

# URB INVESTMENTS LIMITED

ACN: 615 320 262

## NTA AND MONTHLY REPORT

June 2018

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 gives shareholders access to a diversified portfolio of Equity Assets exposed to urban renewal as well as direct access to exclusive urban renewal deals through a co-invest agreement with Washington H. Soul Pattinson and Company Limited (WHSP) in Direct Property opportunities.

### Net Tangible Asset (NTA) – as at 30 June 2018

Pre-tax NTA backing was **\$1.05** per share.

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

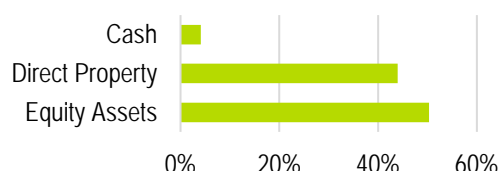
Post-tax NTA backing was **\$1.05** per share.

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.

### 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.



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 2018

ASX Code	URB.ASX
Mandate	Urban Renewal
Market Capitalisation	\$66m
Investment Portfolio	\$74m
Cash & Cash Equivalents	\$3m
Total Portfolio Including Cash	\$77m
Debt	\$0
Rolling 12 Month Dividend <sup>1</sup>	0.5cps
Historical Dividend Yield <sup>2</sup>	0.58%
Percentage Franked	100%
Grossed Up Yield <sup>3</sup>	0.80%
DRP	Active
Share Price	\$0.90

### Net Tangible Assets (NTA)

Pre Tax NTA	\$1.05
Post Tax NTA	\$1.05

<sup>1</sup>Includes FY2018 Interim Dividend of 0.5cps, <sup>2</sup>Based on share price at 30 June 2018. <sup>3</sup>Grossed up yield based on a tax rate of 27.5%.

### 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 paid on 26 March is testament to this policy.

### Monthly Equities Portfolio Update

During June, Mirvac Group (MGR) announced it had tightened its earnings guidance for FY18 to 15.6 cents per stapled security (cps), up 8% on FY17. This is at the top end of previous guidance. MGR also reaffirmed distributions of 11 cps, up 6% on FY17.

LendLease (LLC) announced that its joint venture with CPB Contractors, Cimic's construction company, had been awarded the Early Earthworks Package for the new Western Sydney Airport, which will see the start of construction work before the end of the year. The Early Earthworks Package will involve moving more than 1.8 million cubic metres of earth as well as road and drainage works, including realigning Badgerys Creek Road.

LLC's CEO of Engineering and Services, Craig Laslett, reaffirmed our view that the new airport will attract new businesses and thousands of jobs both during construction and operation. LLC's current infrastructure projects in the region include The Northern Road Upgrade, the Western Sydney Stadium and M7 maintenance.

oOh!media (OML) announced its acquisition of Adshel from HT&E for cash consideration of \$570m. This implies an EV/EBITDA

multiple of 8.7x post synergies. It will be funded with a combination of debt and equity. A fully underwritten 1 for 2.3 entitlement offer is being undertaken to raise approximately \$330 million.

Ramsay Healthcare (RHC) announced an earnings downgrade with FY18 Core EPS growth expected to be approximately 7% compared to the guidance of 8% to 10% provided at the half-year result. RHC expect challenging operating conditions in the UK and Australia to continue into FY19. However, our positive long-term outlook for RHC remains unchanged with a growing and ageing population, which underpins demand for hospitals, both public and private.

## Monthly Property Portfolio Update

PURT3: Kingsgrove – Council has now issued the DA approving the Kingsgrove Sub-division, and PURT3 is now progressing the latter stages of development. While these activities are relatively standard, completion is still subject to PURT3 obtaining approvals from various authorities.

PURT5: Prestons – Construction works continue to progress well. The following photos compare the Prestons site at 31 March and 30 June 2018.



Company / Trust		% of Total Portfolio
1	PURT5 - Prestons	18.0%
2	PURT3 - Kingsgrove	12.9%
3	PURT4 - Penrith	10.2%
4	Transurban Group	6.3%
5	Sydney Airport	6.3%
6	HomeHQ - Artarmon	3.9%
7	LendLease Group	3.6%
8	360 Capital Group	2.7%
9	AGL Energy Ltd	2.3%
10	Harvey Norman Holdings	2.2%
11	AVJennings	2.2%
12	Stockland	2.1%
13	AP Eagers	2.0%
14	Woolworths Limited	2.0%
15	National Storage REIT	1.9%
16	Mirvac Group	1.7%
17	BWP Trust	1.5%
18	Goodman Group	1.5%
19	Regis Healthcare	1.4%
20	CIMIC Group	1.3%
Cash and cash equivalents		3.3%
<b>Total of top 20 plus Cash and cash equivalents</b>		<b>89.3%</b>

## 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.

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URB Performance 30 June 2018	1 Month	3 Months	6 Months	1 Year
URB Portfolio Performance	0.3%	1.7%	0.4%	1.5%
URB Total Shareholder Returns (TSR)	-7.2%	-5.8%	-13.4%	-15.1%
URB Total Shareholder Returns – 100% Franked	-7.2%	-5.8%	-13.3%	-14.9%

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 27.5%. Past performance is generally not indicative of future performance.

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