IRONGATE

Interim Report 2021

Irongate Property Fund I
For the half year ended 30 September 2021 prepared in accordance with the Corporations Act 2001 and the ASX Listing Rules

Irongate Group

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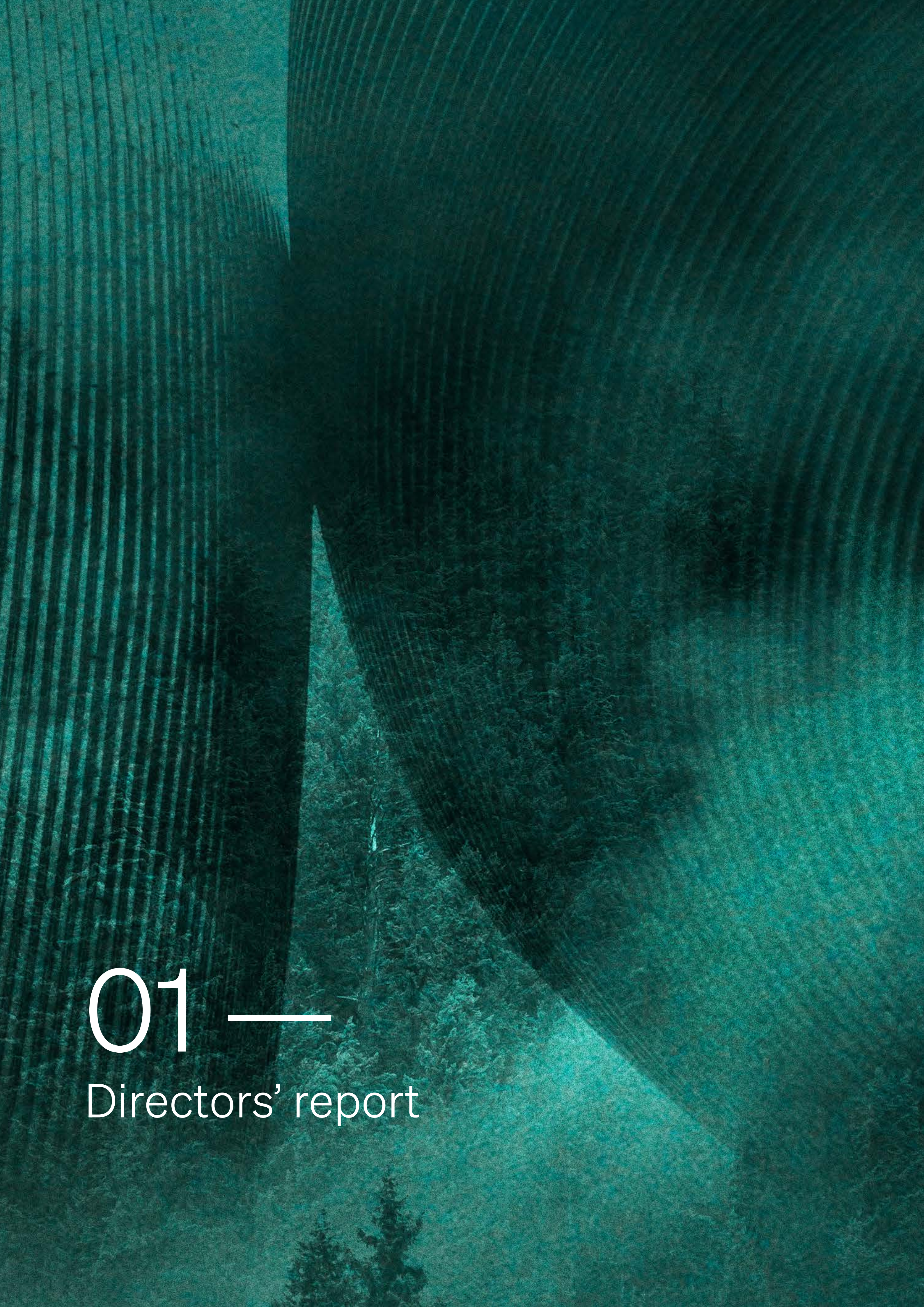

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Directors’ report

Directors' report

The directors of Irongate Funds Management Limited (formerly Investec Property Limited) (ABN 93 071 514 246), the responsible entity (**Responsible Entity**) of Irongate Property Fund I (**IPF I**, or **Fund**), (formerly Investec Australia Property Fund (**IAPF**)) present their report together with the consolidated interim financial statements of IPF I and its controlled entities for the half year ended 30 September 2021.

Directors of the Responsible Entity

The following persons were directors of the Responsible Entity during the period from 1 April 2021 up to the date of this report:

Richard Longes	Independent non-executive chairperson
Sally Herman	Lead independent non-executive director and chairperson of the audit and risk committee of the board of the Responsible Entity (**Audit and Risk Committee**)
Georgina Lynch	Independent non-executive director
Stephen Koseff	Independent non-executive director
Graeme Katz	Executive director

Directors of the Manager

The following persons were directors of Irongate Property Management Pty Limited (**Manager**) during the period from 1 April 2021 up to the date of this report:

Graeme Katz	Executive director
Zach McHerron	Executive director
Kristie Lenton	Executive director

Company secretary

The following person was the company secretary of the Responsible Entity during the period from 1 April 2021 up to the date of this report:

Lucy Spenceley	Company secretary

Principal activities

The principal activity of IPF I is to invest in real estate assets. There has been no significant change in the principal activities of IPF I during the period.

Review of operations

The Fund's strategy is to invest in office, industrial and retail properties in major metropolitan cities or established commercial precincts in Australia and New Zealand.

The objectives of the Fund are to:

- deliver income and capital returns to unitholders over time;
- grow and diversify its asset base; and
- maintain a strong corporate governance framework.

The Fund's investment philosophy focuses on making investment decisions based on sound underlying property fundamentals, enhancing the quality of the property portfolio and identifying opportunities to unlock additional value through active asset management. The Fund adheres to this philosophy by utilising the skills of an experienced and well-connected management team with a presence in the Fund's key geographies of Sydney, Melbourne and Brisbane and through a commitment to sound balance sheet management.

Financial result

The following table summarises the statutory profit for the half year ended 30 September 2021 and provides a comparison to the half year ended 30 September 2020.

A$'000	HY 22	HY 21
Revenue, excluding straightline rental revenue adjustment	51,657	45,017
Straightline rental revenue adjustment	1,122	168
Property expenses	(11,152)	(9,909)
Net property income	**41,627**	**35,276**
Other operating expenses	(4,534)	(3,600)
Net finance costs	(5,962)	(4,112)
Cost on sale of investment property	–	(2,013)
Other income	1	3
Fair value adjustments	77,757	12,790
Total comprehensive income attributable to unitholders	**108,889**	**38,344**

As at 30 September 2021, the Fund's net assets attributable to unitholders was A$1.51 per unit (31 March 2021: A$1.43 per unit).

Property portfolio

At the date of this report, the Fund's property portfolio comprised 36 properties valued at A$1,425.3 million (31 March 2021: A$1,237.0 million). The portfolio is geographically diversified with properties located in key markets across Australia and New Zealand. The majority of the Fund's exposure is to New South Wales, Victoria and Queensland, which represent 65% of the portfolio.

a. Acquisition and disposals

During the period the Fund completed the acquisition of two industrial facilities on a fund-through basis which are under development, being 57–83 Mudgee Street, Kingston QLD for a total land consideration of A$3.1 million which is expected to be completed in December 2021 and Lot 24 Dunhill Crescent, Morningside QLD for a total land consideration of A$1.3 million which is expected to be completed in November 2021. The Fund also completed the acquisition of an office building on a fund-through basis located at 34 Southgate Avenue, Cannon Hill QLD for a total land value of A$3.9 million which is expected to be completed in September 2022, and an office building located at 38 Sydney Avenue, Canberra ACT for A$73.5 million.

b. Leasing

At the date of this report, the Fund's portfolio is 96.9% occupied and has a weighted average lease expiry of 5.2 years with 45.0% of leases expiring after five years. During the period from 1 April 2021 up to the date of this report the Fund entered into leases in respect of 39,917m^2, with a further 5,931m^2 subject to signed heads of agreement.

c. Valuation

Details on the basis for determining fair value of IPF I's properties are included in Note 6 of the interim financial report.

Subsequent events to reporting date

Irongate Group (**Group**), of which the Fund forms part, announced on Monday, 18 October 2021 that post close of ASX market trading on Friday, 15 October 2021, it received an unsolicited, highly conditional and indicative non-binding proposal from 360 Capital Group and 360 Capital REIT (together with their associated entities) (together, **360 Capital**) to acquire, by way of an agreed trust scheme, all of the stapled securities in the Group which 360 Capital does not already own for A$1.6047 cash per stapled security (being a headline price of A$1.65 less the distribution declared of A$0.0453 per stapled security for the half year period ended 30 September 2021). The Group announced on Wednesday, 27 October 2021 a rejection of the non-binding proposal from 360 Capital. Both announcements can be viewed on the Group's website (irongategroup.com.au).

Other than the above matters, there is no other item, transaction, or event of a material or unusual nature likely that have arisen since balance date and up until the date of the interim financial report which significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in subsequent years.

Significant changes in state of affairs

During last financial year ended 31 March 2021, an implementation deed between Investec Group and the Responsible Entity was executed on 15 October 2020, providing a clear framework for the internalisation of management of the Group which was ultimately approved by securityholders on 17 November 2020 and completed on 30 November 2020. In connection with the transaction, the Group paid A$40 million to the Investec Group and incurred related expenses totalling approximately A$7.7 million. None of these non-recurring costs form part of distributable earnings. IPF I and its controlled entities together with Irongate Property Fund II (**IPF II**) and its controlled entities form the stapled Group.

There were no other significant changes in the state of affairs of IPF I during the period from 1 April 2021 up to the date of this report. The Board is not aware of any matter or circumstance, that is not discussed in the operating and financial review that has significantly or may significantly impact the Fund now, or in future years.

Insurance and indemnification officers and auditors

The Group has paid premiums in respect of a contract insuring all directors and officers of the Group and its related entities against certain liabilities incurred in that capacity. The insurance policies cover former directors and officers of the Responsible Entity and all Group entities. Disclosure of the nature of the liability covered by the insurance and premiums paid is subject to confidentiality requirements under the contract of insurance.

The Responsible Entity has entered a Deed of Indemnity with each of Graeme Katz (Chief Executive Officer), Kristie Lenton (Chief Financial Officer), Zach McHerron (Fund Manager), Adam Broder (Third Party Capital) and Lucy Spenceley (Company Secretary) providing these persons with an indemnity, to the fullest extent permitted by law, against all losses and liabilities incurred in performing their respective role for the Fund and its related entities. The deeds also require the Fund to grant the indemnified person with access to certain Fund documents and insure the indemnified persons.

In addition, the Fund and the Responsible Entity's constitutions provide for the indemnity of officers of the Responsible Entity or its related bodies corporate from liability incurred by a person in that capacity.

No indemnity payment has been made under any of the documents referred to above during, or since the end of, the financial period. The Fund has not during or since the end of the financial period indemnified or agreed to indemnify an auditor of the Fund or of any related body corporate against a liability incurred in their capacity as an auditor.

Environmental regulation

As a landlord, the operations of the Fund are subject to a range of environmental laws and regulations under Commonwealth, state and territory law. However, the leases attaching to the majority of properties owned by the Fund require the tenant to use reasonable endeavours to prevent contamination at each site and indemnify the Fund for any contamination caused by their operations.

The Fund's operations are not subject to any significant environmental regulation under Commonwealth, State or Territory legislation.

Rounding off

The Fund is of a kind referred to in ASIC Class Order 2016/191 dated 24 March 2016 and in accordance with that ASIC Class Order, amounts in the consolidated financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act is set out on page 5.

Signed in accordance with a resolution of the directors of the Responsible Entity.

Richard Longes
Chairperson

Graeme Katz
Chief Executive Officer

27 October 2021

Directors’ declaration

1. In the opinion of the directors of Irongate Funds Management Limited, the responsible entity of Irongate Property Fund I:

   (a) the consolidated financial statements and notes that are set out on pages 7 to 22 are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Irongate Property Fund I and its subsidiaries’ financial position as at 30 September 2021 and of its performance, for the financial period ended on that date; and

      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Irongate Property Fund I will be able to pay their debts as and when they become due and payable.

2. The directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors of Irongate Funds Management Limited:

Dated at Sydney this 27th day of October 2021.

Richard Longes
Independent non-executive chairperson

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Irongate Funds Management Pty Ltd (formerly Investec Property Limited), the Responsible Entity of Irongate Property Fund I (formerly Investec Australia Property Fund I).

I declare that, to the best of my knowledge and belief, in relation to the review of Irongate Property Fund I for the half-year ended 30 September 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Paul Thomas

Partner

Sydney

27 October 2021

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Financial report

Consolidated statement of profit or loss and other comprehensive income

For the six months to 30 September 2021

A$'000	NOTE	REVIEWED SIX MONTHS TO 30 SEPTEMBER 2021	REVIEWED SIX MONTHS TO 30 SEPTEMBER 2020
Revenue, excluding straightline rental revenue adjustment		51,657	45,017
Straightline rental revenue adjustment		1,122	168
Revenue	3	**52,779**	**45,185**
Property expenses		(11,152)	(9,909)
Net property income		**41,627**	**35,276**
Other operating expenses		(4,534)	(3,600)
Operating income excluding fair value adjustments		**37,093**	**31,676**
Fair value adjustments	4	77,757	12,790
Finance costs		(5,970)	(4,131)
Finance income		8	19
Cost on sale of investment property		–	(2,013)
Other income		1	3
Total comprehensive income attributable to unitholders		**108,889**	**38,344**
Units in issue at the end of the period ('000)		645,312	611,298
Weighted average number of units in issue for the period ('000)		633,974	611,298
Basic and diluted earnings per unit (cents)		17.18	6.27

The Notes on pages 11 to 22 are an integral part of these consolidated interim financial statements.

Consolidated statement of financial position

As at 30 September 2021

A$'000	NOTES	REVIEWED 30 SEPTEMBER 2021	AUDITED 31 MARCH 2021
ASSETS			
Non-current assets		**1,425,321**	**1,236,956**
Investment properties	6	1,407,199	1,225,356
Investment properties under development	7	18,122	11,600
Current assets		**9,278**	**15,811**
Cash and cash equivalents	9	5,697	6,810
Receivables and other assets	8	3,581	9,001
Total assets		**1,434,599**	**1,252,767**
EQUITY AND LIABILITIES			
Equity		**975,697**	**871,640**
Contributed equity		674,070	649,679
Retained earnings		301,627	221,961
Non-current liabilities		**418,043**	**345,307**
Long-term borrowings	10	410,919	339,063
Trade and other payables		5,935	5,408
Financial instruments held at fair value		1,189	836
Current liabilities		**40,859**	**35,820**
Trade and other payables		11,636	8,124
Distributions payable	5	29,223	27,696
Total equity and liabilities		**1,434,599**	**1,252,767**
Number of units in issue ('000)		645,312	611,298
Weighted average number of units in issue ('000)		633,974	611,298
Net asset value per unit (A$)[1]		1.51	1.43

The Notes on pages 11 to 22 are an integral part of these consolidated interim financial statements.

1 Net asset value per unit is a non-IFRS measure and is calculated by dividing net assets by the number of units in issue.

Consolidated statement of changes in equity

For the six months to 30 September 2021

A$'000	CONTRIBUTED EQUITY	RETAINED EARNINGS	TOTAL UNITHOLDER'S INTEREST
Balance at 1 April 2020	**696,402**	**111,759**	**808,161**
Total comprehensive income attributable to unitholders		38,344	38,344
Issue of ordinary units	–	–	–
Distributions paid/payable to ordinary unitholders		(26,832)	(26,832)
Balance at 30 September 2020	**696,402**	**123,271**	**819,673**
Balance at 01 April 2021	**649,679**	**221,961**	**871,640**
Total comprehensive income attributable to unitholders	–	108,889	108,889
Issue of ordinary units	24,391	–	24,391
Distributions paid/payable to ordinary unitholders		(29,223)	(29,223)
Balance at 30 September 2021	**674,070**	**301,627**	**975,697**

The Notes on pages 11 to 22 are an integral part of these consolidated interim financial statements.

Consolidated statement of cash flows

For the six months to 30 September 2021

A$'000	NOTES	REVIEWED SIX MONTHS TO 30 SEPTEMBER 2021	REVIEWED SIX MONTHS TO 30 SEPTEMBER 2020
Cash flows from operating activities			
Rental income received		62,093	50,975
Property expenses		(17,308)	(13,158)
Operating expenses		(6,680)	(6,822)
Cash generated from operations		**38,105**	**31,830**
Finance income received		9	19
Finance costs paid		(6,778)	(4,769)
Distribution paid to unitholders		(27,696)	(26,305)
Net cash (used in)/from operating activities		**3,640**	**775**
Cash flows from/(used in) investing activities			
Investment property acquired	6	(73,750)	–
Investment property held under development acquired	7	(8,199)	–
Acquisition costs and capital expenditure—investment property		(10,494)	(3,903)
Acquisition costs and capital expenditure—investment property held for development	7	(15,249)	–
Receipts from sale of investment property		–	89,251
Payment to parent entity		(15,234)	–
Net cash outflow used in investing activities		**(122,926)**	**85,348**
Cash flows from financing activities			
Borrowings raised		72,664	12,000
Repayment of loans		–	(105,209)
Proceeds from issue of units		45,617	–
Payment related to capital raising		(108)	–
Payment of termination of hedging			(2,889)
Net cash inflow from financing activities		**118,173**	**(96,098)**
Net increase/(decrease) in cash and cash equivalents		(1,113)	(9,975)
Cash and cash equivalents at beginning of the period		6,810	17128
Cash and cash equivalents at end of the period		**5,697**	**7,153**

The Notes on pages 11 to 22 are an integral part of these consolidated interim financial statements.

Notes to the consolidated interim financial statements

For the six months to 30 September 2021

1. Accounting policies and basis of preparation

The consolidated interim financial statements for the half year ended 30 September 2021 was authorised for issue in accordance with a resolution of the directors of the Irongate Funds Management Limited (**IFML**) (formerly Investec Property Limited (**IPL**)) (**Responsible Entity**) on 27 October 2021.

As at 27 November 2020 the units in Investec Australia Property Fund I were stapled to the units in Investec Australia Property Fund II. Effective 7 December 2020, Investec Australia Property Fund I was renamed to Irongate Property Fund I (**IPF I**) and Investec Australia Property Fund II was renamed to Irongate Property Fund II (**IPF II**). Refer to Significant changes in state of affairs in Director's Report for further details.

The consolidated interim financial statements for the half year ended 30 September 2021 have been prepared in accordance with the *Corporations Act 2001* (Cth) (**Corporations Act**) and Australian Accounting Standard AASB 134 Interim Financial Reporting.

This consolidated interim financial report does not include all the notes and information normally included in a set of annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 31 March 2021 and any public announcements made in respect of Irongate Property Fund I (**IPF I**, or **Fund**), during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act.

The consolidated interim financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value; and
- investment property is measured at fair value.

The financial statements have been prepared on a going concern basis. The Board have considered the impacts of the COVID-19 pandemic on the tenants in the Fund' investment properties, debt and capital markets, investment property valuations and the broader economic environment and concluded none of these represent material uncertainty that may cast doubt upon the Funds' ability to continue as a going concern.

The Funds is in a net current liability position of A$31.6 million as at 30 September 2021. The net current liability position is principally due to the interim distribution declared. It is anticipated that it will be paid from the undrawn debt under the current loan facility (refer to Note 10 *Borrowings*). The Fund has prepared a cashflow forecast 15 months from issuance of the financial statements which indicates that the Fund is expected to have positive ongoing cashflows. Therefore notwithstanding the net current liability position at 30 September 2021, the Fund considers the going concern assumption to be appropriate and is confident that the Fund will be able to pay all liabilities as and when they become due and payable.

The same accounting policies and methods of computation are followed in the current interim financial statements as compared with the annual financial statements for the year ended 31 March 2021, unless otherwise stated.

The financial statements of controlled entities are included in the consolidated interim financial statements from the date on which control commences until the date on which control ceases. All subsidiaries are 100% owned trusts and controlled by the Fund with no restrictions.

This consolidated interim financial statements are presented in AUD, which is IPF I's functional currency. IPF I is of a kind referred to in ASIC Class Order 2016/191 dated 24 March 2016 and in accordance with that ASIC Class Order, all financial information presented in AUD has been rounded to the nearest thousand unless otherwise stated.

The preparation of the consolidated financial statements in conformity with IFRS requires the board of the Responsible entity to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

Due to the COVID-19 pandemic, estimation uncertainty at balance date, that may have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial period relates to the valuation of investment properties. Refer to Note 6 for information on estimates used in the valuation of investment properties.

New accounting standards adopted by the Fund

There are no new accounting standards adopted by the Fund during the reporting period that had a material impact on the Fund's financial results or position.

Accounting standards applicable to the Fund not yet effective

Amendment to IAS 1 Classification of Liabilities as Current or Non-current. The amendments require a liability be classified as current when companies do not have a substantive right to defer settlement at the end of the reporting period. The Fund will look to review the disclosure in respect of liabilities, but do not expect this to have a material impact to the Fund.

There are also a number of other accounting standards and interpretations that have been issued but not yet effective at 30 September 2021, none of these are expected to have a material impact on the Fund.

Notes to the consolidated interim financial statements

For the six months to 30 September 2021 continued

2. Segment information

The fund has the following operating segments:

- office properties; and
- industrial properties.

The above segments are derived from the way the business of the Fund is structured, managed and reported to the chief operating decision-makers.

The Fund manages its business in the office and industrial property sectors where resources are specifically allocated to each sector in achieving the Fund's stated objectives.

The primary measure of performance of each operating segment is net property income.

The Fund's operating segment results are reported monthly to the Fund's Chief Executive Officer, who is the chief operating decision maker.

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021 A$'000	OFFICE	INDUSTRIAL	TOTAL
Statement of profit or loss and other comprehensive income			
Revenue from external customers, excluding straightline rental revenue adjustment	36,403	15,254	51,657
Straightline rental revenue adjustment	514	608	1,122
Property revenue	**36,917**	**15,862**	**52,779**
Property expenses	(8,867)	(2,285)	(11,152)
Net property income	**28,050**	**13,577**	**41,627**
Fair value adjustments—investment property	22,618	50,781	73,399
Fair value adjustments—investment property held under development	5	749	754
Fair value adjustments—foreign currency revaluation	4,346	–	4,346
Total segment results	**55,019**	**65,107**	**120,126**
Other operating expenses			(4,534)
Fair value adjustment on interest rate swaps			(352)
Fair value adjustment on foreign currency			(390)
Finance costs			(5,970)
Finance income			8
Other income			1
Profit before tax for the year			**108,889**
Statement of financial position extracts at 30 September 2021			
Investment properties	928,699	478,500	1,407,199
Investment properties under development	10,282	7,840	18,122
Investment property	**938,981**	**486,340**	**1,425,321**
Other assets not managed on a segmental basis			9,278
Total assets as at 30 September 2021			**1,434,599**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020 A$'000	OFFICE	INDUSTRIAL	TOTAL
Statement of profit or loss and other comprehensive income			
Revenue from external customers, excluding straightline rental revenue adjustment	30,800	14,217	45,017
Straightline rental revenue adjustment	(452)	620	168
Revenue	**30,348**	**14,837**	**45,185**
Property expenses	(7,981)	1,928	(9,909)
Net property income	**22,367**	**12,909**	**35,276**
Fair value adjustments—investment property	11,747	6,826	18,575
Fair value adjustments—foreign currency revaluation	(6,037)	–	(6,037)
Total segment results	**28,077**	**19,737**	**47,814**
Other operating expenses			(3,600)
Fair value adjustment on interest rate swaps			(855)
Fair value adjustment on foreign currency			1,107
Cost on sale of investment property			(2,013)
Finance costs			(4,131)
Finance income			19
Other income			3
Profit for the year			**38,344**
Statement of financial position extracts at 31 March 2021			
Investment properties	819,856	405,500	1,225,356
Investment properties under development	–	11,600	11,600
Investment property	**819,856**	**417,100**	**1,236,956**
Other assets not managed on a segmental basis			15,811
Total assets as at 31 March 2021			**1,252,767**

3. Property revenue

A$'000	SIX MONTHS TO 30 SEPTEMBER 2021	SIX MONTHS TO 30 SEPTEMBER 2020
Contracted rental income	44,764	38,753
Recoverable outgoings	6,893	6,264
Revenue, excluding straightline rental revenue adjustment	**51,657**	**45,017**
Straightline rental revenue adjustment	1,122	168
	52,779	**45,185**

4. Fair value adjustments

A$'000	SIX MONTHS TO 30 SEPTEMBER 2021	SIX MONTHS TO 30 SEPTEMBER 2020
Fair value adjustments—investment property	73,399	18,575
Fair value adjustments—investment property under development	754	–
Fair value adjustments—interest rate swaps	(352)	(855)
Fair value adjustments—foreign currency revaluation	3,956	(4,930)
Total fair value adjustment	**77,757**	**12,790**

Notes to the consolidated interim financial statements

For the six months to 30 September 2021 continued

5. Distribution per unit

A$'000 PERIOD FOR DISTRIBUTION	TOTAL DISTRIBUTION A$'000	UNITS IN ISSUE ('000)	DISTRIBUTION PER UNIT (A$ CENTS)
Half year to 30 September 2021	29,223	645,312	4.53
Half year to 30 September 2020	26,832	611,298	4.39

6. Investment property

Investment properties held by the Fund are accounted for as asset acquisitions when the integrated activities deemed necessary to generate outputs are not present at acquisition. The Fund concluded that all the acquisition of properties in the current financial year were asset acquisitions.

a. Valuation basis

The basis of valuation of investment properties is fair value. Fair values are based on market values, being the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

The Fund's policy is to value investment properties at each reporting period, with independent valuations performed on a rotational basis to ensure each property is valued at least once every 24 months by an independent external valuer (in compliance with the Fund's debt facility). Where a property is not due for an independent valuation, internal valuations are undertaken at the end of reporting period. The valuation methods include the discounted cash flow (**DCF**) method and income capitalisation method. The mid-point is generally taken between the DCF and income capitalisation method.

b. Fair value assessment results

External valuations

External valuations were conducted for 20 properties in the portfolio for the first half of the year. External valuations were conducted by Colliers International, Urbis, Savills, JLL, Knight Frank and CBRE who are all registered as Certified Practising Valuers with the Australian Property Institute.

Directors' valuations

As at 30 September 2021 there were 13 properties where fair value was based on directors' valuations. At each reporting date, the directors update their assessment of the fair value of each property in accordance with the Fund's valuation policy.

All of the investment properties located in New South Wales, Victoria, South Australia, Queensland, Western Australia, Northern Territory and New Zealand are held under freehold interests. All of the properties located in the Australian Capital Territory are held under leasehold interests with the earliest termination date in 2088 and no lease payment obligations.

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to A$73.4 million (30 September 2020: A$18.6 million) and are presented in profit and loss in the line item 'fair value adjustment'.

PROPERTY PORTFOLIO A$'000	LATEST EXTERNAL VALUATION DATE	VALUATION	CONSOLIDATED CARRYING VALUE 30 SEPTEMBER 2021	31 MARCH 2021
Industrial Portfolio				
47 Sawmill Circuit, Hume ACT	30-Sep-21	14,000	14,000	12,700
57 Sawmill Circuit, Hume ACT	30-Sep-21	15,400	15,400	13,900
24 Sawmill Circuit, Hume ACT	30-Sep-21	17,600	17,600	14,500
44 Sawmill Circuit, Hume ACT	30-Sep-21	15,500	15,500	10,500
2–8 Mirage Road, Direk SA	30-Sep-20	8,750	9,100	8,750
30–48 Kellar Street, Berrinba QLD	30-Sep-21	11,250	11,250	9,500
165 Newton Road, Wetherill Park NSW	30-Sep-21	36,750	36,750	33,500
24 Spit Island Close, Newcastle NSW	30-Sep-21	13,000	13,000	12,000
67 Calarco Drive, Derrimut VIC	30-Sep-21	14,400	14,400	12,300
66 Glendenning Road, Glendenning NSW	30-Sep-21	42,750	42,750	38,250
85 Radius Drive, Larapinta QLD	30-Sep-21	23,650	23,650	19,500
54 Miguel Road, Bibra Lake WA	30-Sep-21	36,000	36,000	33,000
24 Rodborough Road, Frenchs Forest NSW	30-Sep-21	26,750	26,750	24,500
6–8 and 11 Siddons Way, Hallam VIC	30-Sep-21	28,000	28,000	23,750
36–42 Hydrive Close, Dandenong South VIC	30-Sep-21	28,500	28,500	25,700
103 Welshpool Road, Welshpool WA	30-Sep-21	38,000	38,000	30,000
70 Grand Trunkway, Gillman SA	31-Mar-21	29,000	30,000	29,000
16 Dawson Street, East Arm NT	30-Sep-21	31,000	31,000	29,400
197 Belconnen Crescent, Brendale QLD	30-Sep-21	19,450	19,450	–
131–153 Main Beach Road, Pinkenba QLD	30-Sep-21	27,400	27,400	24,750
Office Portfolio				
449 Punt Road, Cremorne VIC	30-Sep-21	64,000	64,000	61,500
35–49 Elizabeth Street, Richmond VIC	31-Mar-21	104,500	108,750	104,500
Building 20, 2404 Logan Road, Eight Mile Plains QLD	30-Sep-20	17,500	17,000	17,000
186 Reed Street, Greenway ACT	30-Sep-20	25,750	25,250	25,250
21–23 Solent Circuit, Baulkham Hills NSW	31-Mar-21	68,000	71,000	68,000
266 King Street, Newcastle, NSW	31-Mar-20	77,000	83,500	81,500
113 Wicks Road, Macquarie Park NSW	30-Sep-21	35,000	35,000	33,000
324 Queen Street, Brisbane QLD	31-Mar-20	76,750	82,500	79,000
20 Rodborough Road, Frenchs Forest NSW	31-Mar-21	66,000	67,400	66,000
2 Richardson Place, Frenchs Forest NSW	31-Mar-21	110,000	114,500	110,000
100 Willis Street, Wellington NZ[1]	31-Mar-21	143,606	153,699	143,606
24 Wormald Street, Symonston ACT	31-Mar-21	30,500	30,500	30,500
38 Sydney Avenue, Canberra ACT	29-Jun-21	73,750	75,600	–
Total Investment Properties			**1,407,199**	**1,225,356**

1 Converted at spot rate of 1.0475 at 30 September 2021.

Notes to the consolidated interim financial statements

For the six months to 30 September 2021 continued

c. Valuation process

As at 30 September 2021, investment properties to the value of A$1,407.2 million (31 March 2021: A$1,225.4 million) is held as security under the syndicated facility agreement drawn down to a value of A$414.1 million (31 March 2021: A$341.5 million). The fair value for investment properties has been undertaken under the Level 3 fair value hierarchy, where unobservable inputs have been utilised in the valuation techniques. For all investment property that are measured at fair value, the current use of the property is considered the highest and best use.

Valuation techniques used to derive Level 3 fair values

The Fund determines a property's value within a range of reasonable fair value estimates and in making this assessment, considers information from a variety of sources including:

- Current prices for comparable investment properties;
- Discounted cash flows based on estimates of future cash flows; and
- Capitalised income projections based on estimated net market income, and a capitalisation rate based on market analysis.

Under the DCF approach, a property's fair value is estimated by projecting a series of cash flows over a specified time horizon (typically 10 years) and discounting this cash flow, including the projected exit or terminal value, at a market-derived discount rate. Projected cash flows are derived from contracted or expected market rents, operating costs, lease incentives, capital expenditure and future income on vacant space. The net present value of the discounted cash flow represents the fair value of the property.

The income capitalisation approach involves estimating the potential sustainable gross market income of a property from which annual outgoings are deducted to derive the net market income. Net market income is then capitalised in perpetuity at an appropriate market derived capitalisation rate (market yield). Appropriate capital adjustments are then made where necessary to reflect the specific cash flow profile and general characteristics of the property.

At reporting date, the key assumptions used by the Fund in determining fair value were as follows:

INDUSTRIAL	30 SEPTEMBER 2021	31 MARCH 2021
Capitalisation rate	4.00–7.50%	4.50–7.75%
Discount rate	5.25–7.75%	5.50–8.00%
Terminal yield	4.25–7.50%	4.75–8.00%
Rental growth rate	2.21–3.26%	1.95–3.29%

OFFICE	30 SEPTEMBER 2021	31 MARCH 2021
Capitalisation rate	5.00–8.00%	5.50–8.00%
Discount rate	6.00–8.00%	6.13–8.25%
Terminal yield	5.25–8.13%	5.75–8.13%
Rental growth rate	2.14–3.53%	2.15–3.51%

Capitalisation rates

Capitalisation rates are derived from the yields indicated by sales of comparable properties. It factors in risk with regard to a property's location, quality, strength of the tenant covenant and length of secured cashflows.

Industrial

The Australian industrial and logistics sectors continues to see strong momentum in the occupier and investment markets. The exponential rise in e-commerce has resulted in substantial investments in online retail platforms and occupiers are increasingly taking on additional warehouse space to meet demands. Demand for industrial investments, particularly investments which offer scale, is at an all-time high and is outweighing supply with recent (and current) sale campaigns recording historically low yields for not only prime industrial investment stock, but also B and C grade stock. Prime yields are now consistently placed between 4.00% and 5.00%, while 'super prime' yields (modern assets with greater than 10-year WALEs) are now placed at or around 3.50%. The continued momentum in 2021 has demonstrated the strength of the industrial market and the main driver for taking 18 out of the Fund's 20 industrial properties for external valuation at 30 September 2021. At 30 September 2021, the weighted average capitalisation rate used in valuing the Fund's industrial portfolio firmed 61 basis points to 5.22% when compared to 31 March 2021 of 5.83%. The industrial terminal cap rate firmed 64 basis points to 5.51% when compared to 31 March 2021 of 6.15%.

Office

The office sector is continuing to see improved transaction activity across Australia compared to 2020. There remains strong competition for long WALE assets, particularly with strong (e.g. government and large corporations) tenant covenants. The weighted average capitalisation rate used in valuing the Fund's office portfolio firmed 23 basis points to 5.89% when compared to 31 March 2021 of 6.12%. The office terminal cap rate firmed 23 basis points to 6.18% when compared to 31 March 2021 of 6.41%.

Discount Rates

At 30 September 2021 discount rates utilised in the valuation of the Fund's property portfolio have tightened (i.e. lowered) by approximately 27 basis points to 6.47% when compared to 31 March 2021 of 6.74%. The weighted average discount rate tightened 18 basis points to 6.59% for the office portfolio and 46 basis points to 6.24% for the industrial portfolio when compared to 31 March 2021 of 6.77% and 6.70% respectively.

Market rental growth

Market rental growth is the projected year on year change in market rent based on factors such as population growth, demand for space and expected supply and new developments within markets. A key driver of the DCF calculation outcome is market rental growth, where a property's projected cash flow comprises of actual rental income, speculative rental income, and rental income growth.

Market rent and rental growth have a material impact on the outcome of the terminal value calculation, as terminal market rent is a function of the current market rent and the 10-year CAGR. The terminal market rent is divided by the terminal capitalisation rate to determine the terminal value.

At 30 September 2021, the market rental growth (10-year CAGR) utilised in the valuation of the Fund's property portfolio has increased by approximately 4 basis points to 3.03%, when compared to 31 March 2021 of 2.99%.

d. Uncertainty around property valuation

The fair value of investment property has been assessed to reflect market conditions at the end of the reporting period. While this represents the best estimate of fair value as at the balance sheet date, future changes in key assumptions may mean that if investment property is sold in the future the prices achieved may be higher or lower than the most recent valuations.

Significant unobservable inputs

For all classes of investment property the significant unobservable inputs below are used to determine the fair value measurement of investment property at the measurement date. Movement in any of the unobservable inputs is likely to have an impact on the fair value of investment property. Vacancy rates and weighted average lease expiry are data points used in the fair value calculations and are not included in the significant unobservable inputs below. The higher the market rent or 10-year compound annual growth rate, the higher the fair value. The higher the capitalisation rate, terminal yield or discount rate, the lower the fair value.

The following significant unobservable inputs have been considered to determine the fair value of measurement at the end of the reporting period:

Capitalisation rate	Increases/(decreases) in the capitalisation rate would (decrease)/ increase estimated fair value	The rate at which net market income is capitalised to determine the value of a property. The rate is determined with regards to market evidence.
Discount rate	Increases/(decreases) in the discount rate would (decrease)/increase estimated fair value	The rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it should reflect the opportunity cost of capital, that is, the rate of return the capital can earn if put to other uses having similar risk. The rate is determined with regards to market evidence
Terminal yield	Increases/(decreases) in the terminal yield would result in (decreases)/ increases in the estimated fair value	The capitalisation rate used to convert income into an indication of the anticipated value of the property at the end of the holding period when carrying out a discounted cash flow calculation. The rate is determined with regards to market evidence.
Market rent and rental growth	Increases/(decreases) in market rent and rental growth would increase/ (decrease) estimated value	The rent at which a space could be let in the market including rental growth in future years at the date of valuation. Market rent includes gross rent and net rent. Gross rent is where outgoings are incorporated in the rent being paid. Net market rent is where the owner recovers outgoings from the tenant on a pro-rata basis (where applicable).

e. Contractual obligation/capital commitments

At 30 September 2021, the Fund included forecast cost associated with the aluminium cladding panel assessment and remediation for two properties in the portfolio (31 March 2021: 2) within the valuation of these properties rather than a separate provision.

A$'000	30 SEPTEMBER 2021	31 MARCH 2021
449 Punt Road, Cremorne VIC	650	650
35–49 Elizabeth Street, Richmond VIC	1,250	1,200
	1,900	**1,850**

Notes to the consolidated interim financial statements

For the six months to 30 September 2021 continued

f. Movement in investment properties' carrying value

A$'000	30 SEPTEMBER 2021	31 MARCH 2021
Cost	1,089,078	985,813
Accumulated fair value adjustment	302,485	225,073
Investment properties	**1,391,563**	**1,210,886**
Straightline rental revenue receivable	15,636	14,470
Carrying value	**1,407,199**	**1,225,356**
Movement in investment properties		
Balance at beginning of year	1,225,356	1,084,958
Acquisitions	73,750	24,750
Completion of property under development	17,680	–
Foreign currency revaluation on property	4,346	(7,122)
Acquisition costs and capital expenditure	11,546	11,394
Fair value adjustment on revaluation of investment properties (refer to Note 4)	73,399	110,168
Straightline rental revenue adjustment	1,122	1,208
Carrying value at end of the period	**1,407,199**	**1,225,356**

7. Investment property held for development

A$'000	30 SEPTEMBER 2021	31 MARCH 2021
Opening balance	11,600	–
Acquisitions	8,199	3,886
Completion of property under development	(17,680)	–
Acquisition cost and capitalised expenditure	15,249	4,698
Fair value adjustment	754	3,016
	18,122	**11,600**

8. Receivables and other assets

As at 30 September 2021, the Fund granted A$0.1 million (31 March 2021: A$0.7 million) of rental relief to tenants in the form of rental waivers and nil (31 March 2021: A$1.1 million) in the form of rental deferrals as required for qualifying tenants under the National Cabinet's Mandatory Code of Conduct for SME commercial leasing principles during the COVID-19 pandemic which has been given effect by state and territory legislation. For non-qualifying tenants the principles of the code were taken into account in the consideration of deferral requests.

Consideration of the impact of COVID-19 on tenants has been incorporated into the assessment as at balance date based on discussions held to date with each tenant and on any other information known about the tenant and/or their trading conditions. As at 30 September 2021, the Fund had nil allowance for credit losses (31 March 2021: nil).

A$'000	30 SEPTEMBER 2021	31 MARCH 2021
Prepaid expenses	3,673	2,405
Trade debtors	348	1,115
Sundry debtors	27	62
Receivables/(payables) from/(to) IPF II	(467)	5,419
	3,581	**9,001**

9. Cash and cash equivalents

A$'000	30 SEPTEMBER 2021	31 MARCH 2021
Cash held on call account	5,697	6,810
Total cash and cash equivalents	**5,697**	**6,810**

10. Borrowings

A$'000	TRANCHE EXPIRY DATE	INTEREST RATE	30 SEPTEMBER 2021	31 MARCH 2021
Loans—secured—bank debt				
ANZ Facility—Tranche G	01-Apr-27	BBSY + 1.5500%[1]	20,000	20,000
ANZ Facility—Tranche H	01-Sep-26	BBSY + 1.5500%[1]	75,000	75,000
ANZ Facility—Tranche I	01-Mar-26	BBSY + 1.5500%[1]	25,000	25,000
Westpac Facility—Tranche N	28-Mar-28	BBSY + 1.7000%[1]	55,000	55,000
Westpac Facility—Tranche P	30-Nov-27	BBSY + 1.7000%[1]	26,178	16,514
Westpac Facility—Tranche Q	31-Mar-26	BBSY + 1.5500%[1]	18,000	–
Westpac Facility—Tranche R	31-Mar-26	BBSY + 1.5500%[1]	45,000	–
Westpac Facility—PGIM	22-Dec-29	3.4%	150,000	150,000
Total long-term borrowings—secured			**414,178**	**341,514**
Capitalised loan establishment costs			(3,259)	(2,451)
Total value of interest-bearing borrowings			**410,919**	**339,063**
Movement in borrowings				
Opening balance			341,514	347,315
Interest charged			5,970	8,491
Interest paid			(5,970)	(8,491)
Additional borrowing acquired			72,664	103,907
Repayments			–	(109,708)
Closing balance at the end of the period			**414,178**	**341,514**

At 30 September 2021 the approved facility limit of the loan facility was A$515.0 million (31 March 2021: A$435.0 million) with A$100.8 million (31 March 2021: A$93.5 million) undrawn.

The Fund's policy is to hedge at least 75% of interest rate risk. At 30 September 2021, 81.4% (31 March 2021: 78.3.0%) of borrowings were hedged using interest rate swaps, locking in a blended rate (including margin and line fees) of 2.75% (31 March 2021: 2.84%) for a weighted average 6.4 year term (31 March 2021: 6.1).

1 Varies based on gearing levels.

Notes to the consolidated interim financial statements

For the six months to 30 September 2021 continued

11. Financial Instrument

The financial instruments of the Fund consist mainly of cash and cash equivalents, including deposits with banks, borrowings, derivative instruments, trade and other receivables and trade and other payables. The Fund purchases or issues financial instruments in order to finance operations and to manage the interest rate risks that arise from these operations and the source of funding.

Derivative financial instruments

Derivative instruments are used in the normal course of business in order to hedge the Fund's exposure to fluctuations in interest and currency rates in accordance with the Fund's financial risk management policies. Interest rate and cross currency hedging instruments are valued based on broker quotes and are tested for reasonableness by discounting future cash flows using an observable market interest rate curve at the dates when the cash flows will take place. The gain or loss from re-measuring the interest rate and cross currency swaps at fair value is recognised in the consolidated statement of profit and loss and other comprehensive Income.

Details of the interest rate fixed for variable swap instruments are as follows:

FINANCIAL INSTITUTION	NOTIONAL AMOUNT $'000	FAIR VALUE $'000	START DATE	END DATE	FIXED RATE
30 September 2021					
Australia and New Zealand Banking Group	30,000	(451)	24-Dec-19	24-Dec-24	1.06%
Westpac Banking Corporation	20,000	35	22-Mar-21	24-Mar-25	0.64%
Westpac Banking Corporation	70,000	(223)	21-Jun-21	21-Jun-27	1.18%
Westpac Banking Corporation	67,303	(550)	11-Dec-17	12-Dec-26	2.58%
Total		**(1,189)**			

FINANCIAL INSTITUTION	NOTIONAL AMOUNT $'000	FAIR VALUE $'000	START DATE	END DATE	FIXED RATE
31 March 2021					
Australia and New Zealand Banking Group	30,000	(592)	24-Dec-19	24-Dec-24	1.06%
Westpac Banking Corporation	20,000	(6)	22-Mar-21	24-Mar-25	0.64%
Westpac Banking Corporation	67,303	(238)	11-Dec-17	12-Dec-26	2.58%
Total		**(836)**			

Fair value hierarchy-financial instruments

Cash and cash equivalents, receivables and other assets; trade and other payables are measured at amortised cost and approximate fair value.

In the case of financial instruments whose carrying amount is not the same as their theoretical fair value. The fair value has been calculated as follows:

a. The fair value of "long term borrowings at amortised cost" has been estimated by marketing interest rate at period end.

For financial instruments whose carrying amount is equivalent to their fair value, the measurement processes used are defined as follows:

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 assets and liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3— inputs for the assets and liabilities that are not based on observable market data (unobservable inputs)

A$'000 FAIR VALUE AND CARRYING AMOUNT	CARRYING AMOUNT	FAIR VALUE LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
As at 30 September 2021					
Financial assets not measured at fair value					
Cash and cash equivalents	5,697	–	–	–	–
Receivables and other assets	3,581	–	–	–	–
	9,278	**–**	**–**	**–**	**–**
Financial liabilities not measured at fair value					
Trade and other payables	17,571	–	–	–	–
Distribution payable	29,223				
Long term borrowings	410,919	–	448,730	–	448,730
	457,713	**–**	**448,730**	**–**	**448,730**
Financial liabilities measured at fair value					
Interest rate swaps	1,189	–	1,189	–	1,189
	1,189	**–**	**1,189**	**–**	**1,189**
As at 31 March 2021					
Financial assets not measured at fair value					
Cash and cash equivalents	6,810	–	–	–	–
Receivables and other assets	9,001	–	–	–	–
	15,811	**–**	**–**	**–**	**–**
Financial liabilities not measured at fair value					
Trade and other payables	13,532	–	–	–	–
Distribution payable	27,696		–	–	–
Long term borrowings	339,063	–	352,018	–	352,018
	380,291	**–**	**352,018**	**–**	**352,018**
Financial liabilities measured at fair value					
Interest rate swaps	836	–	836	–	836
	836	**–**	**836**	**–**	**836**

b. Details of changes in valuation techniques

There have been no significant changes in valuation techniques during the period under review.

c. Significant transfers between Level 1, Level 2 and Level 3

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

Notes to the consolidated interim financial statements

For the six months to 30 September 2021 continued

12. Related party transactions

Responsible Entity

Prior to the internalisation of management function, The Responsible Entity of the IPF I is IPL. IPL is a wholly owned subsidiary of IAPHPL.

Following the internalisation of the management function the Responsible Entity is a wholly owned subsidiary of IPF II.

As at 30 September 2021, total fees paid or payable to IPF II is A$4.4 million which includes asset management fee of A$3.6 million and property management fee of A$0.9 million. The Fund also has a payable of A$0.5 million to IPF II (refer to Note 8).

Manager

Prior to the internalisation of management function, the Manager of IPF I is Investec Property Management Limited (**IPML**). IPML is a wholly owned subsidiary of IAPHPL. IPML provides fund management services and property management services to the Fund.

IPL's and IPML's ultimate Australian parent entity is IAPHPL. Its ultimate parent is Investec Plc, incorporated in the United Kingdom.

Investec Plc and Investec Limited and their subsidiary companies together comprise the Investec group of companies (referred to as the Investec Group).

IPF I enters into transactions or arrangements with Investec Group. These transactions are described below. These are entered into on normal commercial terms.

Transactions with Related Parties

A$'000	SIX MONTHS TO 30 SEPTEMBER 2021	SIX MONTHS TO 30 SEPTEMBER 2020
Payments to Investec Group and its subsidiaries:		
Investec Property Management Pty Limited—subsidiary		
Asset management fee	–	2,821
Property management fee[1]	–	690
Amounts owing to related parties		
Investec Property Management Pty Limited—subsidiary		
Asset management fee payable	–	474

13. Subsequent events

Irongate Group (**Group**), of which the Fund forms part, announced on Monday, 18 October 2021 that post close of ASX market trading on Friday, 15 October 2021, it received an unsolicited, highly conditional and indicative non-binding proposal from 360 Capital Group and 360 Capital REIT (together with their associated entities) (together, **360 Capital**) to acquire, by way of an agreed trust scheme, all of the stapled securities in the Group which 360 Capital does not already own for A$1.6047 cash per stapled security (being a headline price of A$1.65 less the distribution declared of A$0.0453 per stapled security for the half year period ended 30 September 2021). The Group announced on Wednesday, 27 October 2021 a rejection of the non-binding proposal from 360 Capital. Both announcements can be viewed on the Group's website (irongategroup.com.au).

Other than the above matters, there is no other item, transaction, or event of a material or unusual nature likely that have arisen since balance date and up until the date of the interim financial report which significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in subsequent years.

1 IPML has been contracted to perform property management services. IPML has sub-contracted this to third party property managers who receive this fee from IPML.

Independent Auditor's Review Report

To the unitholders of Irongate Property Fund I (formerly Investec Australia Property Fund I)

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Irongate Property Fund I (the Fund).

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 the Fund does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group****'s* financial position as at 30 September 2021 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** comprises*:*

- Consolidated statement of financial position as at 30 September 2021.
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended on that date.
- Notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information.
- The Directors' Declaration.

The ***Group*** consists of the Irongate Property Fund I and the entities it controlled at the period-end or from time to time during the financial period.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

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

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Responsible Entity 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
- such internal control 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 Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 30 September 2021 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for 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.

KPMG

KPMG

Paul Thomas

Partner

Sydney

27 October 2021

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