

# URB INVESTMENTS LIMITED

ACN: 615 320 262



## NTA AND MONTHLY REPORT

September 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 30 September 2018

Pre-tax NTA backing was **\$1.09** per share.

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

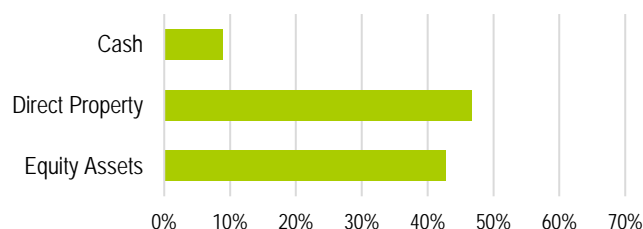
Post-tax NTA backing was **\$1.09** per share.

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. Calculations are after payment of the FY18 Final Dividend of 1.0cps and include a partial uplift in fair value from the sale of PURT5:Prestons.**

### 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 30 September 2018

ASX Code	URB.ASX
Mandate	Urban Renewal
Market Capitalisation	\$73m
Investment Portfolio	\$73m
Cash & Cash Equivalents	\$7m
Total Portfolio Including Cash	\$80m
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	\$1.09
Post Tax NTA	\$1.09

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

### 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.

### Monthly Property Portfolio Update

**PURT3:Kingsgrove** – We continue to progress to the latter stages of development. Completion remains subject to PURT3 obtaining approvals from various authorities. While this is becoming an increasingly frustrating process, settlement of Lots 1 & 1A is expected in October with the balance of the site expected to settle in December 2018.

**PURT5:Prestons** - On 3 September 2018, URB Investments announced to the ASX that PSRE Prestons Pty Ltd as Trustee for PURT No5 Trust exchanged contracts for the conditional sale of 55 Yarrunga Street.

While final costs cannot be confirmed until completion of the development, the transaction is expected to generate an increase in pre-tax NTA for URB of approximately 5.5 cents per share. Development of the project is progressing well and given the project is now 80% complete, Directors have included a partial uplift in fair value in the September NTA based on this estimated completion status.

The uplift in value created on this development from 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 this

asset well, being a vacant block. We then proactively added value through the signing of an Agreement for Lease with Mainfreight, the design and then the construction of a 36,000m<sup>2</sup> logistics and distribution facility. Upon practical completion we will have done all this in an 18 month period.

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 enable URB to redeploy capital into other urban renewal opportunities.



PUPT5:Prestons, September 2018



PUPT5:Prestons, September 2018

## URB Investments AGM

The Second Annual General Meeting of URB Investments is to be held at the Brickworks Design Studio, 2 Barrack Street, Sydney, NSW 2000 on Friday 19 October 2018 at 11.00am.

Agenda items to be considered are as follows:

1. Annual Report
2. Remuneration report
3. Re-Election of Director
4. Amendment of Property Portfolio Cap
5. Other Matters

Company / Trust		% of Total Portfolio
1	Purt No 5 – Prestons	22.0%
2	Purt No 3 – Kingsgrove	12.3%
3	Purt No 4 – Penrith	9.7%
4	Transurban Group	6.6%
5	Sydney Airport	5.8%
6	Home HQ – Artarmon	3.6%
7	LendLease Group	2.9%
8	360 Capital Group	2.4%
9	Harvey Norman Holdings	2.3%
10	Stockland	2.1%
11	AV Jennings	1.9%
12	Mirvac Group	1.8%
13	AP Eagers	1.8%
14	Goodman Group	1.5%
15	Qube Holdings	1.4%
16	Blackwall	1.2%
17	Bingo Industries	1.2%
18	Woolworths	1.2%
19	Regis Healthcare	1.2%
20	Ramsay Healthcare	1.1%
Cash and cash equivalents		9.0%
<b>Total of top 20 plus Cash and cash equivalents</b>		<b>93.0%</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.

## Contact Us

Web	www.urbinvest.com.au
E-Mail	info@urbinvest.com.au
Tom Millner	0408 754 180
Will Culbert	0410 627 378
Jaime Pinto	02 9210 7000

URB Performance 30 September 2018	1 Month	3 Months	6 Months	1 Year
URB Portfolio Performance	3.7%	5.0%	6.8%	7.9%
URB Total Shareholder Returns (TSR)	1.0%	11.1%	4.7%	-2.4%
URB Total Shareholder Returns – 100% Franked	1.4%	11.6%	5.2%	-1.8%

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 30%. 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.