



URB INVESTMENTS LIMITED

NTA AND MONTHLY REPORT - May 2017

URB: TOP 20 INVESTMENTS

Stock	% of Total Portfolio
1 PURT4 – Penrith Property	16.6%
2 PURT3 – Kingsgrove Property	11.4%
3 CSR LIMITED	3.2%
4 TRANSURBAN GROUP	2.8%
5 STOCKLAND	2.1%
6 SYDNEY AIRPORT	2.0%
7 GPT GROUP	2.0%
8 HARVEY NORMAN	1.7%
9 MIRVAC GROUP	1.2%
10 BWP TRUST	1.1%
11 BLACKWALL LIMITED	1.1%
12 AP EAGERS LIMITED	1.0%
13 CIMIC GROUP	0.9%
14 NATIONAL STORAGE REIT	0.9%
15 GOODMAN GROUP	0.7%
16 SEYMOUR WHITE LIMITED	0.6%
17 REGIS HEALTHCARE	0.5%
18 VILLA WORLD LIMITED	0.4%
19 LEND LEASE	0.4%
20 ADELAIDE BRIGHTON	0.4%
Cash and cash equivalents	46.5%
Total of Top 20 Investments plus cash and cash equivalents	97.5%

URB's aim is to maximise total shareholder returns through a combination of capital and income growth through a Portfolio of unlisted property assets and Australian listed equities exposed to the urban renewal thematic.

Business Overview

URB is a research driven investment company listed on the Australian Stock Exchange (URB.ASX). The URB portfolio complements more mainstream equity portfolios as URB combines direct property with equities and doesn't invest in banking or resource stocks. Rather, we are focused on capturing long-term value by investing across various direct property and equity sectors that we believe will benefit from urban renewal.

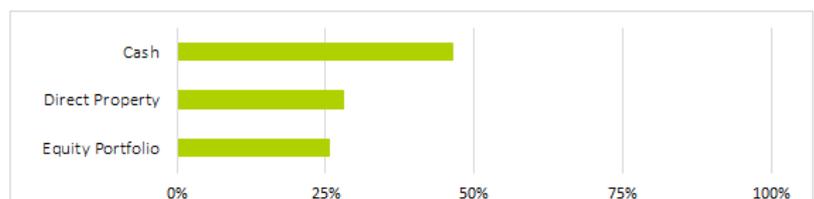
Managed by Contact Asset Management (Contact), an investment in URB gives shareholders access to the benefits of urban renewal through a portfolio of Equity Assets as well as access to Direct Property through a co-invest agreement with Washington H Soul Pattinson and Company Ltd.

Net Tangible Asset Backing

The consolidated unaudited pre-tax net asset backing at 31 May 2017 was **\$1.05** per share. The company is a long term investor and does not intend to dispose of its total portfolio. If estimated tax at 30% on unrealised portfolio gains were to be recognised, net asset backing post-tax would remain at **\$1.05** per share.

Asset Allocation

The Company structure allows URB to be opportunistic through effective asset allocation between equities and property. Liquid capital from Cash and Equity Assets enables Contact to manage the asset allocation so we can move quickly to take advantage of Direct Property opportunities.



URB's Equity Assets typically consist of 30 stocks. While it is focused on Urban Renewal, the portfolio is well diversified across many sectors of the market including Real Estate, Healthcare, Consumer, Utilities, Building Materials and Industrials.

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Monthly Update

In May, Sydney Airports (SYD) announced they would not accept the offer to develop and operate the Western Sydney Airport. We view this as a good decision and positive for shareholders with the project presenting significant construction costs, risks and sub optimal short term returns. We believe SYD is offering shareholders solid income and returns in its current form; again supported by strong passenger numbers for April which included total annual growth of 2.8%. This included a 7% growth in international traffic from last year and 17% growth above 2015 levels.

QUBE Logistics (QUB) held an investor day at their NSW sites, Minto, Moorebank and Port Botany. QUB also announced a \$350m capital raising through an Entitlement Offer and Placement to fund a new warehouse at Moorebank for growth capex and to further strengthen their balance sheet.

Transurban Group (TCL) held an investor day where they addressed key elements of their business including a) capital strategy, confirming that they are focused on "consistently growing distributions while creating long term value"; b) hedging, outlining their position against rising interest rates and c) inflation protection, where they again explained their toll escalation and pricing growth models.

CSR Limited declared full year results, posting an 11% growth in NPAT to \$183.8m, while EPS and dividends both grew 11%. The highlight of the result was the building products division growing 21% on last year (this division accounts for 64% of CSR's total earnings).

We added Blackwall Limited (BWF) to the URB equity portfolio. BWF is a vertically integrated property funds manager, focused on the management, development and financing of income producing assets for their investors.

BWF manage "WOTSO Workspace" who provide virtual office services, executive suites and flexible workspaces in 12 locations across Australia and one in Singapore.

We also attended the "Macquarie Conference" where we heard presentations and market updates from companies related to the Urban Renewal including Sydney Airport, Boral, LendLease, Mirvac, GPT, Stockland, Transurban, oOh Media, Downer, Fletcher Building, Regis Healthcare and Cleanaway Waste Management.

Dividend Policy

URB's long term target is to offer shareholders sustainable and growing fully franked dividends and a yield that is competitive within the listed investment company industry. The URB Board and the Portfolio Managers are shareholders in URB and are aligned in delivering these outcomes for all shareholders.

URB Corporate Directory

Non-Executive Directors

Mr Warwick Negus	Chairman
Ms Victoria Weekes	Independent Director
Mr Bruce Dungey	Independent Director
Mr Tony McDonald	Independent Director

Company Secretary

Jaime Pinto

Registered Office

Level 2, 160 Pitt Street Mall,
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Investment Manager

Contact Asset Management

URB's portfolio is managed by Contact Asset Management Pty Limited, utilising its own specialist equities experience and benefitting from the specialist property expertise of Pitt Street Real Estate.

Portfolio Managers

Tom Millner	Director/Portfolio Manager
Will Culbert	Director/Portfolio Manager

Registered Office

Level 1, 160 Pitt Street Mall,
Sydney NSW 2000

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Company Overview

Mandate	Urban Renewal
Market capitalisation	\$77.6m
Equity portfolio	\$19.5m
Direct property portfolio	\$21.4m
Cash & cash equivalents	\$35.5m
Total portfolio including cash	\$76.4m
Debt	\$0m

Pre Tax NTA \$1.05

Post Tax NTA \$1.05

URB Share Price \$1.065

URBO Option Price \$0.042

Management Fee

The Management Fee is 0.50% of URB's Total Assets.

Performance Fee

The Performance Fee is 15% of the out performance over a Pre-Tax NTA 12 month return of 8.0%. This 8% return is calculated after the payment of any ordinary dividends to URB shareholders.

www.urbinvest.com.au

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