

URB INVESTMENTS LIMITED

ACN: 615 320 262



NTA AND MONTHLY REPORT

July 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 July 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.

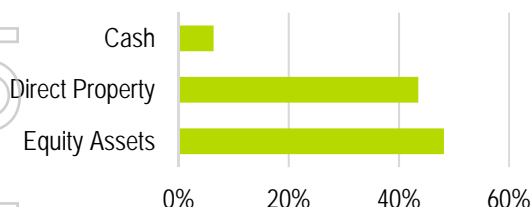
Post-tax NTA backing was **\$1.05** per share.

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.

The above NTA figures are unaudited.

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 July 2018

ASX Code	URB.ASX
Mandate	Urban Renewal
Market Capitalisation	\$70m
Investment Portfolio	\$72m
Cash & Cash Equivalents	\$5m
Total Portfolio Including Cash	\$77m
Debt	\$0
Rolling 12 Month Dividend ¹	0.5cps
Historical Dividend Yield ²	0.55%
Percentage Franked	100%
Grossed Up Yield ³	0.78%
DRP	Active
Share Price	\$0.955

Net Tangible Assets (NTA)

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

¹Includes FY2018 Interim Dividend of 0.5cps, ²Based on share price at 31 July 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

During July, Cimic Group (CIM) reported HY18 revenue of \$6.9 billion and net profit after tax of \$363 million up 11% and 12% respectively when compared to HY17. The Company continues to strengthen its balance sheet with net cash up \$691 million to \$1.3 billion. A fully franked, half-year dividend of 70cps represents a 17% increase on the prior comparative period.

To support future earnings, an extensive pipeline of work exists with work in hand of \$34.8 billion and \$80 billion of tenders still to be bid and/or awarded during the rest of 2018 and circa \$300 billion of projects coming to market in 2019 and beyond.

Stockland Group (SGP) tightened their FY18 earnings guidance to approximately 6.5% growth in funds from operations per security.

Villaworld (VLW) upgraded their FY18 earnings guidance from target net profit after tax of \$41.6 million to \$42-\$46 million. VLW experienced project sales ahead of expectations particularly during Q418. FY19 statutory profit after tax guidance of circa \$40 million was also provided.

Monthly Property Portfolio Update

PU RT3: Kingsgrove – Pitt Street Real Estate continues to progress to the latter stages of development. During July, the new sub-station was delivered and is being commissioned enabling power to be connected to each Lot. Works for other services; water, sewer and telecommunications are also underway. While these activities are relatively standard, completion is still subject to PU RT3 obtaining approvals from various authorities.

PU RT5: Prestons – Construction works continue to progress well and the construction contract is 44% complete as at end July. The internal Shed 1 slabs are almost complete, eastern docks and surrounding slabs have been poured. Shed 2 steel framework is largely complete. The roof on Shed 1 and Shed 2 are also mostly complete. The office slab has been poured, roof is complete and fit-out has commenced. The following photos compare the Prestons site at 30 June 2018 and 31 July 2018.



PU RT4: Penrith – An in-depth review of the tenancy schedule has been completed and reposition of the tenancy mix has commenced to achieve a better yield on cost for the Trust. The major reposition of the tenancy mix over the last 12 months was the acquisition and renegotiation of the Tattersalls Hotel lease. This significantly improved the ability of PU RT4: Trust to control the timing of potential future development opportunities of the overall property. The Hotel business continues to perform well.

Company / Trust		% of Total Portfolio
1	Purt No 5 – Prestons	17.8%
2	Purt No 3 – Kingsgrove	12.8%
3	Purt No 4 – Penrith	10.1%
4	Sydney Airport	6.1%
5	Transurban Group	6.1%
6	Home HQ - Artarmon	3.7%
7	LendLease Group	3.6%
8	360 Capital Group	2.6%
9	Harvey Norman Holdings	2.4%
10	AGL Energy	2.2%
11	Stockland	2.2%
12	AVJennings	2.1%
13	AP Eagers	2.0%
14	Woolworths	2.0%
15	Mirvac Group	1.8%
16	CIMIC Group	1.5%
17	Regis Healthcare	1.5%
18	Goodman Group	1.5%
19	Qube Holdings	1.3%
20	Villa World	1.2%
Cash and cash equivalents		6.4%
Total of top 20 plus Cash and cash equivalents		90.9%

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 31 July 2018	1 Month	3 Months	6 Months	1 Year
URB Portfolio Performance	0.4%	1.1%	1.5%	4.2%
URB Total Shareholder Returns (TSR)	6.1%	3.2%	-4.5%	-9.0%
URB Total Shareholder Returns – 100% Franked	6.1%	3.2%	-4.3%	-8.8%

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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