

# URB INVESTMENTS LIMITED

ACN: 615 320 262



## NTA AND MONTHLY REPORT

August 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 August 2018

Pre-tax NTA backing was **\$1.06** per share.

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

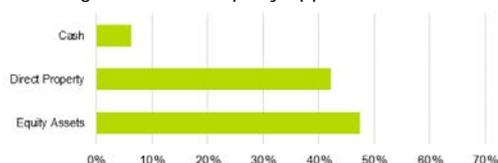
Post-tax NTA backing was **\$1.06** per share.

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 and do not include the uplift expected from the sale of PURT5: Prestons detailed on the following page. All calculations are before providing for the FY18 Final Dividend of 1cps. URB will trade ex-dividend on 13 September 2018 with payment date being 28 September 2018.

### 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.

### 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.

### Company Overview – as at 31 August 2018

ASX Code	URB.ASX
Mandate	Urban Renewal
Market Capitalisation	\$72m
Investment Portfolio	\$73m
Cash & Cash Equivalents	\$5m
Total Portfolio Including Cash	\$78m
Debt	\$0
Rolling 12 Month Dividend <sup>1</sup>	1.5cps
Historical Dividend Yield <sup>2</sup>	1.52%
Percentage Franked	100%
Grossed Up Yield <sup>3</sup>	2.16%
DRP	Active
Share Price	\$0.99

### Net Tangible Assets (NTA)

Pre Tax NTA	\$1.06
Post Tax NTA	\$1.06

<sup>1</sup>Includes FY2018 Interim Dividend of 0.5cps and FY18 Final Dividend 1cps, <sup>2</sup>Based on share price as at 31 August 2018. <sup>3</sup>Grossed up yield based on a tax rate of 30%.

### Monthly Equities Portfolio Update

During August, Bingo Industries (BIN) reported their FY18 results ahead of guidance, achieving double digit revenue and NPAT growth across all segments. BIN announced the acquisition of Dial-a-Dump for \$577.5m through a combination of cash and equity. The acquisition provides BIN with quality waste assets in the Western Sydney Growth Precinct and provides a platform to develop the Company's post-collections business.

Transurban (TCL) delivered a solid FY18 result with continued growth across all regions. Distributions were up 9% to 56 cps and FY19 distribution guidance of 59 cps up 5%. TCL emerged as the winning consortium for majority control of the 33km WestConnex at a price of \$9.3 billion for 51% of the motorway.

Boral (BLD) reported FY18 revenue growth across all divisions. The Australian division reported EBIT increase of 24% driven by growth in infrastructure and non-residential activity. BLD expect strong activity to continue in their key markets and growth across all divisions in FY19.

LendLease (LLC) reported FY18 results with EPS and DPS up 5%. LLC have a strong balance sheet with gearing at 8% and liquidity of \$1.2b. An extensive development pipeline of \$71b includes \$56b of urbanisation projects and provides future earnings visibility with offshore projects expected to make a greater contribution over the medium term. LLC has returned circa 30% for URB.

### Monthly Property Portfolio Update

PURT3: Kingsgrove – We continue to progress to the latter stages of development with completion still subject to PURT3 obtaining approvals from various authorities.

PUrt5: Prestons – On the 6th September, URB was pleased to announce that they and co-investment partner WHSP had exchanged contracts for the sale of 55 Yarrunga Street, Prestons, which is held via the investment trust PUrt No.5.

Highlights of the exchange are:

- The headline sale price is \$71.6m, and will be adjusted upon completion of development
- Settlement is expected to occur by the end of November 2018, subject to the satisfaction of certain conditions precedent, including achieving practical completion of the development
- The existing Agreement for Lease, and subsequent tenant lease, will be novated to the purchaser
- While final costs cannot be confirmed until development completion, the Transaction is expected to generate an increase in pre-tax NTA for URB of approximately 5.5 cps.

The sale of Prestons is an important step in proving up the concept of the URB Investments Direct Property strategy. URB was able to acquire the asset well, proactively add value to that asset, and then realise value when the opportunity arose, albeit earlier than originally anticipated. This transaction highlights how URB is able to benefit from urban renewal and regeneration through active asset and property management to generate superior outcomes for our shareholders. The transaction will now enable URB to redeploy capital into other urban renewal opportunities.

PUrt4: Penrith – The transformation of the Penrith City Centre into a vibrant place to live, work and play is one step closer, following Penrith Council's resolution at an Ordinary Meeting held last week. At the meeting Councillors agreed to enter into a Project Delivery Agreement with Frasers Property Australia for the proposed development of the Union Road car park site. The PUrt4 Penrith site, borders the Union Road car park site. Mayor of Penrith, Cr John Thain said that Union Road was identified as a key site to transform the City Centre after extensive community consultation as part of the Penrith Progression - A Plan for Action (2015).

Frasers were nominated as the preferred proponent late last year after a rigorous and competitive Request for Proposal process. This development stood out as it set a new benchmark for urban living, and presented an innovative design to provide an extra 1,000 public parking spaces, all within a sophisticated sustainable development that is rarely seen outside of major regional centres. Key features of this development include 6 residential apartment buildings ranging in height from 17 to 34 storeys that will feature residential, retail and commercial space; a child care centre, public plaza and landscaped communal spaces.

Company / Trust		% of Total Portfolio
1	Purt No 5 – Prestons	17.7%
2	Purt No 3 – Kingsgrove	12.7%
3	Purt No 4 – Penrith	10.0%
4	Transurban Group	6.2%
5	Sydney Airport	6.2%
6	Home HQ - Artarmon	3.7%
7	LendLease Group	3.7%
8	360 Capital Group	2.6%
9	Harvey Norman Holdings	2.4%
10	AV Jennings	2.2%
11	Stockland	2.2%
12	AGL Energy	2.1%
13	Mirvac Group	1.9%
14	AP Eagers	1.9%
15	Woolworths	1.8%
16	Goodman Group	1.6%
17	CIMIC Group	1.5%
18	Regis Healthcare	1.5%
19	Qube Holdings	1.4%
20	Villa World	1.3%
Cash and cash equivalents		6.5%
<b>Total of top 20 plus Cash and cash equivalents</b>		<b>91.1%</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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URB Performance 31 August 2018	1 Month	3 Months	6 Months	1 Year
URB Portfolio Performance	1.8%	2.5%	3.7%	4.9%
URB Total Shareholder Returns (TSR)	4.7%	3.1%	1.0%	1.0%
URB Total Shareholder Returns – 100% Franked	<b>5.2%</b>	<b>3.5%</b>	<b>1.7%</b>	<b>1.7%</b>

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 30%. Past performance is generally not indicative of future performance.

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