



URB INVESTMENTS LIMITED

NTA AND MONTHLY REPORT - March 2018

URB: TOP 20 INVESTMENTS

Stock / Property	% of Total Portfolio
1 PURT5: Prestons	16.3%
2 PURT3: Kingsgrove	12.3%
3 PURT4: Penrith	10.3%
4 Sydney Airport	5.6%
5 Transurban Group	5.2%
6 LendLease Group	3.2%
7 360 Capital Group	2.7%
8 Harvey Norman Holdings	2.5%
9 AGL Energy	2.2%
10 AP Eagers	2.0%
11 National Storage REIT	1.8%
12 Woolworths Limited	1.7%
13 Mirvac Group	1.7%
14 Regis Healthcare	1.6%
15 BWP Trust	1.4%
16 AVJennings	1.4%
17 Villa World	1.4%
18 Ramsay Health Care	1.4%
19 Blackwall Limited	1.3%
20 Stockland	1.2%
Cash and Cash Equivalents	15.5%
Total of To 20 Investments plus Cash and Cash equivalents	92.7%

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 Equities 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 31 March 2018

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.

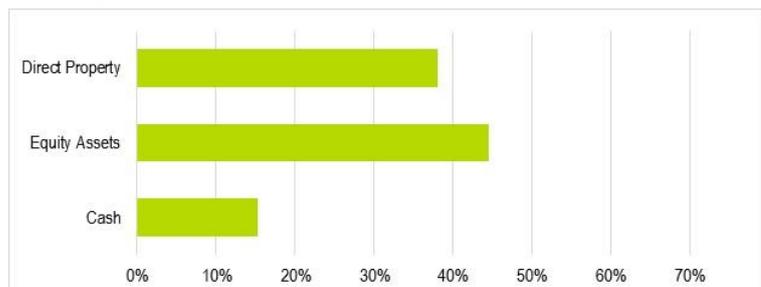
This measure reduces pre-tax NTA for the deferred provision for tax on net unrealized gains on the Company's investment portfolio as required by current Accounting Standards. As URB does not currently have a net deferred tax provision, pre-tax NTA and post-tax NTA are the same.

NTA figures are unaudited and the Direct Property Assets remain valued at cost.

All calculations are after providing for the FY2018 Interim Dividend of 0.5 cents per share. URB traded ex-dividend on 1 March 2018, with payment on 26 March 2018. We encourage shareholders to please update their Bank Account and Tax File Number details via Link Market Services: www.linkmarketservices.com.au

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

Despite increased concerns in local and global stock markets over the past month, URB's Net Portfolio Return (after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends) was negative 0.2% for the month of March, compared to the S&P/ASX 300 Accumulation Index which returned negative 3.7% over the same period.

Equities - A post reporting season wrap-up has seen our confidence in urbanisation trends increase further. We saw a positive impact from a growing and aging population, with stocks within the healthcare industry showing earnings growth, despite headwinds from declines in private health insurance. A further increase in infrastructure spend here and offshore has assisted both real estate and industrial stocks, who are also expected to continue to benefit from positive economic conditions. Consumer discretionary and telecommunications stocks will continue to work through industry challenges and changes, but we believe are still well placed to benefit from urban renewal, especially an increased population and infrastructure spend.

Broadly speaking, this reporting season ended with stronger than expected results and guidance, with management teams providing commentary that reflected buoyant market conditions. Capital management initiatives were also front of mind, focusing on investing for the future. Announcements through share buybacks, acquisitions and general business investment were driven by stronger balance sheets, strong cash flows, and improved operational certainty.

Having delivered a strong half year result, Transurban (TCL) have continued to look domestically and offshore for investment opportunities. During March, they focused on next generation cities in North America, with the purchase of the A25 road and bridge asset in Montreal, Canada. The A25 has a similar strategy as those assets already owned by TCL both here and in the US, with inflation linked pricing, peak/off-peak tolling and an average truck multiplier of 3.2x. It is these commercial vehicle price multiples that we are really attracted to as part of the TCL offering. Improvements in TCL's margins over the coming years will be assisted by the significant growth in freight which, according to the company, could more than double over the next 20-30 years.

Direct Property - Developments within the URB Property portfolio continue:

PURT4 Penrith: A debt facility has been implemented with capital of \$6.0m being returned to URB during the month. URB will now look to reinvest this capital into further direct property opportunities when they arise.

PURT5 Prestons: The third and final DA (Signage and Use) has been received from Liverpool Council. Good progress continues to be made on the civil works program, with construction works expected to commence in April/May 2018.

PURT3 Kingsgrove: We continue to wait for the DA for sub-division approval. We estimate that with 54% of the total area sold, URB's Pre-Tax Net Tangible Asset (NTA) could increase by approximately 4 cents per share.

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 Contact's Portfolio Managers are shareholders in URB and are aligned in delivering these outcomes for all shareholders. The inaugural dividend paid on 26 March is testament to this policy.

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

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Investment Manager

Contact Asset Management Pty Limited

URB's portfolio is managed by Contact Asset Management, 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

As at 31 March 2018

Mandate	Urban Renewal
Market capitalisation	\$70m
Equity portfolio	\$34m
Direct Property portfolio	\$29m
Cash & cash equivalents	\$12m
Total Assets	\$77m
Debt	\$0m
Pre Tax NTA	\$1.03
Post Tax NTA	\$1.03
URB Share Price	\$0.955
URBO Option Price	\$0.002

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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