URB INVESTMENTS LIMITED APPENDIX 4E 30 JUNE 2018

# URB INVESTMENTS LIMITED ABN 89 615 320 262

APPENDIX 4E FOR THE YEAR ENDED 30 JUNE 2018

#### **Preliminary Final Report**

This preliminary final report is for the year ended 30 June 2018, with the comparative reporting period being from 13 October 2016 to 30 June 2017.

		Jun 2018	Jun 2017*
	Change	\$'000	\$'000
Results for announcement to the market			
Revenue from ordinary activities	Up 308%	2,629	644
Special investment income	Up	776	-
Total revenue from operating activities	Up 429%	3,405	644
Operating Result before special investment income, direct property transaction costs, fair value loss and tax for the period	Up 341%	1,716	389
Operating Result before tax for the period	Up	2,360	(860)
Operating Result from ordinary activities after tax attributable to members	Up	2,161	(607)

<sup>\*</sup>The comparative reporting period was the first operating period for the Company, and was a period of less than twelve months involving the gradual establishment of the Company's investment portfolio.

	Change	Cents	cents
Earnings per share (EPS)			
Basic & Diluted EPS after special investment income and direct property transaction costs	Up	2.96	(0.83)
Dividends per share (DPS) Interim ordinary dividend Final ordinary dividend Full year total dividends	Up Up Up	0.50 1.00 1.50	- - -
Net tangible assets  Net tangible asset backing (per share) before tax  Net tangible asset backing (per share) after tax		\$1.05 \$1.05	\$1.02 \$1.02

#### **ASX ADDITIONAL INFORMATION**

#### Dividends and Dividend Reinvestment Plan (DRP)

The Directors have declared a final 2018FY dividend of 1.00 cent per share fully franked at the tax rate of 27.5%. However, subsequent to balance date the Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2018 has been passed by Parliament, but not yet enacted. If the Bill is enacted prior to the 2018FY Final Dividend being paid, this would increase the Company's income tax rate to 30%, and therefore increase the rate at which the dividend is franked.

The final 2018FY dividend will be paid on Monday 24 September 2018. The Ex-Dividend Date is Thursday 13 September 2018, and the Record Date for determining entitlements to the dividend is Friday 14 September 2018.

Ex-Dividend Date Thursday 13 September 2018
Record Date Friday 14 September 2018
DRP Nomination Monday 17 September 2018
Dividend Payment Date Monday 24 September 2018

URB's Dividend Reinvestment Plan offers shareholders the opportunity to receive additional shares in the Company instead of receiving cash dividends. The Dividend Reinvestment Plan will be offered at a nil discount for the final 2018FY dividend. The last date for the receipt of an election notice to participate in the Dividend Reinvestment Plan is Monday 17 September 2018.

Shareholders can update their election notices electronically by following the link on to URB's share registry on the Contact page of the URB website. (http://www.urbinvest.com.au)]

#### **Controlled Entities**

The Company has not gained or lost control of any entities during the year.

#### **Associates and Joint Ventures**

The Company does not have any associates or interests in joint venture entities.

#### Commentary on results for the period

The Company has provided significant commentary on results for the year in the attached 2018 Annual Report, and the accompanying 2018FY Results Annual Report, and the

#### Audit

This report is based on the financial report, which has been audited. A copy of the audited financial report is included in the 2018 Annual Report attached to this appendix 4E. All the documents comprise the information required by Listing Rule 4.3A.



ABN: 89 615 320 262

# ANNUAREPORT 2018

FOR THE YEAR ENDED JUNE 2018

ABN: 89 615 320 262

#### CORPORATE DIRECTORY

#### Directors

Warwick Negus Non-Executive Chairman

Robert Bruce Dungey Independent Non-Executive Director
Anthony McDonald Independent Non-Executive Director
Victoria Weekes Independent Non-Executive Director

#### Investment Manager

Contact Asset Management Pty Limited

#### Portfolio Managers

Will Culbert Tom Millner

#### Company Secretary

Jaime Pinto

#### Registered Office

Level 1 160 Pitt Street Mall Sydney NSW 2000

Telephone: (02) 9210 7000 Facsimile: (02) 9210 7099

#### Postal Address:

GPO Box 5015 Sydney NSW 2001

#### Auditors

Pitcher Partners Level 22, MLC Centre 19 Martin Place Sydney NSW 2000

#### **Share Registry**

Link Market Services Limited Level 12, 680 George Street Sydney, NSW 2000

Telephone: 1300 554 474

#### Australian Stock Exchange Code

Ordinary Shares URB

#### Website

www.urbinvest.com.au

Contents	Page No.
Financial Highlights	2
Investments held as at 30 June 2018	3
Chairman's Address	5
Investment Manager's Report	10
Directors' Report	16
Auditor's Independence Declaration	24
Statement of Profit or Loss	25
Statement of Other Comprehensive Income	26
Statement of Financial Position	27
Statement of Changes in Equity	28
Statement of Cash Flows	29
Notes to the Financial Statements	30
Directors' Declaration	54
Independent Auditor's Report	55
ASX Additional Information	60

## FINANCIAL HIGHLIGHTS – YEAR ENDED 30 JUNE 2018

Revenue from equity portfolio Revenue from direct property portfolio Interest Income Other income	Ordinary Operations \$'000 1,911 577 121 20	Abnormal Items \$'000 776 - -	Statutory Numbers \$'000 2,687 577 121 20
Income from operations	2,629	776	3,405
Operating expenses Fair value loss on direct property assets Transaction costs on acquiring direct property assets	(913) - -	(132)	(913) (132) -
Operating result before tax	1,716	644	2,360
Income tax (expense) / benefit	(263)	64	(199)
Net operating result	1,453	708	2,161
Basic and diluted earnings per share (EPS)	<i>Cents per</i> <i>share</i> 1.99		Cents per share 2.96

## Net Tangible Asset (NTA) History (\$ per share):

	30 June 2018	30 June 2017
NTA before tax	1.05	1.02
NTA after tax	1.05	1.02

# INVESTMENTS HELD AS AT 30 JUNE 2018

PURT No.5		Number of equities held	Market value \$'000	Portfolio weight %
PURT No.3 – Kingsgrove Property         9,839,913         9,840         12,83           PURT No.4 – Penrith Property         13,749,581         7,781         10,18           Home HQ Artarmon         16,152,000,000         2,868         3,74           Total Property Portfolio         34,220         44,62           Eliste Equities           Real Estate           Lend Lease Group         138,500         2,744         3,58           AV Jennings Limited         2,533,693         1,659         2,16           Stockland         406,500         1,614         2,10           National Storage REIT         860,035         1,415         1,48           BWP Trust         360,000         1,211         1,68           BWP Trust         360,000         1,170         1,53           Goodman Group         117,000         1,126         1,47           Illa World Limited         425,000         94         1,23           Blackwal Limited         913,723         368         1,13           Abacus Property Group         225,000         48         1,11           Cedar Woods Properties Limited         91,272         36         1,22           Industrials         92 </th <th>Unlisted Property Trusts</th> <th></th> <th></th> <th></th>	Unlisted Property Trusts			
PURT No.4 - Penrith Property   13,749,581   7,781   30.15   16.152,000,000   2,868   3.74   70tal Property Portfolio   34,220   44.62   34,220   44.62   34,220   3	PURT No.5 – Prestons Property	13,731,010	13,731	17.90
Total Property Portfolio	PURT No.3 – Kingsgrove Property	9,839,913	9,840	12.83
	PURT No.4 – Penrith Property	13,749,581	7,781	10.15
Page	Home HQ Artarmon	16,152,000,000	2,868	3.74
Real Estate         Lendlease Group         138,500         2,744         3.58           360 Capital Group         2,000,000         2,030         2,65           AV Jennings Limited         2,353,693         1,659         2,16           Stockland         406,500         1,614         2,10           National Storage REIT         860,035         1,415         1,84           Mirvac Group         595,000         1,291         1,68           BWP Trust         360,000         1,170         1,53           Goodman Group         117,000         1,126         1,47           Villa World Limited         425,000         9,44         1,23           Blackwall Limited         913,723         868         1,13           Abacus Property Group         225,000         848         1,11           Cedar Woods Properties Limited         172,283         33         0,96           BlackWall Property Trust         381,679         553         0,72           Industrials         1         16,995         22,16           Industrials         1         1,695         22,16           Industrial         1,000         4,797         6,26           Sydney Airport         670,000 </td <td>Total Property Portfolio</td> <td></td> <td>34,220</td> <td>44.62</td>	Total Property Portfolio		34,220	44.62
LendLease Group         138,500         2,744         3.58           360 Capital Group         2,000,000         2,030         2,65           AV Jennings Limited         2,353,693         1,659         2,16           Stockland         406,500         1,614         2,10           National Storage REIT         86,0035         1,415         1,84           Mirvac Group         595,000         1,291         1,68           BWP Trust         360,000         1,170         1,53           Goodman Group         117,000         1,126         1,47           Villa World Limited         425,000         944         1,23           Blackwalt Limited         4913,723         868         1,13           Abacus Property Group         225,000         848         1,11           Cedar Woods Properties Limited         127,283         733         0,96           BlackWalt Property Trust         381,679         553         0,72           Industrials         17         6,26           Value Holdings Limited         39,864         9,4         1,26           Bingo Industries Limited         39,864         9,4         1,26           Bingo Industries Limited         515,000	Listed Equities			
360 Capital Group         2,000,000         2,030         2,65           AV Jennings Limited         2,353,693         1,659         2,16           Stockland         406,500         1,614         2,10           National Storage REIT         860,035         1,415         1,84           Mirvac Group         595,000         1,291         1,68           BWP Trust         360,000         1,170         1,53           Goodman Group         117,000         1,126         1,47           Villa World Limited         425,000         944         1,23           Blackwall Limited         425,000         944         1,23           Blackwall Limited         413,723         868         1,13           Abacus Property Group         225,000         848         1,11           Cedar Woods Properties Limited         17,283         733         0,96           BlackWall Property Trust         381,679         553         0,72           Integrational Storage Properties Limited         402,500         4,818         6,28           Sydney Airport         670,000         4,797         6,26           Qube Holdings Limited         390,804         964         1,26           Bingo I	Real Estate			
AV Jennings Limited         2,353,693         1,659         2.16           Stockland         406,500         1,614         2.10           National Storage REIT         860,035         1,415         1.84           Mirvac Group         595,000         1,291         1.68           BWP Trust         360,000         1,170         1.53           Goodman Group         117,000         1,126         1.47           Villa World Limited         425,000         944         1.23           Blackwall Limited         913,723         888         1.13           Abacus Property Group         225,000         848         1.11           Cedar Woods Properties Limited         127,283         733         0.96           BlackWall Property Trust         381,679         553         0.72           Industrials         16,995         22.16           Industrials         402,500         4,818         6.28           Sydney Airport         670,000         4,797         6.26           Qube Holdings Limited         399,864         9.4         1.26           Bingo Industries Limited         39,986         9.4         1.25           Paragers Limited         15,000         7.	LendLease Group	138,500	2,744	3.58
Stockland         406,500         1,614         2.10           National Storage REIT         860,035         1,415         1.84           Mirvac Group         595,000         1,291         1.88           BWP Trust         360,000         1,170         1.53           Goodman Group         117,000         1,126         1.47           Vitla World Limited         425,000         944         1.23           Blackwall Limited         913,723         868         1.13           Abacus Property Group         225,000         848         1.11           Cedar Woods Properties Limited         127,283         733         0.96           BlackWall Property Trust         381,679         553         0.72           Industrials         755         2.16           Transurban Group         402,500         4,818         6.28           Sydney Airport         670,000         4,797         6.26           Qube Holdings Limited         399,864         964         1.26           Bingo Industries Limited         399,864         964         1.26           Bingo Industries Limited         179,131         1,528         1.99           Ohlmedia Limited         179,131         1,528 <td>360 Capital Group</td> <td>2,000,000</td> <td>2,030</td> <td>2.65</td>	360 Capital Group	2,000,000	2,030	2.65
National Storage REIT         860,035         1,415         1.84           Mirvac Group         595,000         1,291         1,68           BWP Trust         360,000         1,170         1,53           Goodman Group         117,000         1,126         1,47           Villa World Limited         425,000         944         1,23           Blackwall Limited         913,723         868         1,13           Abacus Property Group         225,000         848         1,11           Cedar Woods Properties Limited         127,283         733         0,96           BlackWall Property Trust         381,679         553         0,72           Industrials         7         553         0,72           Industrials         7         553         0,72           Industrials         8         6,28           Sydney Airport         670,000         4,818         6,28           Sydney Airport         670,000         4,797         6,26           Qube Holdings Limited         399,864         964         1,26           Bingo Industries Limited         39,806         964         1,26           Harvey Norman Holdings Limited         179,131         1,528         1,9	AV Jennings Limited	2,353,693	1,659	2.16
Mirvac Group         595,000         1,291         1,68           BWP Trust         360,000         1,170         1,53           Goodman Group         117,000         1,126         1,47           Villa World Limited         425,000         944         1,23           Blackwall Limited         913,723         868         1,13           Abacus Property Group         225,000         848         1,11           Cedar Woods Properties Limited         127,283         733         0,96           BlackWall Property Trust         381,679         553         0,72           16,995         22.16           Industrials           Transurban Group         402,500         4,818         6,28           Sydney Airport         670,000         4,797         6,26           Qube Holdings Limited         399,864         964         1,26           Bingo Industries Limited         399,864         964         1,05           Experiment Discretionary           Harvey Norman Holdings Limited         515,000         1,710         2,23           AP Eagers Limited         150,000         742         0,96           Experimental Care <t< td=""><td>Stockland</td><td>406,500</td><td>1,614</td><td>2.10</td></t<>	Stockland	406,500	1,614	2.10
BWP Trust         360,000         1,170         1,53           Goodman Group         117,000         1,126         1,47           Villa World Limited         425,000         944         1,23           Blackwall Limited         913,723         868         1,13           Abacus Property Group         225,000         848         1,11           Cedar Woods Properties Limited         127,283         733         0,96           BlackWall Property Trust         381,679         553         0,72           Industrials         16,995         22,16           Industrials           Transurban Group         402,500         4,818         6.28           Sydney Airport         670,000         4,797         6.26           Qube Holdings Limited         399,864         964         1,26           Bingo Industries Limited         399,864         964         1,26           Brayens Discretionary         11,383         14,85           Harvey Norman Holdings Limited         515,000         1,710         2,23           AP Eagers Limited         150,000         742         0,96           Ohlmedia Limited         325,000         1,066         1,39           Regis Heal	National Storage REIT	860,035	1,415	1.84
Goodman Group         117,000         1,126         1,47           Villa World Limited         425,000         944         1,23           Blackwall Limited         913,723         868         1,13           Abacus Property Group         225,000         848         1,11           Cedar Woods Properties Limited         127,283         733         0,96           BlackWall Property Trust         381,679         553         0,72           Interpret Trust         381,679         553         0,72           Interpret Trust         402,500         4,818         6,28           Sydney Airport         670,000         4,797         6,26           Qube Holdings Limited         399,864         964         1,26           Bingo Industries Limited         300,000         804         1,05           Interpretacy Discretionary           Harvey Norman Holdings Limited         515,000         1,710         2,23           AP Eagers Limited         179,131         1,528         1,99           ohlmedia Limited         150,000         742         0,96           Regis Health Care Limited         325,000         1,066         1,39           Ramsay Healt	Mirvac Group	595,000	1,291	1.68
Villa World Limited         425,000         944         1.23           Blackwall Limited         913,723         868         1.13           Abacus Property Group         225,000         848         1.11           Cedar Woods Properties Limited         127,283         733         0.96           BlackWall Property Trust         381,679         553         0.72           Industrials         Transurban Group         402,500         4,818         6.28           Sydney Airport         670,000         4,797         6.26           Qube Holdings Limited         399,864         964         1.26           Bingo Industries Limited         300,000         804         1.05           Bray Norman Holdings Limited         515,000         1,710         2.23           AP Eagers Limited         179,131         1,528         1.99           Ohlmedia Limited         150,000         742         0.96           Regis Health Care         3,980         5,18           Health Care         1,066         1.39           Remsay Health Care Limited         325,000         1,066         1.39           Remsay Health Care Limited         30,000         891         1.16	BWP Trust	360,000	1,170	1.53
Blackwall Limited         913,723         868         1.13           Abacus Property Group         225,000         848         1.11           Cedar Woods Properties Limited         127,283         733         0.96           BlackWall Property Trust         381,679         553         0.72           Industrials         Transurban Group         402,500         4,818         6.28           Sydney Airport         670,000         4,797         6.26           Qube Holdings Limited         399,864         964         1.26           Bingo Industries Limited         300,000         804         1.05           Consumer Discretionary         Harvey Norman Holdings Limited         515,000         1,710         2.23           AP Eagers Limited         179,131         1,528         1.99           o0hlmedia Limited         150,000         742         0.96           Health Care         3,980         5,18           Health Care         1,066         1.39           Regis Health Care Limited         325,000         1,066         1.39           Ramsay Health Care Limited         36,000         891         1.16           Materials         1,095	Goodman Group	117,000	1,126	1.47
Abacus Property Group         225,000         848         1.11           Cedar Woods Properties Limited         127,283         733         0.96           BlackWall Property Trust         381,679         553         0.72           Industrials         Transurban Group         402,500         4,818         6.28           Sydney Airport         670,000         4,797         6.26           Qube Holdings Limited         399,864         964         1.26           Bingo Industries Limited         300,000         804         1.05           Consumer Discretionary         Harvey Norman Holdings Limited         515,000         1,710         2.23           AP Eagers Limited         179,131         1,528         1.99           o0h!media Limited         150,000         742         0.96           Health Care         3,980         5.18           Health Care         891         1.16           Regis Health Care Limited         325,000         891         1.16           1,957         2,555           Materials         10,000         718         0.94           Boral Limited         110,000         718         0.94	Villa World Limited	425,000	944	1.23
Cedar Woods Properties Limited         127,283         733         0.96           BlackWall Property Trust         381,679         553         0.72           Industrials         7         16,995         22,16           Industrials         Transurban Group         402,500         4,818         6.28           Sydney Airport         670,000         4,797         6.26           Qube Holdings Limited         399,864         964         1.26           Bingo Industries Limited         300,000         804         1.05           Bingo Industries Limited         515,000         804         1.05           Consumer Discretionary         4         1,710         2.23           AP Eagers Limited         515,000         1,710         2.23           AP Eagers Limited         150,000         742         0.96           Oblinedia Limited         150,000         742         0.96           Regis Health Care         39,800         5.18           Health Care         891         1.16           Ramsay Health Care Limited         325,000         891         1.16           Regis Health Care Limited         16,500         891         1.16           Instituted         1,957	Blackwall Limited	913,723	868	1.13
BlackWall Property Trust         381,679         553         0.72           Industrials         Transurban Group         402,500         4,818         6.28           Sydney Airport         670,000         4,797         6.26           Qube Holdings Limited         399,864         964         1.26           Bingo Industries Limited         300,000         804         1.05           Bingo Industries Limited         515,000         1,710         2.23           AP Eagers Limited         179,131         1,528         1,99           ohlmedia Limited         150,000         742         0.96           Health Care         8         1,066         1.39           Regis Health Care Limited         325,000         1,066         1.39           Ramsay Health Care Limited         16,500         891         1.16           Materials         1,997         2,55           Materials         24,000         1,015         1.32           Boral Limited         110,000         718         0.94	Abacus Property Group	225,000	848	1.11
Industrials         16,995         22.16           Transurban Group         402,500         4,818         6.28           Sydney Airport         670,000         4,797         6.26           Qube Holdings Limited         399,864         964         1.26           Bingo Industries Limited         300,000         804         1.05           11,383         14.85           Consumer Discretionary           Harvey Norman Holdings Limited         515,000         1,710         2.23           AP Eagers Limited         179,131         1,528         1.99           ohlmedia Limited         150,000         742         0.96           Health Care           Regis Health Care Limited         325,000         1,066         1.39           Ramsay Health Care Limited         16,500         891         1.16           Materials           CIMIC Group Limited         24,000         1,015         1.32           Boral Limited         110,000         718         0.94	Cedar Woods Properties Limited	127,283	733	0.96
Industrials         Transurban Group         402,500         4,818         6.28           Sydney Airport         670,000         4,797         6.26           Qube Holdings Limited         399,864         964         1.26           Bingo Industries Limited         300,000         804         1.05           Consumer Discretionary           Harvey Norman Holdings Limited         515,000         1,710         2.23           AP Eagers Limited         179,131         1,528         1.99           oOh!media Limited         150,000         742         0.96           Regis Health Care           Regis Health Care Limited         325,000         1,066         1.39           Ramsay Health Care Limited         16,500         891         1.16           Materials           CIMIC Group Limited         24,000         1,015         1.32           Boral Limited         110,000         718         0.94	BlackWall Property Trust	381,679		
Transurban Group         402,500         4,818         6.28           Sydney Airport         670,000         4,797         6.26           Qube Holdings Limited         399,864         964         1.26           Bingo Industries Limited         300,000         804         1.05           11,383         14.85           Consumer Discretionary           Harvey Norman Holdings Limited         515,000         1,710         2.23           AP Eagers Limited         179,131         1,528         1.99           oOh!media Limited         150,000         742         0.96           3,980         5.18           Health Care           Regis Healthcare Limited         325,000         1,066         1.39           Ramsay Health Care Limited         325,000         891         1.16           Materials           CIMIC Group Limited         24,000         1,015         1.32           Boral Limited         110,000         718         0.94	Industrials		16,995	22.16
Sydney Airport       670,000       4,797       6.26         Qube Holdings Limited       399,864       964       1.26         Bingo Industries Limited       300,000       804       1.05         11,383       14.85         Consumer Discretionary         Harvey Norman Holdings Limited       515,000       1,710       2.23         AP Eagers Limited       179,131       1,528       1.99         oOhlmedia Limited       150,000       742       0.96         Health Care         Regis Healthcare Limited       325,000       1,066       1.39         Ramsay Health Care Limited       16,500       891       1.16         Intervals         CIMIC Group Limited       24,000       1,015       1.32         Boral Limited       110,000       718       0.94		402 E00	/. Q1 Q	/ 20
Qube Holdings Limited       399,864       964       1.26         Bingo Industries Limited       300,000       804       1.05         Consumer Discretionary         Harvey Norman Holdings Limited       515,000       1,710       2.23         AP Eagers Limited       179,131       1,528       1.99         oOh!media Limited       150,000       742       0.96         Health Care         Regis Healthcare Limited       325,000       1,066       1.39         Ramsay Health Care Limited       16,500       891       1.16         Intervals         CIMIC Group Limited       24,000       1,015       1.32         Boral Limited       110,000       718       0.94				
Bingo Industries Limited         300,000         804         1.05           Consumer Discretionary         In 1,383         14.85           Harvey Norman Holdings Limited         515,000         1,710         2.23           AP Eagers Limited         179,131         1,528         1.99           oOh!media Limited         150,000         742         0.96           Ageo         5.18           Health Care           Regis Healthcare Limited         325,000         1,066         1.39           Ramsay Health Care Limited         16,500         891         1.16           Materials         CIMIC Group Limited         24,000         1,015         1.32           Boral Limited         110,000         718         0.94				
Consumer Discretionary         11,383         14.85           Harvey Norman Holdings Limited         515,000         1,710         2.23           AP Eagers Limited         179,131         1,528         1.99           oOh!media Limited         150,000         742         0.96           Health Care           Regis Healthcare Limited         325,000         1,066         1.39           Ramsay Health Care Limited         16,500         891         1.16           Materials           CIMIC Group Limited         24,000         1,015         1.32           Boral Limited         110,000         718         0.94				
Consumer Discretionary         Harvey Norman Holdings Limited       515,000       1,710       2.23         AP Eagers Limited       179,131       1,528       1.99         o0h!media Limited       150,000       742       0.96         Jay80       5.18         Health Care         Regis Healthcare Limited       325,000       1,066       1.39         Ramsay Health Care Limited       16,500       891       1.16         1,957       2.55         Materials       24,000       1,015       1.32         Boral Limited       110,000       718       0.94	bingo muustries Liiniteu	300,000 _		
Harvey Norman Holdings Limited       515,000       1,710       2.23         AP Eagers Limited       179,131       1,528       1.99         oOh!media Limited       150,000       742       0.96         3,980       5.18         Health Care         Regis Healthcare Limited       325,000       1,066       1.39         Ramsay Health Care Limited       16,500       891       1.16         1,957       2.55         Materials         CIMIC Group Limited       24,000       1,015       1.32         Boral Limited       110,000       718       0.94	Consumer Discretionary		,	
AP Eagers Limited       179,131       1,528       1.99         oOh!media Limited       150,000       742       0.96         3,980       5.18         Health Care         Regis Healthcare Limited       325,000       1,066       1.39         Ramsay Health Care Limited       16,500       891       1.16         1,957       2.55         Materials         CIMIC Group Limited       24,000       1,015       1.32         Boral Limited       110,000       718       0.94		515.000	1.710	2.23
oOh!media Limited         150,000         742         0.96           3,980         5.18           Health Care           Regis Healthcare Limited         325,000         1,066         1.39           Ramsay Health Care Limited         16,500         891         1.16           1,957         2.55           Materials         CIMIC Group Limited         24,000         1,015         1.32           Boral Limited         110,000         718         0.94				
3,980       5.18         Health Care       325,000       1,066       1.39         Ramsay Health Care Limited       16,500       891       1.16         Instanta       1,957       2.55         Materials       24,000       1,015       1.32         Boral Limited       110,000       718       0.94	-			
Regis Healthcare Limited       325,000       1,066       1.39         Ramsay Health Care Limited       16,500       891       1.16         1,957       2.55         Materials         CIMIC Group Limited       24,000       1,015       1.32         Boral Limited       110,000       718       0.94		·		
Ramsay Health Care Limited         16,500         891         1.16           Ingstrain 1,957         2.55           Materials         24,000         1,015         1.32           Boral Limited         110,000         718         0.94		005.000	4.077	1.00
Materials         1,957         2.55           CIMIC Group Limited         24,000         1,015         1.32           Boral Limited         110,000         718         0.94				
Materials           CIMIC Group Limited         24,000         1,015         1.32           Boral Limited         110,000         718         0.94	Kamsay Health Care Limited	16,500 _		
Boral Limited 110,000 718 0.94	Materials		1,757	2.55
Boral Limited 110,000 718 0.94	CIMIC Group Limited	24,000	1,015	1.32
		-	1,733	2.26

## INVESTMENTS HELD AS AT 30 JUNE 2018 - Continued

	Number of equities held	Market value \$'000	Portfolio weight %
Utilities			
AGL Energy Limited	77,000	1,731	2.26
		1,731	2.26
Consumer Staples			
Woolworths Limited	50,000 _	1,526	1.99
		1,526	1.99
Total Equity Portfolio	-	39,305	51.25
Cash and dividends receivable		3,166	4.13
Total Investment Portfolio		76,803	100.00

The Company is not a substantial shareholder of any ASX-listed investee corporation as defined in the Corporations Act 2001, as each investment represents less than 5% of the issued capital of the investee.

#### CHAIRMAN'S ADDRESS

Dear Shareholders.

I am pleased to enclose the 2<sup>nd</sup> Annual Report for URB Investments Limited, for the year to 30 June 2018.

URB Investments is a Listed Investment Company, established in October 2016 and listed on the Australian Stock Exchange Limited in April 2017. URB aims to maximise total Shareholder returns through a combination of capital and income growth through an Investment Portfolio that is focused upon urban renewal and regeneration.

Our aim is to capture long-term value by investing in a diversified portfolio of Equity Assets and Direct Property Assets with exposure to urban renewal and regeneration

#### Result Highlights

The FY2018 year was a successful one for URB Investments Limited. In its first full year of operation (the prior period represented approximately three months to 30 June 2017), total revenue from operating activities before special dividend income increased from \$0.6m to \$2.6m. URB's net operating result from ordinary activities also increased significantly from negative \$0.6m to positive \$1.5m.

URB also received special dividend income of \$0.8m during the year, taking net operating profit after tax to \$2.2m.

EPS before special investment income, fair value losses and direct property transaction costs was 1.99cps. EPS after special investment income, fair value losses and direct property transaction costs was 2.96cps.

Total assets of the Company at 30 June 2018 were \$78.5 million, including an Equity Portfolio valued at \$39.3 million, the Direct Property Portfolio valued at \$34.2 million and Cash and Dividends receivable of \$3.2 million. This compares to a total asset position as at 30 June 2017 of \$76.8 million.

The assets are performing as expected and the concept of the Direct Property strategy is working. Despite not revaluing the Seed Assets, URB has achieved a number of planned milestones in this segment of the Investment Portfolio.

#### Dividends

The Board has declared a final FY2018 ordinary dividend of 1.00 cent per share, fully franked. As at the date of declaration the tax rate applicable to the dividend was 27.5%. However, subsequent to balance date the Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2018 has been passed by Parliament, but not yet enacted. If the Bill is enacted prior to the FY2018 Final Dividend being paid, this would increase the Company's income tax rate to 30%, and therefore increase the rate at which the dividend is franked.

The FY2018 Final Dividend will be paid on Monday 24 September 2018, and the last trading date to be eligible for the dividend is Wednesday 12 September 2018. Key dates for the Fully Franked Final Dividend are as follows:

Event	Date
Last trading date to be eligible for the Final Dividend	Wednesday 12 September 2018
Ex-Dividend Date	Thursday 13 September 2018
Record Date	Friday 14 September 2018
DRP Nomination	Monday 17 September 2018
Dividend Payment Date	Monday 24 September 2018

#### Dividend Reinvestment Plan (DRP)

URB's Dividend Reinvestment Plan offers shareholders the opportunity to receive additional shares in the Company instead of receiving cash dividends. The Dividend Reinvestment Plan will be offered at a nil discount for the final 2018FY dividend. The last date for the receipt of an election notice to participate in the Dividend Reinvestment Plan is Monday 17 September 2018.

Shareholders can update their election notices electronically by following the link on to URB's share registry on the Contact page of the URB website. www.urbinvest.com.au

#### **Dividend Policy**

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.

With respect to prudent business practices, and ensuring the business retains sufficient working capital to allow the achievement of URB's objectives, the Company's long term aim is to pay out between 50% and 70% of Net Operating Profits for that year to shareholders as fully franked dividends, to the extent permitted by the Corporations Act 2001 and the Income Tax Assessment Act 1997.

The URB Board and Portfolio Managers are shareholders in URB, and are therefore aligned in delivering these outcomes for all shareholders.

#### **Investment Portfolio**

#### **Equity Portfolio**

The Company's Investment Portfolio is managed by Contact Asset Management. Over the year, \$27.0 million was invested into the Equity Portfolio. The Equity Portfolio generated \$1.9 million in ordinary dividends and distributions during the financial period and an additional \$0.8 million in special dividends, with the Company also earning \$0.1 million in interest from cash.

As at 30 June 2018 the Equity Portfolio accounted for 51.3% of URB's total investment assets, and comprises a diversified collection of equity assets that seek to capitalise on exposure to urban renewal and regeneration. The Equity Portfolio continues to be well diversified across many sectors of the market including Real Estate, Healthcare, Consumer, Utilities, Building Materials and Industrials. The Equity Portfolio has no exposure to Banks, Diversified Financials or Resources.

The investment performance of the Equity Portfolio over the year was pleasing, returning 9.8%.

#### <u>Direct Property Portfolio</u>

At last year's IPO, URB listed with three Seed Assets that provided immediate access to a portfolio of Direct Property Assets. URB continues to hold a 49.9% interest in each of these Seed Assets through Trusts; PURT3: Kingsgrove, PURT4: Penrith and PURT5: Prestons. Soul Pattinson continues to own the remaining 50.1% of these three Trusts.

During FY2018 a total of \$7.8 million was invested into the Direct Property Portfolio, including \$3.0 million into the Fortius Sydney Homemaker Trust, Home HQ, a leading homemaker centre located in the suburb of Artarmon in Sydney. Contact recognized the Artarmon opportunity as an under-valued and under-utilised property exposed to urban renewal and regeneration, and were able to identify certain drivers that will support future asset revaluations and a sustainable and growing income stream. The yield on offer for this investment is attractive and is expected to grow over the next 5 years.

URB also received a capital return of \$6.0 million following a refinancing by PURT4: Penrith.

The value of the Direct Property Portfolio as at 30 June 2018 was \$34.2 million and accounted for 44.6% of URB's total investment assets. Distributions from Direct Property Assets totaled \$0.6 million for the year.

All three Seed Assets held in the Direct Property Portfolio remain valued at cost as at 30 June 2018. The assets are performing as expected and the concept of the Direct Property strategy is working. Despite not revaluing the Seed Assets, URB has achieved the following planned milestones in this segment of the Investment Portfolio:

#### October 2017

• PURT3 Trust commenced demolition via a Complying Development Certificate of the industrial facility at the Kingsgrove site and lodged a DA for the sub-division of the property.

#### December 2017

• Commencement of income distributions to unitholders from the PURT4 Trust, Penrith.

#### February 2018

- Completion of PURT3 Trust: Kingsgrove demolition program.
- PURT3 Trust: Kingsgrove exchanged conditional contracts for the sale of Lot 1, Lot 1A, Lot 2, Lot 3 and Lot 7, representing 10,051m<sup>2</sup> or 54% of the total saleable area.
- Received approval of Stage 2 Development Application (DA) Construction Certificate for the PURT5 Trust, Prestons.
- Commencement of construction of Mainfreight Australia distribution facility.



Mainfreight Australia distribution facility as at 20 February 2018

#### March 2018

- Completion of the loan facility for the PURT4 Trust, Penrith.
- Capital return to PURT4 Trust unitholders post the loan facility execution.

#### April 2018

• Received approval of Stage 3 Development Application (DA) – Signage and Use for the PURT5 Trust, Prestons.

#### May 2018

• PURT3 Trust: Kingsgrove completed the exchange of conditional contracts in respect to Lot 4, Lot 5 and Lot 6, resulting in conditional contracts being achieved for 18,491m<sup>2</sup> or 100% of the total saleable area.



Exchange of contracts on all 8 subdivision Lots, representing the pre-sale of 100% of the total saleable area.

#### June 2018

- Council issued the PURT3 Trust approval for Sub-division, enabling the PURT3 Trust, Kingsgrove to
  progress to the latter stages of development. Following completion of these remaining sub-division
  activities all conditional land parcel sale contracts will become unconditional, allowing settlement to
  occur and PURT3 Trust to distribute all development profits to its unitholders.
- PURT 5 Trust: Prestons completed 25% of construction program of Mainfreight Australia distribution facility.



Mainfreight Australia distribution facility as at 30 June 2018

#### Top 20 Investments

	Investment	% of Total Portfolio
1	PURT5 - Prestons	17.9%
2	PURT3 - Kingsgrove	12.8%
3	PURT4 - Penrith	10.2%
4	Transurban Group	6.3%
5	Sydney Airport	6.3%
6	HomeHQ - Artarmon	3.7%
7	LendLease Group	3.6%
8	360 Capital Group	2.7%
9	AGL Energy Ltd	2.3%
10	Harvey Norman Holdings	2.2%

	Investment	% of Total Portfolio
11	AVJennings	2.2%
12	Stockland	2.1%
13	AP Eagers	2.0%
14	Woolworths Limited	2.0%
15	National Storage REIT	1.8%
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%
Cas	h and cash equivalents	4.1%
	al of Top 20 including cash and h equivalents	89.7%

#### Urban Renewal and Regeneration Opportunities

It has been an exciting 12 months with the S&P/ASX 300 Index again generating very strong returns. While many Australian investors continue to search for yield and income, the focus from investors during FY2018 was skewed towards companies which provided growth. However, when investors chase growth, increase risk and begin to pay high multiples for companies, markets can become volatile.

Volatility can prove to be a great opportunity for investors. We believe that this volatility is likely to remain in our markets over the next year, providing opportunities for us to invest and to continue to benefit from both Direct Property and equity opportunities that directly capitalize on the urban renewal and regeneration thematic.

We will 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. The theme of urban renewal and regeneration continues to present an immediate and attractive investment opportunity in Australia and we are excited about the year ahead.

In FY2019 URB expects to realise some of the potential valuation uplift within its existing Direct Property Assets. Additionally, Contact, with the assistance of PSRE, will continue to apply their investment criteria in relation to the Direct Property Portfolio, via asset selection and portfolio construction, to generate maximum asset performance for all URB shareholders. URB is in a strong financial position with no debt, cash and a liquid Equity Portfolio. On behalf of my fellow Board Members and our Portfolio Managers, I would like to thank you for your continued support during FY2018 and we are all looking forward to seeing those of you who are able to join us for the Annual General Meeting on Friday 19 October 2018.

Yours sincerely

Warwick Negus

Chairman

Sydney, 28 August 2018

#### INVESTMENT MANAGER'S REPORT

URB's Investment Strategy is implemented by the Investment Manager, Contact Asset Management Pty Limited (Contact), (Australian Financial Services Licence 494045).

Dear Shareholders.

On behalf of Contact Asset Management it is our pleasure to present to you the Investment Managers' Report for URB Investments for the 2018 financial year.

The FY2018 year was an eventful one with mixed results from companies, the commencement of the Royal Commission into the Australian banking system, inflation in the United States, concerns of a global trade war, market volatility caused by computerised program-selling and of course the focus on imputation credits and the proposed cancelation of cash refunds on individuals' dividends.

Despite all of this, it was a successful full year for URB Investments Limited with the total revenue from operating activities before special dividend income increasing from \$0.6m to \$2.6m and URB's net operating result from ordinary activities increased from negative \$0.6m to positive \$1.5m.

The equity component of URB's Investment Portfolio comprises a diversified collection of equity assets that seek to capitalise on exposure to urban renewal and regeneration. During the year, \$27.0 million was invested into the Equity Portfolio. The Equity Portfolio continues to be a concentrated portfolio, comprising 26 stocks as at 30 June 2018. While it is focused on urban renewal, the Equity Portfolio continues to be well diversified across many sectors of the market including Real Estate, Healthcare, Consumer, Utilities, Building Materials and Industrials.

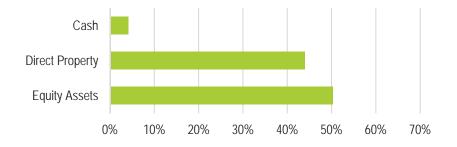
The Direct Property component of the portfolio contains a carefully selected basket of assets, including the Seed Assets at Kingsgrove, Preston and Penrith, and a relatively new asset in Artarmon, Sydney, all well placed to capitalize on a variety of urban renewal and regeneration themes.

Overall, we seek to complement more mainstream equity portfolios, as URB does not hold banking or resource stocks.

#### Asset Allocation

URB's asset allocation is divided between, Direct Property, the Equity Portfolio and Cash. The Direct Property exposure is currently 44.6%, as shown in the chart below. The total investment into Direct Property has grown due to further investment into PURT4:Penrith, PURT5: Prestons, PURT3: Kingsgrove and a new investment in HOMEHQ: Artarmon.

The Equity Portfolio accounts for 51.3% of URB's total investment assets.



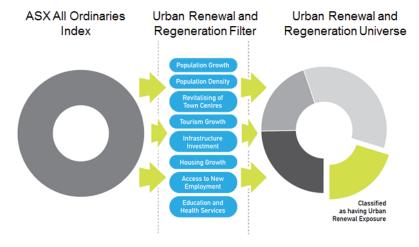
#### **Equity Portfolio**

Major investments into the Equity Portfolio for the period included, 360 Capital Group, Lendlease Group, AGL Energy, AV Jennings, Transurban Group, CIMIC Group, Ramsay Healthcare Regis Healthcare, Sydney Airports and Woolworths Limited.

Major sales for the period included CSR Limited, Wesfarmers Limited, Adelaide Brighton, GPT Group Telstra Corporation, Stockland and Seymour Whyte.

Contact's Urban Renewal Universe was made up of 97 stocks from the ASX All Ordinaries Index of 500 stocks as at 30 June 2018. The Urban Renewal Universe is not an official index but is rather a universe of Australian equities that we consider to have 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 represented approximately 24.0% of the ASX All Ordinaries Index as at 30 June 2018.

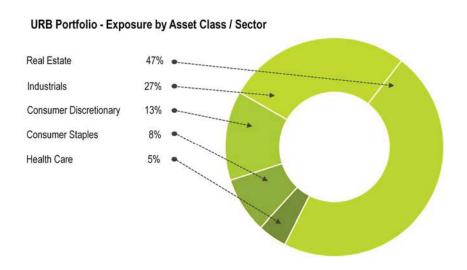
The below diagram shows how we filter through the ASX All Ordinaries Index to find the appropriate stocks for possible inclusion in the Urban Renewal Universe.



From the Urban Renewal Universe we then apply our investment selection process to identify investment opportunities. We believe there continues to be many opportunities within the Australian equity market that will benefit from urban renewal and regeneration. These include businesses 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.

The current Equity Portfolio is well diversified across many sectors of the market including Real Estate, Consumer, Industrials, Building Materials, Healthcare and Utilities. In this portfolio we will always seek to complement more mainstream equity portfolios as URB does not hold banking or resource stocks.

Below is an illustrative representation of the Equity Portfolio as at 30 June 2018 shown on a sector exposure basis.



#### **Direct Property Portfolio**

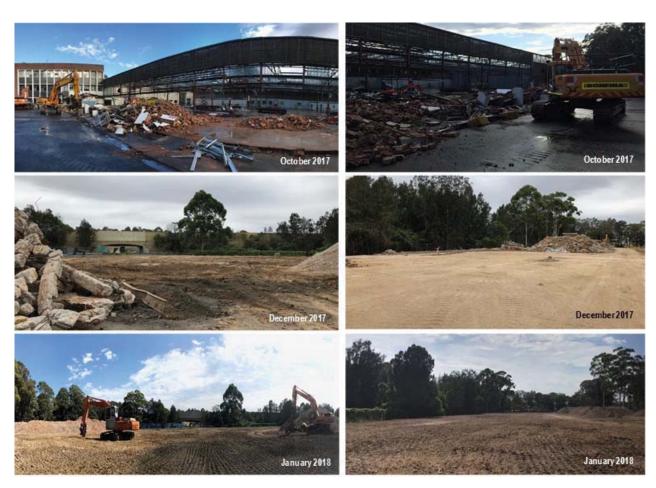
Direct Property continues to make up a large component of the URB Investment Portfolio.

#### **URB's Seed Assets**

The Seed Asset properties continue to benefit from the urban renewal and regeneration theme. As referenced below, we've made progress in developing these assets in a way that should maximise returns for all URB shareholders over time. We continue to work closely with Pitt Street Real Estate Partners (PSRE), the real estate advisory division of Soul Pattinson, to enhance the returns of these Seed Assets for URB shareholders.

**PURT3:** Kingsgrove – This property is a former factory site covering 18,491m², located in Kingsgrove, NSW, in the inner south-west of Sydney. The property is in close proximity to Infrastructure including the M5 Motorway, Westconnex Motorway, Kingsgrove railway station, Sydney Airport, Port Botany and Moorebank Intermodal Freight Precinct.

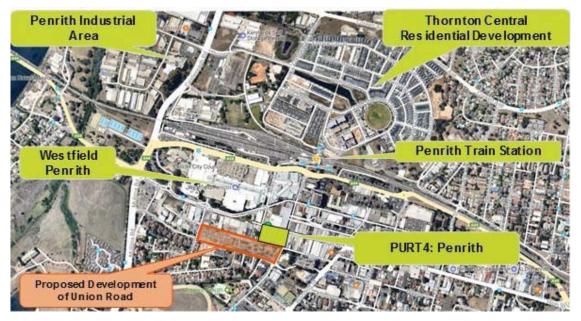
- PURT3: Kingsgrove is currently undertaking a sub-division of the Property to realise the potential valuation uplift expected from the creation of a multi-tenanted site located centrally to such significant infrastructure.
- Council has now issued approval for Sub-division, enabling the PURT3 Trust, Kingsgrove to progress to
  the latter stages of development. Following completion of these remaining sub-division activities all
  conditional land parcel sale contracts will become unconditional, allowing settlement to occur and
  PURT3: to distribute all development profits to its unitholders.



PURT3: Kingsgrove showing completion of demolition program.

**PURT4:** Penrith - Located in Penrith, NSW, west of Sydney and in close proximity to the new Badgery's Creek Airport and Northern Road upgrade. The Property is 6,398sqm in site area with approximately 6,464sqm of GLA (Gross Lettable Area). Contact considers that the Penrith Property has the potential to benefit from:

- Sustainable and Increased Income.
- Proximity to Infrastructure Penrith railway station, Penrith town centre, M4 Motorway and Badgery's Creek Airport.
- City Shaping Projects, including major regeneration, driven by the Penrith Council. For example, Frasers Property Australia have been appointed by Penrith City Council as the preferred proponent for the proposed development of Union Road Car Park, Penrith, adjacent to the PURT4: Penrith asset.



Map of Penrith CBD, including the proposed development of Union Road Car Park

**PURT5:** Prestons - The Prestons Property was purchased as a 68,790m<sup>2</sup> undeveloped, vacant block of land, zoned for industrial use. The property is located in Prestons, NSW and is in very close proximity to the junction of the M5 and M7 motorways.

- PURT5: Prestons is developing the property to realise the potential valuation uplift from the transformation of the site into a built-for-purpose industrial site.
- This valuation uplift is expected to be supported by the sustainable income stream provided by a long term lease agreement (11yrs) and the proximity of the site to significant Infrastructure including the M7 and M5 Motorways, Leppington railway station, Badgerys Creek Airport, and the Moorebank Intermodal Freight Precinct.





Construction of Mainfreight Distribution Facility at the PURT5: Prestons asset is well underway.

#### **New Assets**

We added another asset to the Direct Property Portfolio this year. On the 10th of May 2018, URB announced that it had allocated further funds into Direct Property through a \$3.0m investment into the Fortius Sydney Homemaker Trust, Home HQ. Home HQ is a leading homemaker centre located in the suburb of Artarmon in Sydney. It is an award winning adaptive re-use of a heritage industrial building, providing an exceptionally designed modern retail space made up of 28 retail tenancies.

Artarmon is a prime example of an inner Sydney gentrifying area characterised by low-density industrial and commercial uses, with further redevelopment potential. The future development pipeline for apartments totals 3,500 under construction or planned in the immediate area and over 29,000 proposed in the total North Shore trade area surrounding the property. This significant regeneration is expected to drive customers to HomeHQ, which provides a one-stop-shop for homemaker and lifestyle retail.

An investment in the Home HQ property offers URB the opportunity to benefit from immediate and sustainable income via existing homemaker tenancies, significant population growth in the area, remixing, repositioning and further development upside (DA Approved Development).

**HOMEHQ: Artarmon -** The Artarmon Property comprises 22,196m<sup>2</sup> of gross lettable area and is fully occupied, 86% secured by national brand tenants. The centre is located in Artarmon, one of Sydney's most prestigious and tightly-held precincts in the Lower North Shore, and offers investors a forecast 5 year IRR of 19-20% and average distributions of 8.5%.

Contact considers that the Artarmon Property has the potential to benefit from:

- Immediate Income 86% secured by national brand tenants; initial distributions of 5.5% and 5-year average distributions of 8.5%.
- Proximity to Infrastructure; CBD, Royal North Shore Hospital, North Shore Private Hospital, St Leonards train station, Gore Hill Freeway, Pacific Highway and the new metro rail network.
- Revaluation upon completion of the onsite Food and Beverage precinct, DA obtained.



HomeHQ. 1 Frederick St, Artarmon, NSW

In conclusion, we believe the current Equity Portfolio is well diversified across many sectors of the market that should be beneficiaries of urban renewal and regeneration. We will always seek to complement more mainstream equity portfolios, as URB does not hold banking or resource stocks.

We are well down the path of capitalising on the urban renewal opportunities and up-side embedded in our seed property assets, augmented by the recent acquisition of the Artarmon homemaker centre, HOMEHQ. We continue to target the acquisition of real estate assets with urban renewal and regeneration upside focusing specifically on acquiring, developing, structuring and managing undervalued assets which require a short term repositioning for income; require capital for restructuring; or have an underlying opportunity for capital revaluation through changes in use.

We will target Direct Property Assets with strong underlying investment fundamentals including, sustainable income, location benefits, beneficiaries of infrastructure investment; and opportunity for uplift in value from rezoning and/or increased use and density.

We believe that opportunities for further investment into the urban renewal and regeneration theme will emerge in FY2019. URB has a strong cash balance and is in a good position to take advantage of these opportunities as and when they arise.

Kind Regards

Tom Millner

Will Culbert

Contact Asset Management

Contact Asset Management

Director/Portfolio Manager

Director/Portfolio Manager

#### DIRECTORS' REPORT

The Directors of URB Investments Limited ("the Company", or "URB") present the following report on the Company for the year to 30 June 2018.

#### 1. Directors

Unless otherwise noted, the following persons were Directors since the establishment of the Company and up to the date of this report:

#### Warwick Negus, B.Bus(UTS), M.Com(UNSW), SFFin – Non-Executive Director and Chairman

Warwick Negus was appointed Non-executive Chairman upon the Company's formation in October 2016. Warwick has more than 30 years' of finance industry experience in Asia, Europe and Australia. His most recent executive roles include Chief Executive Officer of 452 Capital, Chief Executive Officer of Colonial First State Global Asset Management and a Goldman Sachs Managing Director in Australia, London and Singapore. Warwick is a Director of Terrace Tower Group, and is currently a director of the following ASX listed companies:

- Washington H Soul Pattinson and Company Limited (ASX: SOL) appointed 2014
- Bank of Queensland Limited (ASX:BOQ) appointed 2016
- Pengana Capital Group Limited (ASX:PCG) appointed 2017, Chairman since 2017
- Virgin Australia Holdings Limited (ASX: VAH) appointed 2017

#### Special Responsibilities:

- Chairman of the Board
- Chairman of the Investment Committee

#### Victoria Weekes, B.Com/Llb(UNSW), FAICD - Independent Non-Executive Director

Victoria Weekes was appointed a Non-executive Director in November 2016. Victoria is a professional non-executive director and independent business advisor with over 30 years' experience in the investment and financial services industries in senior management and advisory roles working with major listed companies. Having held senior roles in both the private and public sector, Victoria has led a number of large-scale change programs for major organisations. She is currently Chairman of OnePath Custodians Limited, Non-Executive Director of Sydney Local Health District and FINSIA, and is the Chairman of the Audit and Risk Committee of the Urban Growth Development Corporation.

#### Special Responsibilities:

- Member of the Audit Committee
- Member of the Investment Committee
- Director of Trustee companies of unlisted property trust investments

#### Anthony (Tony) McDonald, B.Com/Llb(UNSW) - Independent Non-Executive Director

Tony McDonald joined the Board as an Independent Non-executive Director upon the Company's formation in October 2016. Tony is a professional non-executive director and an executive with extensive business experience across a range of disciplines and industries. Tony co-founded and led the Snowball Group (now part of Shadforth within IOOF Ltd) from a start-up to a fully integrated business listed on the ASX. Tony is Chairman of Newington College Council, and is currently a director of the following ASX listed companies:

- 8IP Emerging Companies Limited (ASX:8EC) appointed 2015
- HUB24 Limited (ASX: HUB) appointed 2015

#### Special Responsibilities:

- Member of the Investment Committee
- Member of the Audit Committee
- Director of Trustee companies of unlisted property trust investments

#### 1. Directors (continued)

#### Robert (Bruce) Dungey, FCA, GAICD -Independent Non-Executive Director

Bruce Dungey was appointed a Non-executive Director upon the Company's formation in October 2016. Bruce is a Chartered Accountant with over 40 years' experience providing assurance, taxation and business advisory services to a broad range of enterprises in a variety of industries, notably entrepreneurial growth companies, international private companies and High Net Worth Family offices. Bruce also held a number of leadership roles with two 'Top 4' global accounting firms, namely, Deloitte and Ernst & Young.

#### Special Responsibilities:

- Chairman of the Audit Committee
- Member of the Investment Committee

#### 2. Investment Manager

Contact Asset Management Pty Limited (AFSL Licence Number 494045)

#### Portfolio Managers:

#### Thomas Millner: B.Des (Industrial), GDipAppFin, F Fin, GAICD

Tom has more than 17 years' experience in investment markets. Prior to the establishment of Contact Asset Management, Tom was Chief Executive Officer of BKI Investment Company from 2008 to 2016 – a period in which total assets grew from \$440 million to almost \$1 billion. Prior to joining BKI, Tom worked at Souls Funds Management covering research, portfolio management and business development. Prior to this Tom was an investment analyst with Republic Securities Limited, manager of the Investment Portfolio of Pacific Strategic Investments.

Tom is currently a director of the following ASX listed companies:

- Washington H Soul Pattinson and Company Limited (ASX: SOL) appointed 2011
- New Hope Corporation Limited (ASX: NHC) appointed 2015

#### Will Culbert: B.Bus, MCom, GDipAppFin, F Fin, GAICD

Will has 19 years' experience in the funds management industry in Australia and the UK. Prior to the establishment of Contact Asset Management in 2016, Will was Portfolio Manager for BKI Investment Company for 3 years. Will spent 11 years with Invesco Asset Management (formerly Concord Capital Pty Ltd) as an Equity Analyst and Portfolio Manager. He has also worked for the Bank of New York and Challenger Group.

#### 3. Company Secretary

#### Jaime Pinto, BComm, CA

Jaime Pinto is a Chartered Accountant with over 20 years' experience in professional practice and senior commercial roles across a broad range of industries. Jaime is currently CFO and Company Secretary of a number of unlisted entities in the investment and property industries and the following ASX listed companies:

- BKI Investment Company Limited (ASX: BKI)
- Quickstep Holdings Limited (ASX:QHL)
- TPI Enterprises Limited (ASX: TPE).

#### 4. Meetings of Directors

Summarised below are the numbers of Board meetings and Committee meetings held during the year to 30 June 2018, and the numbers of meetings attended by each Director. These meeting numbers include matters resolved out of session by the Directors via circular resolution.

	Board		Audit Committee		Investment Committee*	
		Eligible to attend		Eligible to		Eligible to attend
	Attended	attend	Attended	attend	Attended	attend
Warwick Negus	7	7	-	_	6	6
Bruce Dungey	7	7	4	4	6	6
Victoria Weekes	7	7	4	4	6	6
Tony McDonald	7	7	4	4	6	6

<sup>\*</sup> Investment Committee meetings are generally conducted during Board meetings.

#### 5. Principal Activities

Principal activities of the Company are that of a Listed Investment Company (LIC), focused on long term investment in ASX listed securities and unlisted Direct Property assets. There were no significant changes in the nature of those activities during the year.

#### 6. Operating Results, Financial Position, and Review of Operations

URB's income from operating activities for the year to 30 June 2018 was \$2,628,835 (period to 30 June 2017: \$644,125), including \$577,011 of trust distributions from the Direct Property portfolio (2017: nil). URB also received special dividend income of \$775,828 (2017: nil), bringing total revenue for the year to \$3,404,663 (2017: \$644,125).

The Company incurred operating expenses of \$913,001 (period to 30 June 2017: \$254,792), a fair value loss from Direct Property Assets of \$132,481 (period to 30 June 2017: nil) and no additional transaction costs on the acquisition of Direct Property Assets (2017: \$1,249,090) resulting in a net profit attributable to shareholders of \$2,161,110 (period to 30 June 2017: loss of \$606,906). Basic and diluted earnings per share was 2.96 (period to 30 June 2017: loss per share of 0.83 cents).

Net assets of the Company at 30 June 2018 were \$78.1 million (2017: \$76.1 million), including an Investment Portfolio of \$76.7 million (2017: \$74.9 million). During the year to 30 June 2018 the Company invested \$27.0 million in the Equity Portfolio, offset by disposals of \$16.1 million. The Company also invested an additional \$7.8 million in the Direct Property portfolio, and received a capital return of \$6.0 million.

During the year 250,473 options were exercised at \$1.10, raising capital of \$275,520.

#### 7. Employees

The Company had no employees during the year or as at 30 June 2018 (2017: nil).

#### 8. Significant Changes in the State of Affairs

Other than as stated above and in the accompanying Financial Report, there were no significant changes in the state of affairs of the Company during the year.

#### 9. Likely Developments and Expected Results

The operations of the Company will continue with planned long term investments in ASX listed equities and unlisted direct property assets. Neither the expected results of those operations nor the strategy for particular investments have been included in this report as, in the opinion of the Directors, this information would prejudice the interests of the Company if included.

#### 10. Significant Events after Balance Date

Subsequent to balance date, the Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2018 has been passed by Parliament, but not yet enacted. A consequence of enactment would be to increase the Company's income tax rate to 30% (from 27.5%). Based on values at balance date, this would increase deferred tax assets by \$150,000, increase deferred tax liabilities by \$21,000, increase equity by \$111,000, with a corresponding income tax benefit of \$18,000, resulting in a \$129,000 increase in net assets. It would also reduce the franking account balance by \$17,947. These changes have not been recognised as at 30 June 2018.

Other than the declaration of a dividend as disclosed below, the Directors are not aware of any other matter or circumstance that has arisen since the end of the year to the date of this report that has significantly affected or may significantly affect:

- the operations of the Company;
- the results of those operations; or
- the state of affairs of the Company in subsequent years.

#### 11. Dividends

An interim fully franked dividend for the year ended 30 June 2018 of 0.5 cents per share was paid in March 2018.

Since the end of the financial year the Directors have declared a final ordinary dividend for the 2018 financial year of 1.00 cent per share, fully franked at the tax rate of 27.5%. This dividend will be payable on 24 September 2018, but has not been recognised as a liability at year end.

#### 12. Environmental Regulations

The Company's operations are not directly affected by environmental regulations.

#### 13. Directors' and Officers' Indemnity

The Constitution of the Company provides indemnity against liability and legal costs incurred by Directors and Officers to the extent permitted by the Corporations Act.

During the year to 30 June 2018, the Company paid premiums in respect of an insurance contract to insure each of the officers against all liabilities and expenses arising as a result of work performed in their respective capacities. The Directors have not included details of the nature of liabilities covered or the amount of premiums paid in respect of the insurance contract as such disclosure is prohibited under the terms of the contract.

#### 14. Proceedings on Behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

#### 15. Non-audit Services

During the year ended 30 June 2018 the external auditor, Pitcher Partners, performed taxation and other services for the Company. Details of the amounts paid to the auditors and their related parties are disclosed in Note 5 to the financial statements.

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general stand of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 18 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: Code of Ethics for Professional Accounts set by the Accounting Professional and Ethical Standards Board.

#### 16. Auditor's Independence Declaration

The Auditor's Independence Declaration for the year to 30 June 2018 is on page 24.

#### 17. Corporate Governance Statement

URB's Corporate Governance Statement can be found on the Company's website at the following address: <a href="http://www.urbinvest.com.au/corporate-governance/">http://www.urbinvest.com.au/corporate-governance/</a>

#### 18. Rounding of Amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the financial report have been rounded to the nearest one thousand dollars unless otherwise stated.

#### 19. Remuneration Report (Audited)

This remuneration report outlines the Director remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations. Because the Company does not have any employees, only Non-Executive Directors of the Company are classified as Key Management Personnel of the Company, being those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly.

#### Remuneration Policy

The Board is responsible for determining and reviewing remuneration arrangements, including performance incentives, for the Directors themselves. It is the Company's objective to provide maximum shareholder benefit from the retention of a high quality Board by remunerating Directors fairly and appropriately with reference to relevant employment market conditions, their performance, experience and expertise.

#### **Elements of Director Remuneration**

The Board's policy for determining the nature and amount of remuneration for Key Management Personnel of the Company is summarised below.

- Non-Executive Directors are remunerated at market rates based on time, commitment and responsibilities.
- Non-Executive Directors are not currently entitled to performance incentives.
- The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting.

All remuneration paid to Key Management Personnel is valued at the cost to the Company and expensed.

#### Remuneration Details for the Year to 30 June 2018

The following disclosures detail the remuneration of the Company Directors. The Company does not have any employees.

The names and positions held by Directors in office at any time during the year are:

Name	Position
Warwick Negus	Non-Executive Chairman (appointed October 2016)
Bruce Dungey	Independent Non-Executive Director (appointed October 2016)
Victoria Weekes	Independent Non-Executive Director (appointed November 2016)
Tony McDonald	Independent Non-Executive Director (appointed October 2016)

Details of the nature and amount of each Non-Executive Director's emoluments from the Company are as follows:

	Short term benefits:	Post employment benefits:	
	Primary fee	Superannuation	Total
	\$	\$	\$
Year to 30 June 2018			
Warwick Negus	54,795	5,205	60,000
Bruce Dungey	41,096	3,904	45,000
Victoria Weekes	36,530	3,470	40,000
Tony McDonald <sup>1</sup>	40,000	-	40,000
Total	172,420	12,580	185,000
Period to 30 June 2017			
Warwick Negus	13,699	1,301	15,000
Bruce Dungey	10,274	976	11,250
Victoria Weekes	9,133	867	10,000
Tony McDonald <sup>1</sup>	10,000	-	10,000
Robert Millner	Nil	Nil	Nil
Total	43,106	3,144	46,250

<sup>1</sup> Paid as consulting fees to a company associated with Mr McDonald. Amount disclosed excludes applicable GST.

Where applicable, Directors receive superannuation guarantee contributions of 9.5% of base fees as required by current government legislation. There were no other retirement allowances provided for the retirement of Non-Executive Directors.

The combined annual payment to all Non-Executive Directors is capped at \$300,000 unless and until shareholders, by ordinary resolution, approve some other fixed sum amount. This amount is to be divided among the Directors as they may determine.

#### Beneficial and Relevant Interest of Directors and Other Key Management Personnel in Shares and Options

As at the date of this report, details of Key Management Personnel who hold shares and options for their own benefit or who have an interest in holdings through a related party and the total number of such shares and options held are listed as follows:

Shares	Opening balance	Participation in DRP	Exercise of listed option	On-Market Purchases	Off-market Transfers	Balance as at 30 Jun 2018	Balance as at date of Annual Report
Warwick Negus	100,000	520	_	_	-	100,520	100,520
Bruce Dungey	68,200	-	68,200	-	(22,727)	113,673	113,673
Tony McDonald	100,000	-	-	-	-	100,000	100,000
Victoria Weekes	15,000	-	-	19,000	-	34,000	34,000
Total	283,200	520	68,200	19,000	(22,727)	348,193	348,193

#### Options Balance Balance Exercise of as at as at date of options Lapse of options Opening balance 30 Jun 2018 **Annual Report** Warwick Negus 100,000 (100,000)Bruce Dungey 68,200 (68,200)Victoria Weekes 15,000 (15,000)Tony McDonald 100,000 (100,000)

- End of Remuneration Report -

This report is made in accordance with a resolution of the Directors.

Warwick Negus Director

Sydney

28 August 2018



**Auditor's Independence Declaration** To the Directors of URB Investments Limited ABN 89 615 320 262

In relation to the independent audit for the year ended 30 June 2018, I declare that to the best of my knowledge and belief there have been:

- no contraventions of the auditor's independence requirements of the Corporations Act 2001; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of URB Investments Limited during the year.

**S M Whiddett** 

Mhiddet

Partner

**Pitcher Partners** 

Sydney

28 August 2018

## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2018

		Year	Period
		ended	ended
		2018	2017
	Note	\$'000	\$'000
Ordinary revenue from investment portfolio	2(a)	2,488	522
Revenue from bank deposits	2(b)	121	122
Other gains	2(c)	10	_
Other income	2(d)	10	_
Income from operating activities excluding special investment revenue		2,629	644
Januardan and Maria areas and Fare	0/ 1	(207)	(100)
Investment Management Fees	3(a)	(397)	(100)
Director Fees		(189)	(47)
Administration & other expenses		(327)	(108)
Operating expenses		(913)	(255)
Operating result before special investment revenue, transaction costs on acquiring direct property assets and income tax		1,716	389
Special investment revenue	2(e)	776	-
Fair value loss on direct property assets		(132)	_
Transaction costs on acquiring direct property assets	3(b)	_	(1,249)
Operating result before income tax	<i>0</i> ( <i>b</i> )	2,360	(860)
Income tax (expense)/ benefit	4(a)	(199)	253
Net operating result attributable to members of the Company		2,161	(607)
······g······g························	_		(001)
		Year	Period
		ended	ended
		2018	2017
	Note	Cents	Cents
Basic & diluted earnings per share based on net operating result	6	2.96	(0.83)
Basic & diluted earnings per share excluding special investment			
revenue and transaction costs on acquiring direct property assets,			
adjusted for applicable tax	6	1.99	0.41

# STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	Year ended 2018 \$'000	Period ended 2017 \$'000
Net operating result attributable to members of the Company		2,161	(607)
Other comprehensive income			
Realised losses on investment portfolio  Tax benefit relating to realised losses on investment portfolio  Unrealised gains/ (losses) on investment portfolio  Deferred tax (expense)/ benefit on unrealised losses on investment portfolio  Total other comprehensive income	4(a) _	(654) 180 558 (153) (69)	(1,001) 275 (726)
Total comprehensive income attributable to members of the Company	_	2,092	(1,333)

# STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

		2018	2017
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents	7	2,428	13,295
Trade and other receivables	8	786	634
Prepayments		58	63
Total current assets		3,272	13,992
Non-current assets			
Financial assets	9	73,524	61,064
Property, plant and equipment		3	4
Deferred tax assets	4(b)	1,627	1,700
Total non-current assets		75,154	62,768
Total assets	_	78,426	76,760
Current liabilities			
Trade and other payables		102	582
Total current liabilities		102	582
Non-current liabilities			
Deferred tax liabilities	4(c)	221	127
Total non-current liabilities		221	127
Total liabilities		323	709
Net Assets		78,103	76,051
1101/10000		70,100	70,001
Equity			
Share capital	10	77,708	77,384
Revaluation reserve	11(a)	(321)	(726)
Realised capital gains reserve	11(b)	(474)	-
Realised profits reserve	11(c)	1,797	-
Retained profits	12	(607)	(607)
Total Equity		78,103	76,051

This Statement of Financial Position should be read in conjunction with the accompanying notes

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Share capital \$'000	Revaluatio n reserve \$'000	Realised capital gains reserve \$'000	Realised profits reserve \$'000	Retained profits \$'000	Total equity \$'000
Total equity at 1 July 2017	77,384	(726)	-	-	(607)	76,051
Issue of shares, net of issue costs Unrealised gain on revaluation of	324	-	-	-	-	324
investment portfolio Provision for tax on unrealised gain	-	558	-	-	-	558
on revaluation of investment portfolio	_	(153)	-	-	-	(153)
Realised loss on investment portfolio Provision for tax on realised loss on	-	-	(654)	-	-	(654)
investment portfolio	-	-	180	-	-	180
Net operating profit for the period Amounts transferred to realised	-	-	-	-	2,161	2,161
profits reserve	-	-	-	2,161	(2,161)	-
Dividends paid or provided for	-	=	-	(364)	-	(364)
Total equity at 30 June 2018	77,708	(321)	(474)	1,797	(607)	78,103
Total equity at 13 October 2016	-	-	-	-	-	-
Issue of shares, net of issue costs Unrealised loss on revaluation of	77,384	-	-	-	-	77,384
investment portfolio Provision for tax on unrealised loss	-	(1,001)	-	-	-	(1,001)
on revaluation of investment portfolio	-	275	-	-	-	275
Net operating loss for the period	-	-	-	-	(607)	(607)
Total equity at 30 June 2017	77,384	(726)	-	-	(607)	76,051

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

		Year ended	Period ended
		2018	2017
	Note	\$'000	\$'000
Cash flows from operating activities			
Dividends and distributions received		3,049	-
Proceeds from sale of trading portfolio		10	-
Interest received		121	122
Other receipts in the course of operations		10	-
Payments to suppliers and directors		(906)	(266)
Net cash inflow/ (outflow) from operating activities	13(a)	2,284	(144)
Cash flows from investing activities			
Payments for equity investment portfolio		(25,486)	(29,519)
Payments for property investment portfolio		(8,194)	(33,377)
Payments for plant and equipment		-	(4)
Proceeds from sale of equity investments		14,602	-
Capital returns from direct property investments	_	5,971	
Net cash outflow from investing activities		(13,107)	(62,900)
Cash flows from financing activities			
Proceeds from issues of ordinary shares and options less issue costs Proceeds from issue of ordinary shares on exercise of options less		-	76,339
issue costs		260	-
Dividends paid	5(b)	(304)	_
Net cash (outflow)/ inflow from financing activities		(44)	76,339
Net (decrease)/ increase in cash held	_	(10,867)	13,295
Cash at the beginning of the period		13,295	-
Cash as at 30 June	7 _	2,428	13,295

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

#### 1. Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

URB Investments Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report covers the entity URB Investments Limited, a listed public company, incorporated and domiciled in Australia.

The financial report complies with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### **Basis of Preparation**

The accounting policies set out below have been consistently applied throughout the financial year.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis. It is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities, for which the fair value basis of accounting has been applied.

#### **Accounting Policies**

#### a. Income tax

The charge for current income tax expense is based on the profit for the financial year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

#### 1. Significant Accounting Policies (continued)

#### Accounting Policies (continued)

#### b. Financial instruments

#### (i) Recognition

Unless otherwise stated below, financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist.

The Company's Investment Portfolio is comprised of two primary components – an Equity Portfolio and a Property Portfolio

#### Equity Portfolio

The Company's Equity Portfolio contains ASX-Listed equities, or equities in entities that will be listed within twelve months, and may include two sub-portfolios – an equity investment portfolio and an equity trading portfolio.

The equity investment portfolio contains holdings of equities that the Company intends to retain on a long-term basis. Equities within the equity investment portfolio are classified as 'financial assets measured at fair value through other comprehensive income', and are designated as such upon initial recognition. These equities are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist.

The trading portfolio will comprise any securities held for short term trading purposes. Equities held within the trading portfolio will be classified as 'mandatorily measured at fair value through profit or loss'. These equities are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist.

#### Property Portfolio

The Company's Property Portfolio comprises unlisted direct equity investments in Australian properties. Typically the Company will maintain a large proportionate ownership of each direct property asset, resulting in the Company having either control or significant influence over these investments.

However, the Company is classified as an Investment Entity in accordance with paragraph 27 of AASB10: Consolidated Financial Statements, as its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both. The Company has also applied the Venture Capital Organisation exemption in AASB128: Investments in Associates and Joint Ventures. Being an Investment Entity and Venture Capital Organisation, the investments in the Property Portfolio have been accounted for as financial assets measured at fair value through profit or loss. As such, property investments are initially brought to account at the cost of acquisition, and transaction costs relating to acquisitions are expensed immediately to profit and loss.

#### (ii) Valuation

#### Equity Portfolio

Listed securities are initially brought to account at the cost of acquisition, including transaction costs, and are re-valued to market values continuously.

Movements in carrying values of securities in the equity investment portfolio are recognised as Other Comprehensive Income and taken to the Revaluation Reserve. Where disposal of a security in the equity investment portfolio occurs, any revaluation increment or decrement relating to it is transferred from the Revaluation Reserve to the Realised Capital Gains Reserve.

Movements in carrying values of securities in the equity trading portfolio are taken to Profit or Loss through the Income Statement.

#### Property Portfolio

Subsequent to initial recognition, property investments are measured at fair value, with gains and losses arising from changes in the fair value recognised in profit and loss.

#### 1. Significant Accounting Policies (continued)

#### Accounting Policies (continued)

#### b. Financial instruments (continued)

#### (iii) Fair value

#### Equity Portfolio

Fair value is determined based on last sale price for all quoted investments. IRESS, Bloomberg or other similar financial information service are used as the price source for listed securities.

#### Property Portfolio

The Board will review the fair value of the Property Portfolio at each reporting date. To assist in their assessment of fair value, the Board will ensure an independent valuer is engaged periodically to assess the fair value of individual properties, at least once every two years. Valuations may occur more frequently if there is reason to believe that the fair value of a property has materially changed from its book value (e.g. as a result of changes in market conditions, leasing activity in relation to the property or commencement or completion of any development activity).

#### c. Revenue

Sale of investments occurs when the control of the right to equity has passed to the buyer.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend and distribution revenue is recognised when the right to receive a dividend or distribution has been established.

All revenue is stated net of the amount of goods and services tax (GST).

#### d. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts.

#### e. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### f. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Board has been identified as the chief operating decision-maker, as it is responsible for allocating resources and assessing performance of the operating segments. The Company operates solely in the investment industry in Australia and has no reportable segments.

#### g. Rounding of amounts

The Company has applied the relief available to it under ASIC Corporations Instrument (Rounding in Financial / Directors' Reports) 2016/191 and accordingly, amounts in the financial report and Directors' report have been rounded off to the nearest one thousand dollars unless otherwise stated.

#### 1. Significant Accounting Policies (continued)

#### Accounting Policies (continued)

#### h. Critical accounting estimates and judgements

The preparation of this report requires the use of certain critical estimates based on historical knowledge and best available current information. This requires the Directors and management to exercise their judgement in the process of applying the Company's accounting policies.

### (i) Valuation of Unlisted Property Investments

The Company's Property Portfolio comprises unlisted direct equity investments in properties, which are initially brought to account at cost and then their fair value reviewed at each reporting date. Note 9(a)(v) provides detail on the process with which the Company assesses this fair value.

#### (ii) Tax Rate Applicable to Company

The Company has recognised income tax expense and deferred tax assets/liabilities in accordance with AASB112: Income Taxes, applying the current tax rate of 27.5%. Note 4(d) provides detail on potential legislative changes which may result in a different tax rate becoming applicable to the Company.

Apart from this, there are no other key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amount of certain assets and liabilities within the next reporting period.

#### i. Australian Accounting Standards not yet effective

The Australian Accounting Standards Board has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. Other than as stated below, the Company will not early adopt the new and amended pronouncements at this point in time.

A new and amended pronouncement that is relevant to the Company, but applicable in future reporting periods is AASB 9: *Financial Instruments and its associated amending standards*. This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 (AASB 139) – *Financial Instruments Recognition and Measurement*. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

The Company has early adopted AASB 9. This is not expected to have a significant impact on the Company's financial statements as the Company does not expect to elect any investments as not held for trading.

	Year	Period
	ended	ended
	2018	2017
	\$'000	\$'000
. Revenues		
(a) Ordinary revenue from investment portfolio		
Revenue from listed investments		
Fully franked dividends	866	60
Unfranked dividends	113	38
Trust distributions	932	424
Revenue from unlisted investments		
Trust distributions	577	-
Total ordinary revenue from investment portfolio	2,488	522
(b) Revenue from bank deposits		
Interest received	121	122
(c) Other gains		
Net realised gains on sale of listed investments held for trading	10	-
(d) Other income		
Net revenue	10	-
(e) Special investment revenue		
Fully franked special dividends	776	-
Total income from operating activities	3,405	644

## 3. Expenses

#### (a) Investment Management Fees

The Company has outsourced its investment management function to Contact Asset Management Pty Limited (Contact), whose services are governed by an Investment Management Agreement. In accordance with the investment management agreement, Contact is entitled to an ongoing management fee equal to 0.50% p.a. (plus GST) of Total Assets.

Contact is also entitled to a performance fee if a performance hurdle is satisfied at the end of each financial year, excluding the period ended 30 June 2017.

The performance hurdle is satisfied if the Company's pre-tax net tangible asset per share as at the end of a financial year (CY NTA) has increased by at least 8% from the Company's pre-tax net tangible asset per Share at the end of the immediately preceding financial year (PY NTA). The performance fee is calculated as  $15\% \times ((CY NTA - [PY NTA \times 1.08]) \times weighted average no of shares during relevant financial year.$ 

Contact did not satisfy the performance hurdle as at 30 June 2018, and therefore no performance fee was paid or payable in respect of the year to 30 June 2018.

## URB INVESTMENTS LIMITED

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

#### 3. Expenses (continued)

#### (b) Transaction costs on acquiring direct property assets

	Year ended 2018 \$'000	Period ended 2017 \$'000
Option fees paid on acquisition of units in unlisted property trusts	-	1,249
Total transaction costs	-	1,249

During the 2018 financial year, the Company did not incur any transaction costs on acquiring direct property investments (period to 30 June 2017: \$1,249,090, refer below). The Company does not expect to incur similar transaction costs in any future purchases of Direct Property investments.

Prior to listing, URB and Washington H Soul Pattinson and Company Limited (WHSP) entered into three separate Call Option Agreements. After listing, during the period ended 30 June 2017, URB exercised each Call Option and paid a 4% option fee to WHSP, acquiring a 49.9% interest in each of the Direct Seed Property Assets. As described in Note 1 b) (i), the Company has applied the Venture Capital Organisation exemption in AASB128, and accounts for its investments in the Property Portfolio as financial assets measured at fair value through profit or loss. As such, the Company is required to expense transaction costs relating to unlisted property acquisitions immediately to profit and loss.

#### 4. Income tax

## (a) Income tax expense

	Year ended 2018 \$'000	Period ended 2017 \$'000
(i) Reconciliation of income tax expense  The aggregated amount of income tax expense attributable to the period differs from the amounts prima facie payable on profits from ordinary activities. The difference is reconciled as follows:		
Operating profit/ (loss) before income tax	2,360	(860)
Tax (expense)/ benefit calculated at 27.5%	(649)	236
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Franked dividends and distributions received	452	17
- Adjustments to prior year provision	(2)	-
Net income tax (expense)/ benefit on operating profit/ (loss)	(199)	253
Total income tax (expense)/ benefit	(199)	253

## URB INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Income tax (continued)		
(a) Income tax expense (continued)		
	2018	2017
	\$'000	\$'000
(ii) The components of income tax (expense)/ benefit comprise:		
Current tax	(26)	(275)
Deferred tax	(171)	528
Adjustment to prior year provision	(2)	_
Total income tax (expense)/ benefit	(199)	253
(b) Deferred tax assets		
The deferred tax asset balance comprises the following timing differences and unused tax losses:		
Transaction costs on equity issues	663	836
Accrued expenses	9	126
Unrealised losses on equity portfolio	122	275
Realised losses on equity portfolio	179	-
Difference in tax and accounting cost base	380	344
Operating tax losses carried forward	274	119
Total	1,627	1,700

## Movements in deferred tax assets

	Opening balance \$'000	Credited/ (charged) to statement of comprehensive income \$'000	Credited/ (charged) to equity \$'000	Closing balance \$'000
Transaction costs on equity issues	836	(177)	4	663
Accrued expenses	126	(117)	-	9
Unrealised losses on equity portfolio	275	(153)	-	122
Realised losses on equity portfolio	-	179	-	179
Difference in tax and accounting cost base	344	36	-	380
Operating tax losses carried forward	119	155	-	274
Balance as at 30 June 2018	1,700	(77)	4	1,627
Transaction costs on equity issues	-	(209)	1,045	836
Accrued expenses	-	126	-	126
Unrealised losses on equity portfolio	-	275	-	275
Difference in tax and accounting cost base	_	344	-	344
Operating tax losses carried forward	_	119	-	119
Balance as at 30 June 2017	-	655	1,045	1,700

#### 4. Income tax (continued)

#### (c) Deferred tax liabilities

	2018 \$'000	2017 \$'000
The deferred tax asset balance comprises the following timing differences:		
Realised gains on equity portfolio subject to rollover relief	26	-
Unfranked dividends receivable and interest receivable	195	127
Total _	221	127

#### Movements in deferred tax liabilities

	Opening balance \$'000	(Credited)/ charged to statement of comprehensive income \$'000	(Credited)/ charged to equity \$'000	Closing balance \$'000
Unfranked dividends receivable and interest receivable Realised gains on equity portfolio subject to	127	68	-	195
rollover relief	_	26	-	26
Balance as at 30 June 2018	127	94	-	221
Unfranked dividends receivable and interest		405		4.05
receivable _	_	127	_	127
Balance as at 30 June 2017	-	127	-	127

#### (d) Potential change to applicable tax rate

On 19 May 2017, legislation received Royal Assent to enact corporate tax rate reductions. The new legislation reduced the corporate tax rate for companies that are carrying on a business with aggregated turnover below the relevant threshold for the applicable income year (worked out at the end of the income year). In October 2017 the ATO released draft Taxation Ruling TR 2017/D7, outlining its views on when does a company carry on a business within the meaning of the Income Tax Rates Act 1986.

Based on interpretation of the new legislation and TR 2017/D7 current at the time, the defined thresholds and tax rates within the legislation, and the Company's actual 2017FY turnover and 2018FY turnover, URB assessed that it was subject to a tax rate of 27.5% as at 30 June 2018, but may not continue to be.

Subsequent to balance date, the Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2018 has been passed by Parliament, but not yet enacted. A consequence of enactment would be to increase the Company's income tax rate to 30% (from 27.5%). Based on values at balance date, this would increase deferred tax assets by \$150,000, increase deferred tax liabilities by \$21,000, increase equity by \$111,000, with a corresponding income tax benefit of \$18,000. These changes have not been recognised as at 30 June 2018.

i. Dividends		
	Year	Period
	ended	ended
	2018	2017
(a) Dividends paid during the year	\$'000	\$'000
(a, biridenas paid daring the year		
Interim dividend for the year ended 30 June 2018 of 0.5 cents per share		
(2017: nil) fully franked at the tax rate of 27.5%, paid on 26 March 2018	364	_
Total	364	-
(b) Reconciliation of total dividends paid to dividends paid in cash		
Total dividends paid	364	_
Less: Dividends reinvested in shares via DRP	(60)	_
Dividends paid in cash	304	-
(c) Franking account balance		
(0)	2018	2017
	\$	\$
Balance as at 30 June	617,533	-
Imputation credits attributable to franked dividends receivable as at 30 June	12,764	22,645
Estimated impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year (refer below)	(136,868)	-
Estimated imputation credits available for future dividends	493,429	22,645
Maximum fully franked dividends payable from estimated available		
franking credits at the tax rate of 27.5%	1,300,859	59,700

### (d) Dividends declared after balance date

Since the end of the year the Directors have declared a final ordinary dividend for the 2018 financial year of 1.0 cents per share (2017: nil), fully franked. As at the date of declaration the tax rate applicable to the dividend was 27.5%. However, subsequent to balance date the Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2018 has been passed by Parliament, but not yet enacted. If the Bill is enacted prior to the FY2018 Final Dividend being paid, this would increase the Company's income tax rate to 30%, and therefore increase the rate at which this dividend is franked.

This dividend will be payable on 24 September 2018, but has not been recognised as a liability at the year end.

## **URB INVESTMENTS LIMITED**

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	_			
6	Far	nings	ner	share
Ο.	Lui	i iii iya	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Jilaic

5. Lairmigs per share		
	Year ended 2018 \$'000	Period ended 2017 \$'000
Net operating result	2,161	(607)
Earnings used in calculating basic and diluted earnings per share	2,161	(607)
Earnings used in calculating basic and diluted earnings per share excluding special income, fair value losses and direct property transactions costs, net of applicable tax	1,453	299
	2018 Number of shares	2017 Number of shares
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	72,932,052	72,853,332

As at 30 June 2018 all of the options previously issued by the Company had either been exercised or expired, resulting in there being no potential ordinary shares on issue, and therefore the same weighted average number of ordinary shares is used in calculating basic and diluted earnings per share.

As at 30 June 2017 the Company's share price was less than \$1.10, being the exercise price of listed options on issue at that date. Potential ordinary shares on issue (being listed options) were therefore not considered to be dilutive, and therefore the same weighted average number of ordinary shares was used in calculating basic and diluted earnings per share.

	2018 Cents	2017 Cents
Basic and diluted earnings per share	2.96	(0.83)
Basic and diluted earnings per share excluding special income and direct property transactions costs, net of applicable tax	1.99	0.41
7. Cash and cash equivalents	2018 \$'000	2017 \$'000
Cash at bank	2,428	13,295
_	2,428	13,295

	2018 \$'000	2017 \$'000
8. Trade and other receivables		
Dividends and distributions receivable	738	522
Outstanding settlements	-	8
Other receivables	49	104
	786	634

#### 9. Financial assets

#### Non-current investment portfolio

Equity portfolio		
Listed securities at fair value	39,305	28,509
Unlisted property trusts		
Unlisted units in property trusts at fair value	34,219	32,555
Total non-current investment portfolio	73,524	61,064
Total investment portfolio	73,524	61,064

#### Fair Value Measurement

URB measures the fair value of its Equity Portfolio and Property Portfolio with reference to the following fair value measurement hierarchy mandated by accounting standards:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

#### (a) Recognised fair value measurements

The following tables present the Company's financial assets and liabilities measured and recognised at fair value at 30 June 2018 and 30 June 2017.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2018  Financial assets at fair value through other comprehensive income:				
Listed equity portfolio  Financial assets at fair value through profit or loss:	39,305	-	-	39,305
Property portfolio	-	2,868	31,351	34,219
	39,305	2,868	31,351	73,524

## URB INVESTMENTS LIMITED

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

#### 9. Financial assets (continued)

#### Fair Value Measurement (continued)

(a) Recognised fair value measurements (continued)

As at 30 June 2017  Financial assets at fair value through other comprehensive income:	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Listed equity portfolio  Financial assets at fair value through profit or loss:	28,509	-	-	28,509
Property portfolio	-	-	32,555	32,555
	28,509	-	32,555	61,064
There were no transfers between Levels during to	·			
	C. Z.		2018 \$'000	2017 \$'000
Property portfolio				

(c) Movements in	n asset classes	s categorised	as level 3.
(c) The verticities in	accer cracee	caregorisea	as icrei o.

Investments in unlisted property trusts

Fair value loss on unlisted property trusts

	2018 \$'000	2017 \$'000
Property portfolio		
Opening balance	32,555	-
Acquisition of Seed Assets	-	32,555
Follow-on investments in Seed Assets	4,766	-
Capital returns from Seed Assets	(5,970)	
Closing balance	31,351	32,555
	<u></u>	

3,000

(132)

2,868

#### (d) Fair value of Equity Portfolio

Opening balance

Closing balance

The Company's Equity Portfolio contains ASX-Listed equities, or equities in entities that will be listed within twelve months, and may include two sub-portfolios – an equity investment portfolio and an equity trading portfolio.

The equity investment portfolio contains holdings within URB's equity investment portfolio that the Company intends to retain on a long-term basis, which are classified as 'financial assets measured at fair value through other comprehensive income'. These securities are initially brought to account at the cost of acquisition, including transaction costs, and are re-valued to market values continuously. Movements in carrying values of securities in the equity investment portfolio are recognised as Other Comprehensive Income and taken to the Revaluation Reserve.

#### 9. Financial assets (continued)

#### Fair Value Measurement (continued)

#### (d) Fair value of Equity Portfolio (continued)

The equity trading portfolio will comprise any securities held for short term trading purposes. Equities held within the trading portfolio will be classified as 'mandatorily measured at fair value through profit or loss'. These equities are initially measured at cost on trade date, which includes transaction costs, and are revalued to market values continuously. Movements in carrying values of securities in the equity trading portfolio are taken to Profit or Loss through the Income Statement.

Fair value is determined based on last sale price for all quoted investments. IRESS, Bloomberg or other similar financial information service are used as the price source for listed securities. This methodology falls within the Level 1 fair value hierarchy of measuring fair value under AASB13 Fair Value Measurement.

#### (e) Fair value of Property Portfolio

The Company's Property Portfolio comprises unlisted direct equity investments in Australian properties. Typically the Company will maintain a large proportionate ownership of each direct property asset, resulting in the Company having either control or significant influence over these investments, although during the year ended 30 June 2018 the Company made an investment in an unlisted direct property asset which represents less than 5% of the issued capital of the investee entity.

The Company is classified as an Investment Entity in accordance with paragraph 27 of AASB10: Consolidated Financial Statements, as its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both. The Company has also applied the Venture Capital Organisation exemption in AASB128: Investments in Associates and Joint Ventures. Being an Investment Entity and Venture Capital Organisation, the investments in the Property Portfolio have been accounted for as financial assets measured at fair value through profit or loss, irrespective of whether the Company has control or significant influence over these investments. As such, property investments are initially brought to account at the cost of acquisition, and transaction costs relating to acquisitions are expensed immediately to profit and loss.

Subsequent to initial recognition, property investments are measured at fair value, with gains and losses arising from changes in the fair value recognised in profit and loss.

The Board will review the fair value of the Property Portfolio at each reporting date. To assist in their assessment of fair value, the Board will make reference where possible to indicative independent data such as net tangible asset calculations prepared by asset managers; external valuations prepared for other purposes (such as debt finance); market appraisals; recent comparable sales; and movements in capitalisation rates used in valuations of comparable properties over the period since each property was purchased or most recently valued.

For those investments over which the Company has control or significant influence, the Board will ensure that at least once every two years an independent valuer is engaged to assess the fair value of individual underlying properties for accounting purposes. Valuations may occur more frequently if there is reason to believe that the fair value of a property has materially changed from its book value (e.g. as a result of changes in market conditions, leasing activity in relation to the property or commencement or completion of any development activity). This methodology falls within the Level 3 fair value hierarchy of measuring fair value under AASB13 Fair Value Measurement.

#### (i) Valuation techniques and inputs for Level 2 Fair Values

Valuation techniques and significant unobservable inputs used in level 2 fair value measurements are as follows:

<u>2018</u>	Fair value \$'000	Valuation technique	Description of valuation technique and inputs used in respect of underlying asset
HOMEHQ: Artarmon	\$2,868	Net Tangible Assets	Net tangible asset calculated by asset manager.

#### 9. Financial assets (continued)

#### Fair Value Measurement (continued)

(e) Fair value of Property Portfolio (continued)

#### (i) Valuation techniques and inputs for Level 2 Fair Values (continued)

HOMEHQ: Artarmon is owned by a widely-held unlisted property investment trust. URB's investment in HOMHQ represents less than 5% of the trust's issued capital, and URB does not control or significantly influence this investment. HOMEHQ: Artarmon is managed by an independent, specialist Asset Manager, who will provide investors with a quarterly asset report and net tangible asset valuation. The Asset Manager has provided all investors, including URB, with a per unit Net Tangible Asset value (per unit NTA) as at 30 June 2018.

HOMEHQ: Artarmon is a closed Trust with a fixed investment period, and the Asset Manager has advised investors in the Trust that the underlying property will be independently valued if at any stage there is evidence that it is not being held at fair value. URB therefore regards the per unit NTA as an observable input and has used it without adjustment to value URB's investment in HOMEHQ: Artarmon. This resulted in a fair value loss of \$132,481 during the year ended 30 June 2018.

#### (ii) Valuation techniques and inputs for Level 3 Fair Values

Valuation techniques and significant unobservable inputs used in level 3 fair value measurements are as follows:

2018	Fair value \$'000	Valuation technique	Description of valuation technique and inputs used in respect of underlying asset
PURT3: Kingsgrove	\$9,840	Development Cost	Cumulative cost of development of property, including original acquisition cost.
PURT4: Penrith	\$7,780	Capitalisation of Net Market Income	Capitalisation of theoretical net market rental income, adjusted for variations caused by current leasing profile.
PURT5: Prestons	\$13,731	Development Cost	Cumulative cost of development of property, including original acquisition cost.

#### Development Cost

Direct Property assets which are currently undertaking development activities are held at cost when there remains a significant level of uncertainty as to the remaining time and cost of completing the development, and/or significant uncertainty in the realisable value of the property upon completion of the development. In such circumstances, the investee entity that owns the underlying asset capitalises all acquisition and development expenditure to a development property asset (or inventory, where it is appropriate to do so). Both PURT3: Kingsgrove and PURT5: Prestons satisfied this criteria as at 30 June 2018.

Upon completion of the development, the fair value of the property will be assessed and any increase or decrease in fair value recognised by the investee entity, and URB would in turn recognise a fair value gain or loss on its investment in the Direct Property asset. If at some stage during the development process there is sufficient evidence to support the view that fair value is materially higher or lower than development cost, any increase or decrease in fair value would be recognised by the investee entity, and URB would in turn recognise a fair value gain or loss on its investment in the Direct Property asset.

There are no significant unobservable inputs used when valuing Level 3 investments at cost. However, factors that are assessed when determining whether development cost is indicative of fair value include percentage of completion by forecast time or budgeted cost, known cost overruns, achievement of statutory approvals, confirmation of leasing income upon completion, and confirmation of sales prices upon completion.

#### 9. Financial assets (continued)

#### Fair Value Measurement (continued)

(e) Fair value of Property Portfolio (continued)

(ii) Valuation techniques and inputs for Level 3 Fair Values (continued)

#### Capitalisation of Net Market Income

PURT4: Penrith is an existing rent-producing multi-tenanted commercial property. URB has assessed the value of this investment using a capitalisation of net market income methodology.

Significant unobservable inputs used include:

- Market rental rates
- Expected market rental growth
- Occupancy level
- Lease expiries
- Adjustment for current rental arrangements
- Capitalisation rate

The two unobservable inputs which have a material effect on the valuation, assuming all other variables remain constant, are market rents and capitalisation rates. There is no demonstrated material interdependency between market rents and capitalisation rates. Changes in other significant unobservable inputs listed above would not materially increase or decrease the estimated fair value of the property.

A 10% increase/decrease in market rents would increase/decrease the estimated fair value of the PURT4: Penrith property by 12.5%, being \$3,434,000. This would increase/decrease URB's net profit after tax and Net Tangible Assets by approximately \$1,713,000.

A 10% increase/decrease in market capitalisation rates would decrease/increase the estimated fair value of the PURT4: Penrith property by 9.3%/11.4%, being (\$2,555,000) and \$3,123,000 respectively. This would decrease/ increase URB's net profit after tax and Net Tangible Assets by (\$1,275,000) and \$1,558,000 respectively.

Having regard to all available relevant information, the Board did not adjust the fair value of any of the Company's Level 3 assets during the year.

#### 10. Share capital

#### (a) Issued and paid up capital

	2018 \$'000	2017 \$'000
73,166,684 ordinary shares fully paid (2017: 72,853,332)	77,708	77,384

The Company does not have an authorised share capital and the ordinary shares on issue have no par value. Holders of ordinary shares participate in dividends and the proceeds on a winding up of the Company in proportion to the number of shares held.

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

### 10. Share capital (continued)

#### (b) Movement in ordinary shares

	2018		2017	
	Number of shares	\$'000	Number of shares	\$'000
Beginning of financial period	72,853,332	77,384	-	-
Issued during the period:				
- incorporation of Company	-	-	100	-
- shares issued via IPO	-	-	72,853,232	80,139
- shares issued on exercise of Options	250,473	276	-	_
- shares issued in respect of DRP	62,879	60		_
Gross funds raised		335		80,139
- less net transaction costs		(12)		(2,755)
End of financial year	73,166,684	77,708	72,853,332	77,384

### (i) Initial public offering ("IPO")

The Company issued a Prospectus on 3 March 2017 for the offer of up to 272,727,273 fully paid ordinary shares, together with one attaching option (refer below) at an offer price of \$1.10 per share to raise up to \$300,000,000. On 7 April 2017, the Company issued 72,853,232 fully paid ordinary shares under this initial public offering at \$1.10 per share, and 72,853,232 options for nil additional consideration.

#### (ii) Options

As part of the IPO the Company issued options to acquire ordinary shares in the Company at an exercise price of \$1.10. The options, which were tradable on the ASX, gave shareholders the right but not the obligation to subscribe for shares in URB at \$1.10 per share. As at 30 June 2018 all options had been exercised or expired.

#### (c) Other Information:

- There are no unquoted securities.
- There are no securities subject to escrow.
- There is no current on-market buy-back in place.

## (d) Capital Management

The Company's objective in managing capital is to provide shareholders with attractive investment returns through access to a steady stream of fully-franked dividends and enhancement of capital invested, with goals of paying an enhanced level of dividends and providing attractive total returns over the medium to long term.

The Company recognises that its capital will fluctuate in accordance with market conditions and in order to maintain or adjust the capital structure, may adjust the amount of dividends paid, issue new shares from time-to-time or return capital to shareholders.

The Company's capital consists of shareholders' equity plus net debt. The movement in equity is shown in the Statement of Changes in Equity. At 30 June 2018 net debt was \$Nil.

2018	2017
\$'000	\$'000

#### 11. Reserves

#### (a) Revaluation reserve

The revaluation reserve is used to record increments and decrements on the revaluation of the investment portfolio, net of applicable income tax.

Balance at the beginning of the year	(726)	-
Gross revaluation of investment portfolio	558	(1,001)
Deferred provision for tax on unrealised gains	(153)	275
Balance at the end of the financial year	(321)	(726)

#### (b) Realised capital gain reserve

The realised capital gain reserve records gains and losses arising from the disposal of listed equities in the investment portfolio held at fair value through other comprehensive income, net of applicable income tax.

Balance at the beginning of the year	-	-
Gross loss on sale of listed equity portfolio	(654)	
Deferred tax benefit on realised losses	180	
Balance at the end of the financial year	(474)	-

### (c) Realised profits reserve

The Board has established a Realised Profits Reserve to clearly define the after-tax profits available to be distributed to shareholders as dividends. The Directors intend to review the profits generated by the Company at least every six months with the intention of transferring an appropriate amount of profit to the Realised Profit Reserve. Dividends declared by the Board and paid to shareholders will be deducted from the Realised Profit Reserve rather than Retained Profits.

Balance at the beginning of the year	-	-
Current year profits transferred to reserve	2,161	-
Dividends declared and paid to shareholders during the year	(364)	
Balance at the end of the financial year	1,797	-
Potained profits		

## 12. Retained profits

Balance at the beginning of the year	(607)	-
Current year profit/ (loss) attributable to members of the Company	2,161	(607)
Amount transferred to realised profits reserve	(2,161)	
Balance at the end of the financial year	(607)	(607)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018		
	2018 \$'000	2017 \$'000
13. Notes to the statement of cash flows	•	•
(a) Reconciliation of cash flow from operating activities to net operating profit/ (loss)		
Net operating profit/ (loss)	2,161	(607)
Add back:		
Depreciation expense	1	-
Fair value loss on unlisted property assets	132	
Transaction costs on acquisition of unlisted property assets	-	1,249
Changes in assets and liabilities:		
- (Increase) in trade and other receivables	(160)	(626)
- Decrease/ (increase) in prepayments	5	(63)
- Decrease/ (increase) in deferred tax assets	104	(380)
- (Decrease)/ increase in payables	(53)	156
- Increase in deferred tax liabilities	94	127
Net cash inflow/ (outflow) from operating activities	2,284	(144)

#### (b) Non-cash financing and investing activities

The Company 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.

Under the terms of the DRP, \$60,363 (2017: nil) of dividends were paid via the issue of 62,879 ordinary shares in URB (2017: nil).

The Company did not engage in any other non-cash financing or investing activities during the financial year.

#### 14. Management of financial risk

The risks associated with the holding of financial instruments such as investments, cash, bank bills and borrowings include market risk, credit risk and liquidity risk. The Board has approved the policies and procedures that have been established to manage these risks. The effectiveness of these policies and procedures is reviewed by the Audit Committee.

### a. Financial instruments' terms, conditions and accounting policies

The Company's accounting policies are included in Note 1, while the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are included under the appropriate note for that instrument.

### b. Fair values

The carrying amounts of financial instruments in the balance sheets approximate their fair value determined in accordance with the accounting policies disclosed in Note 1 to the accounts.

#### c. Credit risk

The risk that a financial loss will occur because counterparty to a financial instrument fails to discharge an obligation is known as credit risk.

### 14. Management of financial risk (continued)

#### c. Credit risk (continued)

The credit risk on the Company's financial assets, excluding investments, is the carrying amount of those assets. The Company's principal credit risk exposures arise from the investment in liquid assets, such as cash and bank bills, and income receivable.

Cash and bank bills are reviewed monthly by the Board to ensure cash is only placed with pre-approved financial institutions with low risk profiles (primarily "Big 4" banks) and that the spread of cash and bank bills between banks is within agreed limits. Income receivable is comprised of accrued interest and dividends and distributions which were brought to account on the date the shares or units traded exdividend.

There are no financial instruments overdue or considered to be impaired.

#### d. Market risk

Market risk is the risk that changes in market prices will affect the fair value of a financial instrument.

The Company is a long term investor in companies and trusts and is therefore exposed to market risk through the movement of the share/unit prices of the companies and trusts in which it is invested.

The market value of the Equity Portfolio changes continuously because the market value of individual companies within the portfolio fluctuates throughout the day. The change in the market value of the Equity Portfolio is recognised through the Revaluation Reserve. As at 30 June 2018, the ASX listed investments in the Equity Portfolio represented 51% of the overall Investment Portfolio (2017: 38%).

As at 30 June 2018, a 5% movement in the market value of the URB Equity portfolio would result in:

- a 3% movement in the net assets of URB before provision for tax on unrealised capital gains (2017: 2%); and
- a movement of 2.7 cents per share in the net asset backing before provision for tax on unrealised capital gains (2017: 2.0 cents per share).

The performance of the companies and trusts within the Investment Portfolio, both individually and as a whole, is monitored by the Investment Committee and the Board.

URB seeks to reduce market risk at the investment portfolio level by ensuring that it is not, in the opinion of the Investment Committee, overly exposed to one Group or one sector of the market.

The table below summarises the spread of investments by sector as at the end of the financial year:

	Percentage of Portfolio (%)		Am	ount (\$'000)
	2018	2017	2018	2017
Real Estate	22.16	16.48	16,995	12,338
Industrials	14.84	11.97	11,383	8,956
Consumer Discretionary	5.19	3.35	3,980	2,512
Health Care	2.55	0.77	1,957	575
Materials	2.26	3.72	1,733	2,791
Utilities	2.26	-	1,731	-
Consumer Staples	1.99	1.78	1,526	1,337
Total Equity Portfolio investments	51.25	38.07	39,305	28,509
Direct Property Portfolio	44.62	43.48	34,219	32,555
Total Financial assets	95.87	81.55	73,524	61,064
Cash and dividends receivable	4.13	18.45	3,166	13,929
Total Investment portfolio	100.00	100.00	76,691	74,993

#### 14. Management of financial risk (continued)

#### d. Market risk (continued)

Below are the individual investments (excluding cash) which represented over 5% of the Investment Portfolio as at the end of the financial year:

	Percentage of Portfolio (%)		Am	nount (\$'000)
	2018	2017	2018	2017
PURT No.5 – Prestons	17.90	16.01	13,731	11,990
PURT No.3 – Kingsgrove	12.83	11.19	9,840	8,378
PURT No.4 – Penrith	10.15	16.28	7,781	12,187
Transurban	6.28	4.75	4,818	3,555
Sydney Airport	6.26	5.21	4,797	3,899

The relative weightings of each individual equity security and relevant market sectors are regularly reviewed by the Investment Manager, and at each meeting of the Board, and risk can be managed by reducing exposure where necessary. There are no set parameters as to a minimum or maximum amount of the Equity Portfolio that can be invested in a single entity or sector. The target maximum for the Direct Property Portfolio is currently 50% of the Total Investment Portfolio; within this, there are no set parameters as to a minimum or maximum amount of the Direct Property Portfolio that can be invested in a single entity, region or type of property.

#### e. Interest rate risk

The Company is not directly exposed to material interest rate risk. All cash investments are short term (up to 1 year) for a fixed rate, except for cash in operating bank accounts which are at-call and attract variable rates.

The Company has no direct financial liability as at 30 June 2018 (2017: nil).

As at 30 June 2018 PURT No.4: Penrith had an outstanding financial liability, being a three-year variable rate interest-only loan with a big-four bank (2017: nil). As at year end, and at all times during the term of the loan to date, PURT 4: Penrith complied with the financial covenants applicable to the loan, including a Loan to Valuation Ratio and Interest Rate Coverage ratio.

As at 30 June 2018 there was no gearing within any of the other Seed Assets in the Company's Direct Property Portfolio (2017: nil).

#### f. Foreign currency risk

The Company is not exposed to foreign currency risk as all investments are quoted in Australian dollars.

#### g. Liquidity risk

Liquidity risk is the risk that the Company is unable to meet financial obligations as they fall due.

The Company has no borrowings, and sufficient cash reserves to fund core operations until such time as these operations are funded by revenue received from existing investments.

The Company's other major cash outflows are the purchase of listed securities, additional Direct Property investments, and the payment of dividends to shareholders. The level of all of these outflows is fully controllable by the Board.

Furthermore, approximately 50% of the Company's assets are in the form of readily tradeable securities, which can be sold on-market to generate cash if necessary.

#### 14. Management of financial risk (continued)

#### h. Capital risk management

The Company invests its equity in a diversified portfolio of ASX-listed equity securities and unlisted property assets that aim to generate a growing income stream for distribution to shareholders in the form of fully franked dividends.

The capital base is managed to ensure there are funds available for investment as opportunities arise. The Company has implemented a Dividend Reinvestment Plan, which is expected to be an ongoing source of additional capital. From time to time, where deemed appropriate, the Company may consider implementing other capital raising strategies including but not limited to Rights Issues, Share Placements, and Share Purchase Plans.

#### 15. Key management personnel disclosures

The names and positions held of the Company's key management personnel (**KMP**) in office at any time during the financial year are:

the financial year are:		
Name	Position	
Warwick Negus	Non-Executive Chairman	

Bruce Dungey Independent Non-Executive Director
Tony McDonald Independent Non-Executive Director
Victoria Weekes Independent Non-Executive Director

Details of the nature and amount of each KMP's remuneration from URB in respect of the year to 30 June 2018 have been included in the Remuneration Report section of the Directors' Report, with overall KMP remuneration summarised below.

	2018 \$'000	2017 \$'000
Short term employee benefits – Directors' fees	172,420	43,106
Post employment benefits - Superannuation	12,580	3,144
	185,000	46,250

The Company contributes superannuation payments on behalf of Directors in accordance with relevant legislation. Superannuation funds are nominated by the individual Directors and are independent of URB.

#### 16. Related Party Transactions

Related parties of the Company fall into the following categories:

### (a) Key management personnel

Disclosures relating to key management personnel are included in Note 15.

### (b) Director Related Entities

#### Washington H. Soul Pattinson and Company Limited

Prior to the completion of the Company's IPO, the Company entered into a Co-investment Agreement and three Call Option Agreements with Washington H Soul Pattinson and Company Limited (WHSP). Mr Warwick Negus is a director of WHSP. Subsequent to the IPO, the Company exercised the Call Options and entered into three Unitholder Agreements with WHSP.

There were no option fees paid or payable to WHSP for exercise of the Call Options for the year to 30 June 2018 (2017: \$1,249,090, at arms-length rates). As at 30 June 2018 the Company did not owe any money to WHSP (2017: \$426,567).

#### 16. Related Party Transactions (continued)

#### (b) Director Related Entities (continued)

#### Corporate & Administrative Services Pty Limited

The Company has appointed Corporate & Administrative Services Pty Limited (CAS) to provide the Company with administration, company secretarial and accounting services, including preparation of all financial accounts. Mr Warwick Negus is a director of WHSP, the parent entity of CAS.

Fees paid to CAS for services provided to URB for the year to 30 June 2018 were \$121,004 including GST (2017: \$30,251), and are at standard market rates. As at 30 June 2018 the Company owed \$10,084 to CAS (2017: \$10.084).

#### Pitt Capital Partners Limited

The Company appointed Pitt Capital Partners Limited (PCP) to act as Financial Advisor for the Company's Initial Public Offering (IPO). Mr Warwick Negus is a director of WHSP, the parent entity of PCP.

Fees payable to PCP for services provided to the Company for the year to 30 June 2018 were nil (2017: \$881,524 including GST), and were at standard market rates. As at 30 June 2018 the Company did not owe any money to PCP (2017 nil).

#### Contact Asset Management Pty Limited

The Company has outsourced its investment management function to Contact Asset Management Pty Limited (Contact). Mr Warwick Negus is a director of WHSP, which owns 20% of Contact.

Fees payable to Contact for services provided to the Company for the year to 30 June 2018 were \$425,931 including GST (2017:\$106,408), and are calculated in accordance with terms summarised in Note 3 (a). As at 30 June 2018 the Company owed \$35,981 to Contact (2017: \$35,444).

#### (c) Transactions in securities

#### Share Holdings

The number of ordinary shares in the Company held during the financial year by Key Management Personnel (KMP), or their related entities, are set out in the following tables.

During the period ended 30 June 2017 KMP acquired ordinary shares through the IPO.

During the year ended 30 June 2018 KMP acquired shares through on-market purchases, exercise of listed options and/or through participation in the Company's dividend reinvestment plan, and disposed of shares through off-market transfers.

There were no other changes to KMP shareholdings during the year ended 30 June 2018. No shares were granted as compensation during the financial year.

	Opening Part balance	icipation in DRP	Exercise of listed option	On-Market Purchases	Off-market Transfers	Balance as at 30 Jun 2018
2018						
Warwick Negus	100,000	520	-	-	-	100,520
Bruce Dungey	68,200	-	68,200	-	(22,727)	113,673
Tony McDonald	100,000	-	-	-	-	100,000
Victoria Weekes	15,000	-	-	19,000	-	34,000
Total	283,200	520	68,200	19,000	(22,727)	348,193

#### 16. Related Party Transactions (continued)

#### (c) Transactions in securities (continued)

#### Share Holdings (continued)

2017	Opening balance	Participation in IPO	Balance as at 30 Jun 2017
Warwick Negus	-	100,000	100,000
Bruce Dungey	-	68,200	68,200
Tony McDonald	-	100,000	100,000
Victoria Weekes		15,000	15,000
Total		283,200	283,200

#### Option Holdings

The number of options in the Company held during the financial year by Key Management Personnel (KMP), or their related entities, are set out in the following tables.

KMP acquired options through the IPO in the period ended 30 June 2017. Options held by KMP were subject to the same terms and conditions as all other options issued by the company, as outlined in Note 10.

During the year ended 30 June 2018 all options held by KMP were either exercised or expired. There were no other changes to Directors' option holdings during the year ended 30 June 2018.

There were no options granted during the financial year as compensation.

		Exercise of		Balance as at 30
2018	Opening balance	options	Lapse of options	Jun 2018
Warwick Negus	100,000	=	(100,000)	-
Bruce Dungey	68,200	(68,200)	-	-
Tony McDonald	100,000	-	(100,000)	-
Victoria Weekes	15,000	-	(15,000)	
Total	283,200	(68,200)	215,000	-

	Participation in	Balance as at 30
Opening balance	IP0	Jun 2017
-	100,000	100,000
-	68,200	68,200
-	100,000	100,000
	15,000	15,000
_	283,200	283,200
	Opening balance - - - - - -	Opening balance         IPO           -         100,000           -         68,200           -         100,000           -         15,000

#### 17. Commitments

## (a) Direct property investment commitments

The Company had no firm commitments in respect of its direct property investments as at 30 June 2018.

In particular, under the terms of each respective Unitholder Agreement, as at 30 June 2018 and to the date of this report URB had the right, but not the obligation, to participate in additional equity raisings conducted by the unlisted property trusts in which URB has invested.

#### (b) Capital and Leasing Commitments

The Company had no capital and leasing commitments as at 30 June 2018.

#### 18. Auditors' Remuneration

During the financial year the following fees were paid or payable for services provided by Pitcher Partners, the auditor of the Company:

	2018	2017
	\$'000	\$'000
Audit and other assurance services		
Audit of the financial report	42	26
Total remuneration for audit and other assurance services	42	26
Other Services		
Tax compliance services	4	4
Review services in relation to the Initial Public Offering of the Company	-	25
Other advisory services	3	
Total auditor's remuneration	49	55

The Company's Audit Committee oversees the relationship with the Company's external auditors. The Audit Committee reviews the scope of the audit and the proposed fee. It also reviews the cost and scope of other services provided by the audit firm, to ensure that they do not compromise independence.

#### 19. Contingent Liabilities

The Company has no contingent liabilities as at 30 June 2018.

#### 20. Authorisation

The financial report was authorised for issue on xx August 2018 by the Board of Directors.

### 21. Significant Events after Balance Date

Subsequent to balance date, the Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2018 has been passed by Parliament, but not yet enacted. A consequence of enactment would be to increase the Company's income tax rate to 30% (from 27.5%). Based on values at balance date, this would increase deferred tax assets by \$150,000, increase deferred tax liabilities by \$21,000, increase equity by \$111,000, with a corresponding income tax benefit of \$18,000, resulting in a \$129,000 increase in net assets. It would also reduce the franking account balance by \$17,947. These changes have not been recognised as at 30 June 2018.

Other than the declaration of a dividend as disclosed in Note 5(b), the Directors are not aware of any other matter or circumstance that has arisen since the end of the year to the date of this report that has significantly affected or may significantly affect:

- the operations of the Company;
- the results of those operations; or
- the state of affairs of the Company in subsequent years.

## **URB INVESTMENTS LIMITED**

#### **DIRECTORS' DECLARATION**

The Directors of URB Investments Limited declare that:

- 1. the financial statements and notes, as set out on pages 25 to 53, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards and the Corporations Regulations;
  - b. comply with International Financial Reporting Standards, as stated in Note 1 to the financial statements; and
  - c. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the Company;
- 2. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- this declaration has been made after receiving the declaration required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2018.

This declaration is made in accordance with a resolution of the Board of Directors.

Warwick Negus Director

Sydney 28 August 2018



#### **Report on the Audit of the Financial Report**

#### Opinion

We have audited the financial report of URB Investments Limited ("the Company"), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of URB Investments Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (*"the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. We have communicated the key audit matters to the Audit Committee, but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Audit Committee. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Key audit matter

#### How our audit addressed the matter

## Valuation, Existence and Classification of Financial Assets Refer to Note 9: Financial Assets

We focused our audit effort on the valuation and existence of the Company's financial assets as they are its largest asset and represent the most significant driver of the Company's net tangible assets and profits.

Investments consist of listed Australian securities and units in unlisted property trusts. Investments are valued by multiplying the quantity held by the respective market price, cost or estimated net tangible asset value per security for unlisted investments.

Our procedures included, amongst others:

- Obtaining an understanding of the investment management process and controls;
- For equity investments, agreed a sample of the investment holdings to independent share registry databases;
- For property investments, confirmed the proper recording and ownership through review of unitholder agreements and/or buy and sell advices.
- Assessing the Company's valuation of individual investment holdings to independent sources where readily observable data was available. For investments where there was little or less observable market data, we obtained and assessed other relevant valuation data.
- Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses;
- Assessing the adequacy of disclosures in the financial statements.



### Key audit matter

#### How our audit addressed the matter

## Accuracy and Completeness of Management & Performance Fees Refer to Note 3: Expenses, Note 16: Related party transactions

We focused our audit effort on the accuracy of management and performance fees as they are significant expenses of the Company and their calculation requires adjustments for major events such as payment of company dividends and taxes, capital raisings and capital reductions in accordance with the Investment Management Agreement between the Company and the Investment Manager.

In addition, to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.

Our procedures included, amongst others:

- Making enquiries with the Directors and those charged with governance with respect to any significant events during the period and associated adjustments made as a result, in addition to reviewing ASX announcements;
- Testing key inputs used in the calculation of management and performance fees and performing a recalculation in accordance with our understanding of the Investment Management Agreement;
- Assessing the adequacy of disclosures made in the financial statements.

### Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to
  fraud or error, design and perform audit procedures responsive to those risks, and obtain audit
  evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not
  detecting a material misstatement resulting from fraud is higher than for one resulting from
  error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the
  override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the
  disclosures, and whether the financial report represents the underlying transactions and events
  in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on the Remuneration Report**

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 23 of the Directors' Report for the year ended 30 June 2018. In our opinion, the Remuneration Report of URB Investments Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

#### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**S M Whiddett** 

Shhiddet

Partner

28 August 2018

**Pitcher Partners** 

Sydney

## ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is listed below. The shareholder information disclosed was applicable as at 31 July 2018.

## 1) Distribution of equity securities

### (a) Ordinary Shares

Below is an analysis of holders of ordinary shares in URB by size of holding.

Holding Size	Number of shareholders	Number of shares held	Percentage of issued shares
1 – 1,000	34	21,207	0.03
1,001 – 5,000	871	2,878,433	3.93
5,001 – 10,000	631	5,515,619	7.54
10,001 – 100,000	1,138	36,688,772	50.15
100,001 and over	71	28,062,652	38.35
Total	2,745	73,166,683	100.00
Holding less than a marketable parcel of 524 shares	15	4,352	0.01

The 20 largest holdings of URB's ordinary shares are listed below:

	Number of shares	
Name	held	%
Washington H Soul Pattinson and Company Limited	9,046,875	12.36
Jasgo Nominees Pty Limited	2,000,000	2.73
Aust Executor Trustees Ltd	909,090	1.24
Netwealth Investments Limited	903,011	1.23
J S Millner Holdings Pty Limited	700,000	0.96
Tom Hale Pty Limited	688,513	0.94
Netwealth Investments Limited	663,705	0.91
Marsden Holdings (Canberra) Pty Ltd	636,000	0.87
HSBC Custody Nominees (Australia) Limited	515,926	0.71
Packa Pty Ltd	500,000	0.68
Invia Custodian Pty Limited	446,500	0.61
Geat Incorporated	400,000	0.55
Mr Donald John Winley & Mrs Jill Winley	358,427	0.49
Mr Desmond O'Donnell Ferris & Mrs Robin Ferris	300,000	0.41
Bond Street Custodians Limited	300,000	0.41
Ms Anne Margaret McNiven	300,000	0.41
BNP Paribas Noms Pty Ltd	291,854	0.40
Castodian No 1 Pty Limited	272,728	0.37
Merrinong Pastoral Co Pty Ltd	250,000	0.34
Mr Mark Edward Kennedy	250,000	0.34

### ASX ADDITIONAL INFORMATION

## 2) Voting Rights of Members

Article 16.2 of the Company's Constitution provides that, subject to relevant articles of this constitution and relevant sections of the Corporations Act 2001:

- a) on a show of hands at a meeting of Members, every Eligible Member present has one vote.
- b) on a poll at a meeting of Members, every Eligible Member present has:
  - (i) one vote for each fully paid up Share (whether the issue price of the Share was paid up or credited or both) that the Eligible Member holds; and
  - (ii) a fraction of one vote for each partly paid up Share that the Eligible Member holds.

#### 3) Substantial Shareholders

As at 30 June 2018 the name and holding of each substantial shareholder as disclosed in a notice received by the Company is:

Substantial Shareholder	Shares Held	%
Washington H Soul Pattinson & Company Limited <sup>1</sup>	9,000,000	12.35
Brickworks Limited <sup>1, 2</sup>	9,000,000	12.35

<sup>1</sup> Details included on substantial shareholder notice dated 12 April 2017.

#### 4) Other Information

There were 121 transactions (2017: 107) in ASX-listed securities undertaken by URB and the total brokerage paid or accrued during the year was \$75,212 excluding GST (2017: \$49,440).

<sup>2</sup> Shares held by Brickworks Limited represent a technical relevant interest as a result of Brickworks Limited's shareholding in Washington H Soul Pattinson & Company Limited.