

URB INVESTMENTS LIMITED

ACN: 615 320 262



NTA AND MONTHLY REPORT

March 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 provides Shareholders access to a diversified portfolio of ASX Listed Equity Assets and Direct Property Assets exposed to urban renewal and regeneration. For Direct Property opportunities URB has a co-investment agreement with Washington H. Soul Pattinson and Company Limited (SOL.ASX).

Net Tangible Asset (NTA) – as at 31 March 2019

Pre-Tax NTA backing was **\$1.11** per share.

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

Post-Tax NTA backing was **\$1.11** per share.

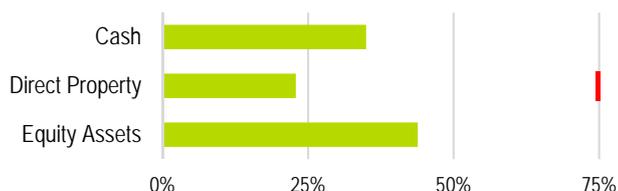
This measure reduces pre-tax NTA for the deferred provision for tax on net unrealised gains on the Company's investment portfolio as required by current Accounting Standards. As URB does not currently have a net deferred tax provision, pre-tax NTA and post-tax NTA are the same.

All calculations are after providing for the FY2019 Interim Dividend of 0.75cps and Special Dividend of 1.00cps. URB traded ex-dividend on 14 March 2019 and the Dividend Payment was 29 March 2019.

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.

URB's maximum cap on investments in the Direct Property Portfolio is 75% of the Portfolio. This provides flexibility for URB to take advantage of Direct Property Asset opportunities as they arise. Following the sale of PURT5: Prestons Direct Property currently represents 23% 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 March 2019

ASX Code	URB.ASX
Mandate	Urban Renewal
Market Capitalisation	\$68m
Investment Portfolio	\$54m
Cash & Cash Equivalents	\$28m
Total Portfolio Including Cash	\$82m
Debt	\$0
Rolling 12 Month Dividend ¹	2.75cps
Historical Dividend Yield ^{1,2}	2.99%
Percentage Franked	100%
Grossed Up Yield ³	4.27%
DRP	Active
Share Price	\$0.92

Net Tangible Assets (NTA)

Pre Tax NTA	\$1.11
Post Tax NTA	\$1.11

¹Includes FY2018 Final Dividend of 1cps, FY2019 Interim Dividend of 0.75cps and Special Dividend of 1cps. ²Based on share price as at 31 March 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.

Monthly Equity Portfolio Update

During March, Villa World (VLW) received an unsolicited and conditional acquisition proposal from AVID Property Group. AVID is a diversified Australian property development business with a \$3 billion portfolio. According to AVID, VLW's exposure to greenfield growth corridors on Australia's east coast fits well with the Company's strategic ambitions to expand its existing platform.

The indicative price offered of \$2.23 per share represented a 12% premium to the last price at the time of the announcement and a slight discount to the first half 2019 NTA of \$2.31 per share. We view this as a positive for the Australian home builders, indicating that there is value in the land bank of these businesses. For the month of March VLW was amongst the top performers in the URB Equities Portfolio, up 12%.

In line with their strategy to divest non-core retail assets, Stockland (SGP) announced the divestment of two retail assets for a total of \$143m, reflecting a 3% premium to the combined book value. These transactions take their total asset sales for the current financial year to \$256m, representing 64% of the targeted \$400m of divestments.

Ramsay Healthcare (RHC) presented to investors in the UK and Sweden highlighting the trends they are seeing in their offshore businesses. The acquisition of Capiro late last year has made Ramsay Generale De Sante (RGDS) the second largest private care provider in Europe with a more balanced geographic profile.

In France, where RGDS have close to 50% geographical coverage of the population, medical consumption has increased faster than GNP and is forecast to represent 17% of GDP in 2030. In the short term, they're seeing tariffs increasing for the first time after six consecutive years of decrease.

Similarly, in the UK, RHC are anticipating a tariff increase in the range of 2.5% to 2.8%, based on the 2019-20 planning guidance for the National Health Service (NHS). Concurrently they are also seeing more positive signs emerging in volume growth.

During the month we exited our position in National Storage (NSR). This investment generated a total return of 39%. At the time of sale, NSR was trading at a 16% premium to NTA and any further potential upside appeared to be priced in. Furthermore, NSR's debt has been increasing year-on-year to \$625 million at 31 December 2018 representing gearing of 34%, towards the upper end of their 25-40% target range.

Following on from our positive commentary in last month's NTA and Monthly Report we added to our position in Cedar Woods (CWP), which now represents 1.4% of the Total Portfolio. CWP reported a strong first half result, benefiting from their geographically diversified portfolio. This diversification outside of New South Wales complements URB's Sydney Direct Property exposure.

Monthly Property Portfolio Update

PURT5: Prestons

Funds from PURT5: Prestons were distributed during March. URB received a cash distribution of \$17.8m, including \$4.6m paid out as a special dividend. The Equity Internal Rate of Return (IRR) for the project was 21%, net of all expenses and fees

PURT 3: Kingsgrove

The PURT 3: Kingsgrove Trust settled on the sale of Lot 4 during March, with a fair value gain of \$0.7m being taken up in this month's accounts in respect of URB's investment in PURT No.3. The remaining Lots, being Lot 5, Lot 6 and Lot 7 are expected to settle throughout April with all funds to be returned to investors of the trust during May.

Company / Trust		% of Total Portfolio
1	PURT No 4 – Penrith	9.4%
2	PURT No 3 – Kingsgrove	8.7%
3	Transurban Group	7.2%
4	Sydney Airport	6.0%
5	Home HQ – Artarmon	3.6%
6	Harvey Norman Holdings	2.7%
7	Regis Healthcare	2.6%
8	360 Capital Group	2.4%
9	Lendlease Group	2.3%
10	Mirvac Group	2.0%
11	Goodman Group	1.9%
12	Stockland	1.9%
13	Boral Limited	1.8%
14	AP Eagers	1.6%
15	Cedar Woods	1.4%
16	Qube Holdings	1.4%
17	AV Jennings	1.3%
18	Ramsay Healthcare	1.3%
19	Woolworths	1.2%
20	Nick Scali	1.2%
Cash and cash equivalents		34.3%
Total of top 20 plus		
Cash and cash equivalents		96.2%

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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.

URB Performance 31 March 2019	1 Month	3 Months	6 Months	1 Year	2 Years
URB Portfolio Performance	-0.1%	5.8%	2.9%	9.9%	1.8%
URB Total Shareholder Returns (TSR)	-1.3%	5.3%	-5.3%	-0.8%	-7.0%
URB Total Shareholder Returns – 100% Franked	-0.5%	6.2%	-4.5%	0.4%	-6.3%

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

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