

# URB INVESTMENTS LIMITED

ACN: 615 320 262



## NTA AND MONTHLY REPORT

May 2018

URB's aim is to maximise total shareholder returns via 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 Direct Property opportunities.

### Net Tangible Asset (NTA) – as at 31 May 2018

Pre-tax NTA backing was **\$1.05** per share.

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

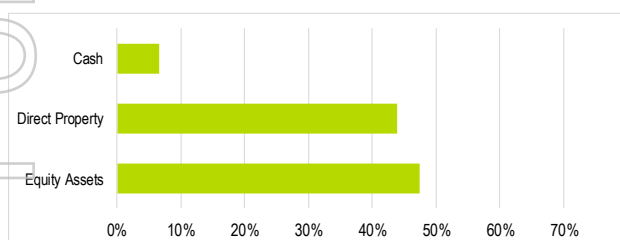
Post-tax NTA backing was **\$1.05** per share.

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 – as at 31 May 2018

ASX Code	URB.ASX
Mandate	Urban Renewal
Market Capitalisation	\$71m
Investment Portfolio	\$71m
Cash & Cash Equivalents	\$5m
Total Portfolio Including Cash	\$76m
Debt	\$0
Rolling 12 Month Dividend <sup>1</sup>	0.5cps
Historical Dividend Yield <sup>2</sup>	0.54%
Percentage Franked	100%
Grossed Up Yield <sup>3</sup>	0.77%
DRP	Active
Share Price	\$0.97

### Net Tangible Assets (NTA)

Pre Tax NTA	\$1.05
Post Tax NTA	\$1.05

<sup>1</sup>Includes FY2018 Interim Dividend of 0.5cps, <sup>2</sup>Based on share price at 31 May 2018. <sup>3</sup>Grossed 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

During May Stockland (SGP) announced it had entered agreements to divest two of their commercial property assets. The assets include one retail town centre in Newcastle for \$81m and an office building in North Sydney for \$112m. This takes the total value of commercial property asset divestments to \$306m for FY18 to date. On May 10, we attended SGP's investor day which included a tour of their retail town centre in Wetherill Park, logistics park in Warwick Farm and Elara residential estate in Marsden Park. The Company is looking to grow its logistics and business park portfolio with a five year pipeline of over \$600m. 88% of their logistics and business parks portfolio is in Sydney and Melbourne where market conditions are strong.

Goodman Group (GMG) provided their third quarter FY18 operational update highlighting that technology driven change in global markets is increasing demand for warehouses and industrial real estate in urban centres. Total assets under management totalled \$36.8 billion, up 6.4% on 1HFY18 and they reaffirmed their FY18 operating earnings per security guidance of 46.5 cents, up 8% on FY17.

Woolworths (WOW) provided their third quarter FY18 operational update with comparable food sales growth ahead of Coles again. Total Easter adjusted comparable sales growth of 3.6% was achieved compared to 0.9% for Coles.

### Monthly Property Portfolio Update

PU RT3: Kingsgrove – We are pleased to provide a further update on the re-organisation of the Kingsgrove property with the additional exchange of conditional contracts in respect to Lot 4, Lot 5 and Lot 6. These additional exchanges now represent 18,491m<sup>2</sup> or 100% of the total saleable area.

These Lots have been exchanged at prices that will increase the value of the PU RT3:Kingsgrove property. The sales are conditional on the granting of DA and sub-division certificate. Once DA for sub-division has been approved and servicing of the sites are complete we will have unconditional contracts and will be able to progress to settlement.

PU RT5: Prestons – Construction works continue and are progressing well as can be seen in the picture below.



### Research Note from URB's Investment Manager

Also during May, the Directors of Contact Asset Management carried out a 10-day research trip to the US. We attended the Berkshire Hathaway AGM once again in Omaha Nebraska, and in the lead up to this event we met with a number of influential companies and had private tours with management of the Amazon fulfilment centre in Kent, Seattle, the James Hardie manufacturing plants in Tacoma, Washington and LendLease's Southbank Riverline Project in Chicago.

The full report can be found on the URB Investments website at: <https://www.urbinvest.com.au/category/news/>

URB Performance 31 May 2018	1 Month	3 Months	6 Months	1 Year
URB Portfolio Performance	0.4%	1.2%	0.8%	0.2%
URB Total Shareholder Returns (TSR)	4.9%	-2.0%	-8.9%	-8.4%
URB Total Shareholder Returns – 100% Franked	4.9%	-1.8%	-8.7%	-8.3%

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.

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 or security 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.

Company / Trust	% of Total Portfolio
1 PURT5 - Prestons	17.9%
2 PURT3 - Kingsgrove	12.8%
3 PURT4 - Penrith	10.2%
4 Sydney Airport	6.0%
5 Transurban Group	5.3%
6 HomeHQ - Artarmon	3.9%
7 LendLease Group	3.4%
8 360 Capital Group	2.7%
9 Harvey Norman Holdings	2.4%
10 AVJennings	2.3%
11 AGL Energy Limited	2.2%
12 AP Eagers	2.0%
13 Woolworths Limited	1.9%
14 Mirvac Group	1.8%
15 National Storage REIT	1.8%
16 Regis Healthcare	1.6%
17 Stockland Limited	1.6%
18 BWP Trust	1.5%
19 Ramsay Healthcare	1.3%
20 Villa World Limited	1.3%
Cash and cash equivalents	6.7%
<b>Total of top 20 plus Cash and cash equivalents</b>	<b>90.6%</b>

### 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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