

VALUATION POLICY

1. Purpose and overview

- 1.1. This Policy is intended to provide general parameters within which the Board of URB Investments Limited (“URB” or the “Company”) values its Investment Portfolio.

2. Glossary

- 2.1. **"Direct Property Assets"** means Direct Australian property or real estate.
- 2.2. **"Equity Assets"** means equities listed on ASX or any other recognised Australian exchange (including unlisted securities on the condition that they are proposed to be listed within 12 months of acquisition) that form part of URB's Investment Portfolio.
- 2.3. **"Equity Portfolio"** means the portion of the Investment Portfolio comprising all Equity Assets.
- 2.4. **"Investment Portfolio"** means the portfolio of Equity Assets, Direct Property Assets and cash and cash equivalents to be managed in accordance with the Investment Management Agreement by the Investment Manager pursuant to the investment mandate and strategy set out in this Prospectus.
- 2.5. **"Property Portfolio"** means the portion of the Investment Portfolio comprising all Direct Property Assets, and will consist of shares/units in unlisted companies/trusts established to purchase and manage investment in Direct Property Assets.

3. Policy

- 3.1. To ensure consistency between all financial reports and accounts prepared, both internal and external, the Company will measure the value of its Investment Portfolio in accordance with generally accepted accounting principles of fair value
- 3.2. The fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access to at that date. The fair value of a liability reflects its non-performance risk.
- 3.3. Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure at fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
- 3.4. Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

3.5. Equity Portfolio

- 3.5.1. The Investment Manager will arrange for the calculation of the Equity Portfolio value at least monthly and provide such calculations to the Board of the Company as soon as practicable after such calculations are made.

- 3.5.2. IRESS, Bloomberg, FactSet or other similar financial information service will be used as the price source for listed Equity Assets.
- 3.5.3. Accounting standards prescribe that if an investment has a bid price and an ask price, the price within the bid-ask spread that is more representative of fair value in the circumstances shall be used to measure fair value. Accordingly, the Company uses the last sale price as a basis of measuring fair value for listed Equity Assets.
- 3.5.4. Unlisted Equity Assets will be re-valued on a monthly basis using methods that, in the opinion of the Investment Manager, best approximates fair value.
- 3.5.5. Semi-annual valuation recommendations will be provided to the Board for review as a part of the half year and full year financial reports and audit. The Board retains the right to require any valuation of an unlisted Equity Asset to be independently reviewed.

3.6. Property Portfolio

- 3.6.1. The fair value of the Property Portfolio will be reviewed by the Board at each reporting date.
- 3.6.2. To assist in the assessment of fair value, the Board will ensure the Board or Trustees of each entity holding the Direct Property Assets periodically engage an independent valuer to provide a valuation of each Direct Property Asset, at least once every two years. Valuations may occur more frequently if there is reason to believe that the fair value of a Direct Property Asset has materially changed from its book value (for example, as a result of changes in market conditions, leasing activity in relation to the Direct Property Asset or increased capital expenditure).
- 3.6.3. Unless there is evidence to the contrary, the Company will deem the fair value of each investment in its Property Portfolio to equal the net tangible asset backing of the shares/units held by URB.