

URB INVESTMENTS LIMITED

ABN 89 615 320 262

APPENDIX 4D FOR THE HALF YEAR ENDED 31 DECEMBER 2017

Half Year Report

This report is for the reporting period from 1 July 2017 to 31 December 2017. URB Investments Limited ("URB", "the Company") did not commence operations until April 2017, and therefore there are no comparative numbers and no previous corresponding period in the Appendix 4D.

Results for announcement to the market*

Revenue from ordinary activities	\$1,660,159
Operating Result before tax for the period	\$1,207,105
Operating Result from ordinary activities after tax attributable to members	\$1,099,246

*The amount and percentage up/down from previous period are not disclosed as this is the first half year reporting period for the Company.

Dividends and Dividend Reinvestment Plan (DRP)

An interim dividend of 0.5 cents per share fully franked at the tax rate of 27.5% will be paid on 26 March 2018. The Ex-dividend date is 1 March 2018, and the Record Date for determining entitlements to the dividend is 2 March 2018.

The Company has implemented a Dividend Reinvestment Plan offering shareholders the opportunity to receive additional shares in the Company instead of receiving cash dividends. The Dividend Reinvestment Plan will be offered at a nil discount. The last date for the receipt of an election notice to participate in the Dividend Reinvestment Plan is 5 March 2018.

Shareholders can update their election notices electronically by following the link on to URB's share registry on the Contact page of the URB website. (<http://www.urbinvest.com.au>)

Earnings per share (EPS)

Basic & Diluted EPS including special dividend income (cents)	1.51
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Net Tangible Assets

Net tangible asset backing (per share) before tax	\$1.05
Net tangible asset backing (per share) after tax	\$1.05

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 2017 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 2017 Interim Financial Report 2017 attached to this Appendix 4D. All the documents comprise the information required by Listing Rule 4.2A.

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URB INVESTMENTS LIMITED

ABN 89 615 320 262

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

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
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
Options	URBO

Website

www.urbinvest.com.au

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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 2017, 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 2017 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/LLb(UNSW), FAICD	Independent Non-Executive Director
Anthony (Tony) McDonald, B.Com/LLb(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 2017 was \$1,304,531. In addition, the Company earned \$355,628 in special dividend income, resulting in total revenue from ordinary operations of \$1,660,159. The Equity Portfolio generated \$870,974 in dividends and distributions during the half year, distributions of \$337,141 were received from the seed assets in the Direct Property Portfolio, with the Company earning an additional \$70,726 interest from the cash portion of the Investment Portfolio.

The Company incurred operating expenses of \$453,054, resulting in an operating profit before tax of \$1,207,105 and a net operating profit attributable to shareholders of \$1,099,246. Basic and diluted earnings per share was 1.51 cents.

Net assets of the Company at 31 December 2017 were \$77.81 million, including an Investment Portfolio of \$67.96 million.

Dividends

The Directors did not declare any dividends during the half year ended 31 December 2017.

Since the end of the half year the Directors have declared an interim ordinary dividend for the 2018 financial year of 0.5 cents per share, fully franked at the tax rate of 27.5%. This dividend will be payable on 26 March 2018, but has not been recognised as a liability at the half year.

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.

DIRECTORS' REPORT - Continued

4. Significant Events after Balance Date

The Directors are not aware of any 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.

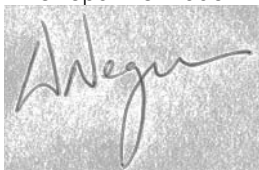
5. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration for the period to 31 December 2017 as required under section 307C of the *Corporations Act 2001* is set out on page 21.

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
15 February 2018

URB INVESTMENTS LIMITED

ABN 89 615 320 262

STATEMENT OF PROFIT OR LOSS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	<i>Note</i>	Dec 2017 \$'000
Ordinary revenue from investment portfolio	<i>2(a)</i>	1,208
Revenue from bank deposits	<i>2(b)</i>	71
Other gains	<i>2(c)</i>	25
Income from operating activities excluding special investment revenue		<u>1,304</u>
Investment Management Fees	<i>3(a)</i>	(197)
Director Fees		(94)
Administration & other expenses		(162)
Operating expenses		<u>(453)</u>
Operating result before special investment revenue and income tax		<u>851</u>
Special investment revenue	<i>2(d)</i>	356
Operating result before income tax		<u>1,207</u>
Income tax expense	<i>4(a)</i>	(108)
Net operating result attributable to members of the Company		<u><u>1,099</u></u>

	<i>Note</i>	Dec 2017 Cents
Basic & diluted earnings per share based on net operating result	<i>6</i>	1.51
Basic & diluted earnings per share excluding special investment revenue	<i>6</i>	1.02

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

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URB INVESTMENTS LIMITED

ABN 89 615 320 262

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	<i>Note</i>	Dec 2017 \$'000
Net operating result attributable to members of the Company		1,099
Other comprehensive income		
Realised losses on investment portfolio		(748)
Tax benefit relating to realised losses on investment portfolio		205
Unrealised gains on investment portfolio		1,640
Deferred tax expense on unrealised gains on investment portfolio	<i>4(a)</i>	(451)
Total other comprehensive income		<u>646</u>
Total comprehensive income attributable to members of the Company		<u><u>1,745</u></u>

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 2017

	<i>Note</i>	Dec 2017 \$'000	Jun 2017 \$'000
Current assets			
Cash and cash equivalents		8,283	13,295
Trade and other receivables		385	634
Financial assets	7	25	-
Prepayments		59	63
Total current assets		8,752	13,992
Non-current assets			
Financial assets	7	67,933	61,064
Property, plant and equipment		3	4
Deferred tax assets	4(b)	1,489	1,700
Total non-current assets		69,425	62,768
Total assets		78,177	76,760
Current liabilities			
Trade and other payables		103	582
Total current liabilities		103	582
Non-current liabilities			
Deferred tax liabilities	4(c)	268	127
Total non-current liabilities		268	127
Total liabilities		371	709
Net Assets		77,806	76,051
Equity			
Share capital	8	77,394	77,384
Revaluation reserve		463	(726)
Realised capital gains reserve		(543)	-
Realised profits reserve	9	1,099	-
Retained profits		(607)	(607)
Total Equity		77,806	76,051

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 2017

	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 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	-	-	-	1,699
Provision for tax on unrealised gain on revaluation of investment portfolio	-	(451)	-	-	-	(510)
Realised losses on investment portfolio, net of provision for tax	-	-	(543)	-	-	(543)
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 2017

	<i>Note</i>	Dec 2017 \$'000
Cash flows from operating activities		
Dividends and distributions received		1,744
Payments to suppliers and directors		(858)
Interest received		71
Net cash inflow from operating activities		<u>957</u>
Cash flows from investing activities		
Payments for equity investment portfolio		(15,740)
Payments for property investment portfolio		(2,535)
Proceeds from sale of equity investments		12,297
Net cash outflow from investing activities		<u>(5,978)</u>
Cash flows from financing activities		
Proceeds from issues of ordinary shares less issue costs		9
Net cash inflow from financing activities		<u>9</u>
Net decrease in cash held		<u>(5,012)</u>
Cash at the beginning of the period		13,295
Cash at the end of the period		<u><u>8,283</u></u>

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 2017**

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 on 13 October 2016 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 2017 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 2017 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 Unlisted Property Investments

The Company's Property Portfolio comprises unlisted direct equity investments in properties, which are initially brought to account at cost and then their fair value reviewed at each reporting date. Note 7(a)(iv) 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*, applying the current tax rate of 27.5%. Note 4(d) provides detail on potential legislative changes which may result in a different tax rate becoming applicable to the Company.

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 2017 ("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.

URB INVESTMENTS LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

Dec 2017
\$'000

2. Revenues

(a) Ordinary revenue from investment portfolio

Revenue from listed investments:

Fully franked dividends	459
Unfranked dividends	57
Trust distributions	355

Revenue from unlisted investments:

Trust distributions	337
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Total ordinary revenue from investment portfolio	1,208
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(b) Revenue from bank deposits

Interest received	71
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(c) Other gains

Net unrealised gains on listed investments held for trading	25
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(d) Special investment revenue

Fully franked special dividends	356
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Total income from operating activities	1,660
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3. Expenses

(a) Investment Management 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, excluding the period ended 30 June 2017.

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% x ((CY NTA - [PY NTA x 1.08]) x weighted average no of shares during relevant financial year.

Based on the change in pre-tax net tangible asset per share between 30 June 2017 and 31 December 2017, The Company has not made an accrual in respect of a potential performance fee payable in respect of this period.

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URB INVESTMENTS LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

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 amounts prima facie payable on profits from ordinary activities. The difference is reconciled as follows:

Operating profit before income tax	1,207
Tax calculated at 27.5%	(332)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	
- Franked dividends and distributions received	224
Net income tax expense on operating profit	<u>(108)</u>
Total income tax expense	<u>(108)</u>

(ii) The components of income tax expense comprise:

Current tax	245
Deferred tax	<u>(353)</u>
Total income tax expense	<u>(108)</u>

(b). Deferred tax assets

Dec 2017 Jun 2017
\$'000 \$'000

The deferred tax asset balance comprises the following timing differences and unused tax losses:

Transaction costs on equity issues	660	836
Accrued expenses	9	126
Unrealised losses on equity portfolio	-	275
Realised losses on equity portfolio	206	-
Difference in tax and accounting cost base	344	344
Operating tax losses carried forward	270	119
Total	<u>1,489</u>	<u>1,700</u>

(c). Deferred tax liabilities

The deferred tax asset balance comprises the following timing differences:

Unrealised gains on equity portfolio	176	-
Unfranked dividends receivable and interest receivable	92	127
Total	<u>268</u>	<u>127</u>

URB INVESTMENTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

4. Income tax (continued)

(d) Potential change to applicable tax rate

On 19 May 2017, legislation received Royal Assent to enact corporate tax rate reductions. The new legislation reduces the corporate tax rate for companies that are carrying on a business with aggregated turnover below the relevant threshold for the applicable income year (worked out at the end of the 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 current interpretation of the new 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 has assessed that it is currently subject to a tax rate of 27.5%, but may not continue to be. The applicability of the reduced tax rate regime to investment entities such as URB is currently under debate. Should the legislation change, or its applicability be redefined, URB may be required in future periods to apply a different tax rate.

5. Dividends

(a) Dividends declared

No dividends were declared by Directors during the half-year ended 31 December 2017.

Since the end of the half year the Directors have declared an interim ordinary dividend for the 2018 financial year of 0.5 cents per share, fully franked at the tax rate of 27.5%. This dividend will be payable on 26 March 2018, but has not been recognised as a liability at the half year.

	Dec 2017 \$'000
(b) Franking account balance	
Balance as at 31 December	361
Imputation credits attributable to franked dividends receivable as at 31 December	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)	(138)
Estimated imputation credits available for future dividends	<u>226</u>
Maximum fully franked dividends payable from estimated available franking credits at the tax rate of 27.5%	<u>596</u>

6. Earnings per share

Net operating result	1,099
Earnings used in calculating basic and diluted earnings per share	1,099
Earnings used in calculating basic and diluted earnings per share excluding special dividend income	743

URB INVESTMENTS LIMITED

ABN 89 615 320 262

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

6. Earnings per share (continued)

Dec 2017
Number of
shares

Weighted average number of ordinary shares used in calculating basic and diluted earnings per share 72,860,941

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

Dec 2017
Cents

Basic & diluted earnings per share 1.51

Basic & diluted earnings per share excluding special dividend income 1.02

Dec 2017
\$'000 Jun 2017
\$'000

7. Financial assets

Current investment portfolio

Equity portfolio

Listed securities at fair value

25 -

Total current investment portfolio

25 -

Non-current investment portfolio

Equity portfolio

Listed securities at fair value

32,843 28,509

Unlisted property trusts

Unlisted units in property trusts at fair value

35,090 32,555

Total non-current investment portfolio

67,933 61,064

Total investment portfolio

67,958 61,064

(a) Fair Value Measurement

URB measures the fair value of its Equity Portfolio and 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).

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URB INVESTMENTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

7. Financial assets (continued)

(a) Fair Value Measurement (continued)

(i) Recognised fair value measurements

The following table presents the Company's financial assets measured and recognised at fair value at 31 December 2017 and 30 June 2017.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 31 December 2017				
<i>Financial assets at fair value through other comprehensive income:</i>				
Listed equity portfolio	32,843	-	-	32,843
<i>Financial assets at fair value through profit or loss:</i>				
Listed equity portfolio	25	-	-	25
Property portfolio	-	-	35,090	35,090
	32,868	-	35,090	67,958
As at 30 June 2017				
<i>Financial assets at fair value through other comprehensive income:</i>				
Listed equity portfolio	28,509	-	-	28,509
<i>Financial assets at fair value through profit or loss:</i>				
Property portfolio	-	-	32,555	32,555
	28,509	-	32,555	61,064

There were no transfers between Levels during the period.

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

	Dec 2017 \$'000	Jun 2017 \$'000
Property portfolio		
Opening balance	32,555	-
Acquisition of Seed Assets	-	32,555
Follow-on investments in Seed Assets	2,535	-
Closing balance	35,090	32,555

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7. Financial assets (continued)**(a) Fair Value Measurement (continued)***(iii) 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*.

(iv) Property Portfolio

The Company's Property Portfolio comprises unlisted direct equity 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.

However, 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 Property Portfolio have been accounted for as financial assets measured at fair value through profit or loss. As such, property investments 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, property investments 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 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 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. At least once every two years the Board will ensure an independent valuer is engaged to assess the fair value of individual 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*.

Having regard to all available relevant information, the Board did not adjust the fair value of any of the Company's Property Portfolio during the period.

URB INVESTMENTS LIMITED

ABN 89 615 320 262

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

7. Financial assets (continued)

(b) Investments Held as at 31 December 2017

Unlisted Property Trusts	Number of shares held	Fair Value ¹ \$'000	Portfolio weight %
PURT No.4 – Penrith Property	13,749,581	13,750	17.95
PURT No.5 – Prestons Property	12,234,010	12,234	15.98
PURT No.3 – Kingsgrove Property	9,106,383	9,106	11.89
Total Property Portfolio		35,090	45.82
Listed Equities	Number of shares held	Market Value \$'000	Portfolio weight %
<i>Industrials</i>			
Sydney Airport	550,000	3,877	5.07
Transurban Group	300,000	3,729	4.87
Qube Holdings Limited	399,864	1,036	1.35
Bingo Industries	300,000	765	1.00
Transurban rights	24,325	25	0.03
		9,432	12.32
<i>Property Trusts</i>			
LendLease Group	118,500	1,937	2.53
Mirvac Group	595,000	1,398	1.83
National Storage REIT	850,000	1,305	1.70
BWP Trust	360,000	1,112	1.45
Stockland	224,000	1,004	1.31
Abacus Property Group	225,000	927	1.21
Goodman Group	105,000	884	1.16
		8,567	11.18
<i>Real Estate</i>			
360 Capital Group	2,000,000	2,100	2.74
Villa World Limited	325,000	930	1.22
AV Jennings Limited	1,200,000	900	1.18
Blackwall Limited	913,723	836	1.09
Blackwall Property Trust	381,679	523	0.68
Cedar Woods Properties Limited	84,180	513	0.67
		5,802	7.58
<i>Consumer Staples</i>			
Wesfarmers Limited	53,100	2,359	3.08
Woolworths Limited	50,000	1,365	1.78
		3,724	4.86

URB INVESTMENTS LIMITED

ABN 89 615 320 262

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

7. Financial assets (continued)

(b) Investments Held as at 31 December 2017

	Number of shares held	Market Value \$'000	Portfolio weight %
Listed Equities			
<i>Consumer Discretionary</i>			
Harvey Norman Holdings Limited	390,000	1,626	2.12
AP Eagers Limited	150,131	1,197	1.56
		2,823	3.68
<i>Health Care</i>			
Regis Healthcare Limited	325,000	1,144	1.49
Ramsay Health Care Limited	10,000	701	0.92
		1,845	2.41
<i>Media</i>			
oOh!media Limited	150,000	675	0.88
		675	0.88
Total Equity Portfolio		32,868	42.92
Cash and dividends receivable		8,625	11.26
Total Investment Portfolio		76,583	100.00

1. Investments in unlisted property trusts are currently valued at cost, which is currently deemed to represent fair value

Dec 2017	Jun 2017
\$'000	\$'000

8. Share capital

(a) Issued and paid up capital

72,863,832 ordinary shares fully paid	77,394	77,384
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(b) Movement in ordinary shares

	For the half year ended Dec 2017		For the period ended Jun 2017	
	Number of shares	\$'000	Number of shares	\$'000
Beginning of financial period	72,853,332	77,384	-	-
Issued during the period:				
- incorporation of Company	-	-	100	-
- shares issued via IPO	-	-	72,853,232	80,139
- shares issued on exercise of Options	10,500	11	-	-
Gross funds raised	72,863,832	11	72,853,332	80,139
- less net transaction costs	-	(1)	-	(2,755)
End of financial period	72,863,832	77,394	72,853,332	77,384

URB INVESTMENTS LIMITED

ABN 89 615 320 262

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

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

The Company issued a Prospectus on 3 March 2017 for the offer of up to 272,727,273 fully paid ordinary shares, together with one attaching option (Option) at an offer price of \$1.10 per share to raise up to \$300,000,000. Each Option provides the holder with the ability to acquire one ordinary share in the Company at an exercise price of \$1.10. Options can be exercised at any time on or before 5:00pm (Sydney time) 7 April 2018. Options give the shareholders the right but not the obligation to subscribe for shares in URB at \$1.10 per share. Options can be exercised in full or in part. Options are currently trading on the ASX under the code URBO. As at 31 December 2017 and as at the date of this report 10,500 Options had been exercised.

	Dec 2017	Jun 2017
	\$'000	\$'000

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.

Opening balance	-	-
Current period profits transferred to reserve	1,099	-
Closing balance	1,099	-

10. Related Party Transactions

The Company did not enter into any new arrangements with related parties during the half year ended 31 December 2017. Arrangements with related parties of the Company in place as at 30 June 2017 continue to be in place. For details of these continuing arrangements, refer to Note 17 of the 30 June 2017 Annual Financial Report.

11. Contingent Liabilities

The Company has no contingent liabilities as at 31 December 2017.

12. Commitments

The Company had no firm commitments in respect of its direct property investments as at 31 December 2017.

In particular, under the terms of each respective Unitholder Agreement, as at 31 December 2017 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.

13. Events subsequent to reporting date

Other than the dividend referred to in Note 5 (a) of this report, there has been no transaction or event since 31 December 2017 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 15 February 2018 by the Board of Directors.


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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 19, 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 2017 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 2017.



Warwick Negus
Director

Sydney
15 February 2018

**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 2017, 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

15 February 2018

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**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 2017, statement of profit or loss, 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 Company.

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 2017 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.

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**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 2017 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

15 February 2018



PITCHER PARTNERS
Sydney

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