

URB INVESTMENTS LIMITED

ACN: 615 320 262



NTA AND MONTHLY REPORT

January 2019

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 January 2019

Pre-tax NTA backing was **\$1.08** per share.

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

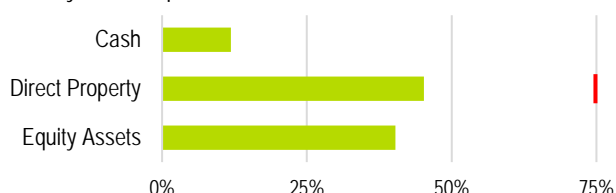
Post-tax NTA backing was **\$1.08** per share.

This measure reduces pre-tax NTA for the deferred provision for tax on net unrealised 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.

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.

Following shareholder approval at the URB AGM on 19 October 2018, URB's maximum cap on investments in the Direct Property Portfolio was revised upwards from 49.9% to 75% of the Portfolio. The change provides greater flexibility for URB to take advantage of Direct Property Asset opportunities as they arise. Direct Property currently makes up of 45% of the Portfolio.



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 January 2019

ASX Code	URB.ASX
Mandate	Urban Renewal
Market Capitalisation	\$65m
Investment Portfolio	\$70m
Cash & Cash Equivalents	\$10m
Total Portfolio Including Cash	\$80m
Debt	\$0
Rolling 12 Month Dividend ¹	1.5cps
Historical Dividend Yield ²	1.69%
Percentage Franked	100%
Grossed Up Yield ³	2.41%
DRP	Active
Share Price	\$0.89

Net Tangible Assets (NTA)

Pre Tax NTA	\$1.08
Post Tax NTA	\$1.08

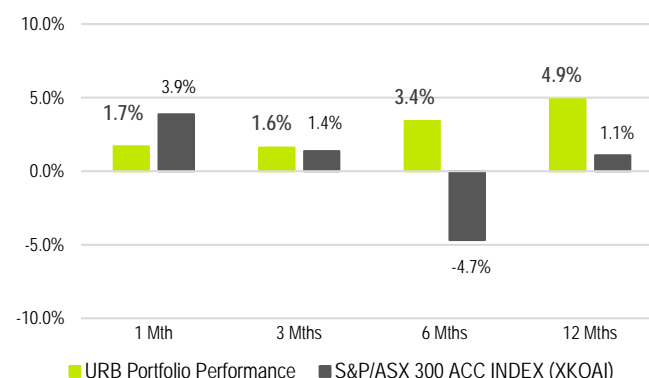
¹Includes FY2018 Interim Dividend of 0.5cps and FY18 Final Dividend 1cps. ²Based on share price as at 31 January 2019. ³Grossed up yield based on a tax rate of 30%.

Dividend Policy

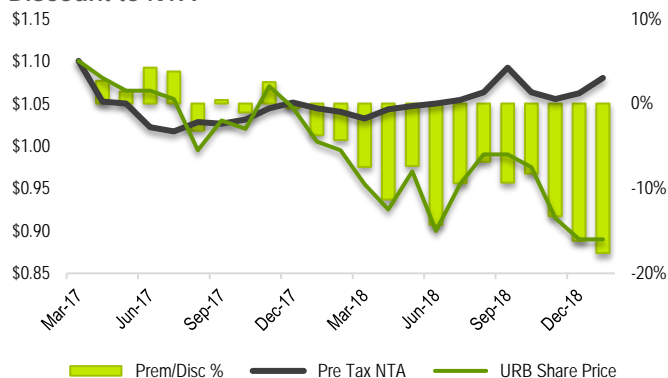
URB's long-term target is to offer shareholders sustainable and growing fully franked dividends and a yield that is competitive within the listed investment company industry. The URB Board and Contact's Portfolio Managers are shareholders in URB and are aligned in delivering these outcomes for all shareholders.

NTA Performance

URB's Net Portfolio Return (after all operating expenses, provision and payment of all applicable corporate taxes and the reinvestment of dividends) for the year to 31 January 2019 was 4.9%, an outperformance of 3.8% when compared to the S&P/ASX 300 Accumulation Index, which returned 1.1% over the same period.



Discount to NTA



Monthly Equity Portfolio Update

The rise in e-commerce sales is expected to continue to place pressure on retailers to implement omni-channel strategies increasing the demand for industrial warehouses. For every \$1 billion increase in e-commerce sales, an estimated 1.25 million sq. ft. of warehouse space is needed to keep up with demand[^].

As well as the rise in e-commerce, the industrial sector is benefitting from population growth, significant infrastructure investments and the supply/demand gap that has been partly created by the conversion of industrial areas to mixed use.

Although not cheap at current valuations, Goodman Group (GMG) will significantly benefit from these long term trends. On 7 February 2019 GMG's share price closed at \$11.91 representing a price to NTA of 2.5x and 2019e PE multiple of 23.6x, well above industry peers. With gearing at 5%, assets under management set to surpass \$40 billion in 2019, a \$10 billion development pipeline and work in progress of \$3.6 billion the long-term growth prospects remain positive. In the last year, GMG has been one of the best performers within the entire URB Portfolio.

Monthly Property Portfolio Update

Home HQ – An expression of Interest (EOI) to identify a lessee for the Food & Beverage offering, called 'The Front Yard', has commenced and is due to be finalised by March 2019. The design includes a café/restaurant precinct within the Reserve Road car park, which will further enhance the overall experience of Home HQ.

URB's First Half FY2019 Results

The Company expects to release the First Half FY2019 Results for the period ending 31 December 2018 on Monday 18 February.

[^]Source: CBRE "HOW HAS E-COMMERCE SHAPED INDUSTRIAL REAL ESTATE DEMAND", 2018).

Company / Trust	% of Total Portfolio
1 PURT No 5 – Prestons	22.2%
2 PURT No 3 – Kingsgrove	10.7%
3 PURT No 4 – Penrith	9.8%
4 Transurban Group	7.3%
5 Sydney Airport	5.6%
6 Home HQ – Artarmon	3.8%
7 360 Capital Group	2.6%
8 Harvey Norman Holdings	2.3%
9 Stockland	1.9%
10 Mirvac Group	1.8%
11 Lendlease Group	1.8%
12 Goodman Group	1.7%
13 AV Jennings	1.6%
14 AP Eagers	1.5%
15 Qube Holdings	1.4%
16 Woolworths	1.2%
17 Regis Healthcare	1.2%
18 Ramsay Healthcare	1.2%
19 BWP Trust	1.1%
20 National Storage	1.0%
Cash and cash equivalents	12.0%
Total of top 20 plus Cash and cash equivalents	93.7%

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 31 January 2019	1 Month	3 Months	6 Months	1 Year
URB Portfolio Performance	1.7%	1.6%	3.4%	4.9%
URB Total Shareholder Returns (TSR)	0.0%	-8.7%	-5.9%	-10.1%
URB Total Shareholder Returns – 100% Franked	0.0%	-8.7%	-5.5%	-9.5%

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.