



# URB INVESTMENTS LIMITED

## NTA AND MONTHLY REPORT - September 2017

### URB: TOP 20 INVESTMENTS

Stock / Property	% of Total Portfolio
1 Purv No 5: Prestons	16.4%
2 Purv No 4: Penrith	16.3%
3 Purv No 3: Kingsgrove	12.2%
4 Sydney Airport	5.2%
5 Transurban Group	4.8%
6 Wesfarmers Limited	2.9%
7 Lendlease Group	2.8%
8 Adelaide Brighton Limited	2.7%
9 Telstra Corporation	2.1%
10 Mirvac Group	1.8%
11 Harvey Norman Holdings	1.8%
12 CSR Limited	1.7%
13 National Storage REIT	1.7%
14 Woolworths Limited	1.7%
15 AP Eagers Limited	1.5%
16 Regis Healthcare Limited	1.5%
17 Seymour Whyte Limited	1.5%
18 BWP Trust	1.4%
19 Qube Holdings Limited	1.3%
20 Stockland	1.3%
Cash and cash equivalents	8.1%
<b>Total of Top 20 Investments plus cash and cash equivalents</b>	<b>90.7%</b>

*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 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 Limited (WHSP).

#### Net Tangible Asset Backing - As at 30 September 2017

Pre-tax net tangible asset (NTA) backing was **\$1.03** per share.

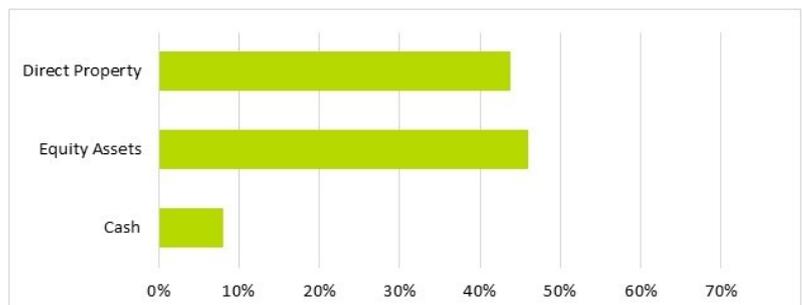
*URB is a long term investor and does not intend to dispose of its total portfolio.*

Post-tax net tangible asset (NTA) backing was **\$1.03** per share.

*This measure reduces pre-tax NTA for the deferred provision for tax on net unrealized gains on the Company's investment portfolio as required by current Accounting Standards. As URB does not currently have a deferred tax provision, pre-tax NTA and post-tax NTA are the same.*

#### 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 portfolio so we can move quickly and 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

### Direct Property

PURT3: Kingsgrove was acquired to hold for income with a future re-organisation or re-zoning opportunity. Following the recent expiry of the lease at PURT 3: Kingsgrove, the Property Managers, Pitt Street Real Estate (PSRE) assessed various options for the site including re-zoning, re-leasing, refurbishment and demolition. The opportunity of converting this asset into residential or mixed use was thoroughly investigated, however after due diligence the possibility of this being achieved was viewed as long dated.

It was agreed by the owners URB and WHSP that the option that could provide the most attractive valuation upside would be to commence demolition via a Complying Development Certificate and lodge a DA for sub-division. A sales program to take the smaller lots to market is being discussed internally.

URB believes that the Kingsgrove site should benefit from the displacement of warehouses and a large portion of the industrial segment from the inner south-west of Sydney thanks to significant construction of residential apartment buildings in Mascot, Alexandria and Zetland.

### Equities

There was less news flow in the equity market during September following a busy reporting season. Several companies traded ex-dividend during the month and we continue to receive income from the Equity Portfolio. As at 30 September, the Equity Portfolio was valued at \$35.2m. We remain focused on investing in companies with sustainable and growing dividends.

The main stock related news item in the past month was the acquisition of Seymour Whyte (SWL) by French Construction group Vinci Construction. SWL made up 1.5% of the URB Portfolio and delisted from the ASX in early October following a successful shareholder Scheme Meeting.

The scheme payment was comprised of a guaranteed consideration of \$0.84 per share, as well as two special (fully franked) dividends totaling \$0.445 per share. Contact Asset Management met the SWL team in September to discuss the broader industry. SWL Management were very positive on the future of construction in Australia given the major projects already underway and the pipeline of significant work from State and Federal Governments as well as private firms.

During the month Lendlease (LLC) provided an update on its North American business. LLC is focusing on a \$4.3b pipeline of large scale mixed use developments in its five gateway cities of San Francisco, Los Angeles, Chicago, Boston and New York. LLC continues to pursue opportunities for expansion in the telecommunications infrastructure sector by building and maintaining approximately 400 cell towers. 5G Technology will be an important growth driver.

URB's Equity Portfolio is now made up of 27 stocks, which will reduce to 26 following the SWL takeover. We are forecasting positive EPS growth rates for FY18 and FY19 from these companies, as well as attractive and growing dividends. The Equity Portfolio is diversified across many sectors of the market and has no bank or resource exposure.

### 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 (PSRE).

#### Portfolio Managers

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

#### Registered Office

Level 1, 160 Pitt Street Mall,  
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## Company Overview

As at 30 September 2017

<u>Mandate</u>	Urban Renewal
<u>Market capitalisation</u>	\$75.0m
<u>Equity portfolio</u>	\$35.2m
<u>Direct property portfolio</u>	\$33.5m
<u>Cash &amp; cash equivalents</u>	\$6.1m
<u>Total Assets</u>	\$76.5m
<u>Debt</u>	\$0m
<u>Pre Tax NTA</u>	\$1.03
<u>Post Tax NTA</u>	\$1.03
<b><u>URB Share Price</u></b>	<b>\$1.03</b>
<b><u>URBO Option Price</u></b>	<b>\$0.012</b>

#### 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](http://www.urbinvest.com.au)

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