



URB INVESTMENTS LIMITED

NTA AND MONTHLY REPORT - October 2017

URB: TOP 20 INVESTMENTS

Stock / Property	% of Total Portfolio
1 Purton No 5	16.3%
2 Purton No 4	16.2%
3 Purton No 3	12.1%
4 Sydney Airport	5.2%
5 Transurban Group	4.8%
6 Wesfarmers	3.0%
7 Adelaide Brighton	2.9%
8 Lend Lease Group	2.6%
9 Telstra Corporation	2.1%
10 Harvey Norman	2.0%
11 Mirvac Group	1.9%
12 CSR Limited	1.7%
13 Woolworths Limited	1.7%
14 National Storage REIT	1.7%
15 Regis Healthcare	1.6%
16 AP Eagers	1.5%
17 BWP Trust	1.5%
18 Qube Holdings	1.4%
19 Stockland	1.3%
20 Goodman Group	1.2%
Cash and cash equivalents	8.7%
Total of Top 20 Investments plus cash and cash equivalents	91.4%

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.

Net Tangible Asset Backing - As at 31 October 2017

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

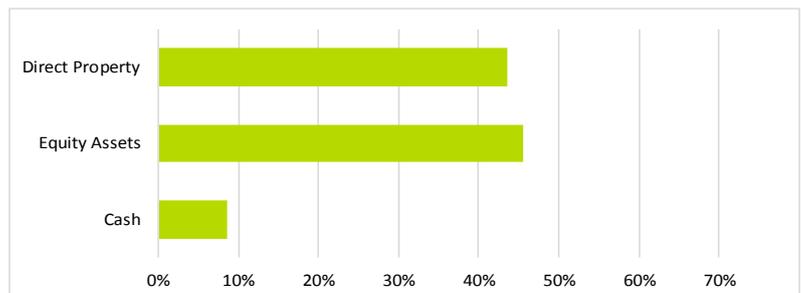
URB is a long term investor and does not intend to dispose of its total portfolio.

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.

For personal use only

Monthly Update

During the month there were numerous quarterly updates provided to the market. Wesfarmers (WES) quarterly retail sales figures showed Coles headline food and liquor sales increased 1.5% as they continued to invest across all elements of the customer offer. Bunnings Aust and NZ continued to perform well, increasing by 11.5% over the period. Kmart surprised on the upside with sales numbers growing 9.0%. Unfortunately WES continue to struggle with the launch of Bunnings UK, Target and Convenience.

Woolworths Limited (WOW) announced another positive set of quarterly numbers, with the Australian Food segment increasing 4.9%. Other segments also grew with Endeavour Drinks (Dan Murphy's and BWS) up 3.8%, NZ Food up 3.2%, BIG W up 2.5% and Hotels up 4.1%.

Stockland (SGP) announced that all business units are performing well, especially the residential communities business. Residential profit margins are expected to be over 17% driven by broad market strength and higher rates of settlements in Sydney. Market conditions in both Sydney and Melbourne are said to have remained favourable. FY18 earnings growth is expected to be between 5.0% and 6.5% and SGP have lifted the distribution forecast to 26.5cps which is up 4.0% on FY17.

Transurban (TCL) saw a 10.5% lift in toll revenue over the September quarter. Sydney's proportional toll revenue increased 12.3%, while Melbourne's increased 13.4% and Brisbane's increased 5.8%.

Sydney Airports (SYD) first quarter passenger numbers were up 3.5% on last year, with international passengers 7.6% higher than the previous corresponding period.

Cedar Woods (CWP) have made a positive start to the year with solid sales across their portfolio recorded for the quarter. Pre-sales totalled \$310m, which was up 35% on the \$230m recorded last year. CWP seem confident that a majority of these pre-sales will settle during FY2018.

LendLease (LLC) provided a market update stating that they had made "solid progress in the year across its business", with their international diversification program progressing with "good momentum on the delivery of projects in London, Kuala Lumpur and the United States". LLC also secured additional projects in London and Milan.

Also during the half we saw CSR Limited (CSR) release results for the half year ended 30 September 2017. CSR delivered another good result with revenues 7% higher, NPAT 32% higher and EPS 32% higher, while the dividend was up 4%. to 13.5cps and was franked at 50%.

Harvey Norman (HVN) has announced that ASIC does not intend to make further enquiries in relation to the matters raised regarding their 2017 Financial Report, in particular whether franchise stores should be consolidated by Harvey Norman. This was a welcome announcement and as such the share price in HVN responded positively. Also during the month HVN traded Ex-divided, and will pay shareholders a 12cps fully franked dividend in December 2017.

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,
Sydney NSW 2000

Website www.urbinvest.com.au

E-Mail info@urbinvest.com.au

Tel +61 2 9210 7000

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,
Sydney NSW 2000

Website www.contactam.com.au

Tel +61 2 9238 0522

Company Overview

As at 31 October 2017

<u>Mandate</u>	<u>Urban Renewal</u>
<u>Market capitalisation</u>	<u>\$74.3m</u>
<u>Equity portfolio</u>	<u>\$35.0m</u>
<u>Direct property portfolio</u>	<u>\$33.5m</u>
<u>Cash & cash equivalents</u>	<u>\$6.6m</u>
<u>Total Assets</u>	<u>\$76.9m</u>
<u>Debt</u>	<u>\$0m</u>

Pre Tax NTA \$1.03

Post Tax NTA \$1.03

URB Share Price \$1.02

URBO Option Price \$0.004

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

The material contained within the URB Investments Limited Monthly Report (The Report) has been prepared by Contact Asset Management (AFSL 494045). Figures referred to in The Report are unaudited. The Report is not intended to provide advice to investors or take into account an individual's financial circumstances or investment objectives. This is general investment advice only and does not constitute advice to any person. The opinions within The Report are not intended to represent recommendations to investors. They are the view of Contact Asset Management as of this date and are accordingly subject to change. Information related to any company, security or property is for information purposes only and should not be interpreted as a solicitation of offer to buy or sell any security. The information on which The Report is based has been obtained from sources we believe to be reliable, but we do not guarantee its accuracy or completeness. Investors should consult their financial adviser in relation to any material within this document.