

URB INVESTMENTS LIMITED

ACN: 615 320 262



NTA AND MONTHLY REPORT

June 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 30 June 2019

Pre-Tax NTA backing was **\$1.15** per share.

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

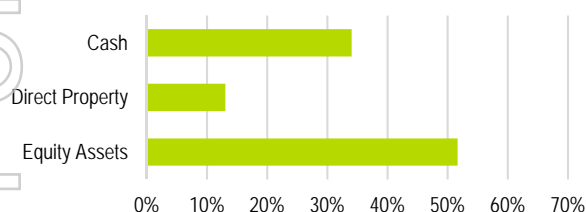
Post-Tax NTA backing was **\$1.15** per share.

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.

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 and PURT3:Kingsgrove, Direct Property currently represents less than 20% 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 30 June 2019

ASX Code	URB.ASX
Mandate	Urban Renewal
Market Capitalisation	\$77m
Investment Portfolio	\$58m
Cash & Cash Equivalents	\$30m
Total Portfolio Including Cash	\$88m
Debt	\$0
Rolling 12 Month Dividend ¹	2.75cps
Historical Dividend Yield ^{1,2}	1.9%
Percentage Franked	100%
Grossed Up Yield ³	2.7%
DRP	Active
Share Price	\$1.05

Net Tangible Assets (NTA)

Pre Tax NTA	\$1.15
Post Tax NTA	\$1.15

¹Includes FY2018 Final Dividend of 1cps, FY2019 Interim Dividend of 0.75cps and Special Dividend of 1cps. ²Based on share price as at 30 June 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

Mirvac Group (MGR) recently launched a \$750 million institutional placement at \$2.97. The price represented a 4.2% discount to MGR's closing price of \$3.10 and a significant premium to NTA, which is a great result for the company and a sign of the allocation shift to the Australian REIT sector, in particular the Office and Industrial segments. The raising will be used to support the delivery of value accretive commercial, industrial, residential and mixed-use projects, repay debt and help fund a secured development pipeline. These projects will have an end value of over \$4 billion as well as providing capacity for MGR to continue to pursue multiple advanced opportunities with estimated end value of over \$2 billion. URB acquired \$1m worth of MGR stock at the placement price which is today worth \$3.30, having also received a distribution in June. This investment represents a 13% return over a short 3-month period.

Villa World (VLW) entered into a binding agreement with Avid Property Group in a \$294 million takeover deal at an agreed price of \$2.3451 per share. The price represents a premium of 18% to the closing share price prior to the offer when Avid initially approached the group. Avid has a \$3 billion portfolio of broad acre and medium-density, residential and industrial projects. Combining Villa Worlds

assets with Avid's access to capital and global property expertise will position them well for their customers and make them a larger force in our local markets. The scheme is set to be approved by shareholders in October/November 2019.

Transurban (TCL) has again bulked up its debt profile to fund their development pipeline, pricing a €350 million private placement of senior secured 15 year notes. Proceeds from the notes will be swapped into fixed rate Australian dollars and will rank equally with TCL's existing senior secured debt. Notes will mature in 2034, and again shows TCL's ability to raise long dated debt globally at attractive prices to help fund their growing pipeline of work. The previous raising saw TCL complete an entitlement to shareholders in September 2018, of which URB acquired \$760k worth of shares at \$10.80. Today these shares are worth \$15.42, and we've received two dividends, resulting in a 48% return over 9 months.

During the month, URB received distributions from Goodman Group (GMG), Sydney Airport (SYD), Transurban Group (TCL), Mirvac Group (MGR) and Stockland Limited (SGP). Distributions were all higher than last year, highlighting the strong environment the REITS and infrastructure companies are currently in. Goodman Group grew distributions 5.3% from 14.25 cps to 15.0cps, Sydney Airport 5.4% from 18.5cps to 19.5cps, Transurban Group 3.6% from 28 cps to 29cps, Mirvac Group 5.0% from 6.0 cps to 6.3cps and Stockland Limited grew distributions 4.4% from 13.5cps to 14.1cps. We expect these favourable tailwinds and the resulting earnings growth to continue.

Monthly Property Portfolio Update

Following settlement of Lots 5 and 6 of the PURT3:Kingsgrove asset in June, the PURT3 Trust has distributed the vast majority of surplus cash to unitholders. The PURT3 project was very successful. Upon completion, the project delivered a post fee return on equity to unitholders of 29%. These returns highlight URB's ability to seek and capture long-term value by investing in assets with exposure to urban renewal and regeneration, and in particular targeting opportunities that are set to benefit from changes in use such as rezoning and gentrification. PURT3 was identified as being undervalued, under-developed and under-utilised and was acquired at an attractive price. Through active asset and property management this enabled us to optimise value realisation to drive these significant returns. We are continuing to target Direct Property assets where there are identifiable drivers of future revaluations, preferably coupled with sustainable income and diversification by geography and asset class.

Company / Trust		% of Total Portfolio
1	Purt No 4	9.0%
2	Transurban Group	7.7%
3	Sydney Airport	6.2%
4	LendLease Group	4.0%
5	Home HQ Artarmon	3.4%
6	Mirvac Group	3.4%
7	Harvey Norman Holdings Limited	2.9%
8	Goodman Group	2.7%
9	Ramsay Health Care Limited	2.7%
10	Stockland Limited	2.6%
11	360 Capital Group Limited	2.4%
12	Regis Healthcare Limited	2.1%
13	Wesfarmers Limited	1.9%
14	Nick Scali Limited	1.8%
15	Cedar Woods Properties Limited	1.5%
16	AVJennings Limited	1.4%
17	AP Eagers Limited	1.1%
18	Woolworths Limited	1.1%
19	Coles Group Limited	1.0%
20	REA Group Limited	1.0%
Cash and cash equivalents		34.4%
Total of top 20 plus Cash and cash equivalents		94.3%

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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.

Note: The June 2019 NTA figure is based on accounts that include an accrual for a performance fee to Contact Asset Management for the year ended 30 June 2019.

URB Performance 30 June 2019	1 Month	3 Months	6 Months	1 Year	2 Years
URB Portfolio Performance	0.3%	3.9%	9.9%	12.2%	7.6%
URB Total Shareholder Returns (TSR)	10.5%	14.1%	20.2%	20.1%	1.0%
URB Total Shareholder Returns – 100% Franked	10.5%	14.1%	21.2%	21.6%	1.7%

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.