



# URB INVESTMENTS LIMITED

## NTA AND MONTHLY REPORT - February 2018

### URB: TOP 20 INVESTMENTS

Stock / Property	% of Total Portfolio
1 Purt No 4: Penrith	18.0%
2 Purt No 5: Prestons	16.0%
3 Purt No 3: Kingsgrove	11.9%
4 Sydney Airport	5.4%
5 Transurban Group	5.2%
6 Lendlease Group	3.2%
7 Wesfarmers Limited	2.9%
8 Harvey Norman Holdings	2.7%
9 360 Capital Group	2.7%
10 AGL Energy Limited	2.2%
11 Woolworths Limited	1.8%
12 Regis Healthcare	1.8%
13 National Storage REIT	1.7%
14 AP Eagers Limited	1.7%
15 Mirvac Group	1.6%
16 Ramsay Healthcare	1.4%
17 BWP Trust	1.4%
18 Qube Holdings	1.3%
19 Blackwall Limited	1.2%
20 Stockland	1.2%
Cash and cash equivalents	7.0%
<b>Total of Top 20 Investments plus cash and cash equivalents</b>	<b>92.3%</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 Equities that 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 (WHSP).

#### Net Tangible Asset Backing

Pre-tax net tangible asset (NTA) backing was **\$1.04** per share.

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

Post-tax net tangible asset (NTA) backing was **\$1.04** per share.

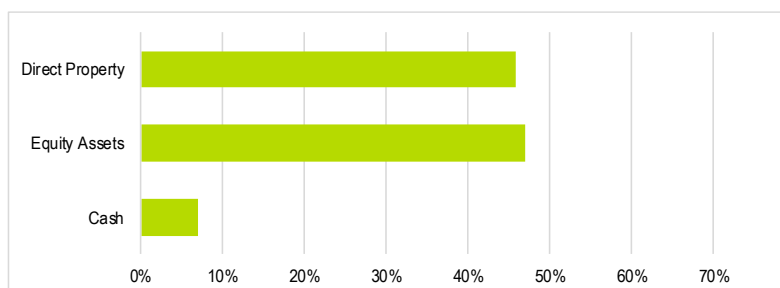
*This measure reduces pre-tax NTA for the deferred provision for tax on net unrealized gains on the Company's investment portfolio as required by current Accounting Standards. As URB does not currently have a net deferred tax provision, pre-tax NTA and post-tax NTA are the same.*

NTA figures are unaudited and the Direct Property Assets remain valued at cost.

**All calculations are before providing for the FY2018 Interim Dividend of 0.5 cents per share. URB traded ex-dividend on 1 March 2018, with payment scheduled for 26 March 2018. We encourage shareholders to please update their Bank Account and Tax File Number details via Link Market Services: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).**

#### 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 portfolio so we can move quickly and 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

Developments within the URB Equities portfolio during the February result period:

- Urban renewal continues globally and is exemplified by LendLease Group (LLC). LLC produced a strong result and boasts a \$57 billion development pipeline to underpin future earnings. By 2030, the world's urban population is estimated to reach 60%. During the half year LLC added two new urbanisation projects: in London and Milan to enhance its gateway cities strategy.
- Harvey Norman (HVN) shares came under selling pressure post its result. While reported profit was lower, much of this was the result of higher than average property revaluations a year ago. Underlying profit was slightly higher on good sales momentum, particularly offshore. We continue to like HVN for its solid Balance Sheet, high franking credit balance and land assets.
- While Qube Holdings (QUB) reported a complicated result, the business continues to make progress at Moorebank with the announcement that it had signed an "in-principle" agreement with a second prospective tenant.
- Sydney Airport (SYD) announced another result that was boosted by strong passenger growth. We added to URB's position in SYD on share price weakness.

We provide an update on the URB Property Investments on the following page.

At a macroeconomic level, the \$20 billion *Western Sydney City Deal* was signed on 4 March by the Federal and NSW State Governments, together with eight Local Governments. This is a 20-year agreement and a once-in-a-generation opportunity to transform Sydney's outer west. Focus areas include:

- Connectivity:** This involves investing in infrastructure to bring residents closer to jobs, centres and education. Government will contribute \$100 million to fund the first stage of a North South Rail Link from St Marys to Western Sydney Airport and the Badgerys Creek Aerotropolis.
- Jobs for the Future:** The creation of 200,000 new jobs across a wide range of industries over the next 20 years. The Western Sydney Airport alone will create 13,000 direct jobs.

Other areas of focus include skills and education, liveability and environment, planning and housing and implementation and governance.

The deal outlined the need for 184,500 new homes over the next 20 years in the area. Our meetings with AV Jennings and Villa World management teams in recent weeks have confirmed that housing demand remains buoyant across the country. We believe that both these companies will continue to successfully execute their strategy of purchasing land in urban growth corridors to sub-divide and develop, and that the pipeline of opportunities remains attractive.

**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. The inaugural dividend announced on 15 February is testament to this policy.

### 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

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

**E-Mail** [info@urbinvest.com.au](mailto:info@urbinvest.com.au)

**Tel** +61 2 9210 7000

### Investment Manager

#### Contact Asset Management Pty Limited

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

#### Portfolio Managers

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

#### Registered Office

Level 1, 160 Pitt Street Mall,  
Sydney NSW 2000

**Website** [www.contactam.com.au](http://www.contactam.com.au)

**Tel** +61 2 9238 0522

## COMPANY OVERVIEW

As at 28 February 2018

Mandate	Urban Renewal
Market capitalisation	\$72m
Equity portfolio	\$36m
Direct Property portfolio	\$35m
Cash & cash equivalents	\$5m
Total Assets	\$76m
Debt	\$0m
Pre Tax NTA	\$1.04
Post Tax NTA	\$1.04
URB Share Price	\$0.995
URBO Option Price	\$0.001

#### 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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## ***Appendix—Property Update***

Developments within the URB Property portfolio:

### PUT3 Kingsgrove:

- On 12 February, URB provided a further update to the ASX on the re-organisation and additional exchange of conditional contracts in respect of the property owned by PUT3: Kingsgrove. The demolition program is complete, and the Trust has exchanged contracts for the sale of Lot 1A, Lot 1, Lot 2, Lot 3 and Lot 7, representing 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.**

### PUT5 Prestons:

Good progress continues at the Prestons site. The Stage 2 DA (Construction Certificate) has been received from Liverpool Council and civil works have commenced as depicted in the photos below.



18th Feb 2018



3rd March 2018



7th March 2018