

ASX Announcement

ASX AND MEDIA RELEASE – HALF YEAR RESULT - 31 DECEMBER 2017

15 FEBRUARY 2018

URB Announces Half Year Profit and Pays First Dividend to Shareholders

URB 1H2018 Performance Highlights

URB 1H 2018 Performance Highlights	1H 2018 \$'000
Ordinary Revenue from Investment Portfolio	1,208
Other Gains and Income	96
Income from Operating Activities*	1,304
Operating Expenses	(453)
Income Tax Expense	(108)
Net Operating Result*	743
Net Special Investment Revenue	356
Net Operating Profit	1,099
	<i>Cents per share (cps)</i>
Earnings per share <u>excluding</u> special investment revenue	1.02
Earnings per share <u>including</u> special investment revenue	1.51
Fully Franked Interim Ordinary Dividend	0.50

*Excludes Special Investment Revenue

URB 1H2018 Performance Overview

URB has today announced a Net Operating Profit of \$1,099,246 for the six months to 31 December 2017, and consequently the Directors have declared the Company's first dividend to shareholders since listing in April 2017.

URB's Ordinary Income from Operating Activities for the half year ended 31 December 2017 was \$1,304,531, with major dividends received from Sydney Airports, Transurban Group, Telstra Corporation, Wesfarmers Limited, Lendlease and National Storage. Distributions of \$337,141 were also received during the period from assets in the Direct Property Portfolio, while interest received from bank deposits was \$70,726.

In addition, the Company earned \$355,628 in Special Investment Revenue, as part consideration of VINCI Construction International Network's acquisition of Seymour Whyte. This resulted in Total Revenue from Ordinary Operations of \$1,660,159.

This translated to basic & diluted Earnings per Share excluding Special Investment Revenue of 1.02cps and basic and diluted Earnings per Share including Special Dividend Income of 1.51cps.

Net Assets of URB Investments as at 31 December 2017 were \$77.8m. URB's pre-tax NTA per share and post-tax NTA per share as at 31 December 2017 were both \$1.05.

The URB Board is also very pleased to declare the Company's first dividend to shareholders since listing in April 2017, with an Interim Ordinary Dividend of 0.50cps. This dividend will be fully franked at 27.5%.

Fully Franked Interim Dividend

The URB Board has declared the Company's first dividend to shareholders, being an Interim Ordinary Dividend of 0.50cps in respect of the six months ended 31 December 2017. This dividend will be fully franked at the tax rate of 27.5%. The last trading date to be eligible for the URB Interim Ordinary Dividend is Wednesday 28th February 2018 and payment of the dividend is scheduled for Monday 26th March 2018.

Key dates for the Dividend are as follows:

<u>Ex-Dividend Date</u>	<u>Thursday 1st March 2018</u>
<u>Record Date</u>	<u>Friday 2nd March 2018</u>
<u>DRP Nomination*</u>	<u>Monday 5th March 2018</u>
<u>Dividend Payment Date</u>	<u>Monday 26th March 2018</u>

*URB has introduced a Dividend Reinvestment Plan (DRP) that offers shareholders the opportunity to acquire further ordinary shares in URB. The DRP policy is available on the URB Investments website: www.urbinvest.com.au/dividend-policy/dividend-reinvestment-plan-booklet

The last day for shareholders to nominate for their participation in the DRP is Monday 5th March 2018. The DRP price will be calculated by taking the volume weighted average market price of URB Shares over the five trading days commencing on the first trading day after the Record date (rounded to the nearest cent). The DRP will not be offered at a discount.

Dividend Policy

The declaration of this Interim Dividend of 0.50cps following the positive first half result is consistent with URB's policy of accumulating and then distributing profits to shareholders. As stated in the URB Investments Prospectus, the Company intends to pay out between 50% and 70% of the Net Operating Result each year to shareholders as fully franked dividends to the extent permitted by the Corporations Act. In circumstances where URB accumulates sufficient Special Investment Revenue after ensuring the business retains sufficient working capital in accordance with its capital management objectives, the Board will also consider declaring special fully franked dividends.

URB's long-term aim is to deliver shareholders a sustainable and growing fully franked dividend yield that is competitive within the listed investment company market.

URB Investments Options

Investors who participated in the IPO Offer were issued with one attaching option (URBO.ASX) for every one URB Investments share (URB.ASX) subscribed for. Investors did not have to pay to subscribe for these options under the offer. Each URB Investments Option (URBO.ASX) is exercisable into one fully paid ordinary URB Investments Share (URB.ASX) at any time until 5:00pm (Sydney time) on 7 April 2018. Each URB Investments Option (URBO.ASX) is exercisable at a price of \$1.10.

New funds raised through the exercise of options will be used to capture further long-term equities and direct property opportunities that are exposed to the urban renewal and regeneration investment theme.

Portfolio Movements

From the date of listing, the Company's Investment Manager, Contact Asset Management (Contact), began acquiring equity assets for the Equity Portfolio. As at 31 December 2017, \$32.9m was invested into the Equity Portfolio.

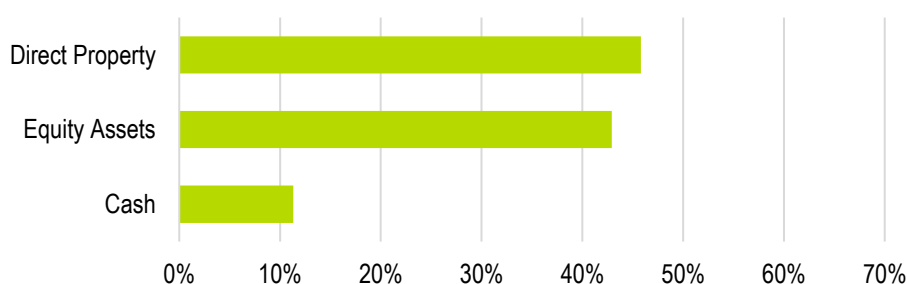
While we are focused on urban renewal, the Equity Portfolio is well diversified across many sectors of the market including Real Estate, Healthcare, Consumer, Utilities, Building Materials and Industrials. We seek to complement more mainstream equity portfolios, as URB does not hold banking or resource stocks.

Major investments into the Equity Portfolio for the half year included 360 Capital Group, Lendlease Group, Wesfarmers Limited, Regis Healthcare, Woolworths Limited, QUBE Holdings, Bingo Industries, AV Jennings, Seymour Whyte and Blackwall Property Group.

Contact's Urban Renewal Universe currently consists of 91 stocks from the ASX All Ordinaries Index of approximately 500 stocks as at 31 December 2017 (the Urban Renewal Universe). The Urban Renewal Universe is not an official index but is rather a universe of Australian equities that we consider to have significant exposure to urban renewal and regeneration and that falls within URB's investment strategy. Equity Assets that we consider comprise the Urban Renewal Universe will vary from time to time, however, when weighted based on market capitalisation, it currently represents approximately 22.8% of the ASX All Ordinaries Index.

URB's Direct Property Assets at Kingsgrove, Prestons and Penrith, defined as "Seed Assets" within the Prospectus, continue to be well positioned to benefit from urban renewal and regeneration. URB's 49.9% interest in each of the three Trusts, PURT3: Kingsgrove, PURT4: Penrith and PURT5: Prestons was valued at \$35.1m in total as at 31 December 2017.

URB's asset allocation as at 31 December 2017 is illustrated in the chart below.



We continue to make some good progress in developing our Direct Property assets in a way that will maximise returns for all URB shareholders, as well as prove up the concept of URB Investments benefiting from urban renewal and regeneration through active asset and property management to generate superior outcomes for our shareholders.

Highlights include:

- PURT3: Kingsgrove
 - Completion of demolition program.
 - Appointment of Agents for sales process and the launch of a formal marketing and advertising campaign.
 - Submitted Development Application (DA) – Subdivision.
 - Exchange of contracts* on five of the eight subdivision lots, representing the pre-sale of 54% of the total saleable area. Once the DA for sub-division has been approved, we estimate that with 54% of the total area sold:
 - **URB's net carrying value for The Property could increase from \$9.1m to approximately \$12.3m.**
 - **URB's Pre-Tax Net Tangible Asset (NTA) could increase by approximately 4 cents per share.**
 - Detailed negotiations with various parties to exchange on the remaining three lots are well advanced.

*All sales at PURT3 are conditional on the granting of sub-division and the necessary approvals from local government.

- PURT4: Penrith
 - Commencement of distributions to unitholders from the PURT4: Penrith Trust.
 - The Trust acquired the Tattersalls Hotel lease from the incumbent tenant, and has now appointed a new lessee on improved terms. This additional investment achieves a very attractive yield on cost, and has provided an immediate increase in the income received by the Trust. In addition, the new lease terms provide the Trust with significant flexibility over the termination of the lease, providing the Trust with much greater control over the timing of potential development opportunities in the future.
 - Penrith City Council has endorsed Frasers' Property Australia as the preferred proponent for the proposed development of Union Road Car Park, Penrith, which is adjacent to the PURT4: Penrith asset. Development is expected to include; 6 residential apartment buildings, mixed use component including residential, retail and commercial space; child care centre, public plaza; landscaped communal spaces; and a fully integrated public car park. PURT4: Penrith will seek to maximise any flow-on benefits from this development process.

- PURT5: Prestons
 - Completed acquisition of the Prestons site post IPO of URB Investments.
 - Signed Agreement for Lease (AFL) with Mainfreight Australia.
 - Received approval of Stage 1 Development Application (DA) – Commencement of Works.
 - Appointed civil engineer and earthworks contractor for preliminary works.
 - Commenced preliminary works civil program.
 - Submitted Stage 2 and Stage 3 Development Applications (DA) – Construction Certificate and Use.

Top 20 Investments – as at 31 December 2017

Stock	% of Total Portfolio	Stock	% of Total Portfolio
1 PURT4 – Penrith Property	16.7%	12 National Storage REIT	1.7%
2 PURT5 – Prestons Property	15.8%	13 AP Eagers Limited	1.6%
3 PURT3 – Kingsgrove Property	11.5%	14 Regis Healthcare	1.2%
4 Sydney Airport	5.1%	15 BWP Trust	1.1%
5 Transurban Group	4.7%	16 QUBE Holdings	1.1%
6 Wesfarmers Limited	3.3%	17 Stockland	1.0%
7 360 Capital Group	3.2%	18 Villa World Limited	0.9%
8 Lendlease Group	2.7%	19 Abacus Property Group	0.7%
9 Harvey Norman Holdings	2.1%	20 AV Jennings Limited	0.7%
10 Mirvac Group	1.7%	Cash and cash equivalents	11.3%
11 Woolworths Limited	1.7%		
		Total of Top 20 including cash and cash equivalents	93.8%

Urban Renewal and Regeneration Opportunities

There are many opportunities to benefit from urban renewal and regeneration. We will continue to invest in assets that have exposure to population growth, population density, major infrastructure investment, housing growth, new employment, revitalisation of town centres, re-zoning and use of land changes, education services, healthcare services and tourism growth.

Widespread value is hard to find in the broader equity market, however, there are opportunities and many parts of the Australian economy are performing well. The theme of urban renewal and regeneration presents an immediate and attractive investment opportunity. Sectors of the market that are beneficiaries of urban renewal and regeneration include the construction industry - providing significant growth due to the pipeline of infrastructure projects and growth in non-residential building approvals. We expect to see a continued improvement in the construction industry, and companies exposed to this sector to experience solid earnings growth. We are excited about the year ahead.

URB Investments has no debt and remains in a strong financial position with cash and cash equivalents representing approximately 11.3% of the portfolio.

For further enquiries:

Contact Asset Management - (02) 9238 0522

Tom Millner
Director/Portfolio Manager
tmillner@whsp.com.au

Will Culbert
Director/Portfolio Manager
wculbert@whsp.com.au