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# Ironbark Paladin Property Securities Fund

ARSN 087 897 667



## Condensed Interim Financial Report

For the period ended 31 December 2018

Responsible Entity

Ironbark Asset Management (Fund  
Serviced) Ltd

ABN: 63 116 232 154

AFSL: 298626



# Ironbark Paladin Property Securities Fund

ARSN 087 897 667

## Condensed Interim Financial Report - 31 December 2018

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## Directors' report

The directors of Ironbark Asset Management (Fund Services) Limited (the "Responsible Entity"), the Responsible Entity of Ironbark Paladin Property Securities Fund (the "Fund"), present their report together with the condensed interim financial statements of the Fund for the six months ended 31 December 2018 and the review report thereon.

### Responsible Entity

The registered office and principal place of business of the Responsible Entity and the Fund is Level 13, 1 Margaret Street, Sydney, NSW 2000.

### Directors

The following persons held office as directors of the Responsible Entity of the Fund for the period from 1 July 2018 to the date of this report:

B Carpenter  
 A Donald  
 C Larsen

### Principal activities

The Fund is a registered managed investment scheme domiciled in Australia.

The Fund invests primarily in property securities listed on the Australian Securities Exchange in accordance with the provisions of the Fund's Constitution.

The Fund did not have any employees during the interim period.

There were no significant changes in the nature of the Fund's activities during the interim period.

### Review and results of operations

During the interim period, the Fund continued to invest in accordance with target asset allocations as set out in the governing documents of the Fund and the provisions of the Fund's Constitution.

#### Results

The performance of the Fund, as represented by the results of its operations, was as follows:

	<b>Six months ended</b>	
	<b>31 December 2018</b>	31 December 2017
Operating profit/(loss) (\$'000)	<b>(2,602)</b>	29,339
<b>Distribution</b>		
Distribution paid and payable (\$'000)	<b>2,194</b>	1,877
Distribution (cents per unit)	<b>0.6959</b>	0.6007
<b>Unit price as at 31 December</b>		
Application price (\$)	<b>0.9690</b>	0.9677
Redemption price (\$)	<b>0.9641</b>	0.9628

### Significant changes in the state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the interim period.

## Directors' report (continued)

### Events subsequent to reporting date

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the condensed statement of financial position as at 31 December 2018 or on the results and cash flows of the Fund for the six months ended on that date.

### Rounding of amounts to the nearest thousand dollars

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

### Auditor's independence declaration

A copy of the Auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 4 and forms part of the Directors' report for the six months ended 31 December 2018.

This report is made in accordance with a resolution of the directors of the Responsible Entity.



Chris Larsen  
Director

Sydney  
11 March 2019



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

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To the directors of Ironbark Asset Management (Fund Services) Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Ironbark Paladin Property Securities Fund for the half-year ended 31 December 2018 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

David Kells  
Partner  
Sydney  
11 March 2019

## Condensed statement of comprehensive income

	Six months ended	
	31 December 2018	31 December 2017*
	\$'000	\$'000
<b>Investment income</b>		
Distribution and dividend income	7,079	6,687
Interest income	5	2
Net gains/(losses) on financial instruments held at fair value through profit or loss	(8,375)	24,145
Net foreign exchange gains/(losses)	79	2
Other operating income	<u>31</u>	<u>50</u>
<b>Total investment income/(loss)</b>	<u>(1,181)</u>	<u>30,886</u>
<b>Expenses</b>		
Management fees	1,177	1,077
Expense recovery fees	154	175
Transaction costs	32	293
Withholding taxes	<u>58</u>	<u>2</u>
<b>Total operating expenses</b>	<u>1,421</u>	<u>1,547</u>
<b>Operating profit/(loss)</b>	<u>(2,602)</u>	<u>29,339</u>
Other comprehensive income for the half-year	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the half-year</b>	<u>(2,602)</u>	<u>29,339</u>

\*Certain amounts shown here have been restated and therefore do not correspond to the 31 December 2017 Condensed interim financial statements and reflect adjustments made - see note 4.

*The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.*

## Condensed statement of financial position

		As at	
		31 December 2018	30 June 2018
	Notes	\$'000	\$'000
<b>Assets</b>			
Cash and cash equivalents		9,385	12,490
Receivables	8	4,434	4,170
Due from brokers - receivable for securities sold		69	-
Financial assets held at fair value through profit or loss	6	<u>292,870</u>	<u>295,358</u>
<b>Total assets</b>		<u>306,758</u>	<u>312,018</u>
<b>Liabilities</b>			
Payables	9	915	1,260
Distributions payable		959	4,084
Financial liabilities held at fair value through profit or loss	7	<u>917</u>	<u>214</u>
<b>Total liabilities</b>		<u>2,791</u>	<u>5,558</u>
<b>Net assets attributable to unitholders - equity</b>	4	<u>303,967</u>	<u>306,460</u>

*The above condensed statement of financial position should be read in conjunction with the accompanying notes.*

## Condensed statement of changes in equity

	Notes	Six months ended	
		31 December 2018 \$'000	31 December 2017* \$'000
<b>Total equity at the beginning of the financial half-year</b>	4	<b>306,460</b>	275,138
<b>Comprehensive income for the half-year</b>			
Profit/(loss) for the half-year		(2,602)	29,339
Other comprehensive income		-	-
<b>Total comprehensive income for the half-year</b>		<u>(2,602)</u>	<u>29,339</u>
<b>Transactions with unitholders</b>			
Applications	4	27,507	30,504
Redemptions	4	(26,715)	(32,349)
Units issued upon reinvestment of distributions	4	1,511	1,174
Distributions paid and payable	4	(2,194)	(1,877)
<b>Total transactions with unitholders</b>		<u>109</u>	<u>(2,548)</u>
<b>Total equity at the end of the financial half-year</b>		<u><b>303,967</b></u>	<u>301,929</u>

\*The comparative for the half-year ended 31 December 2017 was not disclosed in the Condensed interim statement of changes in equity. This has been restated - see note 4.

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



## Condensed statement of cash flows

	Six months ended	
	31 December 2018	31 December 2017
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Distributions and dividends received	6,646	6,702
Interest received	7	3
Other operating income received	31	50
Management fees paid	(1,168)	(1,064)
Expense recovery fees paid	(48)	(140)
Other operating expenses paid	(19)	(290)
<b>Net cash inflow/(outflow) from operating activities</b>	<u>5,449</u>	<u>5,261</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of financial instruments held at fair value through profit or loss	44,538	92,874
Purchase of financial instruments held at fair value through profit or loss	(49,600)	(89,428)
<b>Net cash inflow/(outflow) from investing activities</b>	<u>(5,062)</u>	<u>3,446</u>
<b>Cash flows from financing activities</b>		
Proceeds from applications by unitholders	27,507	30,330
Payments for redemptions by unitholders	(27,190)	(32,619)
Distributions paid	(3,808)	(2,611)
<b>Net cash inflow/(outflow) from financing activities</b>	<u>(3,491)</u>	<u>(4,900)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(3,104)</b>	3,807
Cash and cash equivalents at the beginning of the half-year	12,490	7,792
Effects of foreign currency exchange rate changes on cash and cash equivalents	(1)	-
<b>Cash and cash equivalents at the end of the half-year</b>	<u>9,385</u>	<u>11,599</u>

*The above condensed statement of cash flows should be read in conjunction with the accompanying notes.*

## Contents of the notes to the condensed interim financial statements

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## 1 General information

These condensed interim financial statements cover Ironbark Paladin Property Securities Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme and was constituted on 30 January 1995. The Fund will terminate on 29 January 2075 unless terminated earlier in accordance with the provisions of the Fund's Constitution.

The Responsible Entity of the Fund is Ironbark Asset Management (Fund Services) Limited (ABN 63 116 232 154) (AFSL 298626) (the "Responsible Entity"). The Responsible Entity's registered office is Level 13, 1 Margaret Street, Sydney, NSW 2000.

The Fund invests primarily in property securities listed on the Australian Securities Exchange in accordance with the provisions of the Fund's Constitution.

The condensed interim financial statements were authorised for issue by the directors on the date the Directors' declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the condensed interim financial statements.

## 2 Basis of preparation

These condensed interim financial statements have been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These condensed interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these condensed interim financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2018 and any public announcements made in respect of the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These condensed interim financial statements are presented in Australian dollars.

Except as disclosed below, the accounting policies applied in these condensed interim financial statements are the same as those applied to the Fund's financial statements for the year ended 30 June 2018.

The Fund had to change some of its accounting policies as a result of new and revised accounting standards which became effective for the first time in the current reporting period. The affected policies are:

- *AASB 9 Financial Instruments* (and applicable amendments)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The adoption of the amendment does not have a significant impact on the recognition, classification and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not changed from the previous requirements, and the Fund does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Fund's investments are all held at fair value through profit or loss, the change in impairment rules does not have a material impact on the Fund.

- *AASB 15 Revenue from Contracts with Customers*

AASB 15 replaces AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Fund's main sources of income are dividends, distributions, interest and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the adoption of AASB 15 does not have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements.

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current reporting period.

## 2 Basis of preparation (continued)

### (a) Use of estimates and judgement

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These 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 the accounting estimates are recognised in the period in which these estimates are revised if the revisions affect only that period, or in the period of the revisions and future periods if the revisions affect both current and future periods.

## 3 Fair value measurement

The Fund measures and recognises the financial assets and liabilities at fair value on a recurring basis.

- Financial assets / liabilities designated at fair value through profit or loss (FVTPL) (see note 6 and note 7)
- Financial assets / liabilities held for trading (see note 6 and note 7)
- Derivative financial instruments

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

### (i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in note 2 of the annual financial statements.

Financial assets and liabilities are priced at last traded prices.

For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

### 3 Fair value measurement (continued)

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current credit worthiness of the counterparties. The fair value of a forward contract is determined as the net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

Investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds.

(iii) Recognised fair value measurements

The following table presents the Fund's assets and liabilities measured and recognised at fair value as at 31 December 2018 and 30 June 2018.

As at 31 December 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Financial assets designated at fair value through profit or loss:				
Equity securities	-	-	210	210
Unit trusts	<u>292,660</u>	<u>-</u>	<u>-</u>	<u>292,660</u>
<b>Total</b>	<u>292,660</u>	<u>-</u>	<u>210</u>	<u>292,870</u>
<b>Financial liabilities</b>				
Financial liabilities held for trading:				
Forward currency contracts	<u>-</u>	<u>917</u>	<u>-</u>	<u>917</u>
<b>Total</b>	<u>-</u>	<u>917</u>	<u>-</u>	<u>917</u>

### 3 Fair value measurement (continued)

(iii) Recognised fair value measurements (continued)

As at 30 June 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Financial assets held for trading:				
Forward currency contracts	-	8	-	8
Financial assets designated at fair value through profit or loss:				
Equity securities	252	-	204	456
Unit trusts	<u>294,894</u>	<u>-</u>	<u>-</u>	<u>294,894</u>
<b>Total</b>	<u>295,146</u>	<u>8</u>	<u>204</u>	<u>295,358</u>
<b>Financial liabilities</b>				
Financial liabilities held for trading:				
Forward currency contracts	<u>-</u>	<u>214</u>	<u>-</u>	<u>214</u>
<b>Total</b>	<u>-</u>	<u>214</u>	<u>-</u>	<u>214</u>

The Fund held listed, unlisted unit trusts and unlisted equity securities as at 31 December 2018 and 30 June 2018.

(iv) Transfers between levels

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the six months reporting period.

There have been no transfers between levels in the fair value hierarchy at the end of the reporting period.

(v) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in level 3 instruments for the six months ended 31 December 2018 and year ended 30 June 2018:

As at 31 December 2018	Equity securities \$'000
Opening balance	204
Gains/(losses) recognised in the statement of comprehensive income	<u>6</u>
Closing balance	<u>210</u>
As at 30 June 2018	Equity securities \$'000
Opening balance	853
Gains/(losses) recognised in the statement of comprehensive income	<u>(649)</u>
Closing balance	<u>204</u>

### 3 Fair value measurement (continued)

(v) Fair value measurements using significant unobservable inputs (level 3) (continued)

Valuation inputs and relationships to fair value

Investments classified within level 3 include international equity securities that are unlisted or delisted. The valuation technique may use significant unobservable inputs at the underlying asset level. However, the Fund obtains fair value prices from the Investment Manager without significant adjustments and does not calculate any unobservable inputs itself.

(vi) Financial instruments not carried at fair value

The Fund did not hold any financial instruments which were not measured at fair value in the statement of financial position during the six months ended 31 December 2018 or year ended 30 June 2018. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate their fair value.

### 4 Net assets attributable to unitholders

Movements in number of units and net assets attributable to unitholders during the six months ended 31 December 2018 were as follows:

	31 December		Six months ended	
	2018	31 December 2017	31 December 2018	31 December 2017
	Units '000	Units '000	\$'000	\$'000
Opening balance	313,237	313,577	306,460	275,138
Applications	27,877	33,734	27,507	30,504
Redemptions	(27,188)	(35,852)	(26,715)	(32,349)
Units issued upon reinvestment of distributions	1,541	1,328	1,511	1,174
Distributions paid and payable	-	-	(2,194)	(1,877)
Profit/(loss) for the half-year	-	-	(2,602)	29,339
<b>Closing balance</b>	<b>315,467</b>	<b>312,787</b>	<b>303,967</b>	<b>301,929</b>

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

In the 31 December 2017 Condensed Interim Financial Report, the Fund's units were classified as a financial liability as at 31 December 2017. As such, the Fund had no equity and no changes in equity had been presented for the period then ended. Following adoption of the AMIT tax regime effective 1 July 2017 units were re-classified to equity, and units and associated distributions have been disclosed in the condensed statement of changes in equity for the period ended 31 December 2017.

This included restating the Condensed interim statement of comprehensive income to remove Distributions to unitholders and remove Changes in net assets attributable to unitholders as Finance costs attributable to unitholders. The Condensed interim statement of changes in equity was added. No changes were made to the Condensed interim statement of cash flows.

## 5 Distributions to unitholders

	Six months ended			
	31 December 2018 \$'000	31 December 2018 CPU	31 December 2017 \$'000	31 December 2017 CPU
Distributions paid	1,235	0.3920	1,877	0.6007
Distributions payable	<u>959</u>	<u>0.3039</u>	-	-
<b>Total distributions</b>	<u>2,194</u>	<u>0.6959</u>	<u>1,877</u>	<u>0.6007</u>

## 6 Financial assets held at fair value through profit or loss

	As at	
	31 December 2018 \$'000	30 June 2018 \$'000
<b>Held for trading</b>		
Derivatives	-	8
Total held for trading	<u>-</u>	<u>8</u>
<b>Designated at fair value through profit or loss</b>		
Equity securities	210	456
Unit trusts	<u>292,660</u>	<u>294,894</u>
Total designated at fair value through profit or loss	<u>292,870</u>	<u>295,350</u>
<b>Total financial assets held at fair value through profit or loss</b>	<u>292,870</u>	<u>295,358</u>

## 7 Financial liabilities held at fair value through profit or loss

	As at	
	31 December 2018 \$'000	30 June 2018 \$'000
<b>Held for trading</b>		
Derivatives	<u>917</u>	214
Total held for trading	<u>917</u>	<u>214</u>
<b>Total financial liabilities held at fair value through profit or loss</b>	<u>917</u>	<u>214</u>



## 8 Receivables

	As at	
	31 December 2018 \$'000	30 June 2018 \$'000
Distributions and dividends receivable	4,391	4,112
Interest receivable	-	2
Other receivables	43	56
<b>Total receivables</b>	<b>4,434</b>	<b>4,170</b>

## 9 Payables

	As at	
	31 December 2018 \$'000	30 June 2018 \$'000
Redemptions payable	537	1,012
Management fees payable	192	183
Expense recovery fees payable	157	51
Withholding tax payable	29	14
<b>Total payables</b>	<b>915</b>	<b>1,260</b>

## 10 Related party transactions

All transactions with related parties are conducted on normal commercial terms and conditions. From time to time, the Fund or its director-related entities may invest in or withdraw from the Fund. These investments or withdrawals are on the same terms and conditions as those entered into by other Fund investors and are trivial and domestic in nature.

There have been no significant changes to the related party transactions disclosed in the last annual financial report.

## 11 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund as disclosed in the condensed statement of financial position as at 31 December 2018 or on the results and cash flows of the Fund for the six months ended on that date.

## 12 Contingent assets and liabilities and commitments

There were no outstanding contingent assets and liabilities or commitments as at 31 December 2018 and 30 June 2018.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the condensed interim financial statements and notes set out on pages 5 to 16 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2018 and of its performance for the six months period ended on that date, and
- (b) there are reasonable grounds to believe that the Fund 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 directors for and on behalf of the Responsible Entity.



Chris Larsen  
Director

Sydney  
11 March 2019



# Independent Auditor's Review Report

To the members of Ironbark Paladin Property Securities Fund

## Conclusion

We have reviewed the accompanying **Condensed Interim Financial Report** of Ironbark Paladin Property Securities Fund (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 Condensed Interim Financial Report of the Fund is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Fund's financial position as at 31 December 2018 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 **Condensed Interim Financial Report** comprises:

- Condensed interim statement of financial position as at 31 December 2018;
- Condensed interim statement of comprehensive income for the half-year ended on that date;
- Condensed interim statement of changes in equity and condensed interim statement of cash flows for the half-year ended on that date;
- Notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

## Responsibilities of the Directors for the Condensed Interim Financial Report

The Directors of the Ironbark Asset Management (Fund Services) Limited (the Responsible Entity) are responsible for:

- the preparation of the Condensed Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Interim Financial Report that is free from material misstatement, whether due to fraud or error.



## Auditor's responsibility for the review of the Condensed Interim Financial Report

Our responsibility is to express a conclusion on the Condensed 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 Condensed Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2018 and 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*. As auditor of Ironbark Paladin Property Securities Fund, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Condensed 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.

## Independence

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

KPMG

David Kells  
Partner  
Sydney  
11 March 2019