are an integral part of these financial statements.*



**Consolidated Statement of Cash Flows****For the year ended 30 June 2020**

	Note	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Cash receipts from members and sponsors		34,637,338	39,523,563
Cash payments to suppliers and employees		<u>(30,823,930)</u>	<u>(37,366,877)</u>
<b>Net cash provided by operating activities</b>	14	<b>3,813,408</b>	2,156,686
<b>Cash flows from investing activities</b>			
Interest and investment income received		270,369	441,739
Net proceeds from financial assets		1,005,827	407,199
Acquisition of property, plant and equipment		<u>(664,054)</u>	<u>(1,415,184)</u>
<b>Net cash used in investing activities</b>		<b>612,142</b>	(566,246)
<b>Cash flows from financing activities</b>			
Lease payments (principal and interest)		<u>(1,263,901)</u>	-
<b>Net cash used in financing activities</b>		<b>(1,263,901)</b>	-
Net increase in cash and cash equivalents		3,161,649	1,590,440
Cash and cash equivalents at 1 July		8,055,584	6,465,144
<b>Cash and cash equivalents at 30 June</b>	4	<b><u>11,217,233</u></b>	<b><u>8,055,584</u></b>

*The notes on pages 17 to 30 are an integral part of these financial statements.*

## Notes to the Consolidated Financial Statements

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### Note 1. Statement of significant accounting policies

Property Council of Australia Limited is a company limited by guarantee 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 the requirements of the Australian Accounting Standards – reduced disclosure requirements – and the Corporations Act 2001.

The financial statements were authorised for issue by the Board of Directors on 14 September 2020.

#### (b) Basis of consolidation

The financial statements consolidate those of the Property Council of Australia Limited (the "parent") and of its subsidiaries (the "Group") as of 30 June 2020. The parent controls its subsidiaries if it is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. The subsidiaries has 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 the subsidiaries are 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.

#### (c) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for financial assets at fair value through other comprehensive income 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 and presentation currency.

#### (e) New and revised standards that are effective for annual period beginning on or after 1 January 2019

The Group has fully adopted AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-profit Entities and AASB 16 Leases standards applying the modified retrospective transition method, under which the current year is prepared applying the new standards and the prior year under the old standards i.e. the comparatives are not restated. The key changes to Group's accounting policies and the impact on the financial report from applying AASB 15, AASB 1058 and AASB 16 are described below.

##### (i) Accounting standards issued but not yet effective and not been adopted early by the Group

Certain new Accounting Standards and Interpretations have been published that are not mandatory for the financial year ended 30 June 2020 but are available for early adoption. They have not been applied in preparing this financial report.

## Notes to the Consolidated 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 (h) – leases
- Note 1 (l) – impairment
- Note 1 (m) – employee benefits
- Note 1 (n) – 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 for each asset class are as follows:

- |                          |               |
|--------------------------|---------------|
| ▪ Software & websites    | 2.5 - 5 years |
| ▪ Furniture & equipment  | 5 - 10 years  |
| ▪ Leasehold improvements | 4 - 10 years  |

## Notes to the Consolidated Financial Statements

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

#### (h) Leases

At inception of a contract, the Group assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

The contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset. The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use. The Group has the right to direct the use of the asset i.e. decision-making rights in relation to changing how and for what purpose the asset is used.

The Group has elected not to separate non-lease components from lease components and have accounted for all leases as a single component. At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy. The right-of-use asset is assessed for impairment indicators at each reporting date.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group has elected to apply the exceptions to lease accounting for leases of low-value assets. For these leases, the Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group has elected to adopt AASB 16 Leases using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2020 has not been restated.

#### ***Leased corporate offices***

The Group has leases over buildings only including offices in Sydney, Melbourne, Brisbane, Adelaide, Perth and Canberra for the corporate office premises. The leases are between 5 and 10 years and three of the leases include a renewal option to allow the Group to review for up to one non-cancellable lease.

The Group has chosen not to apply AASB 16 Leases to leases of intangible assets. Information relating to the leases in place and associated balances and transactions are provided below.

The building leases identified by the have been recognised as a right of use asset with a corresponding lease liability on the balance sheet. The Group has elected to use the exception to lease accounting for leases of low value assets.

## Notes to the Consolidated Financial Statements

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

The Group includes options in the leases to provide flexibility and certainty to its operations and reduce costs of moving premises. At commencement date and each subsequent reporting date, the Group assesses where it is reasonably certain that the extension options will be exercised.

There are \$1,706,255 in potential future lease payments for Melbourne, Adelaide and Perth offices which are not included in lease liabilities as the Group has assessed that the exercise of the option is not reasonably certain.

The Sydney lease contains annual CPI pricing where the lease payments are adjusted at each anniversary date. Perth and Brisbane leases contain fixed increase at the end of each year during the term. Melbourne, Adelaide and Canberra leases contain fixed increase on the end of each year during the term and will undergo a market rent review on renewal of an option if exercised.

#### **Practical expedients used on transition**

AASB16 includes several practical expedients which can be used on transition, the Group has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 and associated Accounting Interpretations were not re-assessed on transition to AASB 16
- lease liabilities have been discounted using the Group's incremental borrowing rate at 1 July 2019;
- right of use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjustment by the any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- leases with an expiry date prior to 30 June 2020 were excluded from the statement of financial position and the lease expenses for these leases have been recorded on a straight-line basis over the remaining term
- hindsight was used when determining the lease term where the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019.

#### **Financial report impact of adoption of AASB 16**

The Group recognised right of use assets of \$6,444,806 and lease liabilities of \$6,444,806 at 1 July 2019 for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 3.93%.

#### **(i) Trade and other receivables**

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

#### **(j) 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.

## Notes to the Consolidated Financial Statements

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

#### (k) Financial assets and liabilities

##### **Recognition and measurement**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The Group's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

#### (l) Impairment

##### **Financial assets**

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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.

## Notes to the Consolidated Financial Statements

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

#### **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.

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

#### **Trade and other receivables**

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

#### **Financial liabilities**

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

### (m) Employee benefits

#### **Short-term employee benefits**

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

#### **Long-term employee 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 high quality corporate bonds.

#### **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.

## Notes to the Consolidated Financial Statements

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

#### (n) 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.

#### (o) Revenue

*Revenue recognition policy for revenue from contracts with customers (AASB 15)*

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration.

The customer for these contracts is the fund provider.

Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

#### **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 income**

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

The following practical expedients have been applied on transition to AASB 15 and AASB 1058:

- For contracts modified prior to 1 July 2019, the Group has elected not to restate the contract for the modifications and has instead reflected the aggregate effect of all the modifications that occur before the transition date on 1 July 2019.



## Notes to the Consolidated Financial Statements

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

**(p) Contract asset and contract liabilities**

*Contract assets*

Contract assets arise when work has been performed on a particular event or project and services have been transferred to the customer but the invoicing milestone has not been reached and the rights to the consideration are not unconditional. If the rights to the consideration are unconditional then a receivable is recognised.

No impairment losses were recognised in relation to these assets during the year (2019: \$nil).

*Contract liabilities*

Contract liabilities generally represent the unspent grants or other fees received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided, or the conditions usually fulfilled within 12 months of receipt of the grant / fees.

Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is presented as non-current.

**(q) Expenses**

All expenditure is accounted for on an accruals basis and has been classified under headings reflecting the relevant function of the Group which incurred the cost. Where costs cannot be directly attributed to a particular category, they have been allocated to activities on a basis consistent with use of the resources.

**(r) Income tax**

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.

**(s) Goods and services tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax, 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 Consolidated Financial Statements

### Note 2. Other income

	2020	2019
	\$	\$
Government COVID-19 stimulus funding income	<b>1,013,220</b>	-
Interest and investment income	<b>189,781</b>	506,879
Other	<b>51,028</b>	35,612
	<b>1,254,029</b>	542,491

### Note 3. Expenses included in the (deficit)/surplus for the year

	2020	2019
	\$	\$
The (deficit)/surplus for the year includes the following specific charges:		
- Depreciation of furniture and equipment	<b>183,133</b>	314,756
- Amortisation of software and websites	<b>670,792</b>	261,931
- Depreciation of leasehold improvements	<b>172,537</b>	98,063
- Right-of-use assets (depreciation)	<b>1,277,410</b>	-
- Interest expense on lease liabilities	<b>253,281</b>	-
- Operating lease expense	<b>29,857</b>	1,398,117
- Personnel expenses	<b>15,181,157</b>	16,258,856

### Note 4. Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank and on hand	<b>11,217,233</b>	2,555,584
Short term deposits	-	5,500,000
	<b>11,217,233</b>	8,055,584

### Note 5. Trade receivables and other assets

	2020	2019
	\$	\$
Trade receivables	<b>567,545</b>	1,286,837
Allowance for expected credit losses	<b>(800)</b>	(8,909)
	<b>566,745</b>	1,277,928
Interest accrued	<b>1,842</b>	82,249
Prepayments	<b>587,995</b>	1,299,813
	<b>1,156,582</b>	2,659,990

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of \$800 (2019: \$8,909) has been recorded accordingly within other expenses. The movement in the allowance for credit losses can be reconciled as follows:

	2020	2019
	\$	\$
Balance as at 1 July	<b>8,909</b>	39,019
Net amounts written off and impaired (collected or impairment reversed)	<b>(8,109)</b>	(30,110)
Balance as at 30 June	<b>800</b>	8,909

## Notes to the Consolidated Financial Statements

### Note 6. Financial assets

	2020	2019
	\$	\$
<b>Current</b>		
Short term bank deposits – at amortised cost	<b>736,418</b>	1,782,589
	<b>736,418</b>	1,782,589
<b>Non-current</b>		
Corporate bonds held at fair value through other comprehensive income (FVOCI)	<b>6,635,025</b>	6,660,291
	<b>6,635,025</b>	6,660,291

### Note 7. Property, plant and equipment

	Leasehold Improvements	Software & Websites	Furniture & Equipment	Total
	\$	\$	\$	\$
<b>Cost</b>				
Balance at 1 July 2018	484,009	1,234,308	1,271,826	2,990,143
Acquisitions	685,509	614,807	121,944	1,422,260
Write-offs and disposals	-	-	(37,385)	(37,385)
Balance at 30 June 2019	<b>1,169,518</b>	<b>1,849,115</b>	<b>1,356,385</b>	<b>4,375,018</b>
Balance at 1 July 2019	1,169,518	1,849,115	1,356,385	4,375,018
Acquisitions	<b>216,057</b>	<b>2,552,834</b>	<b>131,474</b>	<b>2,900,365</b>
Write-offs and disposals	<b>(258,437)</b>	<b>(1,871,517)</b>	<b>(106,357)</b>	<b>(2,236,311)</b>
<b>Balance at 30 June 2020</b>	<b>1,127,138</b>	<b>2,530,432</b>	<b>1,381,502</b>	<b>5,039,072</b>
<b>Depreciation and impairment losses</b>				
Balance at 1 July 2018	212,632	329,836	685,521	1,227,989
Depreciation/amortisation	98,063	261,931	314,756	674,750
Write-offs and disposals	-	-	(30,309)	(30,309)
Balance at 30 June 2019	<b>310,695</b>	<b>591,767</b>	<b>969,968</b>	<b>1,872,430</b>
Balance at 1 July 2019	310,695	591,767	969,968	1,872,430
Depreciation/amortisation	<b>172,537</b>	<b>670,792</b>	<b>183,134</b>	<b>1,026,463</b>
Write-offs and disposals	-	-	-	-
<b>Balance at 30 June 2020</b>	<b>483,232</b>	<b>1,262,559</b>	<b>1,153,102</b>	<b>2,898,893</b>
Carrying amounts at 30 June 2019	<b>858,823</b>	<b>1,257,348</b>	<b>386,417</b>	<b>2,502,588</b>
<b>Carrying amounts at 30 June 2020</b>	<b>643,906</b>	<b>1,267,873</b>	<b>228,400</b>	<b>2,140,179</b>

The carrying amount of software and websites above includes work-in-progress assets totalling \$91,447 (2019: \$673,922).

## Notes to the Consolidated Financial Statements

### Note 8. Right-of-use assets

	<b>Buildings</b>
	<b>\$</b>
Opening balance at 1 July 2019	6,444,806
Depreciation charge	<u>(1,277,410)</u>
<b>Closing balance at 30 June 2020</b>	<b><u>5,167,396</u></b>

### Note 9. Trade and other payables

	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
Trade payables and accruals – amortised cost	<b>2,157,981</b>	2,325,385
Special contribution for member research (note (a))	<b>471,309</b>	361,090
	<b><u>2,629,290</u></b>	<u>2,686,475</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 2020 totalled \$261,905 (2019: \$252,375). Also, in 2018 special contributions were collected from our Retirement Living members to commence a retirement living industry advertising campaign. Member contributions to this campaign during 2020 totalled \$nil (2019: \$1,355,129).

In 2019, special contributions were collected from the members to engage an external provider to build a technology platform to assist members in assessing existing and prospective suppliers for evaluation against the requirements of the Modern Slavery legislation. Member contributions to this research during 2020 totalled \$313,725 (2019: \$413,775).

In 2020, special contributions were collected from South Australian members to engage in an advertising campaign to oppose the Land tax changes in that state. Member contributions to this research during 2020 totalled \$60,000 (2019: \$nil).

### Note 10. Deferred income

	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
Subscriptions received in advance	<b>7,638,111</b>	5,662,138
Sponsorships billed in advance	<b>1,390,334</b>	897,358
Other fees billed in advance	<b>1,564,909</b>	2,482,929
	<b><u>10,593,354</u></b>	<u>9,042,425</u>

### Note 11. Employee benefits

	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Annual leave	<b>747,642</b>	761,158
Long service leave	<b>329,570</b>	220,665
Bonuses accrued	-	1,431,133
	<b><u>1,077,212</u></b>	<u>2,412,956</u>
<b>Non-current</b>		
Long service leave	<b><u>184,107</u></b>	<u>248,553</u>

## Notes to the Consolidated Financial Statements

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### Note 12. Provisions

	2020	2019
	\$	\$
Make-good provision under leases	211,237	216,126
	<b>211,237</b>	<b>216,126</b>
<b>Balance at 1 July 2019</b>	<b>216,126</b>	221,903
Charge/utilised for the year	4,889	5,777
<b>Balance at 30 June 2020</b>	<b>211,237</b>	<b>216,126</b>

### Note 13. Related Party Transactions

#### (i) Key management personnel disclosures

The Key Management Personnel (KMP) include members of the Group's Executive Management.

The Non-Executive Directors of the Group received no compensation during the current and prior year. They may receive reimbursements of expenses incurred in the course of business.

The compensation of the Executive Management is set out below.

	2020	2019
	\$	\$
Total KMP Compensation	<b>4,837,894</b>	4,776,525

#### (ii) 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.

## Notes to the Consolidated Financial Statements

### Note 14. Notes to the Statement of Cash Flows

	2020	2019
	\$	\$
Reconciliation of net cash flows from operating activities:		
(Deficit)/Surplus for the year	(65,448)	318,934
Less items classified as investing activities:		
Interest and investment income received	(189,781)	(441,919)
Add non-cash items:		
Amortisation and depreciation furniture, equipment, software and website	843,329	359,994
Depreciation – leasehold and ROU assets	1,460,543	314,756
Interest expense on lease liabilities	253,281	-
	<b>2,301,924</b>	551,765
Change in receivables	711,181	558,207
Change in prepayments	711,638	(84,910)
Change in payables	(57,185)	(288,492)
Change in deferred income	1,550,929	1,107,815
Change in provisions	(1,405,079)	312,301
Net cash from operating activities	<b>3,813,408</b>	2,156,686

### Note 15. Parent entity information

As at, and throughout, the financial year ended 30 June 2020 the parent entity of the Group was the Property Council of Australia Limited.

	2020	2019
	\$	\$
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
(Deficit)/Surplus for the year	(36,893)	273,433
Other comprehensive income	(65,610)	19,615
<b>Total comprehensive (loss)/income for the year</b>	<b>(102,503)</b>	293,048
<b>Statement of Financial Position</b>		
Current assets	13,116,751	11,761,550
Total assets	26,930,678	21,707,017
Current liabilities	14,433,254	14,147,928
Total liabilities	20,109,056	14,782,892
Accumulated funds	6,821,622	6,924,125
<b>Total funds</b>	<b>6,821,622</b>	6,924,125

## Notes to the Consolidated Financial Statements

### Note 16. List of subsidiaries

Set out below details the subsidiaries held by the Group:

Name	Principal place of business	Ownership Interest %	
		2020	2019
Lifemark Village Pty Limited	Australia	100	100
Retirement Living Code Administration 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 2020, a total of \$25,000 in management fees were incurred by the subsidiary (2019: \$25,000).

Retirement Living Code Administration Pty Limited was established during the year to administer the new Retirement Living Code of Conduct.

### Note 17. Contingent asset and contingent liabilities

Nil material items (2019: nil).

### Note 18. Subsequent events

There remains significant uncertainty around how the COVID-19 pandemic will evolve, including the duration of the pandemic, the severity of the downturn and the speed of economic recovery.

The Group has responded to these events with a range of savings, revenue and control measures, overseen by a Board Financial Management Committee. F2021 membership renewals have been strong, the Group will be eligible for further government COVID-19 stimulus and the Group retains sufficient cash and liquid assets to meet all liabilities for the financial year.

The economic environment is subject to rapid change and updated facts and circumstances continue to be closely monitored by the Group.

Nil other matters.

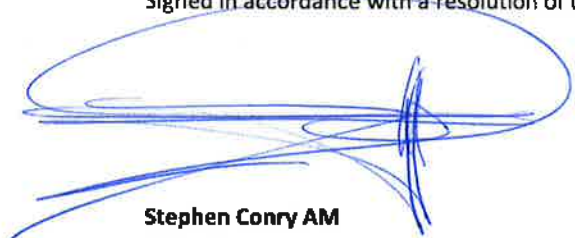
## Directors' Declaration

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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 30, 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 2020 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:



**Stephen Conry AM**

*Director*

Dated at Sydney

14 September 2020



# Independent Auditor's Report

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

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of the Property Council of Australia Limited (the "Company") and its subsidiary (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in funds and consolidated statement of cash flows for the year then ended, notes to the 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:

1. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
2. 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

#### Emphasis of matter – COVID-19

We draw attention to Note 18 of the financial report, which describes the circumstances relating to ongoing uncertainty regarding COVID-19 and any future potential financial impact. Our opinion is not modified in relation to this matter.

### **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 2020, 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 Company'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 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

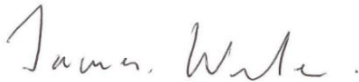
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



James Winter  
Partner – Audit & Assurance

Sydney, 14 September 2020