



URB INVESTMENTS LIMITED

1H 2018 RESULTS PRESENTATION

FEBRUARY 2018



*URB is managed by Contact Asset Management
AFSL 494045*

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1H 2018 RESULT HIGHLIGHTS

FOR THE PERIOD 1 JULY 2017 - 31 DECEMBER 2017

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
	Cents per share (cps)
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

INTERIM DIVIDEND KEY DATES

The URB Board has declared the Company's first dividend to shareholders, with an Interim Ordinary Dividend of 0.50cps. 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**.

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 last day for shareholders to nominate for their participation in the DRP is Monday 5th March 2018. The DRP will not be offered at a discount.



URB OPTION (URBO.ASX) KEY DATES

Investors who participated in the URB IPO 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.

Key dates for the Option (URBO.ASX) are as follows:

<u>Option Expiry Date</u>	<u>Saturday 7th April 2018</u>	5:00pm (Sydney time)
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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.

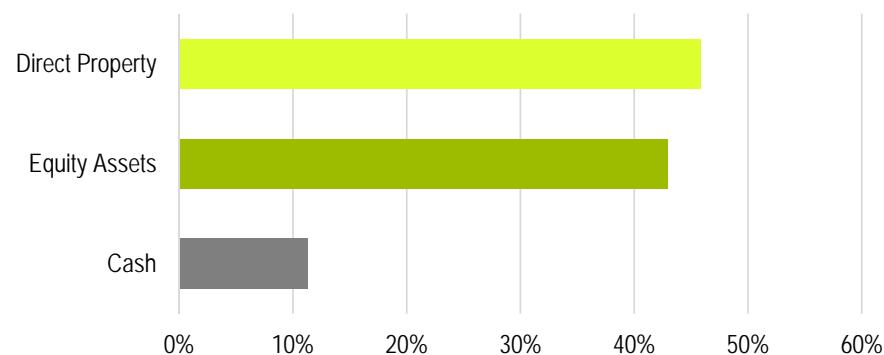
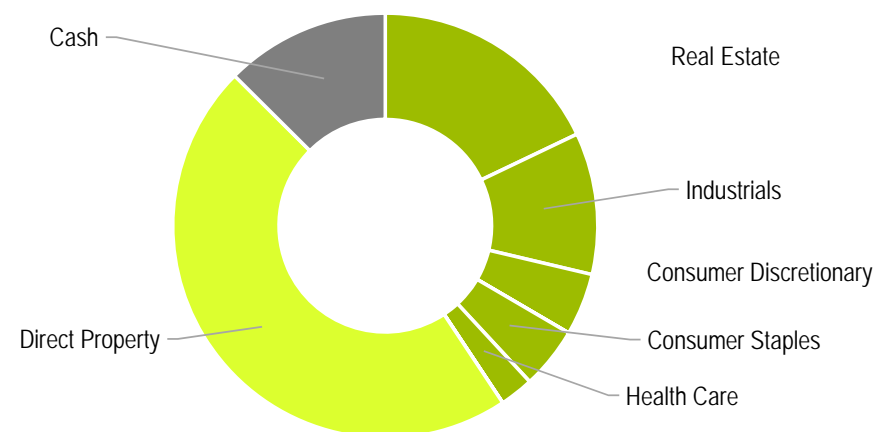
URB ASSET ALLOCATION

URB PORTFOLIO – EXPOSURE BY ASSET CLASS / SECTOR
AS AT 31 DECEMBER 2017

The portfolio structure allows URB to be opportunistic through effective asset allocation.

Liquid capital from cash and the Equity Portfolio enables Contact to manage the asset allocation quickly on exclusive Direct Property deals, and then realise them at the right price.

URB is in a strong financial position with no debt and cash and cash equivalents representing 11.3% of the portfolio.





URB INVESTMENTS LIMITED

URBAN RENEWAL AND REGENERATION



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URBAN RENEWAL & REGENERATION

The significant transformation of existing urban areas to accommodate much denser, generally mixed use environments.

Characterised by unlocking under-utilised areas. Typically involves rezoning land whilst investing in infrastructure required to cater for the desired new area.

Urban renewal enables the use and development of an area to better align with the current and future needs of a growing city.



CAPTURE VALUE

By investing in a diversified portfolio of Equity Assets and Direct Property Assets with exposure to the rapidly growing urban renewal and regeneration theme

PROVIDE ACCESS

In Direct Property opportunities through a Co-Investment Agreement between URB and Soul Pattinson

To an Alternative Asset Class



URB INVESTMENTS LIMITED

POSITIONING THE PORTFOLIO



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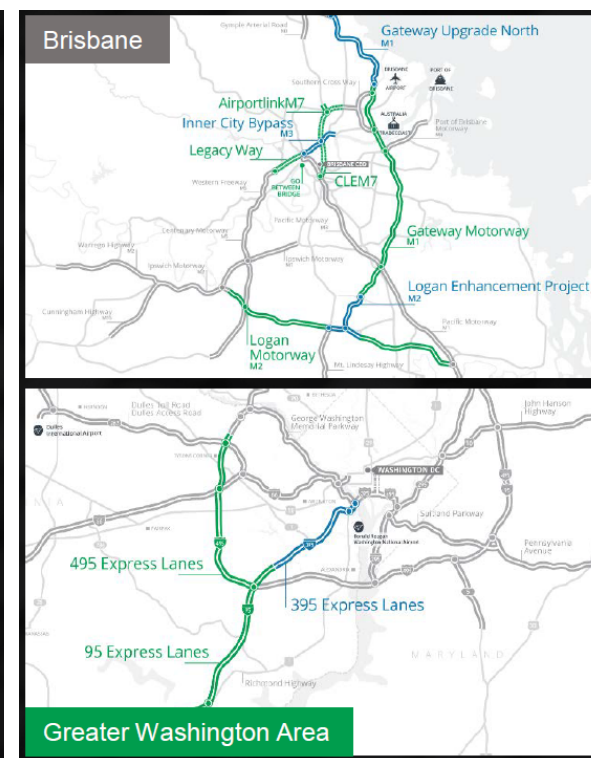
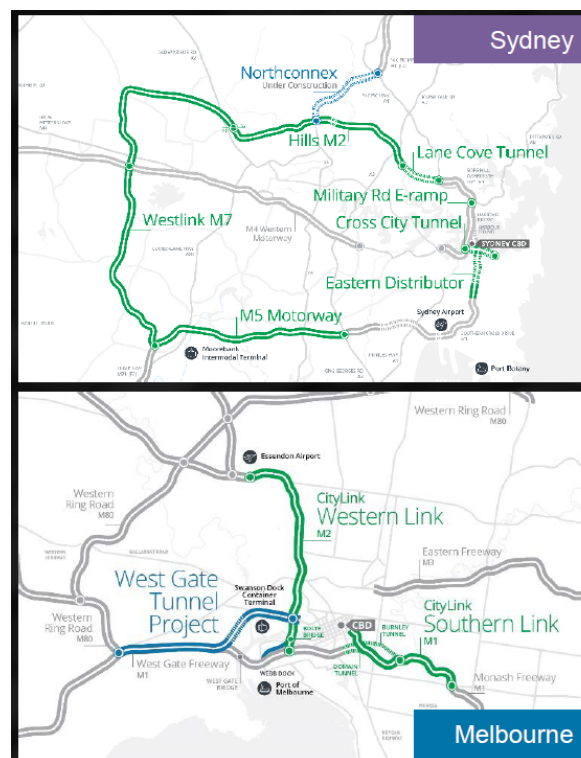
EXPANDING TOLL-ROAD NETWORKS

Congestion is a major issue that has crippled growth in major cities for many years.

Congestion is not just annoying; it is expensive. Cost of lost production in Australia caused by congestion could rise to \$12.6 billion a year by 2030*.

The Toll-Road Network in Sydney, Melbourne and Brisbane is being addressed, with Transurban being major player in these projects.

Transurban also provides global exposure to the URB portfolio with their 495 Express, 95 Express and 395 Express Toll-Roads in Washington, US.

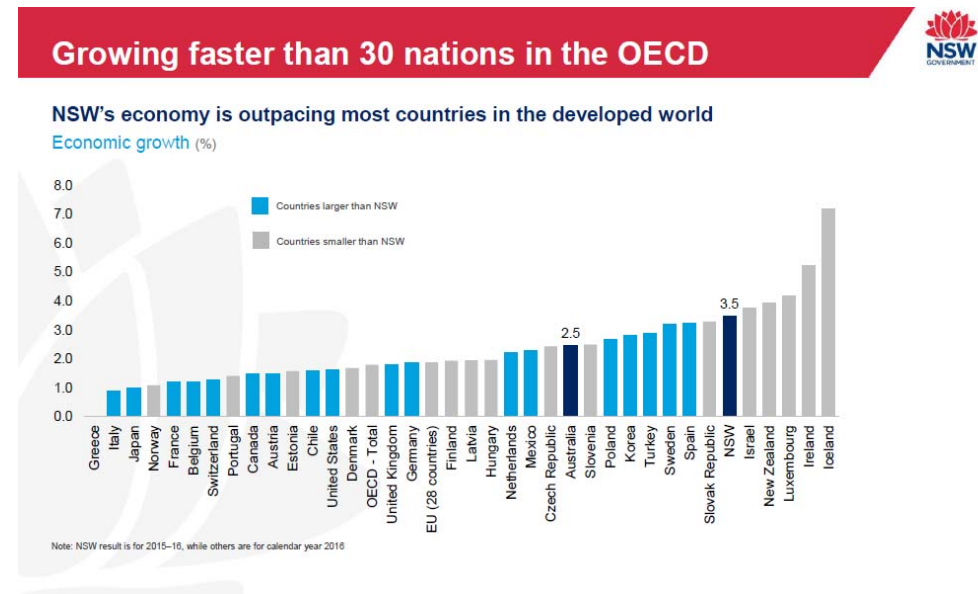


GROWING ECONOMIES

Our major cities on the East Coast of Australia and Sydney in particular are growing at a very attractive rate.

Opportunities are presenting themselves in areas of employment, housing, education, health services and tourism.

Tourism growth, housing requirements and job creation are all substantial and we believe it is going to be a very long dated theme.



GROWTH IN JOBS AND HOUSING

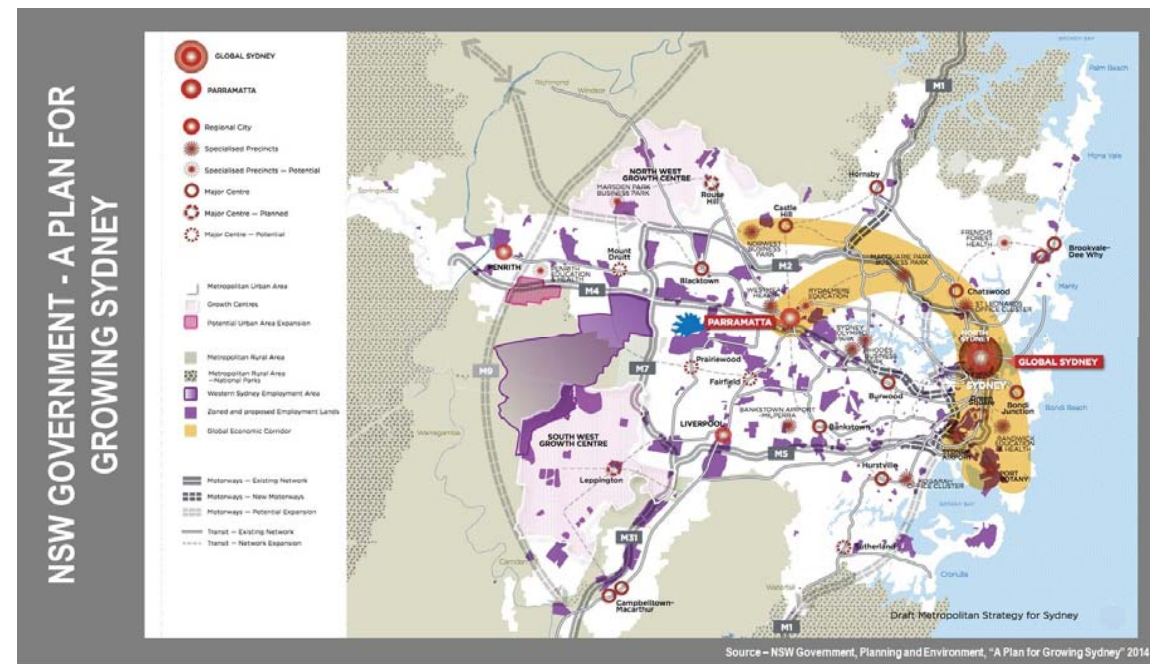
Sydney's population is estimated to grow by 1.6 million people by 2031.

It is estimated that this growth will require:

- 690,000 new direct and in-direct jobs
- 664,000 new homes

Penrith City Council has stated

"Council is committed to helping create more than 45,000 new jobs and 25,000 new dwellings by 2031. At least 10,000 of these jobs and 5,000 of these dwellings will be created in the Penrith City Centre."



GROWTH IN JOBS AND HOUSING

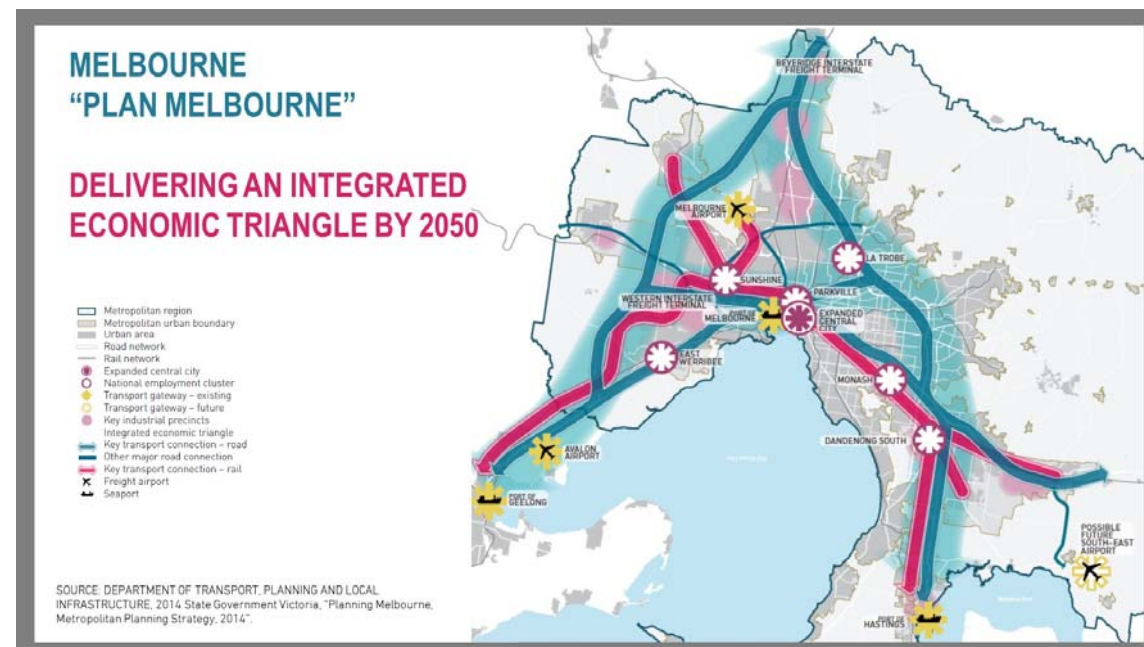
Melbourne could grow by another 3.4 million people, to around 7.7 million by 2051.

It is estimated that this growth will require:

- 1.7 million new direct and in-direct jobs
- 1.6 million new homes

Property Council of Australia has stated:

"Urban renewal and regeneration are important elements of a city's growth. Government has a key role to play in ensuring important locations are market-ready where private markets are not yet in place."





URB INVESTMENTS LIMITED

URB PORTFOLIO IN DETAIL



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KEY INVESTMENT PRINCIPLES

The construction of the URB Equity Portfolio is a focused approach using active portfolio management and focusing on fundamental, in-depth, bottom-up research to identify high quality and attractively valued equities using Contact's proven and disciplined investment process.

Urban Renewal Universe	<ul style="list-style-type: none">Identify equities exposed to the multiple and growing forces of Urban Renewal and Regeneration including - population growth, population density, major infrastructure investment, housing growth, new employment, revitalising of town centres, education services, healthcare services and tourism growth.
Income	<ul style="list-style-type: none">Dividend Yields, Franking Credits, Payout Ratios
Principal Activity	<ul style="list-style-type: none">Sustainable Business Model, Competitive Advantage
Balance Sheet	<ul style="list-style-type: none">Appropriate Gearing Ratios, Net Interest Coverage
Management	<ul style="list-style-type: none">Alignment, Creating Shareholder Wealth, Board of Directors
Valuation	<ul style="list-style-type: none">Earnings Profiles, PE Multiples, EV/EBITDA Multiples



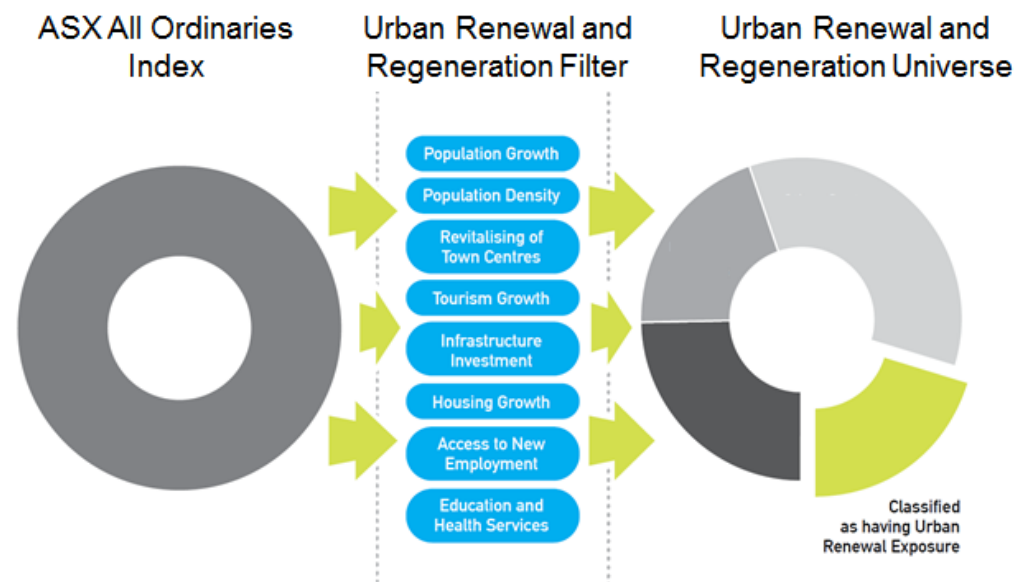
URBAN RENEWAL UNIVERSE

AS AT 31 DECEMBER 2017

The Urban Renewal Universe* is currently made up of 91 stocks from the ASX All Ordinaries Index.

The Universe has been weighted based on market capitalisation (the combined market capitalisation of those 91 companies is approximately \$475 billion).

The Urban Renewal Universe accounts for 22.8% of the ASX All Ordinaries Index.



EQUITY PORTFOLIO PURCHASES

AS AT 31 DECEMBER 2017

Main Equity Portfolio Purchases

1. 360 Capital Group
2. Lendlease Group
3. Wesfarmers Limited
4. Regis Healthcare
5. Woolworths Limited
6. QUBE Holdings
7. Bingo Industries
8. AV Jennings
9. Seymour Whyte
10. Blackwall Property Group



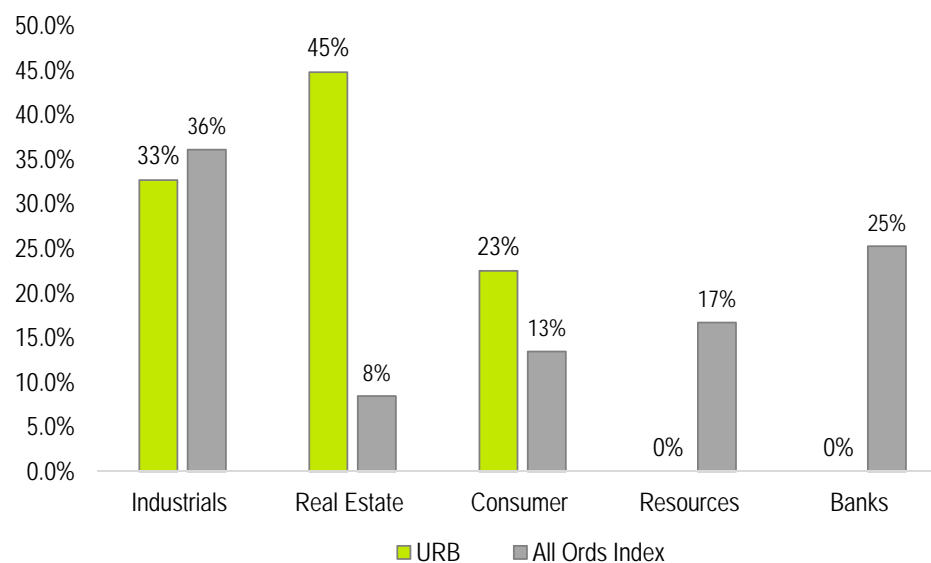
SECTOR EXPOSURE

AS AT 31 DECEMBER 2017

URB's Equity Portfolio is made up of 24 stocks, which provide the following:

- Access to Local and Global Urbanisation
- A Sustainable and Growing Dividend Stream
- Access to Franking Credits
- Positive EPS Growth
- Well Managed, Quality Investments
- A High Conviction Thematic
- Liquidity (Settlement in T+2)
- Diversification
- No Holdings in Banking Stocks
- No Holdings in Resource Stocks

Sector Exposure
URB's Equity Portfolio vs All Ordinaries Index



KEY INVESTMENT PRINCIPLES

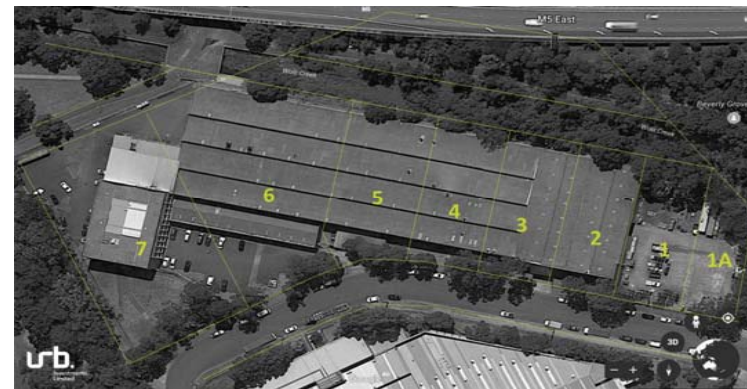
The construction of the URB Direct Property Portfolio is a focused approach using the following three key investment and management principles.

Asset Selection	<ul style="list-style-type: none">• Identify under-valued, under-developed and under-utilised property assets exposed to the urban renewal and regeneration thematic and acquire them at attractive prices.• Target assets where there are identifiable drivers of future revaluations preferably coupled with sustainable income.
Portfolio Construction	<ul style="list-style-type: none">• Diversification by: geography; income mix and asset class.• Invest in sustainable returns across the entire property growth cycle.
Maximise Asset Performance	<ul style="list-style-type: none">• Active asset/property management to generate superior income outcomes.• Active engagement with stakeholders to maximise future uses & value uplift (e.g. re-zoning).• Smart value realisation: we will optimise value realisation to drive returns.



PROPERTY INVESTMENT UNIVERSE

- Income and Re-Valuation Opportunities
- Location Benefits
- Major Infrastructure Investment
- De-Industrialisation
- Uplift in Income
- Re-Zoning Outcomes
- Mixed Use Outcomes
- Revitalising of Town Centres
- Re-Development Opportunities



PURT 3: KINGSGROVE

2 THE CRESCENT, KINGSGROVE, NSW – As at 14th February 2018



URBAN RENEWAL BENEFITS

- Displacement of warehouses and a large portion of the industrial segment from the inner south-west of Sydney (thanks to significant construction of residential apartment buildings in suburbs including Botany, Mascot, Alexandria, Zetland and Rosebery).
- Proximity to infrastructure, including:
 - New Westconnex Motorway,
 - M4 Motorway
 - Kingsgrove Railway Station,
 - Sydney Airport,
 - Port Botany
 - Moorebank Intermodal Freight Precinct



PURT 3: KINGSGROVE

2 THE CRESCENT, KINGSGROVE, NSW - As at 14th February 2018



UPDATE OF PROPERTY

- Completion of demolition program.
- Submitted Development Application (DA) – Subdivision.
- Exchange of contracts* on 5 of the 8 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 3 remaining Lots are well advanced.





October 2017



October 2017



December 2017



December 2017



January 2018



January 2018



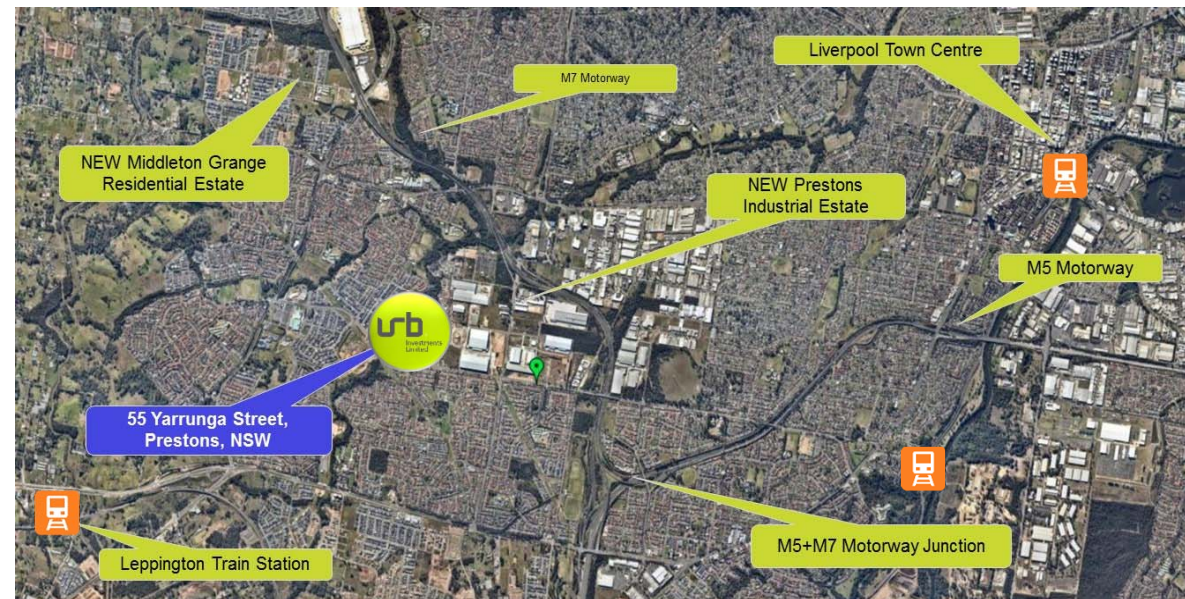
PURT 5: PRESTONS

55 YARRUNGA STREET, PRESTONS, NSW - As at 14th February 2018



URBAN RENEWAL BENEFITS

- Shortage of new big box logistics sites at Prestons Industrial Park.
- Revaluation opportunity upon completion of the development.
- Strong income via a long term lease upon completion of the development.
- Proximity to infrastructure, including:
 - M5 Motorway
 - M7 Motorway
 - Sydney Airport
 - Port Botany
 - Moorebank Intermodal Freight Precinct
 - Badgerys Creek Airport



PURT 5: PRESTONS

55 YARRUNGA STREET, PRESTONS, NSW - As at 14th February 2018



UPDATE OF PROPERTY

- 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 & 3 Development Applications (DA) – Construction Certificate and Use.



PURT 4: PENRITH

510 – 536 HIGH STREET, PENRITH, NSW - As at 14th February 2018



URBAN RENEWAL BENEFITS

- Future change in use through the Western Sydney 'City Deals' project. The Penrith City Council have publically committed to helping create more than 45,000 new jobs and 25,000 new dwellings by 2031. Penrith City Council are "dedicated to finding partners that will help deliver innovative and remarkable results for their growing community."
- Proximity to infrastructure, including:
 - Penrith Railway Station
 - Penrith Town Centre
 - Penrith Westfield
 - M4 Motorway
 - Badgery's Creek Airport



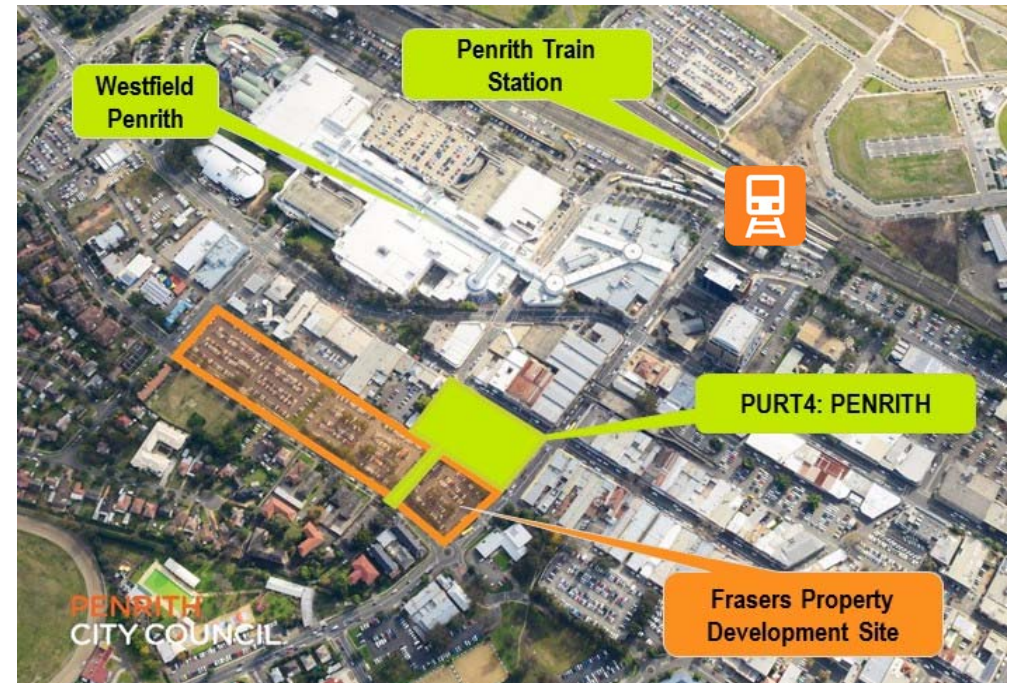
PURT 4: PENRITH

510 – 536 HIGH STREET, PENRITH, NSW - As at 14th February 2018



UPDATE OF PROPERTY

- Commencement of distributions to unitholders from the 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 Trust's total income. In addition, the new lease terms provide the Trust with significant flexibility over the termination of the lease.
- This should provide the Trust with much greater control over the timing of potential development opportunities in the future, such as the announced commendation of Frasers Property Australia by Penrith City Council as the preferred proponent for the proposed development of Union Road Car Park, Penrith, which is adjacent to the PURT4: Penrith asset.
- Execution of a loan facility by PURT 4: Penrith has been completed, and capital will now be returned to unitholders.



PORTFOLIO POSITIONING

AS AT 31 DECEMBER 2017

<i>Stock</i>			<i>% of Total Portfolio</i>		
1	Purt No 4: Penrith	18.0%	11	Woolworths Limited	1.8%
2	Purt No 5: Prestons	16.0%	12	National Storage REIT	1.7%
3	Purt No 3: Kingsgrove	11.9%	13	AP Eagers Limited	1.6%
4	Sydney Airport	5.1%	14	Regis Healthcare Limited	1.5%
5	Transurban Group	4.9%	15	BWP Trust	1.5%
6	Wesfarmers Limited	3.1%	16	QUBE Holdings Limited	1.4%
7	360 Capital Group	2.7%	17	Stockland Group	1.3%
8	LendLease Group	2.5%	18	Villa World Limited	1.2%
9	Harvey Norman Holdings	2.1%	19	Abacus Property Group	1.2%
10	Mirvac Group	1.8%	20	AV Jennings Limited	1.2%
			Cash & Cash Equivalents 11.3%		
			Total 93.8%		