

URB INVESTMENTS LIMITED

ABN 89 615 320 262

APPENDIX 4D FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Reporting period

This reporting period is the half year ended 31 December 2018. The previous corresponding period is the half year ended 31 December 2017.

Results for announcement to the market

		Change %		Dec 2018 \$'000	Dec 2017 \$'000
Income from operating activities	down	12	to	1,153	1,304
Special investment revenue, including fair value gains	up	1,211	to	4,666	356
Income from ordinary activities and special investment income	up	251	to	5,819	1,660
Operating result before special investment revenue, fair value gains and income tax	down	24	to	647	851
Operating result after tax attributable to members	up	251	to	3,859	1,099

		Change %		Dec 2018 Cents	Dec 2017 Cents
Earnings per share (EPS)					
Basic & Diluted EPS including fair value gains	up	249	to	5.27	1.51
Dividends per share					
Interim ordinary dividend – fully franked @ 30%	up	50	to	0.75	0.50
Interim special dividend – fully franked @ 30%	up		to	1.00	nil

		Dec 2018	Dec 2017
Net tangible assets			
Net tangible asset backing (per share) before tax		\$1.07	\$1.05
Net tangible asset backing (per share) after tax		\$1.07	\$1.05

URB INVESTMENTS LIMITED

ASX ADDITIONAL INFORMATION

Dividends and dividend reinvestment plan (DRP)

The Directors have declared an interim ordinary FY2019 dividend of 0.75 cent per share, and an interim special dividend of 1.00 cent per share, both fully franked at the tax rate of 30.0%.

The interim FY2019 dividends will be paid on 29 March 2019. The Ex-Dividend Date is 14 March 2019, and the Record Date for determining entitlements to the dividend is 15 March 2019.

Ex-Dividend Date	Thursday 14 March 2019
Record Date	Friday 15 March 2019
DRP Nomination	Monday 18 March 2019
Dividend Payment Date	Friday 29 March 2019

URB's DRP offers shareholders the opportunity to receive additional shares in the Company instead of receiving cash dividends. The DRP will be offered at a nil discount for the interim FY2019 dividend. The last date for the receipt of an election notice to participate in the DRP is Monday 18 March 2019.

Shareholders can update their election notices electronically on the share registry website:

<https://investorcentre.linkmarketservices.com.au/Login/Login>

Controlled entities

The Company has not gained or lost control of any entities during the period.

Associates and joint ventures

The Company does not have any associates or interests in joint venture entities.

Commentary on results for the period

The Company has provided significant commentary on results for the period in the attached 31 December 2018 Interim Financial Report, and the accompanying Results Announcement released on ASX.

Independent review

This Appendix 4D is based on financial statements which have been subject to independent review by the auditors, Pitcher Partners Sydney. A copy of the Independent Auditor's Review Report is included in the 31 December 2018 Interim Financial Report attached to this Appendix 4D. All the documents comprise the information required by Listing Rule 4.2A.

URB INVESTMENTS LIMITED

ABN 89 615 320 262

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2018

URB INVESTMENTS LIMITED

ABN: 89 615 320 262

CORPORATE DIRECTORY

Directors

Warwick Negus	Non-Executive Chairman
Robert Bruce Dungey	Independent Non-Executive Director
Anthony McDonald	Independent Non-Executive Director
Victoria Weekes	Independent Non-Executive Director

Investment Manager

Contact Asset Management Pty Limited

Portfolio Managers

Will Culbert and Tom Millner

Company Secretary

Jaime Pinto

Registered Office

Level 1
160 Pitt Street Mall
Sydney NSW 2000
Telephone: (02) 9210 7000
Facsimile: (02) 9210 7099

Postal Address

GPO Box 5015
Sydney NSW 2001

Auditors

Pitcher Partners
Level 22, MLC Centre
19 Martin Place
Sydney NSW 2000

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney, NSW 2000
Telephone: 1300 554 474

Australian Stock Exchange Code

Ordinary Shares URB

Website

www.urbinvest.com.au

URB INVESTMENTS LIMITED

Contents	Page No.
Directors' Report	2
Statement of Profit or Loss	4
Statement of Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	25
Auditor's Independence Declaration	26
Independent Auditor's Review Report	27

DIRECTORS' REPORT

The Directors of URB Investments Limited ("the Company", or "URB") present their report together with the Interim Financial Statements for the half year ended 31 December 2018, and the auditor's independent review report thereon.

1. Directors

The following persons were Directors of the Company during the half year ended 31 December 2018 and up to the date of this report:

Warwick Negus, B.Bus(UTS), M.Com(UNSW), SFFin	Non-Executive Director and Chairman
Victoria Weekes, B.Com/Lib(UNSW), SFFin, FAICD	Independent Non-Executive Director
Anthony (Tony) McDonald, B.Com/Lib(UNSW)	Independent Non-Executive Director
Robert (Bruce) Dungey, FCA, GAICD	Independent Non-Executive Director

2. Operating Results, Financial Position, and Review of Operations

Investment Strategy

URB's investment strategy is to create an actively managed portfolio of Equity Assets and Direct Property Assets. These assets will all have exposure to urban renewal and regeneration.

Investment Objectives

Our aim is to capture long-term value by investing in a diversified portfolio of Equity Assets and Direct Property Assets with exposure to urban renewal and regeneration.

Commentary on Results of Operations for the Half Year

URB's ordinary income from operating activities for the half year ended 31 December 2018 was \$1,152,744 (2017: \$1,304,531). In addition, the Company earned \$12,977 in special dividend income (2017: \$355,628), received \$724,964 in special distributions from direct property investments (2017: nil), and recognised fair value gains of \$3,928,146 on direct property investment holdings (2017: nil) resulting in total revenue from ordinary operations and special investment income of \$5,818,851 (2017: \$1,660,159).

The Equity Portfolio generated \$982,814 in ordinary and special dividends and distributions during the half year (2017: \$1,247,852). Ordinary and special distributions of \$855,837 were received from the seed assets in the Direct Property Portfolio (2017: \$337,141), with the Company earning an additional \$52,054 interest from the cash portion of the Investment Portfolio. The Company also recognised a fair value gain of \$3,827,952 on its investment in PURT5: Prestons as the development and sale of the property neared completion, and a fair value gain of \$100,194 on its investment in HomeHQ, largely reversing the fair value loss recognised in 2018FY.

The Company incurred operating expenses of \$505,733 (2017: \$453,054), resulting in an operating profit before tax of \$5,313,118 (2017: \$1,207,105) and a net operating profit attributable to shareholders of \$3,859,495 (2017: \$1,099,246). Basic and diluted earnings per share was 5.27 cents (2017: 1.51 cents).

Net assets of the Company at 31 December 2018 were \$79.204 million, including an Investment Portfolio of \$68.489 million.

Dividends

A final fully franked dividend for the year ended 30 June 2018 of 1.0 cents per share was paid in September 2018.

Since the end of the half year the Directors have declared an interim ordinary dividend for the 2019 financial year of 0.75 cent per share and an interim special dividend of 1.00 cent per share, both fully franked at the tax rate of 30.0%. These dividends will be payable on 29 March 2019, but have not been recognised as a liability at the half year.

DIRECTORS' REPORT - Continued

3. Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company during the reporting period.

4. Significant Events after Balance Date

Completion of development and settlement of initial Lot sales by PURT3: Kingsgrove

In January 2019 PURT3: Kingsgrove successfully completed its development of the Kingsgrove property, registering its Development Plan for the sub-division. Subsequently, in February 2019, following satisfaction of all contractual conditions, PURT3: Kingsgrove settled the sale of Lots 2 and 3 of the property. In February 2019 URB received a cash distribution of \$2,674,640 from PURT3: Kingsgrove, being a partial return of capital and distribution of profit following the sale of Lots 2 and 3.

Other than the dividend referred to in Section 2 of this Directors' report and the events noted above, the Directors are not aware of any other matter or circumstance that has arisen since the end of the period to the date of this report that has significantly affected or may significantly affect:

- the operations of the Company;
- the results of those operations; or
- the state of affairs of the Company in subsequent years.

5. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration for the period to 31 December 2018 as required under section 307C of the *Corporations Act 2001* is set out on page 26.

6. Rounding of Amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' Report and in the Interim Financial Report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

This report is made in accordance with a resolution of the Directors.



Warwick Negus
Director

Sydney
22 February 2019

URB INVESTMENTS LIMITED

ABN 89 615 320 262

STATEMENT OF PROFIT OR LOSS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	<i>Note</i>	Dec 2018 \$'000	Dec 2017 \$'000
Ordinary revenue from investment portfolio	2(a)	1,101	1,208
Revenue from bank deposits	2(b)	52	71
Other gains	2(c)	-	25
Income from operating activities excluding special investment revenue		1,153	1,304
Investment Management Fees	3(a)	(205)	(197)
Director Fees		(95)	(94)
Administration and other expenses		(206)	(162)
Operating expenses		(506)	(453)
Operating result before special investment revenue, fair value gains and income tax		647	851
Special investment revenue	2(d)	738	356
Net fair value gains on direct property assets	2(c)	3,928	-
Operating result before income tax		5,313	1,207
Income tax expense	4(a)	(1,454)	(108)
Net operating result attributable to members of the Company		3,859	1,099

	<i>Note</i>	Dec 2018 Cents	Dec 2017 Cents
Basic and diluted earnings per share based on net operating result	6	5.27	1.51

This Statement of Profit or Loss should be read in conjunction with the accompanying notes.

URB INVESTMENTS LIMITED

ABN 89 615 320 262

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	<i>Note</i>	Dec 2018 \$'000	Dec 2017 \$'000
Net operating result attributable to members of the Company		3,859	1,099
Other comprehensive income			
Realised gains/(losses) on investment portfolio		137	(748)
Tax (expense)/benefit relating to realised gains/losses on investment portfolio		(41)	205
Unrealised (losses)/gains on investment portfolio		(3,414)	1,640
Deferred tax benefit/(expense) on unrealised losses/gains on investment portfolio	4(a)	1,024	(451)
Effect on opening balances of change in tax rate from 27.5% to 30%		27	-
Total other comprehensive income		(2,267)	646
Total comprehensive income attributable to members of the Company		1,592	1,745

This Statement of Other Comprehensive Income should be read in conjunction with the accompanying notes.

URB INVESTMENTS LIMITED

ABN 89 615 320 262

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	<i>Note</i>	Dec 2018 \$'000	Jun 2018 \$'000
Current assets			
Cash and cash equivalents		9,149	2,428
Trade and other receivables		552	786
Prepayments		54	58
Total current assets		9,755	3,272
Non-current assets			
Financial assets	7	68,489	73,524
Property, plant and equipment		2	3
Deferred tax assets	4(b)	1,981	1,627
Total non-current assets		70,472	75,154
Total assets		80,227	78,426
Current liabilities			
Trade and other payables		100	102
Total current liabilities		100	102
Non-current liabilities			
Deferred tax liabilities	4(c)	923	221
Total non-current liabilities		923	221
Total liabilities		1,023	323
Net assets		79,204	78,103
Equity			
Share capital	8	77,949	77,708
Revaluation reserve		(2,700)	(321)
Realised capital gains reserve		(362)	(474)
Realised profits reserve	9	4,924	1,797
Retained profits		(607)	(607)
Total equity		79,204	78,103

This Statement of Financial Position should be read in conjunction with the accompanying notes.

URB INVESTMENTS LIMITED

ABN 89 615 320262

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Share capital \$'000	Revaluation reserve \$'000	Capital profits reserve \$'000	Realised profits reserve \$'000	Retained profits \$'000	Total equity \$'000
Total equity at 1 July 2018	77,708	(321)	(474)	1,797	(607)	78,103
Issue of shares, net of issue costs	146	-	-	-	-	146
Unrealised loss on revaluation of investment portfolio	-	(3,414)	-	-	-	(3,414)
Provision for tax on unrealised loss on revaluation of investment portfolio	-	1,024	-	-	-	1,024
Realised gain on investment portfolio	-	-	137	-	-	137
Provision for tax on realised loss on investment portfolio	-	-	(41)	-	-	(41)
Net operating result for the period	-	-	-	-	3,854	3,854
Effect of change in tax rate from 27.5% to 30%	95	11	16	-	5	127
Amounts transferred to realised profit reserve	-	-	-	3,859	(3,859)	-
Dividends paid or provided for	-	-	-	(732)	-	(732)
Total equity at 31 December 2018	77,949	(2,700)	(362)	4,924	(607)	79,204
Total equity at 1 July 2017	77,384	(726)	-	-	(607)	76,051
Issue of shares, net of issue costs	10	-	-	-	-	10
Unrealised gain on revaluation of investment portfolio	-	1,640	-	-	-	1,640
Provision for tax on unrealised gain on revaluation of investment portfolio	-	(451)	-	-	-	(451)
Realised loss on investment portfolio	-	-	(749)	-	-	(749)
Provision for tax on realised loss on investment portfolio	-	-	206	-	-	206
Net operating result for the period	-	-	-	-	1,099	1,099
Realised profit transferred to reserve	-	-	-	1,099	(1,099)	-
Total equity at 31 December 2017	77,394	463	(543)	1,099	(607)	77,806

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

URB INVESTMENTS LIMITED

ABN 89 615 320 262

STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	<i>Note</i>	Dec 2018 \$'000	Dec 2017 \$'000
Cash flows from operating activities			
Dividends and distributions received		2,085	1,744
Payments to suppliers and directors		(508)	(858)
Interest received		45	71
Net cash inflow from operating activities		1,622	957
Cash flows from investing activities			
Payments for equity investment portfolio		(1,227)	(15,740)
Payments for direct property portfolio		-	(2,535)
Capital returns received from direct property portfolio		1,371	-
Proceeds from sale of equity investments		5,542	12,297
Net cash inflow/(outflow) from investing activities		5,686	(5,978)
Cash flows from financing activities			
Proceeds from issues of ordinary shares less issue costs		(2)	9
Dividends paid		(585)	-
Net cash (outflow)/inflow from financing activities		(587)	9
Net increase/(decrease) in cash held		6,721	(5,012)
Cash at the beginning of the period		2,428	13,295
Cash at the end of the period		9,149	8,283

This Statement of Cash Flows should be read in conjunction with the accompanying notes.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

1. Reporting Basis and Conventions

The half year financial statements (financial report) are general purpose financial statements prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB134: *Interim Financial Reporting*.

The financial report covers the entity URB Investments Limited (URB), a listed public company, incorporated and domiciled in Australia.

The financial report does not include all the notes of the type normally included in an annual financial report. It is recommended that this financial report be read in conjunction with the 30 June 2018 Annual Financial Report and any public announcements made by URB during the half year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*.

Unless otherwise stated, the accounting policies have been consistently applied by URB and are consistent with the accounting policies applied in the 30 June 2018 Annual Financial Report.

a. Basis of preparation

The financial report has been prepared on an accruals basis. It is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities, for which the fair value basis of accounting has been applied.

b. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Board has been identified as the chief operating decision-maker, as it is responsible for allocating resources and assessing performance of the operating segments. The Company operates solely in the investment industry in Australia and has no reportable segments.

c. Rounding of amounts

The Company has applied the relief available to it under *ASIC Corporations Instrument (Rounding in Financial / Directors' Reports) 2016/191* and accordingly, amounts in the financial report and Directors' report have been rounded off to the nearest \$1,000 unless otherwise stated.

d. Critical accounting estimates and judgements

The preparation of this report requires the use of certain critical estimates based on historical knowledge and best available current information. This requires the Directors and management to exercise their judgement in the process of applying the Company's accounting policies.

(i) Valuation of Direct Property Assets

The Company's Direct Property Portfolio comprises equities in unlisted entities that have direct investments in properties. The Company initially brings these equities to account at cost and then reviews their fair value at each reporting date. Note 7(e) provides detail on the process with which the Company assesses this fair value.

(ii) Tax Rate Applicable to Company

The Company has recognised income tax expense and deferred tax assets/liabilities in accordance with *AASB112: Income Taxes*, using the tax rate applicable during each period. Note 4(d) provides detail on legislative changes which resulted in the tax rate applicable to the Company changing from 27.5% to 30.0%.

There are no other key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next reporting period.

e. Australian Accounting Standards not yet effective

The Company has not applied any Australian Accounting Standards or interpretations that have been issued as at balance date but are not yet operative for the financial period ended 31 December 2018 ("the inoperative standards"). The impact of the inoperative standards has been assessed and the impact has been identified as not being material. The Company only intends to adopt inoperative standards at the date at which their adoption becomes mandatory.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

f. New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following new Accounting Standards and Interpretations issued by the AASB have become effective in the current accounting period:

AASB 9: Financial Instruments and its associated amending standards.

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 (AASB 139) – *Financial Instruments Recognition and Measurement*. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

The Company early adopted AASB 9 in a previous financial year. The first time application of this standard did not have a material impact on the classification and/or measurement of any financial assets.

AASB 15: Revenue from Contracts with Customers

This standard establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The Group currently does not have any revenue to which AASB 15 is applicable.

The adoption of the above Accounting Standards has not had, and is not expected to have, a material impact on the financial performance and position of the Group and consequently, no further disclosures have been included in this report.

URB INVESTMENTS LIMITED

ABN 89 615 320 262

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Dec 2018 \$'000	Dec 2017 \$'000
2. Revenues		
(a) Ordinary revenue from investment portfolio		
<i>Revenue from Equity Portfolio:</i>		
Fully franked dividends	438	459
Unfranked dividends	66	57
Trust distributions	466	355
<i>Revenue from Direct Property Portfolio:</i>		
Trust distributions	131	337
Total ordinary revenue from investment portfolio	1,101	1,208
(b) Revenue from bank deposits		
Interest received	52	71
(c) Other gains		
Net unrealised gains on listed investments held for trading	-	25
Fair value gain on direct property assets	3,928	-
(d) Special investment revenue		
Fully franked special dividends from equity portfolio	13	356
Special distributions from direct property portfolio	725	-
Total income from operating activities	5,819	1,660

Special distributions from the direct property portfolio are those distributions designated as being special by the investee, and to date represent distributions of realised profit derived from development activities.

3. Expenses

(a) Investment Management Fees & Performance Fees

The Company has outsourced its investment management function to Contact Asset Management Pty Limited (**Contact**), whose services are governed by an Investment Management Agreement.

In accordance with the investment management agreement, Contact is entitled to an ongoing management fee equal to 0.50% p.a. (plus GST) of Total Assets.

Contact is also entitled to a performance fee if a performance hurdle is satisfied at the end of each financial year. The performance hurdle is satisfied if the Company's pre-tax net tangible asset per share as at the end of a financial year (CY NTA) has increased by at least 8% from the Company's pre-tax net tangible asset per Share at the end of the immediately preceding financial year (PY NTA). The performance fee is calculated as $15\% \times ((CY\ NTA - [PY\ NTA \times 1.08]) \times \text{weighted average number of shares during relevant financial year})$.

Based on the change in pre-tax net tangible asset per share between 30 June 2018 and 31 December 2018, the Company has not made an accrual in respect of a potential performance fee payable in respect of this period.

URB INVESTMENTS LIMITED

ABN 89 615 320 262

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Dec 2018 \$'000	Dec 2017 \$'000
4. Income tax		
(a) Income tax expense		
(i) Reconciliation of income tax expense		
The aggregated amount of income tax expense attributable to the period differs from the amount prima facie payable on profits from ordinary activities. The difference is reconciled as follows:		
Operating profit before income tax	5,313	1,207
Tax calculated at 30.0% (2017: 27.5%)	(1,594)	(332)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Franked dividends and distributions received	135	224
Net income tax expense on operating profit	(1,459)	(108)
Tax effect of change in tax rate from 27.5% to 30.0%		
- Effect on opening balances of deferred tax assets	148	-
- Effect on opening balance of deferred tax liabilities	(21)	-
- Effect on opening balances of reserves & equity	(122)	-
	5	-
Total income tax expense	(1,454)	(108)
(ii) The components of income tax expense comprise:		
Current tax	(1,935)	245
Deferred tax	476	(353)
Change in tax rate	5	-
Total income tax expense	(1,454)	(108)
(b) Deferred tax assets		
	Dec 2018 \$'000	Jun 2018 \$'000
The deferred tax asset balance comprises the following timing differences and unused tax losses:		
Transaction costs on equity issues	482	663
Accrued expenses	12	9
Unrealised losses on equity portfolio	1,157	122
Realised losses on equity portfolio	154	179
Difference in tax and accounting cost base	-	380
Operating tax losses carried forward	176	274
Total deferred tax assets	1,981	1627

URB INVESTMENTS LIMITED

ABN 89 615 320 262

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

4. Income tax (continued)

(c) Deferred tax liabilities

	Dec 2018 \$'000	Jun 2018 \$'000
The deferred tax asset balance comprises the following timing differences:		
Unrealised gains on equity portfolio	2	26
Unfranked dividends receivable and interest receivable	128	195
Difference in tax and accounting cost base	793	-
Total deferred tax liabilities	923	221

(d) Change to applicable tax rate

On 19 May 2017, legislation received Royal Assent to enact corporate tax rate reductions. The new legislation reduced the corporate tax rate for companies carrying on a business with aggregated turnover below the relevant threshold for the applicable income year. In October 2017 the ATO released draft Taxation Ruling TR 2017/D7, outlining its views on when does a company carry on a business within the meaning of the Income Tax Rates Act 1986. Based on the contemporary interpretation of that legislation and TR 2017/D7, the defined thresholds and tax rates within the legislation, and the Company's actual 2017FY turnover and estimated 2018FY turnover, URB originally assessed that it was subject to a tax rate of 27.5% for the 2018 financial year, and prepared its 31 December 2017 Interim Financial Report and 30 June 2018 Financial Report on this basis..

On 31 August 2018, Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2018 received Royal Assent. This Amendment provides that a corporate tax entity will not qualify for the lower 27.5 per cent corporate tax rate if more than 80 per cent of its assessable income is income of a passive nature. URB has assessed that more than 80% of its income is of a passive nature, that the Company therefore does not qualify for the lower 27.5% corporate tax rate, and that consequently URB is required to apply a tax rate of 30.0% to the 2018 financial year and for all future periods.

URB has not adjusted the comparative balances in this Interim Financial Report, but instead has recognised the change in opening values of deferred tax assets, deferred tax liabilities, and equity against a corresponding net income tax benefit of \$4,980 in the current financial period.

5. Dividends

	Dec 2018 \$'000	Dec 2017 \$'000
(a) Dividends declared		
Final dividend for the year ended 30 June 2018 of 1.0 cents per share (2017: nil) fully franked at the tax rate of 30.0%, paid on 28 September 2018	732	-
Total dividends declared	732	-

(b) Reconciliation of total dividends paid to dividends paid in cash

Total dividends paid	732	-
Less: Dividends reinvested in shares via DRP	(147)	-
Dividends paid in cash	585	-

URB INVESTMENTS LIMITED

ABN 89 615 320 262

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

5. Dividends (continued)

	Dec 2018 \$'000	Dec 2017 \$'000
(c) Franking account balance		
Balance as at 31 December	552	361
Decrease in balance resulting from increase in franking rate attributable to 2018FY interim dividend paid 26 March 2018		
Imputation credits attributable to franked dividends receivable as at 31 December	4	3
Estimated impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year (refer below)	(550)	(138)
Estimated imputation credits available for future dividends	6	226
 Maximum fully franked dividends payable from estimated available franking credits at the tax rate of 30.0% (2017: 27.5%)	 15	 596

(d) Dividends declared after balance date

Since the end of the half year the Directors have declared an interim ordinary dividend of 0.75 cent per share for the 2019 financial year and an interim special dividend of 1.00 cent per share, both fully franked at the tax rate of 30.0%. These dividends will be payable on 29 March 2019, but have not been recognised as a liability at the half year.

6. Earnings per share

Net operating result	3,859	1,099
Earnings used in calculating basic and diluted earnings per share	3,859	1,099
	Dec 2018 Number of shares	Dec 2017 Number of shares
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	73,242,436	72,860,941

As at 31 December 2018 there were no potentially dilutive equities on issue, and therefore the same weighted average number of ordinary shares is used in calculating basic and diluted earnings per share.

As at 31 December 2017 the Company's share price was less than \$1.10, being the exercise price of listed options on issue at that date. Potential ordinary shares on issue (being listed options) were therefore not considered to be dilutive, and therefore the same weighted average number of ordinary shares was used in calculating basic and diluted earnings per share in the prior period.

	Dec 2018 Cents	Dec 2017 Cents
Basic and diluted earnings per share	5.27	1.51

URB INVESTMENTS LIMITED

ABN 89 615 320 262

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

7. Financial assets

	Dec 2018 \$'000	Jun 2018 \$'000
Non-current investment portfolio		
<i>Equity investment portfolio</i>		
Listed securities at fair value	31,712	39,305
<i>Direct property portfolio</i>		
Unlisted units in property trusts at fair value	36,777	34,219
Total non-current investment portfolio	68,489	73,524
Total investment portfolio	68,489	73,524

Fair Value Measurement

URB measures the fair value of its Equity Portfolio and Direct Property Portfolio with reference to the following fair value measurement hierarchy mandated by accounting standards:

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

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

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(a) Recognised fair value measurements

The following table presents the Company's financial assets measured and recognised at fair value at 31 December 2018 and 30 June 2018. There were no transfers between Levels during the period.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 31 December 2018				
<i>Financial assets at fair value through other comprehensive income:</i>				
Listed equity investment portfolio	31,712	-	-	31,712
<i>Financial assets at fair value through profit or loss:</i>				
Direct Property portfolio	-	2,969	33,808	36,777
	31,712	2,969	33,808	68,489
As at 30 June 2018				
<i>Financial assets at fair value through other comprehensive income:</i>				
Listed equity investment portfolio	39,305	-	-	39,305
<i>Financial assets at fair value through profit or loss:</i>				
Direct Property portfolio	-	2,868	31,351	34,219
	39,305	2,868	31,351	73,524

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

7. Financial assets (continued)

Fair Value Measurement (continued)

(b) Movements in asset classes categorised as level 2:

	Dec 2018 \$'000	Jun 2018 \$'000
Direct Property portfolio		
Opening balance	2,868	-
Investment in unlisted property trusts	-	3,000
Fair value gain/(loss) on unlisted property trusts	101	(132)
Closing balance	2,969	2,868

(c) Movements in asset classes categorised as level 3:

	Dec 2018 \$'000	Jun 2018 \$'000
Direct Property portfolio		
Opening balance	31,351	32,555
Follow-on investments in unlisted property trusts	-	4,766
Capital returns from unlisted property trusts	(1,371)	(5,970)
Fair value gain on unlisted property trusts	3,828	-
Closing balance	33,808	31,351

(d) Fair value of Equity Portfolio

The Company's Equity Portfolio contains ASX-Listed equities, or equities in entities that will be listed within twelve months, and may include two sub-portfolios – an equity investment portfolio and an equity trading portfolio.

The equity investment portfolio contains holdings within URB's equity investment portfolio that the Company intends to retain on a long-term basis, which are classified as 'financial assets measured at fair value through other comprehensive income'. These securities are initially brought to account at the cost of acquisition, including transaction costs, and are re-valued to market values continuously. Movements in carrying values of securities in the equity investment portfolio are recognised as Other Comprehensive Income and taken to the Revaluation Reserve.

The equity trading portfolio will comprise any securities held for short term trading purposes. Equities held within the trading portfolio will be classified as 'mandatorily measured at fair value through profit or loss'. These equities are initially measured at cost on trade date, which includes transaction costs, and are re-valued to market values continuously. Movements in carrying values of securities in the equity trading portfolio are taken to Profit or Loss through the Income Statement.

Fair value is determined based on last sale price for all quoted investments. IRESS, Bloomberg or other similar financial information service are used as the price source for listed securities. This methodology falls within the Level 1 fair value hierarchy of measuring fair value under AASB13 *Fair Value Measurement*.

(e) Fair value of Direct Property Portfolio

The Company's Direct Property Portfolio comprises equities in unlisted entities that have direct investments in Australian properties. Typically the Company will maintain a large proportionate ownership of each Direct Property Asset, resulting in the Company having either control or significant influence over these investments, although the Company currently has one investment in an unlisted Direct Property Asset which represents less than 5% of the issued capital of the investee entity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

7. Financial assets (continued)

Fair Value Measurement (continued)

(e) Fair value of Direct Property Portfolio (continued)

The Company is classified as an Investment Entity in accordance with paragraph 27 of *AASB10: Consolidated Financial Statements*, as its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both. The Company has also applied the Venture Capital Organisation exemption in *AASB128: Investments in Associates and Joint Ventures*. Being an Investment Entity and Venture Capital Organisation, the investments in the Direct Property Portfolio have been accounted for as financial assets measured at fair value through profit or loss, irrespective of whether the Company has control or significant influence over these investments. As such, investments in Direct Property Assets are initially brought to account at the cost of acquisition, and transaction costs relating to acquisitions are expensed immediately to profit and loss.

Subsequent to initial recognition, Direct Property Assets are measured at fair value, with gains and losses arising from changes in the fair value recognised in profit and loss.

The Board will review the fair value of the Direct Property Portfolio at each reporting date. To assist in their assessment of fair value, the Board will make reference where possible to indicative independent data such as net tangible asset calculations prepared by asset managers; external valuations prepared for other purposes (such as debt finance); market appraisals; recent comparable sales, and movements in capitalisation rates used in valuations of comparable properties over the period since each property was purchased or most recently valued.

For those Direct Property Assets over which the Company has control or significant influence, the Board will ensure that at least once every two years an independent valuer is engaged to assess the fair value of underlying properties for accounting purposes. Valuations may occur more frequently if there is reason to believe that the fair value of a property has materially changed from its book value (e.g. as a result of changes in market conditions, leasing activity in relation to the property or commencement or completion of any development activity). This methodology falls within the Level 3 fair value hierarchy of measuring fair value under *AASB13 Fair Value Measurement*.

(i) Valuation techniques and inputs for Level 2 Fair Values

Valuation techniques and significant unobservable inputs used in level 2 fair value measurements are as follows:

<u>2018</u>	Fair value \$'000	Valuation technique	Description of valuation technique and inputs used in respect of underlying asset
HomeHQ: Artarmon	\$2,969	Net Tangible Assets	Net tangible asset calculated by asset manager.

HomeHQ: Artarmon is owned by a widely-held unlisted property investment trust. URB's investment in HomeHQ: Artarmon represents less than 5% of the trust's issued capital, and URB does not control or significantly influence this investment. HomeHQ: Artarmon is managed by an independent, specialist Asset Manager, who provides all investors with a regular asset report and net tangible asset valuation. The Asset Manager provided all investors with a per unit Net Tangible Asset value (per unit NTA) as at 31 December 2018.

HomeHQ: Artarmon is a closed Trust with a fixed investment period, and the Asset Manager has advised investors in the Trust that the underlying property will be independently valued if at any stage there is evidence that it is not being held at fair value. URB therefore regards the per unit NTA as an observable input and has used it without adjustment to value URB's investment in HomeHQ: Artarmon.

This resulted in a fair value gain of \$100,194 during the period ended 31 December 2018.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

7. Financial assets (continued)

Fair Value Measurement (continued)

(e) Fair value of Direct Property Portfolio (continued)

(ii) Valuation techniques and inputs for Level 3 Fair Values

Valuation techniques and significant unobservable inputs used in level 3 fair value measurements are as follows:

<u>2018</u>	Fair value \$'000	Valuation technique	Description of valuation technique and inputs used in respect of underlying asset
PURT3: Kingsgrove	\$9,840	Development Cost	Cumulative cost of development of property, including original acquisition cost, less costs attributable to lots sold to date.
PURT4: Penrith	\$7,780	Capitalisation of Net Market Income	Capitalisation of theoretical net market rental income, adjusted for variations caused by current leasing profile.
PURT5: Prestons	\$13,731	Estimated market value at completion	Estimated market value of the property assuming it had already been completed at the valuation date, less costs still required to complete the project (including an appropriate adjustment for profit and risk).

Development Cost

Direct Property Assets that are currently undertaking development activities are held at cost:

- where there is an absence of an observable market price for similar properties that are at a comparable stage of development, and
- when there remains a significant level of uncertainty as to the remaining time and cost of completing the development, and/or significant uncertainty in the realisable value of the property upon completion of the development, such that the asset cannot be valued on the basis of an estimated market value on completion

In such circumstances, the investee entity that owns the underlying asset capitalises all acquisition and development expenditure to a development property asset (or inventory, where it is appropriate to do so).

Upon completion of the development, the fair value of the property will be assessed and any increase or decrease in fair value recognised by the investee entity, and URB would in turn recognise a fair value gain or loss on its investment in the Direct Property asset.

If at some stage during the development process there is sufficient evidence to support the view that fair value is materially higher or lower than development cost, any increase or decrease in fair value would be recognised by the investee entity, and URB would in turn recognise a fair value gain or loss on its investment in the Direct Property Asset.

As at 31 December 2018 PURT3: Kingsgrove was valued at cost.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

7. Financial assets (continued)

Fair Value Measurement (continued)

(e) Fair value of Direct Property Portfolio (continued)

(ii) Valuation techniques and inputs for Level 3 Fair Values (continued)

PUT3: Kingsgrove

As at 31 December 2018:

- the majority of development activities on the Kingsgrove property had been completed by PUT3: Kingsgrove, and a parcel of land sold via a boundary realignment;
- PUT3: Kingsgrove had executed sale contracts or option agreements for all lots under the proposed sub-division, although settlement of agreements was conditional on the successful completion of the development and lodgement of sub-division plans;
- PUT3: Kingsgrove had paid a distribution to its unitholders, including URB, representing a combination of capital return and profit earned from the sale of the land parcel;
- PUT3: continued to hold the remaining property at cost pending completion of development activities and lodgement of sub-division plans;

Having regard to all available relevant information, the Board resolved not to adjust the fair value of the Company's investment in PUT3: Kingsgrove during the period.

Estimated market value on completion

As previously mentioned, if at some stage during the development process there is sufficient evidence to support the view that fair value is materially higher than development cost, any increase in fair value would be recognised by the investee entity, and URB would in turn recognise a fair value gain on its investment in the Direct Property asset.

In such circumstances, fair value is determined using the following steps:

- A market value is obtained for the property as if the development had already been completed at the valuation date.
- Total estimated cost to complete the development is calculated, based on costs incurred to date and all expected future costs relating directly to the development project
- An estimated profit on completion is calculated for the project.
- The percentage of completion of the development is estimated
- The estimated profit applicable to the development completed to date is then calculated. This estimated profit is deemed to represent the cumulative fair value uplift to be recognised in respect of the development at that stage of completion.

PUT5: Prestons satisfied this criteria as at 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

7. Financial assets (continued)

Fair Value Measurement (continued)

(e) Fair value of Direct Property Portfolio (continued)

(ii) Valuation techniques and inputs for Level 3 Fair Values (continued)

PURT5: Preston

Significant inputs used in the valuation of PURT5: Prestons include:

- Estimated percentage of completion by forecast cost
- Forecast cost overruns
- Confirmation of leasing income upon completion
- Confirmation of quantum and timing of gross revenue from sale of the property
- Forecast contingency payments based on gross development returns

There are no unobservable inputs which have a material effect on the valuation, assuming all other variables remain constant.

Having regard to all available relevant information, the Board resolved to adjust the fair value of the Company's investment in PURT5: Prestons during the period, recognising a fair value gain of \$3,827,952.

Capitalisation of Net Market Income

PURT4: Penrith is an existing rent-producing multi-tenanted commercial property. URB has assessed the value of this investment using a capitalisation of net market income methodology.

Significant unobservable inputs used in the valuation of PURT4: Penrith include:

- Market rental rates
- Expected market rental growth
- Occupancy level
- Lease expiries
- Adjustment for current rental arrangements
- Capitalisation rate

The two unobservable inputs which have a material effect on the valuation, assuming all other variables remain constant, are market rents and capitalisation rates. There is no demonstrated material interdependency between market rents and capitalisation rates. Changes in other significant unobservable inputs listed above would not materially increase or decrease the estimated fair value of the property.

A 10% increase/decrease in market rents would increase/decrease the estimated fair value of the PURT4: Penrith property by 12.5%, being \$3,434,000. This would increase/decrease URB's net profit after tax and Net Tangible Assets by approximately \$1,713,000.

A 10% increase/decrease in market capitalisation rates would decrease/increase the estimated fair value of the PURT4: Penrith property by 9.3%/11.4%, being (\$2,555,000) and \$3,123,000 respectively. This would decrease/ increase URB's net profit after tax and Net Tangible Assets by (\$1,275,000) and \$1,558,000 respectively.

Having regard to all available relevant information, the Board did not adjust the fair value of the Company's investment in PURT4: Penrith during the period.

URB INVESTMENTS LIMITED

ABN 89 615 320 262

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

7. Financial assets (continued)

(f) Investments Held as at 31 December 2018

	Number of equities held	Market Value \$'000	Portfolio weight %
Direct Property Portfolio			
PURT5: Prestons	13,731,010	17,559	22.47
PURT3: Kingsgrove	9,839,913	8,469	10.84
PURT4: Penrith	13,749,581	7,781	9.96
Home HQ: Artarmon	16,152,000,000	2,968	3.80
Total Direct Property Portfolio		36,777	47.07
Listed Equity Portfolio			
<i>Real Estate</i>			
360 Capital Group	2,000,000	2,100	2.69
Stockland	406,500	1,431	1.83
LendLease Group	116,000	1,349	1.73
Mirvac Group	595,000	1,333	1.71
Goodman Group	117,500	1,249	1.60
AV Jennings Limited	2,253,631	1,183	1.51
BWP Trust	240,000	847	1.08
National Storage REIT	460,035	807	1.03
Blackwall Limited	913,723	768	0.98
Cedar Woods Properties Limited	127,283	644	0.82
Blackwall Property Trust	381,679	573	0.73
Villa World Limited	283,340	497	0.64
		12,781	16.35
<i>Industrials</i>			
Transurban Group	473,116	5,512	7.05
Sydney Airport	670,000	4,509	5.77
Qube Holdings Limited	399,864	1,016	1.30
Bingo Industries	300,000	556	0.71
		11,593	14.83
<i>Consumer Discretionary</i>			
Harvey Norman Holdings Limited	546,940	1,728	2.21
AP Eagers Limited	179,131	1,075	1.38
oOh!media Limited	150,000	513	0.66
		3,316	4.25
<i>Health Care</i>			
Ramsay Health Care Limited	16,500	953	1.22
Regis Healthcare Limited	325,000	858	1.10
		1,811	2.32

URB INVESTMENTS LIMITED

ABN 89 615 320 262

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

7. Financial assets (continued)

(f) Investments Held as at 31 December 2018

	Number of shares held	Market Value \$'000	Portfolio weight %
<i>Materials</i>			
CIMIC Group Ltd	15,750	684	0.88
Boral Ltd	110,000	543	0.70
		1,227	1.58
<i>Consumer Staples</i>			
Woolworths Limited	33,450	984	1.26
		984	1.26
Total Listed Equity Portfolio		31,712	40.59
Cash and dividends receivable		9,641	12.34
Total Investment Portfolio		78,130	100.00

8. Share capital

(a) Issued and paid up capital

	Dec 2018 Number of shares	Jun 2018 Number of shares	Dec 2018 \$'000	Jun 2018 \$'000
73,313,404 ordinary shares fully paid	73,313,404	73,166,684	77,949	77,708

(b) Movement in ordinary shares

	Number of shares	\$'000
Beginning of financial period	73,166,684	77,708
Issued during the period:		
- shares issued in respect of DRP	146,720	147
Gross funds raised		147
- less net transaction costs incurred in current year		(1)
- effect of change in tax rate from 27.5% to 30%		95
End of financial period	73,313,404	77,949

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

8. Share capital (continued)

(b) Movement in ordinary shares (continued)

(i) Ordinary shares

The Company does not have an authorised share capital and the ordinary shares on issue have no par value. Holders of ordinary shares participate in dividends and the proceeds on a winding up of the Company in proportion to the number of shares held.

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(ii) Options

As part of the IPO the Company issued options to acquire ordinary shares in the Company at an exercise price of \$1.10. The options, which were tradable on the ASX, gave shareholders the right but not the obligation to subscribe for shares in URB at \$1.10 per share. As at 31 December 2018 all options had been exercised or expired.

9. Realised Profits Reserve

The Board has established a Realised Profits Reserve to clearly define the after-tax profits available to be distributed to shareholders as dividends. The Directors intend to review the profits generated by the Company at least every six months with the intention of transferring an appropriate amount of profit to the Realised Profit Reserve. Dividends declared by the Board and paid to shareholders will be deducted from the Realised Profit Reserve rather than Retained Profits.

	Dec 2018	Jun 2018
	\$'000	\$'000
Opening balance	1,797	-
Current period profits transferred to reserve	3,859	2,161
Dividends declared and paid to shareholders during the period	(732)	(364)
Closing balance	4,924	1,797

10. Related Party Transactions

The Company did not enter into any new arrangements with related parties during the half year ended 31 December 2018. Arrangements with related parties of the Company in place as at 30 June 2018 continue to be in place. For details of these continuing arrangements, refer to Note 16 of the 30 June 2018 Annual Financial Report. There has been no material change in the balances of outstanding amounts or transactions with related parties during the half year compared with amounts disclosed in the 30 June 2018 Annual Financial Report.

11. Contingent Liabilities

The Company has no contingent liabilities as at 31 December 2018 (2017:nil).

12. Commitments

The Company had no firm commitments in respect of its Direct Property Portfolio as at 31 December 2018.

In particular, under the terms of each respective Unitholder Agreement, as at 31 December 2018 and to the date of this report URB had the right, but not the obligation, to participate in additional equity raisings conducted by the unlisted property trusts in which URB has invested.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

13. Events subsequent to reporting date

Completion of development and settlement of initial Lot sales by PURT3: Kingsgrove

In January 2019 PURT3: Kingsgrove successfully completed its development of the Kingsgrove property, registering its Development Plan for the sub-division. Subsequently, in February 2019, following satisfaction of all contractual conditions, PURT3: Kingsgrove settled the sale of Lots 2 and 3 of the property.

In February 2019 URB received a cash distribution of \$2,674,640 from PURT3: Kingsgrove, being a partial return of capital and distribution of profit following the sale of Lots 2 and 3.

Other than the dividend referred to in Note 5 (d) of this report and the events noted above, there has been no other transaction or event since 31 December 2018 to the date of this report of which the directors are aware that has had a material impact on the Company or its financial position.

14. Authorisation

The financial report was authorised for issue on 22 February 2019 by the Board of Directors.

DIRECTORS' DECLARATION

The Directors of URB Investments Limited are of the opinion, and declare that:

1. the financial statements and notes, as set out on pages 4 to 24, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard *AASB134: Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - b. giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors, which has been made after receiving the declaration required to be made to the Directors by the CEO and CFO equivalents in accordance with section 295A of the *Corporations Act 2001* for the half year ending 31 December 2018.



Warwick Negus
Director

Sydney
22 February 2019

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF URB INVESTMENTS LIMITED
ABN 60 615 320 262**

In relation to the independent auditor's review of URB Investments Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of URB Investments Limited during the period.



SCOTT WHIDDETT
Partner

PITCHER PARTNERS
Sydney

22 February 2019

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF URB INVESTMENTS LIMITED
ABN 60 615 320 262**

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of URB Investments Limited ("the Company"), which comprises the statement of financial position as at 31 December 2018, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration of the entity.

Directors' Responsibility for the Interim Financial Report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *"Review of a Financial Report Performed by the Independent Auditor of the Entity"*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporation Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *"Interim Financial Reporting"* and the *Corporations Regulations 2001*. As the auditor of URB Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the review of the annual financial report.

A review of the interim financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF URB INVESTMENTS LIMITED
ABN 60 615 320 262**

Independence

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


Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of URB Investments Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.



SCOTT WHIDDETT
Partner



PITCHER PARTNERS
Sydney

22 February 2019