CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

		Charter Hall Group		Charter Hall Property Trust Group	
	Note	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000
Income					
Revenue	4	**213,393**	165,287	**19,717**	37,212
Share of net profit of investments accounted for using the equity method	28,29	**207,192**	168,284	**198,034**	157,905
Net gain on sale of investments and inventory		**3,244**	5,976	**3,720**	978
Net gain on investment in associates at fair value	28	**–**	4,016	**–**	4,016
Foreign exchange gains		**–**	35	**–**	–
Total income		**423,829**	343,598	**221,471**	200,111
Expenses					
Depreciation	5	**(3,475)**	(2,604)	**–**	–
Finance costs	5	**(1,522)**	(1,742)	**(1,295)**	(1,562)
Net loss on investment in associates at fair value	28	**(17)**	–	**(17)**	–
Impairment of investments in joint ventures	29	**(10,494)**	–	**–**	–
Net fair value adjustments on investment properties	12	**(712)**	–	**(712)**	–
Amortisation and reversal of impairment of intangibles	5,13	**(4,343)**	(8,517)	**–**	–
Asset management fees		**–**	–	**(1,382)**	(1,193)
Employee costs	5	**(100,921)**	(95,512)	**–**	–
Administration and other expenses	5	**(21,186)**	(18,269)	**(114)**	(87)
Total expenses		**(142,670)**	(126,644)	**(3,520)**	(2,842)
Profit before tax		**281,159**	216,954	**217,951**	197,269
Income tax expense	6	**(23,598)**	(1,714)	**–**	–
Profit for the year		**257,561**	215,240	**217,951**	197,269
Profit for the year as attributable to:					
Equity holders of Charter Hall Limited		**39,610**	17,971	**–**	–
Equity holders of Charter Hall Property Trust (non-controlling interest)		**217,951**	197,269	**217,951**	197,269
Profit for the year		**257,561**	215,240	**217,951**	197,269
Other comprehensive income					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	20	**(8)**	227	**(8)**	227
Equity accounted fair value movements in cash flow hedges	20	**(442)**	(181)	**(442)**	(181)
Other comprehensive income for the year, net of tax		**(450)**	46	**(450)**	46
Total comprehensive income for the year		**257,111**	215,286	**217,501**	197,315
Total comprehensive income for the year is attributable to:					
Equity holders of Charter Hall Limited		**39,610**	17,971	**–**	–
Equity holders of Charter Hall Property Trust (non-controlling interest)		**217,501**	197,315	**217,501**	197,315
Total comprehensive income for the year		**257,111**	215,286	**217,501**	197,315
Basic earnings per security (cents) attributable to:					
Equity holders of Charter Hall Limited		**9.4**	4.4	**n/a**	n/a
Equity holders of Charter Hall Property Trust (non-controlling interest)		**51.8**	48.1	**51.8**	48.1
Basic earnings per stapled security (cents) attributable to stapled securityholders of Charter Hall Group	8(a)	**61.2**	52.5	**n/a**	n/a
Diluted earnings per security (cents) attributable to:					
Equity holders of Charter Hall Limited		**9.3**	4.3	**n/a**	n/a
Equity holders of Charter Hall Property Trust (non-controlling interest)		**51.4**	47.7	**51.4**	47.7
Diluted earnings per stapled security (cents) attributable to stapled securityholders of Charter Hall Group	8(b)	**60.7**	52.0	**n/a**	n/a

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEETS

AS AT 30 JUNE 2017

		Charter Hall Group		Charter Hall Property Trust Group	
	Note	2017 $'000	Restated[1] 2016 $'000	2017 $'000	2016 $'000
Assets					
Current assets					
Cash and cash equivalents	9	**174,418**	145,358	**53,377**	43,321
Trade and other receivables	10	**66,203**	48,687	**29,936**	26,684
Total current assets		**240,621**	194,045	**83,313**	70,005
Non-current assets					
Trade and other receivables	10	**–**	–	**73,175**	139,860
Investments in associates at fair value through profit or loss	28	**29,690**	208	**29,690**	208
Investments accounted for using the equity method	11	**1,476,630**	1,136,727	**1,386,261**	1,041,502
Investment properties	12	**40,350**	–	**40,350**	–
Intangible assets	13	**65,400**	69,743	**–**	–
Property, plant and equipment	14	**18,764**	14,855	**–**	–
Deferred tax assets	15	**1,582**	–	**–**	–
Total non-current assets		**1,632,416**	1,221,533	**1,529,476**	1,181,570
Total assets		**1,873,037**	1,415,578	**1,612,789**	1,251,575
Liabilities					
Current liabilities					
Trade and other payables	16	**127,415**	86,894	**76,786**	56,488
Provisions	17	**1,892**	1,680	**–**	–
Total current liabilities		**129,307**	88,574	**76,786**	56,488
Non-current liabilities					
Trade and other payables	16	**6,479**	5,193	**–**	–
Provisions	17	**1,303**	1,334	**–**	–
Deferred tax liabilities	15	**13,677**	9,393	**–**	–
Total non-current liabilities		**21,459**	15,920	**–**	–
Total liabilities		**150,766**	104,494	**76,786**	56,488
Net assets		**1,722,271**	1,311,084	**1,536,003**	1,195,087
Equity					
Equity holders of Charter Hall Limited					
Contributed equity	19(a)	**284,956**	256,049	**–**	–
Reserves	20	**(44,614)**	(45,533)	**–**	–
Accumulated losses	21	**(54,074)**	(94,519)	**–**	–
Parent entity interest		**186,268**	115,997	**–**	–
Equity holders of Charter Hall Property Trust					
Contributed equity	19(a)	**1,456,853**	1,201,346	**1,456,853**	1,201,346
Reserves	20	**(450)**	–	**(450)**	–
Accumulated profit/(losses)	21	**79,600**	(6,259)	**79,600**	(6,259)
Equity holders of Charter Hall Property Trust (non-controlling interest)		**1,536,003**	1,195,087	**1,536,003**	1,195,087
Total equity		**1,722,271**	1,311,084	**1,536,003**	1,195,087

1 Details of the restated deferred tax liability are included in note 15.

The above consolidated balance sheets should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – CHARTER HALL GROUP

FOR THE YEAR ENDED 30 JUNE 2017

	Note	Contributed equity $'000	Reserves $'000	Accumulated profit/(losses) $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
		Attributable to the owners of Charter Hall Limited					
Restated balance at 1 July 2015		253,907	(44,615)	(112,490)	96,802	1,088,746	1,185,548
Profit for the year		–	–	17,971	17,971	197,269	215,240
Other comprehensive income		–	–	–	–	46	46
Total comprehensive income		–	–	17,971	17,971	197,315	215,286
Transactions with equity holders in their capacity as equity holders:							
Contributions of equity, net of issue costs	19(b)	2,550	–	–	2,550	23,525	26,075
Buyback and issuance of securities for exercised performance rights		(408)	(4,721)	–	(5,129)	(3,951)	(9,080)
Transfer due to deferred compensation payable in service rights		–	1,722	–	1,722	–	1,722
Distribution provided for or paid	7	–	–	–	–	(110,548)	(110,548)
Security-based benefit expense		–	2,081	–	2,081	–	2,081
Equity accounted fair value movements in cash flow hedges		–	–	–	–	–	–
		2,142	(918)	–	1,224	(90,974)	(89,750)
Restated balance at 30 June 2016		**256,049**	**(45,533)**	**(94,519)**	**115,997**	**1,195,087**	**1,311,084**
Balance at 1 July 2016		**256,049**	**(45,533)**	**(94,519)**	**115,997**	**1,195,087**	**1,311,084**
Profit for the year		**–**	**–**	**39,610**	**39,610**	**217,951**	**257,561**
Other comprehensive income		**–**	**–**	**–**	**–**	**(450)**	**(450)**
Total comprehensive income		**–**	**–**	**39,610**	**39,610**	**217,501**	**257,111**
Transactions with equity holders in their capacity as equity holders:							
Contributions of equity, net of issue costs	19(b)	**28,347**	**–**	**–**	**28,347**	**257,991**	**286,338**
Buyback and issuance of securities for exercised performance rights		**(273)**	**(2,439)**	**–**	**(2,712)**	**(2,484)**	**(5,196)**
Tax recognised direct to equity		**833**	**1,710**	**(358)**	**2,185**	**–**	**2,185**
Transfer due to deferred compensation payable in service rights		**–**	**1,427**	**–**	**1,427**	**–**	**1,427**
Distribution provided for or paid	7	**–**	**–**	**–**	**–**	**(132,092)**	**(132,092)**
Security-based benefit expense		**–**	**1,414**	**–**	**1,414**	**–**	**1,414**
Transfer unvested securities to accumulated losses		**–**	**(1,193)**	**1,193**	**–**	**–**	**–**
		28,907	**919**	**835**	**30,661**	**123,415**	**154,076**
Balance at 30 June 2017		**284,956**	**(44,614)**	**(54,074)**	**186,268**	**1,536,003**	**1,722,271**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – CHARTER HALL PROPERTY TRUST GROUP

FOR THE YEAR ENDED 30 JUNE 2017

		Attributable to the owners of the Charter Hall Property Trust Group			
	Note	Contributed equity $'000	Reserves $'000	Accumulated profit/(losses) $'000	Total equity $'000
Balance at 1 July 2015		1,181,772	(46)	(92,980)	1,088,746
Profit for the year		–	–	197,269	197,269
Other comprehensive income		–	46	–	46
Total comprehensive income/(loss)		–	46	197,269	197,315
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of issue costs	19(b)	23,525	–	–	23,525
Buyback and issuance of securities for exercised performance rights		(3,951)	–	–	(3,951)
Distribution provided for or paid	7	–	–	(110,548)	(110,548)
		19,574	–	(110,548)	(90,974)
Balance at 30 June 2016		**1,201,346**	**–**	**(6,259)**	**1,195,087**
Balance at 1 July 2016		**1,201,346**	**–**	**(6,259)**	**1,195,087**
Profit for the year		**–**	**–**	**217,951**	**217,951**
Other comprehensive income		**–**	**(450)**	**–**	**(450)**
Total comprehensive income		**–**	**(450)**	**217,951**	**217,501**
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of issue costs	19(b)	**257,991**	**–**	**–**	**257,991**
Buyback and issuance of securities for exercised performance rights		**(2,484)**	**–**	**–**	**(2,484)**
Distribution provided for or paid	7	**–**	**–**	**(132,092)**	**(132,092)**
		255,507	**–**	**(132,092)**	**123,415**
Balance at 30 June 2017		**1,456,853**	**(450)**	**79,600**	**1,536,003**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

		Charter Hall Group		Charter Hall Property Trust Group	
	Note	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		**217,845**	174,609	**10,679**	19,778
Payments to suppliers and employees (inclusive of GST)		**(138,957)**	(116,320)	**(2,384)**	(3,141)
Interest received		**2,222**	2,609	**267**	237
Interest paid		**(1,279)**	(1,121)	**(1,181)**	(976)
Distributions and dividends from investments		**76,483**	70,549	**72,518**	63,028
Net cash inflow from operating activities	23	**156,314**	130,326	**79,899**	78,926
Cash flows from investing activities					
Payments for property, plant and equipment, net of lease incentive received		**(4,599)**	(4,917)	**–**	–
Proceeds on disposal of investment property		**67,238**	15,874	**–**	–
Payments for investment properties		**(40,537)**	–	**(40,537)**	–
Payment for acquisition of subsidiary, net of cash acquired		**(25,233)**	–	**–**	–
Investments in associates and joint ventures		**(383,950)**	(160,988)	**(379,846)**	(160,238)
Proceeds on disposal and return of capital from investments in associates and joint ventures		**119,940**	102,674	**123,634**	102,696
Loans to associates, joint ventures and related parties		**(11,699)**	(11,730)	**(407,595)**	(215,625)
Repayments of loans to associates, joint ventures and related parties		**21,234**	9,145	**494,555**	284,595
Net cash (outflow)/inflow from investing activities		**(257,606)**	(49,942)	**(209,789)**	11,428
Cash flows from financing activities					
Proceeds from issues/(buy back) of stapled securities		**281,238**	16,996	**255,507**	19,574
Proceeds from borrowings		**88,800**	–	**88,800**	–
Repayment of borrowings		**(124,125)**	–	**(88,800)**	–
Distributions paid to stapled securityholders		**(115,561)**	(103,644)	**(115,561)**	(103,644)
Net cash inflow/(outflow) from financing activities		**130,352**	(86,648)	**139,946**	(84,070)
Net increase/(decrease) in cash and cash equivalents		**29,060**	(6,264)	**10,056**	6,284
Cash and cash equivalents at the beginning of the year		**145,358**	151,593	**43,321**	37,037
Effects of exchange rate changes on cash and cash equivalents		**–**	29	**–**	–
Cash and cash equivalents at the end of the year	9	**174,418**	145,358	**53,377**	43,321

The above consolidated cash flow statements should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

The significant policies which have been adopted in the preparation of these consolidated financial statements for the year ended 30 June 2017 are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Basis of preparation

The Charter Hall Group (Group, CHC or Charter Hall) is a 'stapled' entity comprising Charter Hall Limited (Company or CHL) and its controlled entities, and Charter Hall Property Trust (Trust or CHPT) and its controlled entities (Charter Hall Property Trust Group). The shares in the Company are stapled to the units in the Trust. The stapled securities cannot be traded or dealt with separately. The stapled securities of the Group are listed on the Australian Securities Exchange (ASX). CHL has been identified as the parent entity in relation to the stapling.

The two Charter Hall entities comprising the stapled group remain separate legal entities in accordance with the *Corporations Act 2001*, and are each required to comply with the reporting and disclosure requirements of Accounting Standards and the *Corporations Act 2001*.

As permitted by ASIC Corporations (Stapled Group Reports) Instrument 2015/838, this financial report is a combined financial report that presents the consolidated financial statements and accompanying notes of both the Charter Hall Group and the Charter Hall Property Trust Group.

The financial report of the Charter Hall Group comprises CHL and its controlled entities, including Charter Hall Funds Management Limited (Responsible Entity) as responsible entity for CHPT and CHPT and its controlled entities. The results and equity, not directly owned by CHL, of CHPT have been treated and disclosed as a non-controlling interest. Whilst the results and equity of CHPT are disclosed as a non-controlling interest, the stapled securityholders of CHL are the same as the stapled securityholders of CHPT. The financial report of the Charter Hall Property Trust Group comprises the Trust and its controlled entities.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The Charter Hall Group and Charter Hall Property Trust Group are for-profit entities for the purpose of preparing the consolidated financial statements.

On 6 June 2005, CHL acquired Charter Hall Holdings Pty Ltd (CHH). Under the terms of AASB 3 *Business Combinations*, CHH was deemed to be the accounting acquirer in this business combination. This transaction has therefore been accounted for as a reverse acquisition under AASB 3. Accordingly, the consolidated financial statements of the Group have been prepared as a continuation of the consolidated financial statements of CHH. CHH, as the deemed acquirer, has acquisition accounted for CHL as at 6 June 2005.

Group references in accounting policies

The accounting policies in Note 1 apply to both the Group and Charter Hall Property Trust Group unless otherwise stated in the relevant policy.

Compliance with IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- investments in associates at fair value through profit or loss – measured at fair value;
- investments in financial assets held at fair value – measured at fair value.

New and amended standards adopted

No new accounting standards or amendments have come into effect for the year ended 30 June 2017 that affect the Group's operations or reporting requirements.

(b) Principles of consolidation

(i) Controlled entities

The consolidated financial statements of the Charter Hall Group and the Charter Hall Property Trust Group incorporate the assets and liabilities of all controlled entities as at 30 June 2017 and their results for the year then ended.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Controlled entities are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of controlled entities are shown separately in the consolidated statement of comprehensive income, consolidated balance sheet and consolidated statement of changes in equity respectively.

(ii) Investments in associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for in the consolidated balance sheet at either fair value through profit or loss (CHPT only) or by using the equity method (CHPT and CHL). On initial recognition, the Group elects to account for investments in associates at either fair value through profit or loss or using the equity method based on assessment of the expected strategy for the investment.

Under the equity accounted method, the Group's share of the associates' post acquisition net profit after income tax expense is recognised in the consolidated statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions and dividends received from associates are recognised in the consolidated financial report as a reduction of the carrying amount of the investment.

Investments in associates at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated statement of comprehensive income.

(iii) Joint arrangements

Under AASB 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the consolidated financial statements under the appropriate headings.

Joint ventures

Interests in joint ventures are accounted for using the equity method, with investments initially recognised at cost and adjusted thereafter to recognise the Group's share of post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint venture entities are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been aligned where necessary to ensure consistency with the policies adopted by the Group.

(iv) Changes in ownership interests

When the Group ceases to equity account for an investment because of a loss of joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a joint venture entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group.

If the ownership interest in a joint venture entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

(c) Segment reporting

Segment information is reported in a manner that is consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments.

(d) Foreign currency translation

(i) Functional and presentation currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is CHL's and CHPT's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated balance sheet presented are translated at the closing rate at the date of that consolidated balance sheet;
- income and expenses for each income statement and consolidated statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

(iv) Foreign currency translation

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. On disposal of interests in foreign controlled entities, the cumulative foreign exchange gains/losses relating to these investments are transferred to the consolidated statement of comprehensive income in accordance with the requirements of AASB 121 *The Effect of Changes in Foreign Exchange Rates*.

1 Summary of significant accounting policies continued

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

(i) Management fees and expense recoveries

Management fees and expense recoveries are brought to account on an accruals basis when the services have been performed and, if not received at the reporting date, are reflected in the consolidated balance sheet as a receivable.

Where management fees are derived in respect of an acquisition or disposal of property, the fees are recognised where services have been performed and the fee can be reliably estimated.

(ii) Performance and transaction fees

Performance fees are only recognised when the services have been performed and the amount can be reliably measured and it is probable the performance fee criteria will be met. Transaction fees are recognised when the services have been performed and the fee can be reliably estimated. Detailed calculations are completed and the risks associated with the fee are assessed when deciding when it is appropriate to recognise revenue. Further information is provided in the critical accounting estimates and judgements in Note 2.

(iii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(iv) Distributions

Distributions are recognised as revenue when the right to receive payment is established.

(v) Other investment-related revenue

Other investment-related revenue represents amounts received in relation to investment commitments and rebates relating to investments and is recognised where the right to receive payment is established.

(f) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, any non-controlling interest in the acquiree is recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the acquirer's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(g) Income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's controlled entities and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered impairment in prior years are reviewed for possible reversal of the impairment at each reporting date.

(i) Cash and cash equivalents

For the purpose of presentation in the cash flow statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

(j) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in the year in which they are identified. A provision for doubtful debts is raised where there is objective evidence that the Group will not collect all amounts due. The amount of the provision is the difference between the carrying amount and estimated future cash flows. Cash flows relating to current receivables are not discounted.

(k) Other financial assets

Classification

The Group classifies its other financial assets in the following categories: financial assets at fair value through profit or loss, 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 each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset held for trading is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date.

(iii) Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity.

(iv) Available for sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Recognition and derecognition

Regular way purchases and sales of investments are recognised at trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss, excluding interest and distribution income, are presented in the consolidated statement of comprehensive income in the year in which they arise.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs. Further details on how the fair value of financial instruments is determined are disclosed in Note 1(w) and Note 25.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated statement of comprehensive income – is removed from equity and recognised in the consolidated statement of comprehensive income. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments classified as available for sale are not reversed through the consolidated statement of comprehensive income.

1 Summary of significant accounting policies continued

(l) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial year in which they are incurred.

Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Furniture, fittings and equipment 3 to 10 years
- Fixtures 5 to 10 years
- Software 3 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of comprehensive income.

(m) Investment properties

Investment properties comprise investment interests in land and buildings (including integral plant and equipment) held for the purpose of producing rental income, including properties that are under construction for future use as investment properties.

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the investment properties are stated at fair value. Fair value of investment property is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition. Gains and losses arising from changes in the fair values of investment properties are included in the consolidated statement of comprehensive income in the year in which they arise.

At each balance date, the fair values of the investment properties are assessed by the Responsible Entity with reference to independent valuation reports or through appropriate valuation techniques adopted by the Responsible Entity. Specific circumstances of the owner are not taken into account. Further information relating to valuation techniques can be found in Note 25(c).

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the consolidated statement of comprehensive income within net fair value gain/(loss) on investment property.

The carrying amount of investment properties recorded in the consolidated balance sheet takes into consideration components relating to lease incentives, leasing costs and assets relating to fixed increases in operating lease rentals in future years.

(n) Intangibles

(i) Intangibles – indefinite life assets

Intangibles with no fixed life are not amortised as they have an indefinite life. Intangibles with an indefinite life are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses. Intangibles are allocated to cash generating units for the purpose of impairment testing.

(ii) Management Rights – finite life assets

Management rights with a fixed life are amortised using the straight line method over their useful life. Management rights of Charter Hall Office Trust (CHOT) are amortised over nine years.

(o) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of comprehensive income over the period of the borrowing using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. If the facility has not been drawn down the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(q) Borrowing costs

Borrowing costs associated with the acquisition or construction of a qualifying asset, including interest expense, are capitalised as part of the cost of that asset during the period that is required to complete and prepare the asset for its intended use. Borrowing costs not associated with qualifying assets are expensed.

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

(s) Goods and Services Tax (GST)

Revenues, expenses and assets (with the exception of receivables) are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are inclusive of GST. The net amount of GST recoverable from or payable to the tax authority is included in receivables or payables in the consolidated balance sheet.

Cash flows relating to GST are included in the consolidated statement of cash flows on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(t) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date, are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

Liabilities for other employee entitlements which are not expected to be paid or settled within 12 months of reporting date are accrued in respect of all employees at present values of future amounts expected to be paid, based on a projected weighted average increase in wage and salary rates. Expected future payments are discounted using a corporate bond rate with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

Contributions to employee defined contribution superannuation funds are recognised as an expense as they become payable.

(iv) Security-based benefits

Security-based compensation benefits are provided to employees via the Charter Hall Performance Rights and Options Plan (PROP) and the General Employee Security Plan (GESP). Information relating to these schemes is set out in Note 33. For PROP, the fair value at grant date is independently valued using a Monte Carlo simulation pricing model that takes into account the exercise price, the term of the option, impact of dilution, stapled security price at grant date, expected price volatility of the underlying stapled security, expected dividend yield and the risk-free interest rate for the term of the option and market vesting conditions but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of stapled securities that are expected to vest. At each reporting date, the entity revises its estimate of the number of stapled securities that are expected to vest. The employee benefits expense recognised each year takes into account the most recent estimate.

Upon the vesting of stapled securities, the balance of the stapled security-based benefits reserve relating to those stapled securities is transferred to equity, net of any directly attributable transaction costs.

For GESP, eligible employees are entitled to receive up to $1,000 in stapled securities based on the stapled security price on the grant date. The cost of the stapled securities bought on market to settle the award liability is included in employee benefits expense. The stapled securities are held in trust on behalf of eligible employees until the earlier of the completion of three years' service or termination.

(v) Bonus plans

Charter Hall recognises a liability and an expense for amounts payable to employees. Charter Hall recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

(a) when the Group can no longer withdraw the offer of those benefits; and

(b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(u) Contributed equity

Ordinary stapled securities are classified as equity. Incremental costs directly attributable to the issue of new stapled securities or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Distributions paid and payable

A liability is recognised for the amount of any distribution declared by the Group on or before the end of the reporting period but not distributed at balance date.

(w) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

A fair value measurement of a non-financial asset takes into account the Group's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of financial instruments traded in active markets is determined using quoted market prices at the balance date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

Certain unlisted property securities have been designated on initial recognition to be treated at fair value through profit or loss. Movements in fair value during the period have been recognised in the consolidated statement of comprehensive income. These assets have been acquired with the intention of being long-term investments. Where the assets in this category are expected to be sold within 12 months, they are classified as current assets; otherwise they are classified as non-current.

The nominal value less estimated credit adjustments of trade receivables and payables approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

1 Summary of significant accounting policies continued

(x) Earnings per stapled security

Basic earnings per stapled security from continuing operations is determined by dividing profit from continuing operations attributable to the stapled securityholders by the weighted average number of ordinary stapled securities on issue during the year.

Basic earnings per stapled security is determined by dividing the profit by the weighted average number of ordinary stapled securities on issue during the year.

Diluted earnings per stapled security from continuing operations is determined by dividing profit from continuing operations attributable to the stapled securityholders by the weighted average number of ordinary stapled securities and dilutive potential ordinary stapled securities on issue during the year.

Diluted earnings per stapled security is determined by dividing the profit by the weighted average number of ordinary stapled securities and dilutive potential ordinary stapled securities on issue during the year.

(y) Parent entity financial information

The financial information for the parent entity of the Charter Hall Group, Charter Hall Limited, and for the parent entity of the Charter Hall Property Trust Group, Charter Hall Property Trust, disclosed in Note 34, has been prepared on the same basis as the Group's financial statements except as set out below:

(i) Investments in controlled entities

Investments in controlled entities, associates and joint ventures are accounted for at cost or fair value through profit or loss in the financial statements of the parent entity. Such investments include both investments in equity securities issued by the controlled entity and other parent entity interests that in substance form part of the parent entity's investment in the controlled entity. These include investments in the form of interest-free loans which have no fixed contractual term and which have been provided to the controlled entity as an additional source of long-term capital.

Dividends and distributions received from controlled entities, associates and joint ventures are recognised in the parent entity's statement of comprehensive income, rather than deducted from the carrying amount of these investments.

(ii) Receivables and payables

Trade amounts receivable from controlled entities in the normal course of business and other amounts advanced on commercial terms and conditions are included in receivables. Similarly, amounts payable to controlled entities are included in payables.

(iii) Recoverable amount of assets

The carrying amounts of investments in controlled entities, associates and joint ventures valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying value exceeds their recoverable amount, the assets are written down to the lower value. The write-down is expensed in the year in which it occurs.

(iv) Tax consolidation legislation

The head entity, Charter Hall Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Charter Hall Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under a tax funding agreement with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in Note 6.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(z) Impact of new standards and interpretations issued but not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 30 June 2017 but are available for early adoption. The impact of these new standards and interpretations (to the extent relevant to the Group) is set out below:

(i) AASB 9 Financial Instruments (applicable 1 January 2018)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and liabilities and sets out new rules for hedge accounting. Management has completed a preliminary assessment and does not expect any changes to the above. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, would therefore have to be recognised directly in the statement of comprehensive income. The Group has not yet decided when to adopt AASB 9 and management is currently assessing the impact of the new standard.

(ii) AASB 15 Revenue from Contracts with Customers (applicable 1 January 2018)

The standard is based on the principle that revenue is recognised when control of a good or service is transferred to a customer, so the notion of control replaces the notion of risks and rewards. It applies to all contracts with customers, excluding leases, financial instruments and insurance contracts. The basis of the new standard is a new five step model that involves identifying the contract with the customer, identifying performance obligations under the contract, determining the transaction price in exchange for satisfying those performance obligations and recognising revenue as or when each performance obligation is satisfied. Variable consideration should be estimated and included in the transaction price to the extent it is highly probable that the cumulative amount of revenue recognised will not be significantly reversed.

AASB 15 requires reporting entities to provide users of financial statements with more informative, relevant disclosures. The Group has completed a preliminary assessment of the implications of the new standard to its operational and financial results.

The Group will adopt the standard in the financial year beginning 1 July 2018, applying the standard retrospectively, which may involve an adjustment to opening retained earnings to recognise the cumulative effect of applying the standard.

(iii) AASB 16 Leases (applicable 1 January 2019 – early adoption allowed if AASB 15 is adopted at the same time)

The standard will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset. The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics such as Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) will change. The accounting by lessors will not significantly change. Management has completed a preliminary assessment that the operating lease commitments, as disclosed in Note 31, will result in the recognition of a right-of-use asset and a corresponding lease liability and how this will affect the Group's results. The standard will primarily impact the Group's office leases as lessee.

(aa) Comparative information

Where necessary, comparative information has been adjusted to conform with changes in presentation in the current year.

(ab) Rounding of amounts

Under the option provided by ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the 'rounding off' of amounts in the financial statements, amounts in the Company and the Trust's consolidated financial statements have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

2 Critical accounting estimates and judgements

The Charter Hall Group and Charter Hall Property Trust Group make estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Classification and carrying value of investments

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Critical judgements are made in assessing whether an investee entity is controlled or subject to significant influence or joint control. These judgements include an assessment of the nature, extent and financial effects of the Group's interest in investee entities, including the nature and effects of its contractual relationship with the entity or with other investors.

Investments in associates are accounted for at either fair value through profit or loss (CHPT only) or by using the equity method (CHPT and CHL). CHPT designates investments in associates as fair value through profit or loss or equity accounted on a case by case basis taking the investment strategy into consideration.

Management regularly reviews equity accounted investments for impairment and remeasures investments carried at fair value through profit or loss by reference to changes in circumstances or contractual arrangements, external independent property valuations and market conditions, using generally accepted market practices. When a recoverable amount is estimated through a value in use calculation, critical judgements and estimates are made regarding future cash flows and an appropriate discount rate. When a fair value is estimated through an earnings valuation, critical judgements and estimates are made in relation to the earnings measure and appropriate multiple.

Critical judgement is made in assessing the manner in which the cost of indefinite life intangible assets is expected to be recovered and corresponding deferred tax liability. Critical judgements and accounting estimates are made in assessing the extent to which the utilisation of tax losses carried forward is considered probable and the corresponding deferred tax asset recognised.

(b) Performance fee recognition

Critical judgements and estimates are made by the Charter Hall Group in respect of recognising performance fee revenue. Performance fees are only recognised when services have been performed and they can be reliably estimated and are probable. Detailed calculations are completed and the risks associated with the fee are assessed when deciding when it is appropriate to recognise revenue.

(c) Valuation of intangibles

Critical judgements and estimates are made by the Charter Hall Group in assessing the recoverable amount of intangibles acquired, where the funds to which those intangibles relate have an indefinite life. Intangibles are considered to have an indefinite useful life if there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Refer to Note 13 for further details.

3 Segment information

(a) Description of segments

Charter Hall Property Trust Group

The Board allocates resources and assesses the performance of operating segments for the entire Charter Hall Group. Results are not separately identified and reported according to the legal structure of the Charter Hall Group and therefore segment information for CHPT is not prepared and provided to the chief operating decision maker.

Charter Hall Group

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions. The Board is responsible for allocating resources and assessing performance of the operating segments.

Operating earnings is a financial measure which represents statutory profit after tax adjusted for proportionally consolidated fair value adjustments, gains or losses on sale of investments, amortisation and/or impairment of intangible assets, deferred tax expense and other unrealised or one-off items. Operating earnings is the primary measure of the Group's underlying and recurring earnings from its operations. Operating earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare.

The Board has identified the following two reportable segments, the performance of which it monitors separately.

Property Investments

This segment comprises investments in property funds.

Property Funds Management

This segment comprises funds management services, property management services and other property services.

3 Segment information continued

(a) Description of segments continued

Charter Hall Group

Corporate costs which were previously unallocated in the June 2016 financial report are now included in the property funds management segment. The impact of this reclassification is a decrease of property funds management operating earnings from $71,380,000 to $46,234,000 in June 2016. The reallocation has a $nil net effect on the total operating earnings.

(b) Proportionally consolidated operating segments

The operating segments provided to the Board for the reportable segments for the year ended 30 June 2017 are as follows:

30 June 2017	Property Investments $'000	Property Funds Management $'000	Total $'000
Property rental income[1]	157,447	–	**157,447**
Property expenses[1]	(31,441)	–	**(31,441)**
Management fee revenue	–	158,719	**158,719**
Net property development EBITDA[2]	3,568	–	**3,568**
Net operating expenses	(1,039)	(68,348)	**(69,387)**
Corporate expenses[3]	–	(24,178)	**(24,178)**
EBITDA	**128,535**	**66,193**	**194,728**
EBITDA as a % of total EBITDA	**66.0%**	**34.0%**	
Inter-segment fees and expenses[4]	(14,072)	22,980	**8,908**
Depreciation and amortisation expense	(195)	(3,475)	**(3,670)**
Net interest expense	(28,647)	–	**(28,647)**
Income tax expense[5]	(666)	(19,480)	**(20,146)**
Operating earnings	**84,955**	**66,218**	**151,173**
Basic weighted average number of stapled securities ('000)			420,838
Operating earnings per stapled security (cents)			**35.9 cps**
Other segment items			
Realised gains/(losses) on disposal of investments[6]	32,570		
EBITDA as a % of total EBITDA, including realised gains/(losses)[7]	**70.9%**	**29.1%**	

1 Property rental income and property expenses are calculated on a proportionate equity accounted look-through basis.
2 Net property development EBITDA is the Group's share of EBITDA from its investment in CIP, an industrial development business.
3 Corporate expenses includes the costs to manage the listed stapled entity of CHC and non-sector costs of managing the group wide platform including the Board, CEO, CFO, heads of group wide functions (People and IT), group finance, CHC investor relations, group marketing, corporate share of security-based benefits expense and restructuring costs.
4 Inter-segment fees and expenses are made up of fees and expenses paid by the funds to the Group whether treated as expenses or capitalised by the fund.
5 Current income tax expense in Property investments represents the Group's share of Commercial and Industrial Property Pty Ltd's income tax expense.
6 Realised gains/(losses) are calculated on property disposals based on sales price less historical acquisition costs plus capital expenditure on a look-through basis, excluding fair value movements.
7 This proportionate equity accounted ratio is calculated by dividing the Property investment EBITDA plus the realised gains/(losses) on disposal of investments by the total EBITDA plus realised gains/(losses) on disposal of investments.

30 June 2016	Property Investments $'000	Property Funds Management $'000	Total $'000
Property rental income[1]	146,743	–	146,743
Property expenses[1]	(28,846)	–	(28,846)
Management fee revenue	–	119,546	119,546
Net property development EBITDA[2]	6,229	–	6,229
Net operating expenses	(1,134)	(61,854)	(62,988)
Corporate expenses[3]	–	(24,495)	(24,495)
EBITDA	122,992	33,197	156,189
EBITDA as a % of total EBITDA	**78.7%**	**21.3%**	
Inter-segment fees and expenses[4]	(11,352)	15,641	4,289
Depreciation and amortisation expense	(585)	(2,604)	(3,189)
Net interest expense	(31,180)	–	(31,180)
Income tax expense	(1,374)	–	(1,374)
Operating earnings	78,501	46,234	124,735
Basic weighted average number of stapled securities ('000)			409,980
Operating earnings per stapled security (cents)			30.4 cps
Other segment items			
Realised gains/(losses) on disposal of investments[5]	22,356		
EBITDA as a % of total EBITDA, including realised gains/(losses)[6]	**81.4%**	**18.6%**	

1 Property rental income and property expenses are calculated on a look-through basis.

2 Net property development EBITDA is the Group's share of EBITDA from its investment in CIP, an industrial development business.

3 Corporate expenses includes the costs to manage the listed stapled entity of CHC and non-sector costs of managing the group wide platform including the Board, CEO, CFO, heads of group wide functions (People and IT), group finance, CHC investor relations, group marketing, corporate share of security-based benefits expense and restructuring costs.

4 Inter-segment fees and expenses are made up of fees and expenses paid by the funds to the Group whether treated as expenses or capitalised by the fund.

5 Realised gains/(losses) are calculated on property disposals based on sales price less historical acquisition costs plus capital expenditure on a look-through basis, excluding fair value movements.

6 This proportionate equity accounted ratio is calculated by dividing the Property investment EBITDA plus the realised gains/(losses) on disposal of investments by the total EBITDA plus realised gains/(losses) on disposal of investments.

Refer to Note 8 for statutory earnings per stapled security figures.

3 Segment information continued

(c) The reconciliation of operating earnings to statutory profit after tax attributable to stapled securityholders is shown below:

	2017 $'000	2016 $'000
Operating earnings attributable to stapled securityholders	**151,173**	124,735
Realised and unrealised gains/(losses) on derivatives[1]	**8,166**	(10,339)
Net fair value movements on investments and property[1]	**118,314**	107,757
Amortisation and impairment of intangibles	**(4,342)**	(8,517)
Impairment of investment in joint venture	**(10,494)**	–
Non-operating deferred income tax expense	**(4,118)**	(1,714)
Gain on disposal of property investments and inventory[1]	**3,890**	6,114
Other[1]	**(5,028)**	(2,796)
Statutory profit after tax attributable to stapled securityholders	**257,561**	215,240

1 Includes the Group's proportionate share of non-operating items of equity accounted investments on a look-through basis.

(d) Reconciliation of operating earnings from the property investments segment to the share of net profit of investments accounted for using the equity method and the net gain on investment in associates at fair value in the statement of comprehensive income

	2017 $'000	2016 $'000
Operating earnings – investments	**84,955**	78,501
Add: non-operating equity accounted profit	**122,830**	93,378
Less: fair value distributions in operating income	**(377)**	(3,610)
Add: net gain/(loss) on investment in associates at fair value	**(17)**	4,016
Add: other operating expenses	**1,038**	1,133
Less: net operating interest income	**(1,192)**	(1,118)
Less: rental income	**(62)**	–
	207,175	172,300
Share of net profit of investments accounted for using the equity method	**207,192**	168,284
Net gain/(loss) on investment in associates at fair value	**(17)**	4,016
	207,175	172,300

(e) Reconciliation of property funds management income stated above to revenue per the statement of comprehensive income

	2017 $'000	2016 $'000
Management revenue	**158,719**	119,546
Inter-segment revenue	**22,980**	15,641
Less: recoveries eliminated against expenses	**(3,189)**	(2,171)
Property funds management revenue	**178,510**	133,016
Add: recovery of property and fund-related expenses	**31,729**	26,052
Add: interest income	**2,715**	2,609
Add: distributions received for investments accounted for at fair value	**377**	3,610
Add: rental income	**62**	–
Revenue per statement of comprehensive income	**213,393**	165,287

Geographical segments are immaterial as the vast majority of the Group's income is from Australian sources. Assets and liabilities have not been reported on a segmented basis as the Board is focused on the consolidated balance sheet.

4 Revenue

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Sales revenue				
Gross rental income	**62**	–	**62**	–
Management fees and expense recoveries	**156,492**	130,751	**–**	–
Transaction and performance fees	**53,747**	28,317	**–**	–
	210,301	159,068	**62**	–
Other revenue				
Interest	**2,742**	2,609	**9,005**	13,291
Distributions/dividends[1]	**350**	3,610	**350**	3,610
Other investment-related revenue	**–**	–	**10,300**	20,311
Total other revenue	**3,092**	6,219	**19,655**	37,212
Total revenue	**213,393**	165,287	**19,717**	37,212

1 Represents the distribution of income from investments in associates accounted for at fair value by the Group and Charter Hall Property Trust Group. Revenue excludes share of net profits of equity accounted associates and joint ventures. Refer to Notes 28 and 29 for further details.

5 Expenses

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Profit before income tax includes the following specific expenses:				
Depreciation				
Plant and equipment	**3,475**	2,604	**–**	–
Impairment of joint ventures				
Impairment of investments in joint ventures	**10,494**	–	**–**	–
Amortisation and impairment of intangibles				
Intangibles – amortisation	**5,143**	8,517	**–**	–
Intangibles – reversal of impairment	**(800)**	–	**–**	–
Total amortisation and impairment	**4,343**	8,517	**–**	–
Finance costs				
Interest and finance charges paid/payable	**1,522**	1,742	**1,295**	1,562
Employee costs				
Employee benefit expenses	**94,528**	83,878	**–**	–
Restructuring costs	**243**	5,057	**–**	–
Security-based benefits expense	**1,414**	2,081	**–**	–
Payroll tax	**4,736**	4,496	**–**	–
Total employee costs	**100,921**	95,512	**–**	–
Administration and other expenses				
Legal and consulting costs	**5,008**	3,673	**–**	–
Rent expense and occupancy costs	**3,267**	2,848	**–**	–
Communication and IT expenses	**5,534**	4,914	**30**	–
Other expenses	**7,377**	6,834	**84**	87
Total administration and other expenses	**21,186**	18,269	**114**	87

6 Income tax expense

		Charter Hall Group		Charter Hall Property Trust Group	
	Note	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000
(a) Income tax expense					
Current tax expense/(benefit)		**19,544**	(73)	**–**	–
Deferred income tax expense		**4,054**	1,787	**–**	–
		23,598	1,714	**–**	–
Deferred income tax expense					
Decrease/(increase) in deferred tax assets for the tax consolidated group	15	**768**	(135)	**–**	–
Increase in deferred tax liabilities for the tax consolidated group	15	**4,868**	1,922	**–**	–
Increase in deferred tax assets for entities outside the tax consolidated group	15	**(1,582)**	–	**–**	–
		4,054	1,787	**–**	–
(b) Reconciliation of income tax expense/(benefit) to prima facie tax payable					
Profit before income tax expense		**281,159**	216,954	**217,951**	197,269
Prima facie tax expense at the Australian tax rate of 30%		**84,348**	65,086	**65,385**	59,181
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:					
Charter Hall Property Trust income		**(65,385)**	(59,181)	**(65,385)**	(59,181)
Non-allowable expenses		**80**	2,541	**–**	–
Other allowable deductions		**(135)**	(38)	**–**	–
Share-based payments expense		**–**	(3,857)	**–**	–
Sundry items		**(9)**	155	**–**	–
Net tax refund on foreign subsidiaries		**–**	(73)	**–**	–
Capital gain sheltered by unrecognised capital losses		**–**	(1,718)	**–**	–
Non-taxable dividends, net of equity accounted profit		**(1,245)**	(1,117)	**–**	–
Impairment of equity accounted investment		**3,148**	–	**–**	–
Recognition of deferred tax asset on previously unrecognised income tax losses		**(1,582)**	–	**–**	–
Income sheltered by losses in subsidiary outside of the tax consolidated group		**(307)**	–	**–**	–
Amounts under/(over) provided in respect of prior years		**4,685**	(84)	**–**	–
Income tax expense		**23,598**	1,714	**–**	–
(c) Amounts recognised directly in equity					
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:					
Current tax: Deduction for rights vesting in excess of the cumulative expense for the share-based payments		**(833)**	–	**–**	–
Deferred tax: Estimated future deduction for rights vesting, in excess of the cumulative expense for the rights		**(1,710)**	–	**–**	–
Deferred tax: Unwind of deferred tax assets on rights which failed to meet vesting conditions		**358**	–	**–**	–
		(2,185)	–	**–**	–

(d) Tax consolidation legislation

Charter Hall Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation with effect from 1 July 2003. The accounting policy in relation to this legislation is set out in Note 1(g).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, Charter Hall Limited.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Charter Hall Limited for any current tax payable assumed and are compensated by Charter Hall Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Charter Hall Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

(e) Charter Hall Property Trust

Under current Australian income tax legislation, the Trust is not liable for income tax on its taxable income (including any assessable component of capital gains) provided that the unitholders are presently entitled to the income of the Trust.

(f) Capital tax losses – Charter Hall Group

At 30 June 2017, the Group has approximately $12.8 million (2016: $11.2 million) of tax effected unrecognised capital tax losses.

7 Distributions paid and payable

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Ordinary stapled securities				
Final ordinary distribution for the six months ended 30 June 2017 of 15.6 cents per stapled security payable on 31 August 2017	**72,661**	–	**72,661**	–
Interim ordinary distribution for the six months ended 31 December 2016 of 14.4 cents per stapled security paid on 28 February 2017	**59,431**	–	**59,431**	–
Final ordinary distribution for the six months ended 30 June 2016 of 13.6 cents per stapled security paid on 25 August 2016	**–**	56,129	**–**	56,129
Interim ordinary distribution for the six months ended 31 December 2015 of 13.3 cents per stapled security paid on 26 February 2016	**–**	54,419	**–**	54,419
Total distributions paid and payable	**132,092**	110,548	**132,092**	110,548

Franking credits available in the parent entity (Charter Hall Limited) for subsequent financial years based on a tax rate of 30% (2016: 30%) are $3.3 million (2016: $3.3 million).

8 Earnings per stapled security

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 Cents	2016 Cents	**2017 Cents**	2016 Cents
(a) Basic earnings per security attributable to:				
Equity holders of Charter Hall Limited	**9.4**	4.4	**n/a**	n/a
Equity holders of Charter Hall Property Trust (non-controlling interest)	**51.8**	48.1	**51.8**	48.1
Stapled securityholders of Charter Hall Group	**61.2**	52.5	**n/a**	n/a
(b) Diluted earnings per security attributable to:				
Equity holders of Charter Hall Limited	**9.3**	4.3	**n/a**	n/a
Equity holders of Charter Hall Property Trust (non-controlling interest)	**51.4**	47.7	**51.4**	47.7
Stapled securityholders of Charter Hall Group	**60.7**	52.0	**n/a**	n/a

	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
(c) Reconciliations of earnings used in calculating earnings per stapled security				
Equity holders of Charter Hall Limited	**39,610**	17,971	**n/a**	n/a
Profit attributable to the ordinary stapled securityholders of the Group used in calculating basic and diluted earnings per stapled security	**257,561**	215,240	**217,951**	197,269

	2017 Number	2016 Number	**2017 Number**	2016 Number
(d) Weighted average number of stapled securities used as the denominator				
Weighted average number of ordinary stapled securities used as the denominator in calculating basic earnings per stapled security	**420,838,262**	409,979,949	**420,838,262**	409,979,949
Adjustments for calculation of diluted earnings per stapled security:				
Performance rights	**2,881,070**	3,324,586	**2,881,070**	3,324,586
Service rights	**546,854**	733,776	**546,854**	733,776
Weighted average number of ordinary stapled securities and potential ordinary stapled securities used as the denominator in calculating diluted earnings per stapled security	**424,266,186**	414,038,311	**424,266,186**	414,038,311

(e) Information concerning the classification of securities

Performance rights, service rights issued under the Charter Hall Performance Rights and Options Plan

The performance and service rights are unquoted securities. Conversion to stapled securities and vesting to executives is subject to service and performance conditions.

Stapled securities issued under the General Employee Share Plan (GESP)

Stapled securities issued under the GESP are purchased on market on behalf of eligible employees but held in trust until the earlier of the completion of three years' service or termination. No adjustment to diluted earnings per stapled security is required under the GESP.

9 Cash and cash equivalents

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Cash at bank and on hand	**174,418**	145,358	**53,377**	43,321

These amounts earn fixed and floating interest rates of between 1.6% and 2.5% (2016: 1.8% and 2.0%).

10 Trade and other receivables

		Charter Hall Group		Charter Hall Property Trust Group	
	Note	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000
Current					
Trade receivables		**27,938**	14,008	**2,698**	2,330
Loans to joint ventures	26(e)	**8,500**	6,500	**–**	–
Loans to associates	26(e)	**750**	2,586	**750**	2,586
Distributions receivable		**27,432**	24,379	**26,344**	21,768
Other receivables		**854**	985	**144**	–
Prepayments		**729**	229	**–**	–
		66,203	48,687	**29,936**	26,684
Non-current					
Loan receivable from Charter Hall Limited		**–**	–	**73,175**	139,860
		–	–	**73,175**	139,860

(a) Bad and doubtful trade receivables

During the year, the Charter Hall Group and Charter Hall Property Trust Group incurred $nil expense (2016: $nil) in respect of provisioning for bad and doubtful trade receivables.

(b) Fair values

Receivables are carried at amounts that approximate their fair value.

(c) Credit risk

There is a limited concentration of credit risk as the majority of current and non-current receivables are due from related parties of Charter Hall Group and Charter Hall Property Trust Group. Refer to Note 24 for more information on the risk management policy of the Charter Hall Group and Charter Hall Property Trust Group.

The ageing of trade receivables at the reporting date was as follows:

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Current	**27,850**	13,604	**2,698**	2,330
1 to 3 months	**20**	344	**–**	–
3 to 6 months	**30**	3	**–**	–
More than 6 months	**38**	57	**–**	–
	27,938	14,008	**2,698**	2,330

As at 30 June 2017, Charter Hall Group had trade receivables of $0.1 million (2016: $0.4 million) past due but not impaired. Charter Hall Property Trust had $nil receivables past due (2016: $nil).

11 Investments accounted for using the equity method

		Charter Hall Group		Charter Hall Property Trust Group	
	Note	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000
Investments in associates	28	**1,218,160**	851,371	**1,147,241**	784,609
Investments in joint venture entities	29	**258,470**	285,356	**239,020**	256,893
		1,476,630	1,136,727	**1,386,261**	1,041,502

Investments in associates represent units in listed and unlisted Charter Hall managed funds which are accounted for using the equity method. Refer to Note 28(a) for carrying value of investments in associates. Investments in joint venture entities represent joint venture interests in Australia which are accounted for using the equity method. Refer to Note 29(a) for carrying value of investments in joint venture entities.

12 Investment properties

During the year, the Group established a new controlled entity investment fund, Charter Hall Direct Consumer Staples Fund, to facilitate the purchase of a portfolio of investment properties.

A reconciliation of the carrying amount of investment properties at the beginning and end of the year is set out below:

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Opening balance	**–**	–	**–**	–
Additions	**108,300**	–	**41,062**	–
Net loss from fair value adjustment	**(712)**	–	**(712)**	–
Disposals	**(67,238)**	–	**–**	–
Closing balance	**40,350**	–	**40,350**	–

Key valuation assumptions used in the determination of the investment properties' fair value and the Group's valuation policy are disclosed in Note 25.

Leasing arrangements

The investment properties, excluding development properties, are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Due within one year	**2,350**	–	**2,350**	–
Due between one and five years	**7,292**	–	**7,292**	–
Over five years	**12,679**	–	**12,679**	–
	22,321	–	**22,321**	–

13 Intangible assets

In March 2010, the Charter Hall Group completed a transaction to acquire the majority of Macquarie Group's core real estate management platform. This transaction was structured to secure the management rights (i.e. future management fee revenue) of Macquarie Office Trust (now Charter Hall Office Trust), Macquarie CountryWide Trust (now Charter Hall Retail REIT) and Macquarie Direct Property Fund (now Charter Hall Direct Office Fund). The excess of consideration paid over net tangible assets acquired represents the value of these management rights.

With the exception of management rights held over Charter Hall Office Trust (CHOT), management considers that the management rights have an indefinite life as there are no finite terms in the underlying agreements and the Charter Hall Group has no intention to cease managing these funds. On 1 May 2012, Charter Hall Office REIT (CQO) was privatised and CQO changed from a listed REIT to a wholesale unit trust (CHOT) with liquidity reviews every five years. In November 2016, CHOT's investors agreed to extend the life of the fund by three years to 30 April 2020. The amortisation period for the CHOT management rights has also been extended prospectively by three years. The Group is amortising the associated intangible assets over a nine year period from 1 May 2012, which includes an additional year to source liquidity were the fund to be wound up as a result of a liquidity review.

On 15 August 2012, a subsidiary of the Group paid the previous manager of Charter Hall Direct PFA Trust (PFA) to facilitate the appointment of a Group subsidiary as the responsible entity of PFA. As PFA is an open ended fund with no termination date or review event contemplated in its constitution, these facilitation payments have been treated as an intangible asset which is considered to have an indefinite useful life.

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Indefinite life intangibles				
Charter Hall Retail REIT				
Opening and closing balance	**42,288**	42,288	**–**	–
Charter Hall Direct Office Fund				
Opening and closing balance	**7,423**	7,423	**–**	–
Charter Hall Direct PFA Trust				
Opening balance	**4,417**	4,417	**–**	–
Reversal of impairment	**800**	–	**–**	–
Closing balance	**5,217**	4,417	**–**	–
Total indefinite life intangibles	**54,928**	54,128	**–**	–
Finite life intangibles				
Charter Hall Office Trust				
Opening balance	**15,615**	24,132	**–**	–
Amortisation charge	**(5,143)**	(8,517)	**–**	–
Closing balance	**10,472**	15,615	**–**	–
At balance date				
Cost	**50,283**	50,283	**–**	–
Accumulated amortisation	**(39,811)**	(34,668)	**–**	–
Total finite life intangibles	**10,472**	15,615		
Total intangible assets	**65,400**	69,743	**–**	–

All indefinite life intangible assets recognised on the consolidated balance sheet are subject to an annual impairment assessment. The impairment assessments support the carrying values and the methodology applied is an assessment of value in use based on discounted cash flows.

Key assumptions used for the indefinite life intangible impairment calculations are as follows:

- cash flow projections covering a three year period based on financial budgets approved by management. Cash flows beyond the three-year period are extrapolated using estimated growth rates appropriate for the business;
- pre-tax discount rate range of 14–16% (2016: 14–16%) which is in excess of the Group's weighted average cost of capital;
- growth after three years of 2–3% (2016: 2–3%) per annum; and
- terminal value multiple of 7.0–8.0 times earnings (2016: 7.0–8.0 times).

Impairment is tested at the cash generating unit (CGU) level being each fund which generates management fee income.

14 Property, plant and equipment

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Opening net book amount	**14,855**	11,931	**–**	–
Additions	**7,384**	6,289	**–**	–
Disposals	**–**	(761)	**–**	–
Depreciation charge	**(3,475)**	(2,604)	**–**	–
Closing net book amount	**18,764**	14,855	**–**	–
At balance date				
Cost	**29,275**	21,890	**–**	–
Accumulated depreciation	**(10,511)**	(7,035)	**–**	–
Net book amount	**18,764**	14,855	**–**	–

15 Deferred tax assets and liabilities

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	Restated 2016 $'000	**2017 $'000**	2016 $'000
Deferred tax assets comprises temporary differences attributable to:				
Tax losses carried forward[1]	**1,582**	–	**–**	–
Deferred tax assets comprises temporary differences attributable to:				
Tax losses carried forward	**–**	1,494	**–**	–
Employee benefits	**11,886**	8,968	**–**	–
Other	**467**	1,307	**–**	–
	12,353	11,769	**–**	–
Deferred tax liabilities comprises temporary differences attributable to:				
Intangible assets	**(18,055)**	(14,913)	**–**	–
Investment in associates	**(6,364)**	(5,387)	**–**	–
Other	**(1,611)**	(862)	**–**	–
	(26,030)	(21,162)	**–**	–
Net deferred tax liabilities	**(13,677)**	(9,393)	**–**	–

1 Tax losses carried forward in 2017 were acquired following the acquisition of Charter Hall Opportunity Fund No.5 (CHOF5) as a wholly owned entity. CHOF5 does not form part of the Charter Hall tax consolidated group and therefore is not included in the net deferred tax liability balance on the Balance Sheet.

Change in accounting policy and retrospective application

During the year, the Group changed its accounting policy in relation to the recognition of deferred income tax on its intangible assets. This change was made to reflect the view of the IFRS Interpretations Committee (IFRIC), published in November 2016, that the carrying amounts of intangible assets with indefinite useful lives may not necessarily be recovered through sale, but also through use.

Based on the IFRIC guidance, the Group has determined that it is appropriate to retrospectively change its accounting policy in relation to the assumed method of recovery of its intangible assets from recovery through sale to recovery through use. As the benefits of the intangible assets flow to the Group in the form of management fees over time, this is considered to provide reliable and more relevant information.

The impact of this change in accounting policy on the 2017 and previously reported 2016 and 2015 balance sheets is an increase of $14,913,000 of deferred tax liabilities and an increase to accumulated losses of $14,913,000. There was no impact on the statement of comprehensive income.

A reconciliation of the carrying amount of deferred tax assets for the tax consolidated group at the beginning and end of the current and previous years is set out below:

	Note	Tax losses carried forward $'000	Employee benefits $'000	Other $'000	Total $'000
Charter Hall Group					
Balance at 1 July 2015		5,836	5,616	182	11,634
Charged/(credited) to income statement	6	(4,342)	3,352	1,125	135
Balance at 30 June 2016		1,494	8,968	1,307	11,769
Charged/(credited) to income statement	6	(1,494)	1,566	(840)	(768)
Charged/(credited) directly to equity		–	1,352	–	1,352
Balance at 30 June 2017		**–**	**11,886**	**467**	**12,353**

A reconciliation of the carrying amount of deferred tax liabilities for the tax consolidated group at the beginning and end of the current and previous years is set out below:

	Note	Intangible assets $'000	Investment in associate $'000	Other $'000	Total $'000
Charter Hall Group					
Balance at 1 July 2015 (Restated)		14,913	4,108	219	19,240
Charged/(credited) to income statement	6	–	1,279	643	1,922
Balance at 30 June 2016 (Restated)		14,913	5,387	862	21,162
Charged/(credited) to income statement	6	3,142	977	749	4,868
Balance at 30 June 2017		**18,055**	**6,364**	**1,611**	**26,030**

16 Trade and other payables

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Current				
Trade payables	**1,137**	421	–	–
Accruals	**3,271**	5,970	**467**	359
Distribution payable	**72,661**	56,129	**72,661**	56,129
GST payable	**765**	2,149	**(92)**	(66)
Annual leave liability	**3,473**	3,110	**–**	–
Employee benefits liability	**21,715**	17,404	**–**	–
Other payables	**4,536**	630	**3,750**	66
Income tax payable	**18,711**	–	**–**	–
Lease incentive liability	**1,146**	1,081	**–**	–
	127,415	86,894	**76,786**	56,488
Non-current				
Lease incentive liability	**6,479**	5,193	**–**	–

All current liabilities are expected to be settled within 12 months.

17 Provisions

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Current				
Employee benefits – long service leave	**1,892**	1,680	**–**	–
Non-current				
Employee benefits – long service leave	**1,303**	1,334	**–**	–

18 Interest bearing liabilities

Charter Hall Property Trust loan

The $100 million debt facility was increased to $125 million in December 2016 with the maturity date unchanged at August 2018. At 30 June 2017, drawn borrowings of $nil (30 June 2016: $nil) and bank guarantees of $14.3 million (30 June 2016: $26.0 million) had been utilised under this facility, which under the terms of the agreement reduce the available facility. No liability is recognised for bank guarantees.

The carrying amounts of assets pledged as security for borrowings are:

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Non-current				
First ranking security				
Investment in associates	**1,415,951**	1,041,710	**1,415,951**	1,041,710

(a) Financial arrangements

The Charter Hall Group and Charter Hall Property Trust Group had unrestricted access at reporting date to the following lines of credit:

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Total facilities	**125,000**	100,000	**125,000**	100,000
Used at reporting date	**(14,267)**	(26,049)	**(14,267)**	(26,049)
Unused at reporting date	**110,733**	73,951	**110,733**	73,951

(b) Gearing

Gearing is a measure used to monitor levels of debt capital used by the business to fund its operations. This ratio is calculated as interest bearing debt divided by total assets with both net of cash and cash equivalents.

The gearing ratio of the Charter Hall Group at 30 June 2017 was nil % (30 June 2016: nil %) and Charter Hall Property Trust Group nil % (30 June 2016: nil %). Debt covenants are monitored regularly to ensure compliance and reported to the debt provider on a six monthly basis. The Group Treasurer is responsible for negotiating new debt facilities and monitoring compliance with covenants.

19 Contributed equity

(a) Security capital

	2017 Securities	2016 Securities	2017 $'000	2016 $'000
Charter Hall Limited			**284,956**	256,049
Charter Hall Property Trust			**1,456,853**	1,201,346
Ordinary securities – stapled securities, fully paid	**465,777,131**	412,717,802	**1,741,809**	1,457,395

(b) Movements in ordinary stapled security capital

Details	Number of securities[1]	Average issue price	Charter Hall Limited $'000	Charter Hall Property Trust $'000	Total $'000
Opening balance at 1 July 2015	406,817,856		253,907	1,181,772	1,435,679
Buyback and issuance of securities for exercised performance and service rights[1]	–	$2.26	(408)	(3,951)	(4,359)
Issuance under DRP[2]	5,899,946	$4.45	2,563	23,669	26,232
Closing balance at 30 June 2016	412,717,802		256,062	1,201,490	1,457,552
Less: Transaction costs on stapled security issues			(13)	(144)	(157)
Closing balance per accounts at 30 June 2016	**412,717,802**		**256,049**	**1,201,346**	**1,457,395**
Buyback and issuance of securities for exercised performance and service rights[3]	**–**	**$2.63**	**(273)**	**(2,484)**	**(2,757)**
Tax recognised directly in equity	**–**	**–**	**833**	**–**	**833**
Issued under institutional placement[4]	**53,059,329**	**$5.48**	**28,786**	**261,979**	**290,765**
Balance at 30 June 2017	**465,777,131**		**285,395**	**1,460,841**	**1,746,236**
Less: Transaction costs on stapled security issues			**(439)**	**(3,988)**	**(4,427)**
Balance per accounts at 30 June 2017	**465,777,131**		**284,956**	**1,456,853**	**1,741,809**

1 1,926,951 stapled securities bought on market at an average value of $4.37, offset by the exercise of 1,581,344 performance rights with a value of $1.91 and 474,902 service rights with an average value of $3.41.

2 2,345,435 stapled securities issued in September 2015 with an issue price of $4.60 and 3,554,511 issued in February 2016 with an issue price of $4.34.

3 879,616 stapled securities bought on market at an average value of $5.74, offset by the exercise of 445,518 performance rights with a value of $1.16 and 434,098 service rights with an average value of $4.11.

4 53,059,239 stapled securities issued under Institutional Placement and Security Purchase Plan in May 2017 with an issue price of $5.48.

(c) Ordinary stapled securities

Ordinary stapled securities entitle the holder to participate in distributions/dividends and the proceeds on winding up of the Company/Trust in proportion to the number of and amounts paid on the stapled securities held.

On a show of hands, every holder of ordinary stapled securities present at a meeting in person or by proxy is entitled to one vote and upon a poll, each holder is entitled to one vote per security that they hold.

(d) Distribution Re-investment Plan

The Group has established a Distribution Re-investment Plan (DRP) under which holders of ordinary stapled securities may elect to have all or part of their distribution satisfied by the issue of new ordinary stapled securities rather than by being paid in cash. The DRP was in operation for the distribution paid on 26 February 2016, however was suspended for the distribution paid on 25 August 2016 and subsequent distributions.

20 Reserves

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Business combination reserve	**(52,000)**	(52,000)	**–**	–
Security-based benefits reserve	**5,676**	6,467	**–**	–
Other reserves	**1,260**	–	**(450)**	–
	(45,064)	(45,533)	**(450)**	–
Charter Hall Limited	**(44,614)**	(45,533)	**–**	–
Charter Hall Property Trust	**(450)**	–	**(450)**	–
	(45,064)	(45,533)	**(450)**	–

Movements:

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Business combination reserve				
Opening and closing balance	**(52,000)**	(52,000)	**–**	–
Security-based benefits reserve				
Opening balance	**6,467**	7,385	**–**	–
Security-based benefits expense	**1,414**	2,081		
Transfer due to deferred compensation payable in performance rights	**1,427**	1,722	**–**	–
Transferred to equity on options and performance rights exercised	**(2,439)**	(4,721)	**–**	–
Transfer unvested securities to accumulated losses	**(1,193)**	–	**–**	–
Closing balance	**5,676**	6,467	**–**	–
Other reserves				
Opening balance	**–**	(46)	**–**	(46)
Exchange differences on translation of foreign operations	**(8)**	227	**(8)**	227
Equity accounted fair value movements in cash flow hedges	**(442)**	(181)	**(442)**	(181)
Deferred tax asset recognised directly in equity	**1,710**	–	**–**	–
Closing balance	**1,260**	–	**(450)**	–

(a) Business combination reserve

This reserve relates to the reverse acquisition at the initial public offering (IPO) in 2005. This is the amount that relates to the investment in CHH that is not eliminated by paid in capital. No goodwill is recognised as this transaction is the result of a reverse acquisition.

(b) Security based benefits reserve

The security based benefits reserve is used to recognise the fair value of rights and options issued under the PROP.

(c) Other reserves

Exchange differences arising on translation of foreign controlled entities and the Charter Hall Group's and Charter Hall Property Trust Group's share of foreign exchange differences arising from the equity accounted investments are recognised in other comprehensive income as described in Note 1(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Equity accounted fair value movements in cash flow hedges is the equity accounted portion of the gains or losses on hedging instruments in cash flow hedges that are determined to be an effective hedge relationship.

Deferred tax credits recognised directly in equity relate to the excess of the expected future tax deduction on performance and service rights on issue over the cumulative fair value expensed to date.

21 Accumulated losses

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	Restated 2016 $'000	**2017 $'000**	Restated 2016 $'000
Opening balance	**(100,778)**	(205,470)	**(6,259)**	(92,980)
Profit for the year	**257,561**	215,240	**217,951**	197,269
Distributions	**(132,092)**	(110,548)	**(132,092)**	(110,548)
Transfer unvested securities to accumulated losses	**1,193**	–	**–**	–
Deferred tax asset recognised directly to equity	**(358)**	–	**–**	–
Closing balance	**25,526**	(100,778)	**79,600**	(6,259)
Charter Hall Limited	**(54,074)**	(94,519)	**–**	–
Charter Hall Property Trust	**79,600**	(6,259)	**79,600**	(6,259)
Closing balance	**25,526**	(100,778)	**79,600**	(6,259)

22 Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditors of the Charter Hall Group and Charter Hall Property Trust Group, their related practices and non related audit firms:

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $	2016 $	**2017 $**	2016 $
(a) Audit services				
PricewaterhouseCoopers – Australian Firm				
Audit and review of financial reports	**304,750**	312,000	**7,000**	7,000
Other assurance services	**18,000**	–	**–**	–
Total remuneration for audit services	**322,750**	312,000	**7,000**	7,000
(b) Taxation services				
PricewaterhouseCoopers – Australian Firm				
Taxation services	**135,781**	228,744	**–**	–
Total remuneration for taxation services	**135,781**	–	**–**	–

23 Reconciliation of profit after tax to net cash inflow from operating activities

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Profit after tax for the year	**257,561**	215,240	**217,951**	197,269
Non-cash items:				
Amortisation and impairment of intangibles	**4,343**	8,517	**–**	–
Impairment of joint ventures	**10,494**	–	**–**	–
Depreciation and amortisation	**3,617**	3,019	**141**	416
Non-cash security-based benefits expense	**1,413**	2,081	**–**	–
Net loss/(gain) on sale of investments, property and derivatives	**(3,244)**	(5,976)	**(3,720)**	(978)
Fair value adjustments	**729**	(4,016)	**729**	(4,016)
Foreign exchange movements	**–**	(29)	**–**	–
Change in assets and liabilities, net of effects from purchase of controlled entity:				
(Increase)/decrease in trade debtors and other receivables	**(11,420)**	999	**(9,393)**	(15,216)
Increase/(decrease) in trade creditors and accruals	**20,053**	10,048	**57**	69
Share of profit from investment in associates and joint venture entities	**(129,935)**	(101,344)	**(125,866)**	(98,618)
(Increase)/decrease for net deferred income tax	**2,703**	1,787	**–**	–
Net cash inflow from operating activities	**156,314**	130,326	**79,899**	78,926

Distribution and interest income received on investments has been classified as cash flow from operating activities.

24 Capital and financial risk management

(a) Capital risk management

The key capital risk management objective of the Charter Hall Group and Charter Hall Property Trust Group is to optimise returns through the mix of available capital sources whilst complying with statutory and constitutional capital requirements, and complying with the covenant requirements of the finance facility. The capital management approach is regularly reviewed by management and the Board as part of the overall strategy. The capital mix can be altered by issuing new units, electing to have the DRP underwritten, adjusting the amount of distributions paid, activating a unit buyback program or selling assets.

(b) Financial risk management

Both the Charter Hall Group and Charter Hall Property Trust Group activities expose it to a variety of financial risks: market risk (price risk, interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management framework focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. From time to time, the Group uses derivative financial instruments such as interest rate swaps and option contracts to hedge certain risk exposures.

Risk management is carried out by the Group Treasurer, the Chief Financial Officer and the Managing Director and Group CEO in consultation with senior management, the Audit, Risk and Compliance Committee and the Board of Directors. The Group Treasurer identifies, evaluates and hedges financial risks in close cooperation with the Chief Financial Officer. The Board provides guidance for overall risk management, as well as covering specific areas, such as mitigating price, interest rate and credit risks, the use of derivative financial instruments and investing excess liquidity.

(i) Market risk

Unlisted unit price risk

The Group is exposed to unlisted unit price risk. This arises from investments in unlisted property funds managed by the Group. These funds invest in direct property. Charter Hall manages all the funds that the Group invests in and its executives have a sound understanding of the underlying property values and trends that give rise to price risk. The carrying value of investments in associates at fair value through profit or loss is measured with reference to the funds' unit prices which are determined in accordance with the funds' respective constitutions. The key determinant of the unit price is the underlying property values which are approved by the respective fund board or investment committee and the Executive Property Valuation Committee.

The following table illustrates the potential impact a change in unlisted unit prices by +/-10% would have on the Charter Hall Group and Charter Hall Property Trust Group's profit and equity. The movement in the price variable has been determined based on management's best estimate, having regard to a number of factors, including historical levels of price movement, historical correlation of the Group's investments with the relevant benchmark and market volatility. However, actual movements in the price may be greater or less than anticipated due to a number of factors. As a result, historic price variations are not a definitive indicator of future price variations.

		-10%		+10%	
	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Charter Hall Group					
2017					
Assets – Charter Hall Group					
Investments in associates at fair value through profit or loss	**29,690**	**(2,969)**	**(2,969)**	**2,969**	**2,969**
2016					
Assets – Charter Hall Group					
Investments in associates at fair value through profit or loss	208	(21)	(21)	21	21
Charter Hall Property Trust Group					
2017					
Assets – Charter Hall Property Trust Group					
Investments in associates at fair value through profit or loss	**29,690**	**(2,969)**	**(2,969)**	**2,969**	**2,969**
2016					
Assets – Charter Hall Property Trust Group					
Investments in associates at fair value through profit or loss	208	(21)	(21)	21	21

Cash flow and fair value interest rate risk

The Charter Hall Group has no long-term interest bearing assets.

Charter Hall Property Trust has a loan receivable from Charter Hall Limited which is an unsecured stapled loan maturing on 30 June 2021 with interest charged on an arm's length basis. Refer to note 26(e) for further details.

The Charter Hall Group's and Charter Hall Property Trust Group's external interest rate risk arises from the $125 million loan facility. At 30 June 2017 no borrowings were drawn on this facility (2016: $nil). Borrowings drawn at variable rates expose both Groups to cash flow interest rate risk. Borrowings drawn at fixed rates expose both Groups to fair value interest rate risk. The Charter Hall Group and Charter Hall Property Trust Group's policy is to fix rates between 50–100% of core borrowings for the anticipated debt term. Core borrowings are defined as being the level of borrowings that are expected to be held for a period of more than two years. The Group did not hold any derivatives as at 30 June 2017.

24 Capital and financial risk management continued

(b) Financial risk management continued

(ii) Interest rate risk exposure

As the Group has no drawn debt, interest rate risk exposure is minimal.

The Charter Hall Property Trust's exposure arises predominantly from an unsecured stapled loan maturing on 30 June 2021 receivable from Charter Hall Limited bearing variable interest rates.

Interest rate sensitivity analysis

The following tables illustrate the potential impact a change in interest rates of +/-1% would have on the Charter Hall Group and Charter Hall Property Trust Group's profit and equity.

				-1%		+1%	
	Effective interest rate	Fair value $'000	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Charter Hall Group							
2017							
Financial assets							
Cash and cash equivalents	**2.5%**	**174,418**	**174,418**	**(1,744)**	**(1,744)**	**1,744**	**1,744**
2016							
Financial assets							
Cash and cash equivalents	2.0%	145,358	145,358	(1,454)	(1,454)	1,454	1,454
Charter Hall Property Trust Group							
2017							
Financial assets							
Cash and cash equivalents	**2.5%**	**53,377**	**53,377**	**(534)**	**(534)**	**534**	**534**
Loan receivable from Charter Hall Ltd	**9.3%**	**73,175**	**73,175**	**(732)**	**(732)**	**732**	**732**
Total increase/(decrease)				**(1,266)**	**(1,266)**	**1,266**	**1,266**
2016							
Financial assets							
Cash and cash equivalents	2.0%	43,321	43,321	(433)	(433)	433	433
Loan receivable from Charter Hall Ltd	9.7%	139,860	139,860	(1,399)	(1,399)	1,399	1,399
Total increase/(decrease)				(1,832)	(1,832)	1,832	1,832

The fair value of interest-bearing liabilities is inclusive of costs which would be incurred on settlement of a liability, and is based upon market prices, where a market exists, or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

(iii) Foreign exchange risk

The Charter Hall Group's principal exposure to foreign exchange risk arises from its investments in foreign subsidiaries. The major asset held by foreign subsidiaries is cash in foreign denominated bank accounts. The Charter Hall Property Trust Group does not have any exposure of this type.

(c) Credit risk

The Charter Hall Group and Charter Hall Property Trust Group have policies in place to ensure that sales of services are made to customers with appropriate credit histories.

50% of the Charter Hall Group's income is derived from management fees, transaction and other fees from related parties. 49% of the Charter Hall Group's income is derived from equity accounted investments in property funds and distributions from investments in property funds held at fair value through the profit and loss. The balance relates to interest income, gross rental income and gains on sales of investments and inventory.

89% of the Charter Hall Property Trust Group's income is derived from equity accounted investments in property funds and distributions from investments in property funds held at fair value through profit and loss.

All tenants in the underlying property funds for Charter Hall Group and the Charter Hall Property Trust Group are assessed for creditworthiness, taking into account their financial position, past experience and other factors. Refer to Note 10(c) for more information on credit risk.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Charter Hall Group and Charter Hall Property Trust Group have policies that limit the amount of credit exposure to any one financial institution.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Charter Hall Group and Charter Hall Property Trust Group aim at maintaining flexibility in funding by keeping committed credit lines available.

Maturities of financial liabilities

The following table provides the contractual maturity of Charter Hall Group's and Charter Hall Property Trust Group's financial liabilities. The amounts presented represent the future contractual undiscounted principal and interest cash flows and therefore do not equate to the value shown in the balance sheet. Repayments which are subject to notice are treated as if notice were given immediately.

	Carrying amount $'000	Less than 1 year $'000	Between 1 and 2 years $'000	Over 2 years $'000	Total cash flows $'000
Charter Hall Group					
2017					
Trade and other payables	**133,894**	**127,415**	**1,146**	**5,333**	**133,894**
2016					
Trade and other payables	92,087	86,894	790	4,403	92,087
Charter Hall Property Trust Group					
2017					
Trade and other payables	**76,786**	**76,786**	**–**	**–**	**76,786**
2016					
Trade and other payables	56,488	56,488	–	–	56,488

25 Fair value measurement

(a) Recognised fair value measurement

The Charter Hall Group and the Charter Hall Property Trust Group measure and recognise the following assets and liabilities at fair value on a recurring basis:

- Investments in associates at fair value through profit and loss (refer to Note 28).
- Investment properties.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
(iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Charter Hall Group and Charter Hall Property Trust Group's assets and liabilities measured and recognised at fair value:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Charter Hall Group				
30 June 2017				
Investments in associates at fair value through profit and loss	**–**	**–**	**29,690**	**29,690**
Investment properties	**–**	**–**	**40,350**	**40,350**
Total assets	**–**	**–**	**70,040**	**70,040**
30 June 2016				
Investments in associates at fair value through profit and loss	–	–	208	208
Total assets	–	–	208	208
Charter Hall Property Trust Group				
30 June 2017				
Investments in associates at fair value through profit and loss	**–**	**–**	**29,690**	**29,690**
Investment properties	**–**	**–**	**40,350**	**40,350**
Total assets	**–**	**–**	**70,040**	**70,040**
30 June 2016				
Investments in associates at fair value through profit and loss	–	–	208	208
Total assets	–	–	208	208

There have been no transfers between Level 1, Level 2 and Level 3 during the period.

(b) Disclosed fair values

The carrying amounts of current trade receivables and payables approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Charter Hall Group and Charter Hall Property Trust Group for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

(c) Valuation techniques used to derive Level 3 fair values

Investments in associates

The fair value of investments in associates held at fair value through profit and loss, which are investments in unlisted securities, are determined giving consideration to the unit prices and net assets of the underlying funds. The unit prices and net asset values are largely driven by the fair values of investment properties and derivatives held by the funds. Recent arm's length transactions, if any, are also taken into consideration.

The fair value of investments in associates at fair value through profit or loss is impacted by the price per security of the investment. An increase to the price per security results in an increase to the fair value of the investment.

Investment property

The fair value measurement of investment property takes into account the Group's ability to generate economic benefits by using the asset in its highest and best use.

The use of independent external valuers is on a rotational basis at least once every 12 months, or earlier, where the Responsible Entity deems it appropriate or believes there may be a material change in the carrying value of the property.

Where an independent valuation is not obtained, the fair value is determined using Discounted Cash Flow and income capitalisation methods. The table below identifies the inputs, which are not based on observable market data, used to measure the fair value (Level 3) of the investment properties:

	Fair value $'000	Adopted capitalisation rate (% p.a.)	Adopted terminal yield (% p.a.)	Adopted discount rate (% p.a.)
2017	**40,350**	**6.8–8.5**	**7.0–9.0**	**7.5–9.3**

Term	Definition
Discounted Cash Flow (DCF) method	A method in which a discount rate is applied to future expected income streams to estimate the present value.
Income capitalisation method	A valuation approach that provides an indication of value by converting future cash flows to a single current capital value.
Gross market rent	The estimated amount for which an interest in real property should be leased to a major tenant on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
Capitalisation rate	The return represented by the income produced by an investment, expressed as a percentage.
Terminal yield	A percentage return applied to the expected net income following a hypothetical sale at the end of the cash flow period.
Discount rate	A rate of return used to convert a future monetary sum or cash flow into present value.

Movement in the inputs are likely to have an impact on the fair value of investment properties. An increase in gross market rent will likely lead to an increase in fair value. A decrease in adopted capitalisation rate, adopted terminal yield or adopted discount rate will likely lead to an increase in fair value.

26 Related parties

(a) Parent entity

The parent entity of the Charter Hall Group is Charter Hall Limited. The parent entity of the Charter Hall Property Trust Group is the Charter Hall Property Trust.

(b) Controlled entities

Interests in controlled entities are set out in Note 27.

(c) Key management personnel

The following persons were considered key management personnel (excluding Non-Executive Directors) during the year:

Executive director

D Harrison

Other key management personnel

G Chubb

P Ford

S McMahon[1]

A Taylor

Former key management personnel

P Altschwager[2]

1 Commenced being key management personnel on 18 August 2016.

2 Ceased being key management personnel on 7 December 2016.

26 Related parties continued

(c) Key management personnel continued

Former key management personnel continued

Below are the aggregate amounts paid or payable to key management personnel (including Non-Executive Directors):

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $	2016 $	**2017 $**	2016 $
Salary and fees	**3,988,438**	6,561,264	**–**	–
Non-Executive Director remuneration	**948,741**	993,900	**–**	–
Short-term incentives	**3,975,652**	5,070,682	**–**	–
Superannuation	**107,887**	165,906	**–**	–
Value of securities vested	**931,165**	1,972,796	**–**	–
Non-monetary benefits	**23,955**	47,635	**–**	–
Termination benefits	**893,344**	1,112,400	**–**	–
	10,869,182	15,924,583	**–**	–

(d) Transactions with related parties

The following income was earned from related parties during the year:

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $	2016 $	**2017 $**	2016 $
Associates				
Accounting cost recoveries	**7,320,825**	7,000,934	**–**	–
Marketing cost recoveries	**2,342,380**	1,806,214	**–**	–
Transaction and performance fees	**44,596,526**	8,573,615	**–**	–
Management and development fees	**63,449,515**	53,178,149	**–**	–
Property management fees and cost recoveries	**48,557,784**	39,816,970	**–**	–
Joint ventures				
Accounting cost recoveries	**658,290**	427,524	**–**	–
Marketing cost recoveries	**204,765**	303,796	**–**	–
Transaction and performance fees	**3,901,109**	5,399,262	**–**	–
Management and development fees	**11,004,826**	5,332,194	**–**	–
Property management fees and cost recoveries	**4,216,980**	4,411,135	**–**	–
Other				
Accounting cost recoveries	**1,603,926**	1,485,338	**–**	–
Marketing cost recoveries	**50,430**	45,290	**–**	–
Transaction and performance fees	**8,079,222**	4,997,852	**–**	–
Management and development fees	**10,619,575**	7,853,635	**–**	–
Property management fees and cost recoveries	**1,976,327**	1,817,967	**–**	–
Investment-related revenue	**–**	–	**10,300,164**	20,310,647

The following balances arising through the normal course of business were due from related parties at balance date:

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $	2016 $	**2017 $**	2016 $
Associates				
Management fee receivables	**8,368,874**	6,017,451	**–**	–
Other receivables	**13,518,435**	4,831,481	**–**	–
Joint ventures				
Management fee receivables	**2,282,187**	860,520	**–**	–
Other receivables	**1,180,909**	423,351	**–**	–
Other				
Management fee receivables	**682,148**	677,194	**–**	–
Other receivables	**1,412,695**	1,132,936	**–**	–

(e) Loans to/(from) related parties

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $	2016 $	**2017 $**	2016 $
Loans to joint ventures				
Opening balances	**6,500,000**	6,500,000	**–**	–
Loans advanced	**2,000,000**	9,144,662	**–**	9,144,662
Loan repayments received	**–**	(9,144,662)	**–**	(9,144,662)
Closing balance	**8,500,000**	6,500,000	**–**	–
Loans to other related parties				
Opening balances	**2,585,658**	–	**2,585,658**	–
Loans advanced	**19,398,622**	2,585,658	**19,398,622**	2,585,658
Loan repayments received	**(21,234,280)**	–	**(21,234,280)**	–
Closing balance	**750,000**	2,585,658	**750,000**	2,585,658
Loans to Charter Hall Limited				
Opening balance	**–**	–	**139,860,499**	198,426,764
Loans advanced	**–**	–	**397,896,815**	203,960,533
Loan repayments received	**–**	–	**(473,320,830)**	(275,450,051)
Interest charged	**–**	–	**8,738,212**	12,923,253
Closing balance	**–**	–	**73,174,696**	139,860,499

No provisions for doubtful debts have been raised in relation to any outstanding balances.

The loan to CHL comprises an unsecured stapled loan maturing on 30 June 2021. Interest is charged on an arm's length basis which, at 30 June 2017, amounted to a weighted average rate of 9.30% (June 2016: 9.97%).

(f) Fees paid to the Responsible Entity or its associates

Fees paid to the Responsible Entity of the Charter Hall Property Trust, and its associates, by the Charter Hall Property Trust Group amounted to $1,382,000 (2016: $1,193,000). At 30 June 2017, related fees payable amounted to $414,000 (2016: $311,000).

27 Controlled entities

The consolidated financial statements of the Charter Hall Group incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in Note 1(b):

27 Controlled entities continued

(a) Details of controlled entities of the Charter Hall Group

Name of entity	Country of incorporation	Principal activity	Class of securities	2017 %	2016 %
Controlled entities of Charter Hall Limited					
Charter Hall Holdings Pty Limited	Australia	Property management	Ordinary	**100**	100
CH La Trobe Trust	Australia	Property investment	Ordinary	**100**	100
Controlled entities of Charter Hall Holdings Pty Ltd					
Bieson Pty Limited	Australia	Trustee company	Ordinary	**100**	100
Charter Hall Nominees Pty Limited	Australia	Trustee company	Ordinary	**100**	100
Charter Hall Asset Services Pty Limited	Australia	Property management	Ordinary	**100**	100
Charter Hall Development Services Pty Ltd	Australia	Property management	Ordinary	**100**	100
Charter Hall Direct Property Management Limited	Australia	Responsible entity	Ordinary	**100**	100
Charter Hall Escrow Agent Pty Limited	Australia	Holding company	Ordinary	**100**	100
Charter Hall Funds Management Limited	Australia	Responsible entity	Ordinary	**100**	100
Charter Hall Holdings Investment Trust	Australia	Holding company	Ordinary	**100**	100
Charter Hall Holdings Real Estate Pty Limited	Australia	Holding company	Ordinary	**100**	100
Charter Hall International Office Pty Limited	Australia	Holding company	Ordinary	**100**	100
Charter Hall Investment Management Limited	Australia	Responsible entity	Ordinary	**100**	100
Charter Hall (NZ) Pty Limited	Australia	Property management	Ordinary	**100**	100
Charter Hall Office Collins Street Pty Limited	Australia	Holding company	Ordinary	**100**	100
Charter Hall Office Investments Pty Limited	Australia	Holding company	Ordinary	**100**	100
Charter Hall Opportunity Fund No.5	Australia	Property development	Ordinary	**100**	–
Charter Hall Opportunity Fund No.5 Bringelly Trust	Australia	Property development	Ordinary	**100**	–
Charter Hall Wholesale Management Limited	Australia	Responsible entity	Ordinary	**100**	100
Charter Hall Real Estate Inc	USA	Property management	Ordinary	**100**	100
CHREI US Office LLC	USA	Property management	Ordinary	**100**	100
CHREI US Retail LLC	USA	Property management	Ordinary	**100**	100
Charter Hall Real Estate Europe Limited	UK	Property management	Ordinary	**100**	100
Charter Hall Real Estate Management Services (ACT) Pty Limited	Australia	Property management	Ordinary	**100**	100
Charter Hall Real Estate Management Services (NSW) Pty Limited	Australia	Property management	Ordinary	**100**	100
Charter Hall Real Estate Management Services (QLD and NT) Pty Limited	Australia	Property management	Ordinary	**100**	100
Charter Hall Real Estate Management Services (SA) Pty Limited	Australia	Property management	Ordinary	**100**	100
Charter Hall Real Estate Management Services (TAS) Pty Limited	Australia	Property management	Ordinary	**100**	100
Charter Hall Real Estate Management Services (VIC) Pty Limited	Australia	Property management	Ordinary	**100**	100
Charter Hall Real Estate Management Services (WA) Pty Limited	Australia	Property management	Ordinary	**100**	100
Charter Hall Retail Management Limited	Australia	Responsible entity	Ordinary	**100**	100
Visokoi Pty Limited	Australia	Trustee company	Ordinary	**100**	100
Votraint No.1622 Pty Limited	Australia	Trustee company	Ordinary	**100**	100
Charter Hall WALE Limited	Australia	Responsible entity	Ordinary	**100**	100
Controlled entities of Charter Hall Property Trust					
Charter Hall Co-Investment Trust[1]	Australia	Property investment	Ordinary	**100**	100
CHC CDC Holding Trust	Australia	Property investment	Ordinary	**100**	100
CHPT RP2 Trust	Australia	Property investment	Ordinary	**100**	100
CHPT Dandenong Trust	Australia	Property investment	Ordinary	**–**	100
Charter Hall Direct Consumer Staples Fund	Australia	Property investment	Ordinary	**100**	–
DCSF NZ Trust	New Zealand	Property investment	Ordinary	**100**	–

1 Charter Hall Co-Investment Trust is an entity which was set up by Charter Hall Property Trust to hold its investments in Charter Hall Retail REIT (CQR), Charter Hall Office Trust (CHOT), BP Fund 1 (BP1), BP Fund 2 (BP2), Core Logistics Partnership (CLP), TTP Wholesale Fund (TTP), Retail Partnership No.6 Trust (RP6), Charter Hall Prime Retail Fund (CPRF), Brisbane Square Wholesale Fund (BSWF) and Charter Hall Long WALE REIT (CLW).

(b) Details of controlled entities of the Charter Hall Property Trust Group

Name of entity	Country of incorporation	Principal activity	Class of securities	2017 %	2016 %
Controlled entities of Charter Hall Property Trust					
Charter Hall Co-Investment Trust[1]	Australia	Property investment	Ordinary	**100**	100
CHC CDC Holding Trust	Australia	Property investment	Ordinary	**100**	100
CHPT RP2 Trust	Australia	Property investment	Ordinary	**100**	100
CHPT Dandenong Trust	Australia	Property investment	Ordinary	**–**	100
Charter Hall Direct Consumer Staples Fund	Australia	Property investment	Ordinary	**100**	–
DCSF NZ Trust	New Zealand	Property investment	Ordinary	**100**	–

1 Charter Hall Co-Investment Trust is an entity which was set up by Charter Hall Property Trust to hold its investments in Charter Hall Retail REIT (CQR), Charter Hall Office Trust (CHOT), BP Fund 1 (BP1), BP Fund 2 (BP2), Core Logistics Partnership (CLP), TTP Wholesale Fund (TTP), Retail Partnership No.6 Trust (RP6), Charter Hall Prime Retail Fund (CPRF), Brisbane Square Wholesale Fund (BSWF) and Charter Hall Long WALE REIT (CLW).

28 Investments in associates

(a) Carrying amounts

Information relating to associates is set out below. All associates are incorporated and operate in Australia.

Unless otherwise noted all associates have a 30 June year end.

Charter Hall Group		Ownership Interest		Carrying amount	
Name of entity	Principal activity	2017 %	2016 %	2017 $'000	2016 $'000
Accounted for at fair value through profit or loss:[1]					
Unlisted					
Charter Hall Direct Industrial Fund No.4[2]	Property investment	**21.2**	–	**29,472**	–
Charter Hall Direct PFA Fund	Property investment	**0.1**	0.1	**218**	208
				29,690	208
Equity accounted					
Unlisted					
Charter Hall Prime Office Fund	Property investment	**10.5**	10.7	**236,426**	183,301
Charter Hall Office Trust[3]	Property investment	**14.3**	14.3	**212,859**	164,107
Core Logistics Partnership	Property investment	**13.8**	16.1	**139,154**	170,040
Charter Hall Prime Industrial Fund	Property investment	**6.0**	6.8	**117,128**	94,801
Long WALE Investment Partnership[4]	Property investment	**5.0**	–	**19,011**	–
Retail Partnership No.2 Trust	Property investment	**5.0**	5.0	**6,440**	6,051
Charter Hall Opportunity Fund No.5[5]	Property development	**100.0**	16.7	**–**	6,337
Charter Hall Opportunity Fund No.4	Property development	**–**	3.0	**–**	18
Listed					
Charter Hall Retail REIT[6]	Property investment	**18.6**	14.3	**321,171**	226,716
Charter Hall Long WALE REIT[7]	Property investment	**20.0**	–	**165,971**	–
				1,218,160	851,371
Total investments in associates				**1,247,850**	851,579

1 These investments comprise units in certain unlisted Charter Hall managed funds which have been designated at fair value through profit or loss. Changes in fair values of investments in associates at fair value through profit or loss are recorded in fair value adjustments in the consolidated statement of comprehensive income. Information about the Charter Hall Group and Charter Hall Property Trust Group's material exposure to share and unit price risk is provided in Note 24.

2 Initial acquisition of DIF4 units in December 2016 was settled in a single transaction involving the simultaneous sale of CLP units to DIF4 for $20.0 million offset by advancing a loan to DIF4 of $9.7 million and acquisition of units for $6.4 million with the balance settled in cash. The loan was repaid progressively in December 2016 and January 2017 and the units redeemed in February 2017. CHC's current holding of DIF4 units was acquired progressively in April and May 2017.

3 The entity has a 31 December balance date.

4 Reclassified from joint venture to associate on reduction of ownership to 14.8% and a change in voting arrangements. The reduction in ownership was settled by the sale of LWIP units to Charter Hall Long Wale REIT (CLW) for $152.2 million offset by acquisition of CLW units for $134.2 million with the balance settled in cash.

5 On 25 January 2017, CHL acquired 500 units of CHOF5 to increase the Group's ownership to 100%. This investment has been consolidated since this date.

6 Fair value at the ASX closing price as at 30 June 2017 was $306.6 million (30 June 2016: $274.5 million).

7 Fair value at the ASX closing price as at 30 June 2017 was $171.2 (30 June 2016: n/a).

28 Investments in associates continued

(a) Carrying amounts continued

Charter Hall Property Trust Group		Ownership Interest		Carrying amount	
Name of entity	Principal activity	**2017 %**	2016 %	**2017 $'000**	2016 $'000
Accounted for at fair value through profit or loss:					
Unlisted					
Charter Hall Direct Industrial Fund No.4[1]	Property investment	**21.2**	–	**29,472**	–
Charter Hall Direct PFA Fund	Property investment	**0.1**	0.1	**218**	208
				29,690	208
Equity accounted					
Unlisted					
Charter Hall Prime Office Fund	Property investment	**10.0**	10.0	**223,028**	171,359
Charter Hall Office Trust[2]	Property investment	**14.3**	14.3	**212,859**	164,107
Core Logistics Partnership	Property investment	**13.8**	16.1	**139,154**	170,040
Charter Hall Prime Industrial Fund	Property investment	**2.9**	3.3	**56,436**	46,336
Long WALE Investment Partnership[3]	Property investment	**5.0**	–	**19,011**	–
Retail Partnership No.2 Trust	Property investment	**5.0**	5.0	**6,440**	6,051
Charter Hall Opportunity Fund No.5	Property development	**7.5**	–	**3,171**	–
Listed					
Charter Hall Retail REIT[4]	Property investment	**18.6**	14.3	**321,171**	226,716
Charter Hall Long WALE REIT[5]	Property investment	**20.0**	–	**165,971**	–
				1,147,241	784,609
Total investments in associates				**1,176,931**	784,817

1 Initial acquisition of DIF4 units in December 2016 was settled in a single transaction involving the simultaneous sale of CLP units to DIF4 for $20.0 million offset by advancing a loan to DIF4 of $9.7 million and acquisition of units for $6.4 million with the balance settled in cash. The loan was repaid progressively in December 2016 and January 2017 and the units redeemed in February 2017. CHC's current holding of DIF4 units was acquired progressively in April and May 2017.

2 The entity has a 31 December balance date.

3 Reclassified from joint venture to associate on reduction of ownership to 14.8% and a change in voting arrangements. The reduction in ownership was settled by the sale of LWIP units to Charter Hall Long Wale REIT (CLW) for $152.2 million offset by acquisition of CLW units for $134.2 million with the balance settled in cash.

4 Fair value at the ASX closing price as at 30 June 2017 was $306.6 million (30 June 2016: $274.5 million).

5 Fair value at the ASX closing price as at 30 June 2017 was $171.2 (30 June 2016: n/a).

(b) Summarised movements in carrying amounts of associates accounted for at fair value through profit or loss

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Opening balance	**208**	65,535	**208**	65,535
Investment	**35,900**	–	**35,900**	–
Net (loss)/gain on investment in associates at fair value	**(17)**	4,016	**(17)**	4,016
Disposal of units	**(6,441)**	(70,321)	**(6,441)**	(70,321)
Gain on disposal	**40**	978	**40**	978
Closing balance	**29,690**	208	**29,690**	208

(c) Summarised movements in carrying amounts of equity accounted associates

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Opening balance	**851,371**	655,980	**784,609**	592,722
Investment	**288,726**	153,530	**280,899**	152,890
Share of profit after income tax	**192,814**	123,029	**185,151**	115,799
Distributions received/receivable	**(72,152)**	(53,163)	**(68,173)**	(48,797)
Share of movement in reserves	**(450)**	47	**(450)**	47
Return of capital	**(32,797)**	(32,176)	**(32,773)**	(32,176)
Disposal of units	**(19,241)**	–	**(19,241)**	–
Transfer of associate acquired as subsidiary[1]	**(7,330)**	–	**–**	–
Transfer from investment in joint ventures[2]	**17,219**	4,124	**17,219**	4,124
Closing balance	**1,218,160**	851,371	**1,147,241**	784,609

1 CHOF5 was reclassified in 2017 from associate to controlled entity on increase of ownership to 100%.

2 LWIP was reclassified in 2017 from joint venture to associate on reduction of ownership to 5% and a change in voting arrangements. Retail Partnership No.2 Trust was reclassified in 2016 from joint venture to associate on reduction of ownership to 5% and a change in voting arrangements.

(d) Summarised financial information for material associates

The tables below provide summarised financial information for the associates that are material to CHC and CHPT. Materiality is assessed on the investments' contribution to Group income and net assets. The information presented reflects the amounts in the financial statements of the associates, not the Group's proportionate share.

	Charter Hall Office Trust $'000	Charter Hall Retail REIT $'000	Charter Hall Prime Office Fund $'000	Core Logistics Partnership $'000	Charter Hall Long WALE REIT $'000
2017					
Summarised balance sheet:					
Current assets	**53,755**	**245,048**	**128,299**	**33,450**	**12,157**
Non-current assets	**2,589,298**	**2,462,227**	**2,986,262**	**1,318,442**	**1,180,468**
Current liabilities	**57,029**	**96,281**	**105,771**	**28,431**	**17,686**
Non-current liabilities	**1,098,983**	**936,450**	**742,761**	**321,572**	**357,553**
Net assets	**1,487,041**	**1,674,544**	**2,266,029**	**1,001,889**	**817,386**
Summarised statement of comprehensive income:					
Revenue	**146,941**	**215,462**	**202,155**	**97,819**	**45,550**
Profit for the year from continuing operations	**523,068**	**251,271**	**333,745**	**101,681**	**34,583**
Other comprehensive loss	**(1)**	**(2,159)**	**–**	**–**	**–**
Total comprehensive income	**523,067**	**247,858**	**333,745**	**101,681**	**34,583**
2016					
Summarised balance sheet:					
Current assets	235,495	54,689	43,384	58,678	–
Non-current assets	2,120,610	2,394,257	2,388,833	1,463,573	–
Current liabilities	53,726	92,594	66,926	39,100	–
Non-current liabilities	1,156,704	824,074	626,083	430,200	–
Net assets	1,145,675	1,532,278	1,739,208	1,052,951	–
Summarised statement of comprehensive income:					
Revenue	213,540	211,855	159,920	93,206	–
Profit for the year from continuing operations	288,375	180,628	219,488	112,874	–
Loss from discontinued operations	–	–	–	–	–
Other comprehensive income	1,593	–	–	–	–
Total comprehensive income	289,968	180,628	219,488	112,874	–

28 Investments in associates continued

(e) Reconciliation of net assets of associates to carrying amounts of equity accounted investments

Charter Hall Group	Charter Hall Office Trust $'000	Charter Hall Retail REIT $'000	Charter Hall Prime Office Fund $'000	Core Logistics Partnership $'000	Charter Hall Long WALE REIT $'000
2017					
Net assets of associate	**1,487,041**	**1,674,544**	**2,266,029**	**1,001,889**	**817,386**
Group's share in %	**14.3**	**18.6**	**10.5**	**13.8**	**20.0**
Group's share in $	**212,647**	**311,465**	**237,933**	**138,261**	**163,477**
Other movements not accounted for under the equity method[1]	**212**	**9,706**	**(1,507)**	**893**	**2,494**
Carrying amount	**212,859**	**321,171**	**236,426**	**139,154**	**165,971**
Movements in carrying amounts:					
Opening balance	**164,107**	**226,716**	**183,301**	**170,040**	**–**
Investment	**–**	**73,306**	**30,000**	**–**	**165,428**
Disposal	**–**	**–**	**–**	**(19,241)**	**–**
Share of profit after income tax	**74,799**	**42,637**	**34,812**	**15,231**	**7,192**
Other comprehensive loss	**(8)**	**(442)**	**–**	**–**	**–**
Distributions received/receivable	**(10,309)**	**(21,046)**	**(11,687)**	**(9,833)**	**(6,649)**
Return of capital	**(15,730)**	**–**	**–**	**(17,043)**	**–**
Closing balance	**212,859**	**321,171**	**236,426**	**139,154**	**165,971**
2016					
Net assets of associate	1,145,675	1,532,278	1,739,208	1,052,951	–
Group's share in %	14.3	14.3	10.7	16.1	–
Group's share in $	163,832	219,116	186,095	169,525	–
Other movements not accounted for under the equity method[1]	275	7,600	(2,794)	515	–
Carrying amount	164,107	226,716	183,301	170,040	–
Movements in carrying amounts:					
Opening balance	163,959	146,968	168,603	95,712	–
Investment	–	70,890	–	66,000	–
Share of profit after income tax	41,217	25,242	25,023	17,769	–
Other comprehensive income/(loss)	228	(181)	–	–	–
Distributions received/receivable	(9,121)	(16,203)	(10,325)	(9,441)	–
Return on capital	(32,176)	–	–	–	–
Closing balance	164,107	226,716	183,301	170,040	–

1 Other movements are primarily due to the funds issuing new units to external investors at a price above or below the underlying net assets of the fund or, for listed investments, where the Group has acquired units on market at a price different to the fund's NTA.

Charter Hall Property Trust	Charter Hall Office Trust $'000	Charter Hall Retail REIT $'000	Charter Hall Prime Office Fund $'000	Core Logistics Partnership $'000	Charter Hall Long WALE REIT $'000
2017					
Net assets of associate	**1,487,041**	**1,674,544**	**2,266,029**	**1,001,889**	**817,386**
Group's share in %	**14.3**	**18.6**	**9.9**	**13.8**	**20.0**
Group's share in $	**212,647**	**311,465**	**224,337**	**138,261**	**163,477**
Other movements not accounted for under the equity method[1]	**212**	**9,706**	**(1,309)**	**893**	**2,494**
Carrying amount	**212,859**	**321,171**	**223,028**	**139,154**	**165,971**
Movements in carrying amounts:					
Opening balance	**164,107**	**226,716**	**171,359**	**170,040**	**–**
Investment	**–**	**73,306**	**30,000**	**–**	**165,428**
Disposal	**–**	**–**	**–**	**(19,241)**	**–**
Share of profit after income tax	**74,799**	**42,637**	**32,606**	**15,231**	**7,192**
Other comprehensive loss	**(8)**	**(442)**	**–**	**–**	**–**
Distributions received/receivable	**(10,309)**	**(21,046)**	**(10,937)**	**(9,833)**	**(6,649)**
Return of capital	**(15,730)**	**–**	**–**	**(17,043)**	**–**
Closing balance	**212,859**	**321,171**	**223,028**	**139,154**	**165,971**
2016					
Net assets of associate	1,145,675	1,532,278	1,739,208	1,052,951	–
Group's share in %	14.3	14.3	10.0	16.1	–
Group's share in $	163,832	219,116	173,921	169,525	–
Other movements not accounted for under the equity method[1]	275	7,600	(2,562)	515	–
Carrying amount	164,107	226,716	171,359	170,040	–
Movements in carrying amounts:					
Opening balance	163,959	146,968	157,628	95,712	–
Investment	–	70,890	–	66,000	–
Share of profit after income tax	41,217	25,242	23,377	17,769	–
Other comprehensive income/(loss)	228	(181)	–	–	–
Distributions received/receivable	(9,121)	(16,203)	(9,646)	(9,441)	–
Disposal	(32,176)	–	–	–	–
Closing balance	164,107	226,716	171,359	170,040	–

1 Other movements are primarily due to the funds issuing new units to external investors at a price above or below the underlying net assets of the fund or, for listed investments, where the Group has acquired units on market at a price different to the fund's NTA.

28 Investments in associates continued

(f) Summarised financial information and movement in carrying amounts of other equity accounted associates

The following table shows the Group's share of the summarised profit and loss of equity accounted associates that are not material to the Group, and a reconciliation of the movement in the aggregated carrying amount of these investments.

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Aggregate amount of the Group's share of:				
Profit/(loss) from continuing operations	**18,138**	3,340	**12,687**	3,424
Total comprehensive income	**18,138**	3,340	**12,687**	3,424
Movements in aggregate carrying amount:				
Opening balance	**12,406**	5,799	**6,051**	–
Reclassification from material associates[1]	**94,801**	–	**46,336**	–
Investment	**19,990**	640	**12,161**	–
Share of profit after income tax	**18,138**	3,340	**12,687**	3,424
Distributions received/receivable	**(12,627)**	(1,497)	**(9,396)**	(1,497)
Return of capital	**(7,348)**	–	**–**	–
Transfer from investments in joint ventures	**17,219**	4,124	**17,219**	4,124
Closing balance	**142,579**	12,406	**85,058**	6,051

1 Charter Hall Prime Industrial Fund was reclassified from material associates during the year, as a result of the listing of the Charter Hall Long WALE REIT during the year ended 30 June 2017.

(g) Commitments and contingent liabilities of associates

Charter Hall Office Trust's (CHOT) capital expenditure contracted for at the reporting date but not recognised as liabilities was $18.1 million (2016: $16.3 million). In addition, CHOT's share of significant capital expenditure contracted for at the reporting date but not recognised as liabilities through joint venture entities was $12.1 million (2016: $21.1 million).

CHOT has a contingent liability for a performance fee payable on 30 April 2020. As at 30 June 2017 this is estimated to be $84.6 million. This amount is reflected in the 30 June 2017 CHOT unit price and reflects 30 June 2017 independent valuations. Valuation movements between 30 June 2017 and 30 April 2020 will impact the final amount payable. It is noted that the contingent liability of $84.6 million is in addition to the interim performance fee of $12.9 million paid in May 2017 on sold properties.

Charter Hall Retail REIT (CQR) has entered into contracts for the acquisition, construction and development of properties in Australia. The commitments of CQR total $203.3 million (2016: $28.0 million). These commitments have not been recognised as liabilities in the consolidated financial statements of CQR.

Charter Hall Prime Office Fund's capital expenditure contracted for at the reporting date but not recognised as liabilities was $85.2 million (2016: $83.8 million) relating to investment properties. These commitments include capital expenditure commitments of $10.6 million (2016: $25.2 million) relating to property development and $15.6 million relating to property settlements. In addition, the Fund's share of the committed expenditure through investments in financial assets at fair value is $110.0 million (2016: $360.2 million).

Core Logistics Partnership's capital expenditure contracted for at the reporting date but not recognised as liabilities was $33.1 million (2016: $92.4 million).

Charter Hall Long Wale REIT has a $49.4 million equity commitment to CH DC Fund being the balance owing on partially paid units. In addition, as at 30 June 2017, the REIT has a commitment under an unconditional agreement to acquire Bunnings, South Mackay QLD for $28.5 million.

Charter Hall Prime Industrial Fund's capital expenditure contracted for at the reporting date but not recognised as liabilities was $276.7 million (2016: $102.2 million). In addition, the Fund has a $91.2 million (2016: $96.0 million) equity commitment to CH DC Fund being the balance owing on partially paid units.

29 Investments in joint ventures

(a) Carrying amounts

Information relating to joint ventures is set out below. All joint ventures are incorporated and operate in Australia.

Unless otherwise noted all associates have a 30 June year end.

		Ownership interest		Carrying amount Charter Hall Group	
Charter Hall Group Name of entity	**Principal activity**	**2017 %**	**2016 %**	**2017 $'000**	**2016 $'000**
Unlisted					
Brisbane Square Wholesale Fund	Property investment	**16.8**	–	**99,594**	–
Charter Hall Prime Retail Fund	Property investment	**38.0**	–	**44,834**	–
Retail Partnership No.6 Trust	Property investment	**20.0**	20.0	**34,251**	32,249
Commercial and Industrial Property Pty Ltd	Property development	**50.0**	50.0	**19,450**	28,463
BP Fund 1[1]	Property investment	**8.4**	10.0	**28,443**	23,767
BP Fund 2[1]	Property investment	**13.2**	13.2	**13,793**	14,992
Long WALE Investment Partnership 2	Property investment	**10.0**	10.0	**10,108**	8,433
TTP Wholesale Fund (TTP)[1]	Property investment	**10.0**	10.0	**7,997**	7,603
CIP CH (Bringelly) Pty Limited	Property development	**50.0**	–	**–**	–
Long WALE Investment Partnership[2]	Property investment	**–**	50.0	**–**	165,246
CH DC Fund	Property development	**–**	26.0	**–**	4,603
				258,470	285,356

1 These funds comprise the Long WALE Hardware Partnership. During the period there was a $2.0 million capital distribution from BP Fund 2 which was settled by a simultaneous capital call in the BP Fund.

2 Reclassified from joint venture to associate on reduction of ownership to 5.0% and a change in voting arrangements. The reduction in ownership was settled by the sale of LWIP units to CLW for $152.2 million offset by acquisition of CLW units for $134.2 million with the balance settled in cash.

		Ownership interest		Carrying amount	
Charter Hall Property Trust Group Name of entity	**Principal activity**	**2017 %**	**2016 %**	**2017 $'000**	**2016 $'000**
Unlisted					
Brisbane Square Wholesale Fund	Property investment	**16.8**	–	**99,594**	–
Charter Hall Prime Retail Fund	Property investment	**38.0**	–	**44,834**	–
Retail Partnership No.6 Trust	Property investment	**20.0**	20.0	**34,251**	32,249
BP Fund 1[1]	Property investment	**8.4**	10.0	**28,443**	23,767
BP Fund 2[1]	Property investment	**13.2**	13.2	**13,793**	14,992
Long WALE Investment Partnership 2	Property investment	**10.0**	10.0	**10,108**	8,433
TTP Wholesale Fund (TTP)[1]	Property investment	**10.0**	10.0	**7,997**	7,603
Long WALE Investment Partnership[2]	Property investment	**–**	50.0	**–**	165,246
CH DC Fund	Property development	**–**	26.0	**–**	4,603
				239,020	256,893

1 These funds comprise the Long WALE Hardware Partnership. During the period there was a $2.0 million capital distribution from BP Fund 2 which was settled by a simultaneous capital call in the BP Fund.

2 Reclassified from joint venture to associate on reduction of ownership to 5.0% and a change in voting arrangements. The reduction in ownership was settled by the sale of LWIP units to CLW for $152.2 million offset by acquisition of CLW units for $134.2 million with the balance settled in cash.

29 Investments in joint ventures continued

(b) Summarised financial information and movements in carrying amounts

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Movements in aggregate carrying amount:				
Opening balance	**285,356**	257,885	**256,893**	227,867
Investment	**149,679**	52,334	**149,679**	22,945
Share of profit after income tax	**14,378**	45,255	**12,883**	42,106
Distributions received/receivable	**(8,500)**	(20,940)	**(8,486)**	(16,236)
Impairment of carrying amount	**(10,494)**	–	**–**	–
Return of capital	**(1,973)**	(198)	**(1,973)**	(198)
Disposal of units	**(152,757)**	(44,856)	**(152,757)**	(15,467)
Transfer to investments in associates	**(17,219)**	(4,124)	**(17,219)**	(4,124)
Closing balance	**258,470**	285,356	**239,020**	256,893

The Group's investment in Commercial and Industrial Property Pty Ltd was impaired to its recoverable amount of $19.5 million, which was determined by reference to the investment's fair value less costs of disposal. The main valuation inputs used were an EBIT of $8.9 million and earnings multiple of 8.1 times.

(c) Commitments and contingent liabilities of joint ventures

BP Fund 1's capital commitments contracted for at the reporting date but not recognised as liabilities was $178.3 million (2016: $39.6 million) estimated to settle in September 2017.

BP Fund 2's capital commitments contracted for at the reporting date but not recognised as liabilities was $70.9 million (2016: $nil) estimated to settle in September 2017.

30 Interests in unconsolidated structured entities

The Charter Hall Group considers its investments in associates and joint ventures to be unconsolidated structured entities. An unconsolidated structured entity is an entity where the Group's voting rights are not the sole factor in determining whether control over an entity exists. Where the Group determines that control over an entity does not exist, the entity is recognised as an associate or joint venture of the Group for reporting purposes.

The activity and objective of the unconsolidated structured entities of the Group include property investment for annuity income and medium to long-term capital growth and/or development profit.

The aggregate of all the Group's interests and maximum exposure to loss in unconsolidated structured entities, being the Group's interests in associates and joint ventures, are included in the table below:

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Current assets				
Trade receivables	**1,025**	508	**–**	–
Distributions receivable	**27,432**	24,379	**26,344**	21,768
Loans to associates and joint ventures	**9,250**	6,500	**–**	–
Investments accounted for using the equity method	**144**	–	**–**	–
Total current assets	**37,851**	31,387	**26,344**	21,768
Non-current assets				
Investments in associates at fair value through profit or loss	**29,690**	208	**29,691**	208
Investments accounted for using the equity method	**1,477,295**	1,136,727	**1,376,432**	1,041,502
Total non-current assets	**1,506,985**	1,136,935	**1,406,123**	1,041,710
Total carrying amount of interests in unconsolidated structured entities	**1,544,836**	1,168,322	**1,432,467**	1,063,478
Total funds under management in unconsolidated structured entities	**18,388,650**	14,462,645	**18,375,700**	14,294,852

There are no additional arrangements that would expose the Charter Hall Group or Charter Hall Property Trust Group to losses beyond the carrying amounts.

During the year, the Charter Hall Group earned fees from structured entities in its capacity as investment manager. Refer to Note 26 for further information.

No financial support has been provided to the funds beyond the loans disclosed in the above table.

31 Commitments

(a) Lease commitments – Group as lessee

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Due within one year	**3,445**	3,943	**–**	–
Due between one and five years	**14,372**	14,186	**–**	–
Over five years	**6,411**	10,353	**–**	–
	24,228	28,482	**–**	–

Commitments are payable in relation to non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities.

31 Commitments continued

Capital commitments

Charter Hall Group

The Group had no contracted capital commitments as at 30 June 2017 (30 June 2016: $nil).

Charter Hall Property Trust Group

The Trust Group had no contracted capital commitments as at 30 June 2017 (30 June 2016: $nil).

32 Contingent liabilities

The Group did not have any contingent liabilities as at 30 June 2017 (30 June 2016: $nil) other than the bank guarantees of $14.3 million provided for under the bank facility (refer to Note 18(a)).

33 Security-based benefits expense

(a) Charter Hall – Performance Rights and Options Plan (PROP)

The performance rights and options are unquoted securities and conversion to stapled securities and vesting to executives are subject to service and performance conditions which are discussed in the Remuneration Report.

Charter Hall Group and Charter Hall Property Trust Group	2014 Number	2015 Number	2016 Number	**2017 Number**	**Total Number**
Performance rights					
Rights issued 22/11/13	1,422,660	–	–	**–**	**1,422,660**
Rights issued 19/12/14	–	1,051,804	–	**–**	**1,051,804**
Rights issued 30/11/15	–	–	1,085,276	**–**	**1,085,276**
Rights issued 25/11/16	–	–	–	**998,453**	**998,453**
Performance rights issued	1,422,660	1,051,804	1,085,276	**998,453**	**4,558,193**
Number of rights forfeited/lapsed					
Prior years	(131,633)	(72,713)	(54,138)	**–**	**(258,484)**
Current year	(845,509)	(60,851)	(151,443)	**(121,270)**	**(1,179,073)**
Number of rights vested					
Prior years	–	–	–	**–**	**–**
Current year	(445,518)	–	–	**–**	**(445,518)**
Closing balance	–	918,240	879,695	**877,183**	**2,675,118**
Service rights					
Rights issued 22/11/13	403,582	–	–	**–**	**403,582**
Rights issued 19/12/14	–	554,401	–	**–**	**554,401**
Rights issued 30/11/15	–	–	409,195	**–**	**409,195**
Rights issued 25/11/16	–	–	–	**344,548**	**344,548**
Service rights issued	403,582	554,401	409,195	**344,548**	**1,711,726**
Number of rights forfeited/lapsed					
Prior years	(4,699)	–	–	**–**	**(4,699)**
Current year	–	–	(10,422)	**(16,616)**	**(27,038)**
Number of rights vested					
Prior years	(398,883)	(244,306)	(19,295)	**–**	**(662,484)**
Current year	–	(244,305)	(200,114)	**–**	**(444,419)**
Closing balance	–	65,790	179,364	**327,932**	**573,086**

(b) PROP expense

Total expenses related to the PROP recognised during the year as part of employee benefit expense were as follows:

	Charter Hall Group		Charter Hall Property Trust Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Performance rights and option plan	**1,414**	2,081	**–**	–

All PROP expenses were recognised in operating expenses during the year (2016: $0.7 million of operating expenses and $1.4 million of non-operating expenses).

(c) Option inputs

The Black-Scholes or Monte Carlo method, as applicable, is utilised for valuation and accounting purposes. The model inputs for the PROP issued during FY 2014 through FY 2017 to assess the fair value are as follows:

Performance rights

Grant date	20/11/2013	20/11/2013	19/12/2014	30/11/2015	25/11/2016
Stapled security price at grant date	$ 3.68	$ 3.68	$ 4.68	$ 4.47	$ 4.55
Opening TSR measurement price	$ 2.34	$ 3.89	$ 4.23	$ 4.64	$ 5.11
Fair value of right	$ 1.42	$ 1.11	$ 2.09	$ 1.41	$ 1.39
Expected price volatility	30.4%	30.4%	30.4%	24.0%	21.2%
Risk-free interest rate	2.9%	3.0%	2.5%	2.1%	1.9%

Service rights

Grant date	20/11/2013	19/12/2014	19/12/2014	30/11/2015	25/11/2016
Stapled security price at grant date	$ 3.68	$ 4.68	$ 4.68	$ 4.47	$ 4.55
Fair value of right	$ 3.42	$ 4.28	$ 4.36	$ 4.37	$ 4.26
Expected price volatility	27.4%	26.5%	24.6%	25.4%	21.8%
Risk-free interest rate	2.6%	2.5%	2.5%	2.0%	1.8%

(d) Charter Hall General Employee Security Plan (GESP)

During the year, eligible employees received up to $1,000 (2016: $1,000) in stapled securities which vested immediately on issue but are held in trust until the earlier of the completion of three years' service or termination. An expense of $350,000 (2016: $325,000) was recognised in relation to this plan during the year.

34 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity of the Charter Hall Group, being Charter Hall Limited, and the Charter Hall Property Trust Group, being the Charter Hall Property Trust, show the following aggregate amounts:

	Charter Hall Group		Charter Hall Property Trust Group	
Balance sheet	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000
Current assets	**8,986**	8,036	**62,631**	56,276
Total assets	**177,539**	204,671	**1,300,926**	1,081,246
Current liabilities	**85,899**	116,507	**73,166**	56,557
Total liabilities	**85,899**	116,507	**73,166**	56,557
Shareholders' equity				
Issued capital	**232,123**	204,049	**1,456,853**	1,201,359
Accumulated losses	**(140,483)**	(115,884)	**(229,093)**	(176,670)
Net equity	**91,640**	88,165	**1,227,760**	1,024,689
Profit/(loss) for the year	**20,013**	(3,572)	**52,729**	58,721
Total comprehensive profit/(loss) for the year	**20,013**	(3,572)	**52,729**	58,721

34 Parent entity financial information continued

(a) Summary financial information continued

Notwithstanding the net current liability, Charter Hall Limited has been prepared on a going concern basis. Charter Hall Limited has net assets of $91.6 million and substantial cash and cash equivalents, held within Charter Hall Holdings Pty Ltd (CHH) with which Charter Hall Limited is party to a deed of cross guarantee (refer to note 35), to support liquidity.

Notwithstanding the net current liability, Charter Hall Property Trust has been prepared on a going concern basis. Charter Hall Property Trust has total net assets of $1.2 billion, and liquidity through the inter-staple loan with Charter Hall Limited.

(b) Contingent liabilities of the parent entity

Charter Hall Limited and Charter Hall Property Trust had no contingent liabilities as at 30 June 2017 (30 June 2016: $nil) other than the bank guarantees of $14.3 million provided for under the bank facility held by Charter Hall Property Trust (refer to Note 18(a)).

(c) Contractual commitments

As at 30 June 2017, Charter Hall Limited and Charter Hall Property Trust had no contractual commitments (2016: $nil).

35 Deed of cross guarantee

Charter Hall Group

Charter Hall Limited and its wholly owned subsidiary, Charter Hall Holdings Pty Ltd (CHH), are parties to a deed of cross guarantee under which each company guarantees the debts of the other. By entering into the deed, CHH has been relieved from the requirement to prepare financial statements and a directors' report under ASIC Instrument 2016/785 issued by the Australian Securities and Investments Commission.

(a) Consolidated statement of comprehensive income and summary of movements in consolidated accumulated losses

The above companies represent a 'closed group' for the purposes of the Instrument and, as there are no other parties to the deed of cross guarantee that are controlled by Charter Hall Limited, they also represent the 'extended closed group'.

Set out as follows is a consolidated statement of comprehensive income and a summary of movements in consolidated accumulated losses for the year of the closed group consisting of Charter Hall Limited and Charter Hall Holdings Pty Ltd.

	2017 $'000	Restated 2016 $'000
Statement of comprehensive income		
Revenue	**205,729**	145,055
Depreciation	**(3,475)**	(2,604)
Finance costs	**(9,947)**	(12,937)
Foreign exchange (loss)/gain	**(156)**	153
Share of net gain of associates accounted for using the equity method	**2,493**	3,066
Amortisation and impairment of intangibles	**(5,142)**	(8,517)
Other expenses	**(131,154)**	(106,217)
Profit/(loss) before income tax	**58,348**	17,999
Income tax benefit	**(23,614)**	545
Profit/(loss) for the year	**34,734**	18,544
Summary of movements in consolidated accumulated losses		
Accumulated losses at the beginning of the financial year	**(99,557)**	(118,101)
Profit for the year	**34,734**	18,544
Accumulated losses at the end of the financial year	**(64,823)**	(99,557)

(b) Balance sheet

Set out below is a consolidated balance sheet of the closed group consisting of Charter Hall Limited and Charter Hall Holdings Pty Ltd.

	2017 $'000	Restated 2016 $'000
Assets		
Current assets		
Cash and cash equivalents	**117,466**	92,912
Trade and other receivables	**44,756**	35,989
Total current assets	**162,222**	128,901
Non-current assets		
Trade and other receivables	**824**	829
Investments accounted for using the equity method	**59,078**	34,819
Investment in associates at fair value through profit or loss	**15,074**	15,074
Investments in controlled entities	**55,662**	49,662
Property, plant and equipment	**18,764**	14,855
Intangible assets	**65,400**	69,743
Total non-current assets	**214,802**	195,847
Total assets	**377,024**	324,748
Liabilities		
Current liabilities		
Trade and other payables	**46,695**	25,000
Provisions	**1,892**	1,680
Total current liabilities	**48,587**	26,680
Non-current liabilities		
Trade and other payables	**6,479**	5,193
Loans from Charter Hall Property Trust	**129,665**	158,398
Deferred tax liabilities	**7,358**	4,048
Provisions	**1,303**	1,334
Total non-current liabilities	**144,805**	179,838
Total liabilities	**193,392**	206,518
Net assets	**183,633**	118,230
Equity		
Contributed equity	**291,405**	263,320
Reserves	**(42,948)**	(45,533)
Accumulated losses	**(64,824)**	(99,557)
Total equity	**183,633**	118,230

36 Events occurring after the reporting date

The following event has occurred subsequent to 30 June 2017:

- In August 2017, the CHPT $125 million debt facility was extended by two years with the maturity date changing to August 2020.

Except for the matters discussed above, no other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

(a) The Group's operations in future financial years; or
(b) The results of those operations in future financial years; or
(c) The Group's state of affairs in future financial years.