

URB INVESTMENTS LIMITED

ACN: 615 320 262



NTA AND MONTHLY REPORT

April 2018

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 which are all exposed to the urban renewal thematic.

Business Overview

URB is a research driven, listed investment company, focused on capturing long-term value by investing in a diversified portfolio of assets with exposure to urban renewal and regeneration. Listed on the Australian Stock Exchange (URB.ASX) and managed by Contact Asset Management, an investment in URB gives shareholders access to a diversified portfolio of Equity Assets exposed to urban renewal as well as direct access to exclusive urban renewal deals through a co-invest agreement with Washington H. Soul Pattinson and Company Limited (WHSP) in all Direct Property opportunities.

Net Tangible Asset (NTA) – As at 30 April 2018

Pre-tax NTA backing was **\$1.04** per share.

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

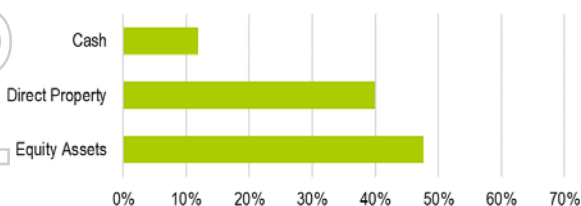
Post-tax NTA backing was **\$1.04** per share.

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.

Asset Allocation

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



The URB Equity Portfolio is a concentrated portfolio that is typically made up of 30 stocks. While it is focused on Urban Renewal, the Equity Portfolio is well diversified across many sectors of the market including Real Estate, Healthcare, Consumer, Utilities, Building Materials and Industrials. We do not invest in Banking and Resources stocks.

Company Overview

ASX Code	URB.ASX
Mandate	Urban Renewal
Market Capitalisation	\$68m
Investment Portfolio	\$67m
Cash & Cash Equivalents	\$9m
Total Portfolio Including Cash	\$76m
Debt	\$0
Rolling 12 Month Dividend ¹	0.5cps
Historical Dividend Yield ²	0.54%
Percentage Franked	100%
Grossed Up Yield ³	0.75%
DRP	Active
Share Price	\$0.925

Net Tangible Assets (NTA)

Pre Tax NTA	\$1.04
Post Tax NTA	\$1.04

¹Includes FY2018 Interim Dividend of 0.5cps, ²Based on share price at 30 April 2018. ³Grossed up yield based on a tax rate of 27.5%.

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.

Monthly Equities Portfolio Update

Sydney Airports (SYD) experienced another month of traffic growth in March 2018. Domestic passenger numbers grew 3.5% for the month, while International numbers grew 11.1% when compared to March 2017. For the 1st Quarter 2018, SYD's International passenger numbers grew 6.2%. The growth was driven by an earlier Easter holiday period but we also noted that SYD is increasing capacity with major airlines such as Emirates and Air India increasing the frequency of travel, number of services and seats.

SYD announced the completion of its EUR500m 10-year Eurobond issue which will flatten the debt maturity profile, with less than 15% of debt maturing in any one year and enhanced the company's liquidity position.

Lendlease (LLC) has entered China's booming aged care market with a \$400m deal to build a retirement village with 900 units in Shanghai, making it one of the first foreign companies to negotiate a deal in the sector without a local partner. China's population includes 230 million people aged over 60.

Mirvac Group (MGR) released their third quarter update reaffirming operating guidance for FY18 between 15.3cps and 15.6cps, and distributions of 11cps. Interestingly, given the location of URB's PURT5 Prestons development, MGR are seeing positive momentum continue in the industrial space. Leasing activity to retail tenants within Western Sydney is tracking approximately double the 10-year average since the beginning of 2016, with landlords of industrial facilities benefiting from the growth in e-commerce.

Abacus Property Group (ABP) acquired a fully leased, 8 level commercial building in Melbourne for \$95.38m. The asset is well located near the Metro Rail Project and fits ABP's strategy of acquiring assets with longer term growth prospects. During April, ABP divested assets totalling \$138.6m with the proceeds being used to reduce debt in the short term.

Monthly Property Portfolio Update

PURT3: Kingsgrove – We continue to wait for the DA for sub-division approval.

PURT4: Penrith – Continues to provide rental income for URB. In Penrith, the State Government recently commuted at least \$450m for Stage 2 of the Nepean Hospital redevelopment. The funding boosts the total budget of the project to over \$1b. The Nepean Hospital is located 2kms from URB's PURT4 asset.

PURT5: Prestons – Construction works have commenced and are progressing well as can be seen in the picture below.



PURT5: Prestons site as at 30 April 2018

Company	% of Total Portfolio
1 PURT5 - Prestons	17.9%
2 PURT3 - Kingsgrove	12.1%
3 PURT4 - Penrith	10.2%
4 Sydney Airport	5.9%
5 Transurban Group	5.2%
6 LendLease Group	3.2%
7 360 Capital Group	2.7%
8 Harvey Norman Holdings	2.4%
9 AGL Energy	2.2%
10 AVJennings	2.2%
11 AP Eagers	2.1%
12 Woolworths Limited	1.8%
13 National Storage REIT	1.8%
14 Mirvac Group	1.7%
15 Regis Healthcare	1.6%
16 Stockland Limited	1.5%
17 BWP Trust	1.5%
18 Ramsay Healthcare	1.4%
19 Villa World Limited	1.4%
20 Goodman Group	1.2%
Cash and cash equivalents	11.9%
Total of top 20 plus Cash and cash equivalents	91.9%

Management and Performance Fees

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

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.

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URB Performance

30 April 2018

	1 Month	3 Months	6 Months	12 Months
URB Portfolio Performance	1.1%	0.4%	1.7%	-0.3%
URB Total Shareholder Returns (TSR)	-3.1%	-7.8%	-9.1%	-14.2%
URB Total Shareholder Returns – 100% Franked	-3.1%	-7.3%	-8.7%	-13.7%

Source: Contact Asset Management, Bloomberg. Portfolio Performance is measured by change in pre-tax NTA and is after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends. TSR include reinvestment of dividends. TSR including franking credits are based on URB's dividends being fully franked at 27.5%. Past performance is generally not indicative of future performance.

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