



# URB INVESTMENTS LIMITED



## NTA AND MONTHLY REPORT - August 2017

### URB: TOP 20 INVESTMENTS

Stock / Property	% of Total Portfolio
1 Purt No 5: Prestons	16.4%
2 Purt No 4: Penrith	16.3%
3 Purt No 3: Kingsgrove	11.2%
4 Sydney Airport	5.4%
5 Transurban Group	4.9%
6 Wesfarmers Limited	3.0%
7 Adelaide Brighton Limited	2.7%
8 LendLease Group	2.6%
9 Telstra Corporation	2.2%
10 Harvey Norman Holdings	1.9%
11 Mirvac Group	1.8%
12 National Storage REIT	1.8%
13 Woolworths Limited	1.7%
14 CSR Limited	1.5%
15 Seymour Whyte Limited	1.5%
16 Regis Healthcare Limited	1.5%
17 AP Eagers Limited	1.5%
18 BWP Trust	1.4%
19 Stockland Corp	1.3%
20 AVJennings Limited	1.3%
Cash and cash equivalents	9.0%
<b>Total of Top 20 Investments plus cash and cash equivalents</b>	<b>90.9%</b>

*URB's aim is to maximise total shareholder returns through a combination of capital and income growth through a Portfolio of unlisted property assets and Australian listed equities exposed to the urban renewal thematic.*

#### Business Overview

URB is a research driven investment company listed on the Australian Stock Exchange (**URB.ASX**). The URB portfolio complements more mainstream equity portfolios as URB combines direct property with equities and doesn't invest in banking or resource stocks. Rather, we are focused on capturing long-term value by investing across various direct property and equity sectors that we believe will benefit from urban renewal.

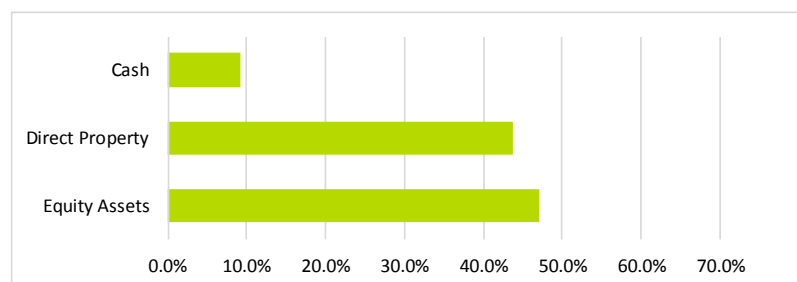
Managed by Contact Asset Management (**Contact**), an investment in URB gives shareholders access to the benefits of urban renewal through a portfolio of Equity Assets as well as access to Direct Property through a co-invest agreement with Washington H. Soul Pattinson and Company Limited.

#### Net Tangible Asset Backing

The consolidated unaudited pre-tax net asset backing at 31 August 2017 was **\$1.03** per share. URB is a long term investor and does not intend to dispose of its total portfolio. If estimated tax at 27.5% on unrealised losses in the investment portfolio were to be recognised, net asset backing post-tax would also be **\$1.03** per share.

#### Asset Allocation

The Company structure allows URB to be opportunistic through effective asset allocation between equities and property. Liquid capital from Cash and Equity Assets enables Contact to manage the asset allocation so we can move quickly to take advantage of Direct Property opportunities.



URB's Equity Assets typically consist of 30 stocks. While it is focused on urban renewal, the portfolio is well diversified across many sectors of the market including Real Estate, Healthcare, Consumer, Utilities, Building Materials and Industrials.

## Monthly Update

The last few weeks have been dominated by companies within the equity market announcing half or full year results. We have taken this opportunity to add to the Equity Portfolio. The Equity Portfolio is now valued at \$35.2m and gives URB access to diversified, local and global urbanisation opportunities. It also allows URB to gain access to sustainable, growing dividends and franking credits.

In our Urban Renewal Universe many companies reported strong earnings growth, which enabled them to declare solid dividends and distributions to shareholders. Of the companies that have announced within our Universe, 65% grew Earnings per Share, and 88% lifted their dividend. Within the URB Equity Portfolio itself, 81% of the companies held reported higher Earnings per Share and 93% lifted their dividend.

Lendlease (LLC) produced another standout result. Profits were up 9% and distributions were 8% higher. Total residential completions grew 20%, Funds Under Management grew 11% and gearing is now at only 5%. Importantly, LLC also updated the market on their urbanisation pipeline; now worth \$34.6b with 13 major projects across 8 gateway cities.

Transurban (TCL) announced revenue growth of 10.6% and Average Daily Traffic growth of 4.0%. TCL has a \$9.0b development pipeline with all projects under construction; these are expected to be delivered on time and on budget. Distribution guidance for FY18 is 56.0cps, up 8.7% on FY17.

Sydney Airports (SYD) recorded inbound passenger growth of 10% on last year. Guidance on FY2017 distribution has been increased to 34.5cps (from 31.0cps in FY2016). Since 2002, SYD has spent \$4.1b on facilities and airline product capacity and efficiency requirements. They expect to spend another \$1.3b over the next four years on further efficiencies.

Aged care services provider Regis Healthcare (REG) grew NPAT by 8%, Average Occupancy of 95%, and declared a fully franked dividend of

10.04cps. REG continues to invest for the future and is very much a beneficiary of urban renewal. They are active in positioning for growth from greenfield developments with net new places now sitting at 1,303. Capex on development, refurbishment and land is expected to total \$151.0m.

URB's Equity Portfolio is now made up of 27 stocks. We are forecasting positive EPS growth rates for FY18 and FY19 from these companies, as well as attractive and growing dividend yields. The Equity Portfolio is diversified across many sectors of the market and has no bank or resource exposure.

## 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.

### URB Corporate Directory

#### Non-Executive Directors

Mr Warwick Negus	Chairman
Ms Victoria Weekes	Independent Director
Mr Bruce Dungey	Independent Director
Mr Tony McDonald	Independent Director

#### Company Secretary

Jaime Pinto

#### Registered Office

Level 2, 160 Pitt Street Mall,  
Sydney NSW 2000

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Tel +61 2 9210 7000

### Investment Manager

#### Contact Asset Management

URB's portfolio is managed by Contact Asset Management Pty Limited, utilising its own specialist equities experience and benefitting from the specialist property expertise of Pitt Street Real Estate (PSRE).

#### Portfolio Managers

Tom Millner	Director/Portfolio Manager
Will Culbert	Director/Portfolio Manager

#### Registered Office

Level 1, 160 Pitt Street Mall,  
Sydney NSW 2000

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## Company Overview

As at 31 August 2017

Mandate	Urban Renewal
Market capitalisation	\$72.5m
Equity portfolio	\$35.2m
Direct property portfolio	\$32.8m
Cash & cash equivalents	\$6.7m
Total Assets	\$76.6m
Debt	\$0m

Pre Tax NTA	\$1.03
Post Tax NTA	\$1.03
URB Share Price	\$0.995
URBO Option Price	\$0.011

#### Management Fee

The Management Fee is 0.50% of URB's Total Assets.

#### Performance Fee

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.

[www.urbinvest.com.au](http://www.urbinvest.com.au)

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