

URB INVESTMENTS LIMITED

2018 FULL YEAR RESULTS PRESENTATION
AUGUST 2018

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2018 RESULT HIGHLIGHTS

FOR THE PERIOD 1 JULY 2017 - 30 JUNE 2018

URB Performance Highlights	Ordinary Operations 2018 \$'000	Abnormal Items 2018 \$'000	Statutory Numbers 2018 \$'000	Ordinary Operations 2017 \$'000
Revenue from Equity Portfolio	1,911	776	2,687	522
Revenue from Direct Property Portfolio	577		577	
Interest Income	121		121	122
Other Income	20		20	
Income from Operations	2,629	776	3,405	644
Operating Expenses	(913)		(913)	(255)
Fair value loss on direct property assets		(132)	(132)	
Transaction costs on acquiring direct property assets				(1,249)
Income Tax Expense	(263)	64	(199)	253
Net Operating Result	1,453	708	2,161	(607)
	Cents per share (cps)		Cents per share (cps)	Cents per share (cps)
Earnings per share <u>excluding</u> special investment revenue	1.99		2.96	(0.83)
Full Year Fully Franked Ordinary Dividend	1.50			0.00

DIVIDEND KEY DATES

The URB Board has declared the Company's second dividend to shareholders, with a Final Ordinary Dividend of 1.00cps. This dividend will be fully franked at the tax rate of 27.5%¹.

The last trading date to be eligible for the URB Final Dividend is Wednesday 12th September 2018.

Key dates for the Final Dividend are as follows:

<u>Ex-Dividend Date</u>	<u>Thursday 13th September 2018</u>
<u>Record Date</u>	<u>Friday 14th September 2018</u>
<u>DRP Nomination</u>	<u>Monday 17th September 2018</u>
<u>Dividend Payment Date</u>	<u>Monday 8th October 2018</u>

URB has a Dividend Reinvestment Plan (DRP) that offers shareholders the opportunity to acquire further ordinary shares in URB. The last day for shareholders to nominate for their participation in the DRP is Monday 17th September 2018. The DRP will not be offered at a discount.

¹ Subsequent to balance date the Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2018 was passed by Parliament. 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.



URB INVESTMENTS LIMITED

URBAN RENEWAL AND REGENERATION



*URB is managed by Contact Asset Management
AFSL 494045*

URBAN RENEWAL & REGENERATION

- The transformation of existing, under utilised, urban areas to accommodate much denser, generally mixed use environments.
- Typically this involves rezoning land whilst investing in infrastructure required to cater for the needs of current and future populations.



POPULATION GROWTH

CREATING GROWTH IN JOBS AND HOUSING

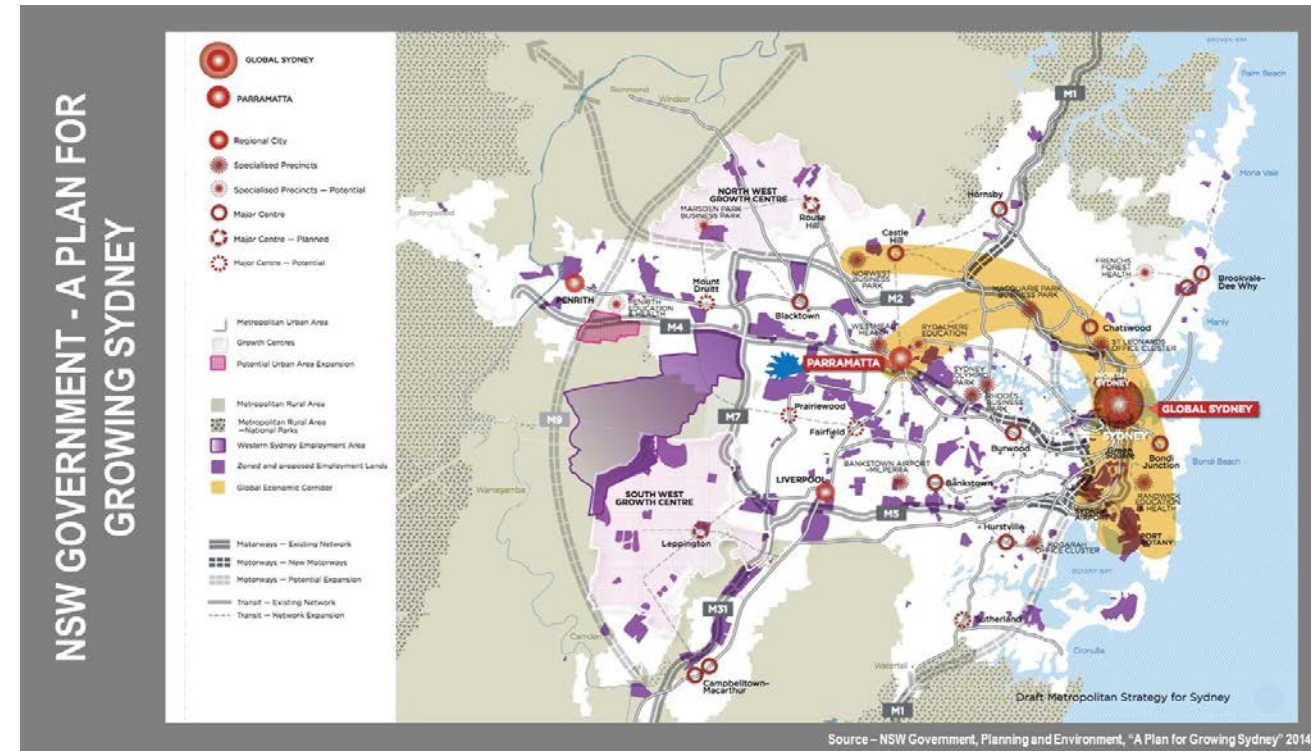
- Australia's population has grown by 400,000 a year over the past three years.
- In August 2018, Australia's population reached 25 million. According to projections from the Australian Bureau of Statistics (ABS), that's 33 years ahead of forecasts.
- Australia's population is now expected to grow to 40 million by 2048. This will require significant and continuous investment.



Australia's population is now expected to grow to **40 million** people by 2048

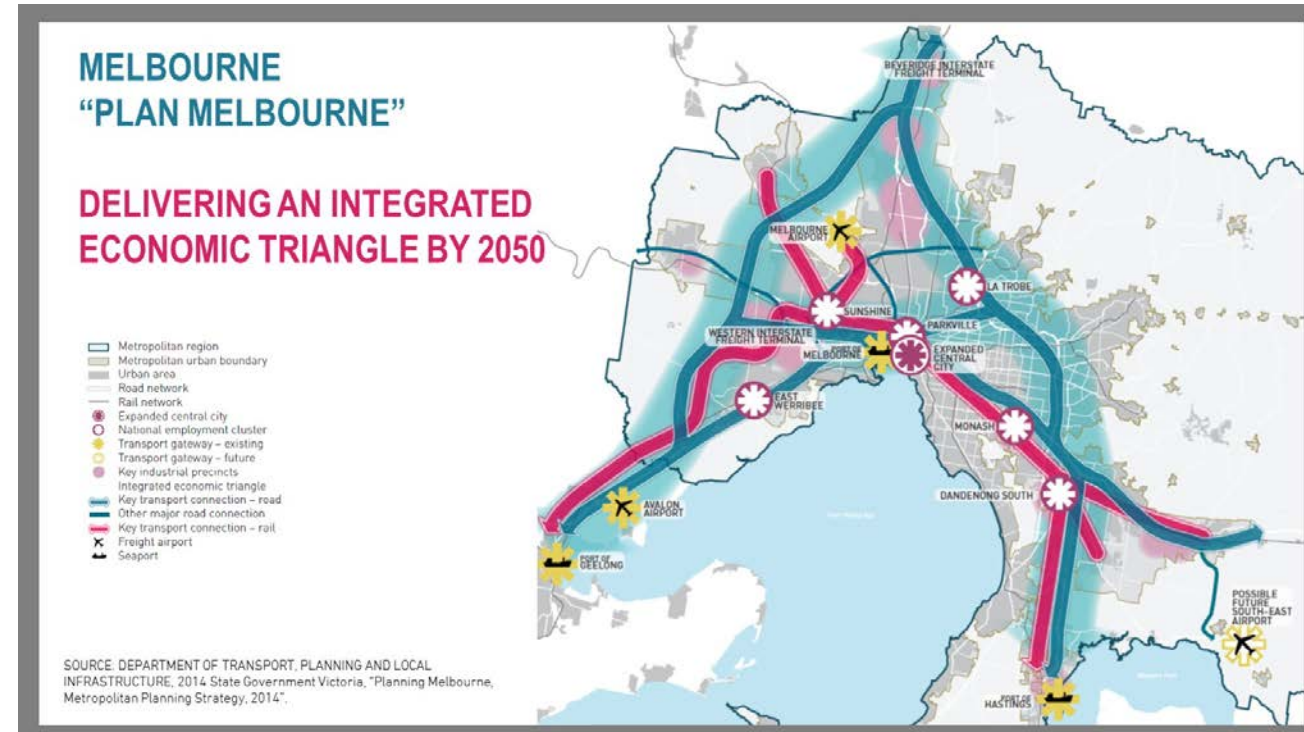
POPULATION GROWTH CREATING GROWTH IN JOBS AND HOUSING

- Sydney's population is estimated to grow by 1.6 million people by 2031.
- It is estimated that this growth will require:
 - 690,000 new direct and in-direct jobs
 - 664,000 new homes
- Penrith City Council has stated
"Council is committed to helping create more than 45,000 new jobs and 25,000 new dwellings by 2031. At least 10,000 of these jobs and 5,000 of these dwellings will be created in the Penrith City Centre."



POPULATION GROWTH CREATING GROWTH IN JOBS AND HOUSING

- Melbourne could grow by another 3.4 million people, to around 7.7 million by 2051.
- It is estimated that this growth will require:
 - 1.7 million new direct and in-direct jobs
 - 1.6 million new homes
- Property Council of Australia has stated:
"Urban renewal and regeneration are important elements of a city's growth. Government has a key role to play in ensuring important locations are market-ready where private markets are not yet in place."



URB INVESTMENTS LIMITED

POSITIONING THE PORTFOLIO

HOUSING GROWTH

Home Builders

A growing population has seen previously unoccupied land completely transformed.

With population growth continuing the demand for housing and appropriate infrastructure will continue. This includes roads, tunnels, rail networks, airports, hospitals, schools and town centres.

Photos below show the transformation of AV Jennings (AVJ) Evergreen Spring Farm project in South West Sydney.



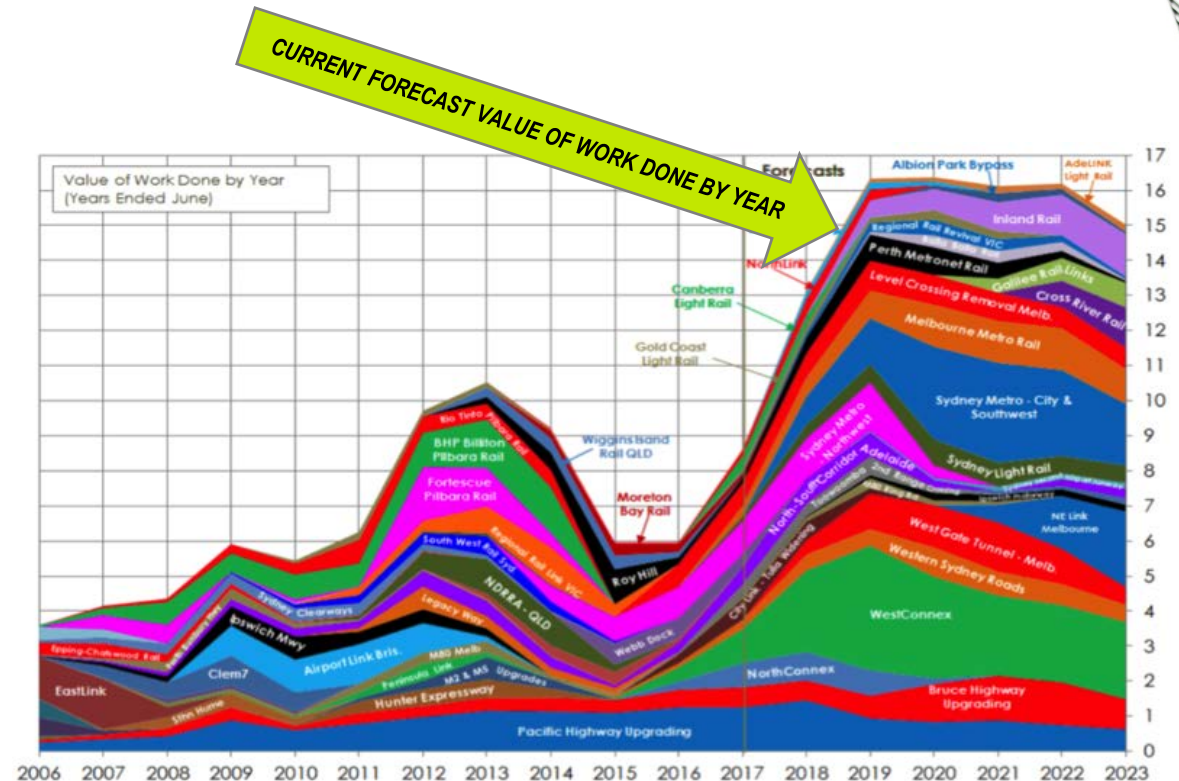
INFRASTRUCTURE + CONSTRUCTION GROWTH

Construction and Engineering

Australia's significant transformation is continuing thanks to federal and state government spend on major infrastructure projects. Infrastructure spend is currently at levels never seen before and will continue for many years.

This global trend, fuelled by unprecedented population growth and urbanisation will benefit companies who have made long term infrastructure investments in industries including:

- Freight Road, Rail and Logistics Networks
- Communications Networks and Exchanges
- Hospitals and Age Care Facilities



TOURISM GROWTH

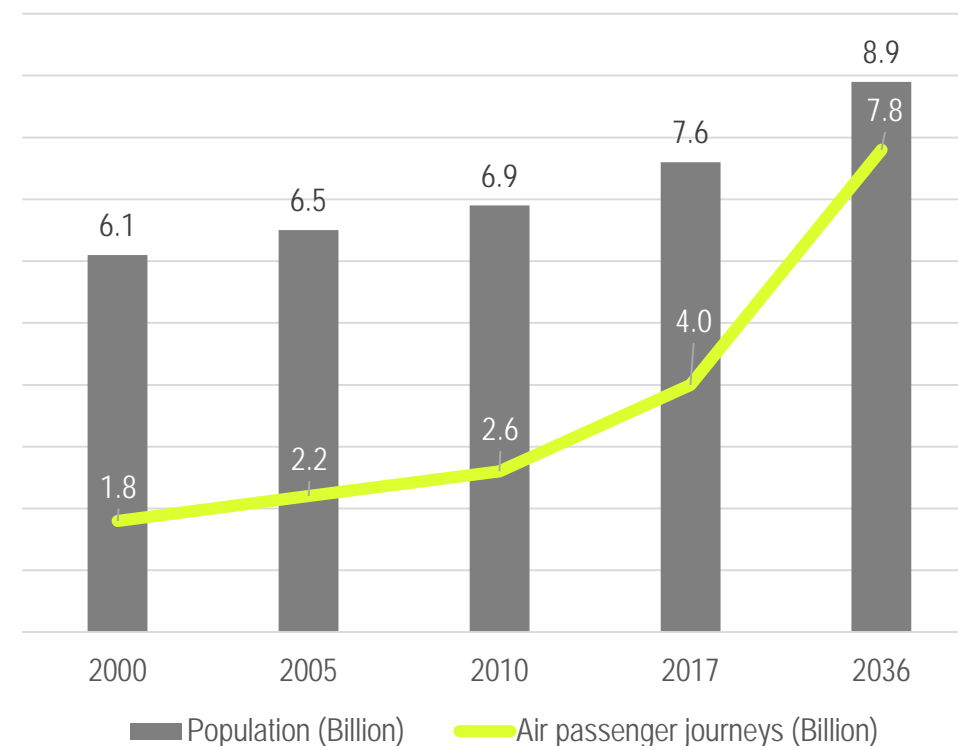
Airports

Sydney Airport (SYD) will benefit over the next 30 years from an additional 11.8m people and urbanisation trends.

Over the last 20 years the volume of freight flown in and out of Australia has more than doubled and is expected to increase by a further 120% by 2030.

Similarly, total passenger growth at Sydney Airport is forecast to grow 51% from 44.3m in 2017 to 65.6m in 2039 largely driven by international passengers.

Rise in Global Travel*



TOLL ROAD GROWTH

Toll Road Operators

Transurban (TCL) operating in some of the most congested cities in the world with double digit population growth; including Sydney, Melbourne and Montreal growing 48%, 59% and 36% respectively over the next 30 years*.

In Australia, truck traffic is predicted to increase around 50% to 2030[^]. The Transurban (TCL) "truck toll multiplier" in Sydney is 3x the car toll and results in a significant lift in toll revenue and profits.

TCL has reported a \$10b committed pipeline to further enhance and diversify future earnings and numerous next generation opportunities beyond 2029.



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URB PORTFOLIO IN DETAIL

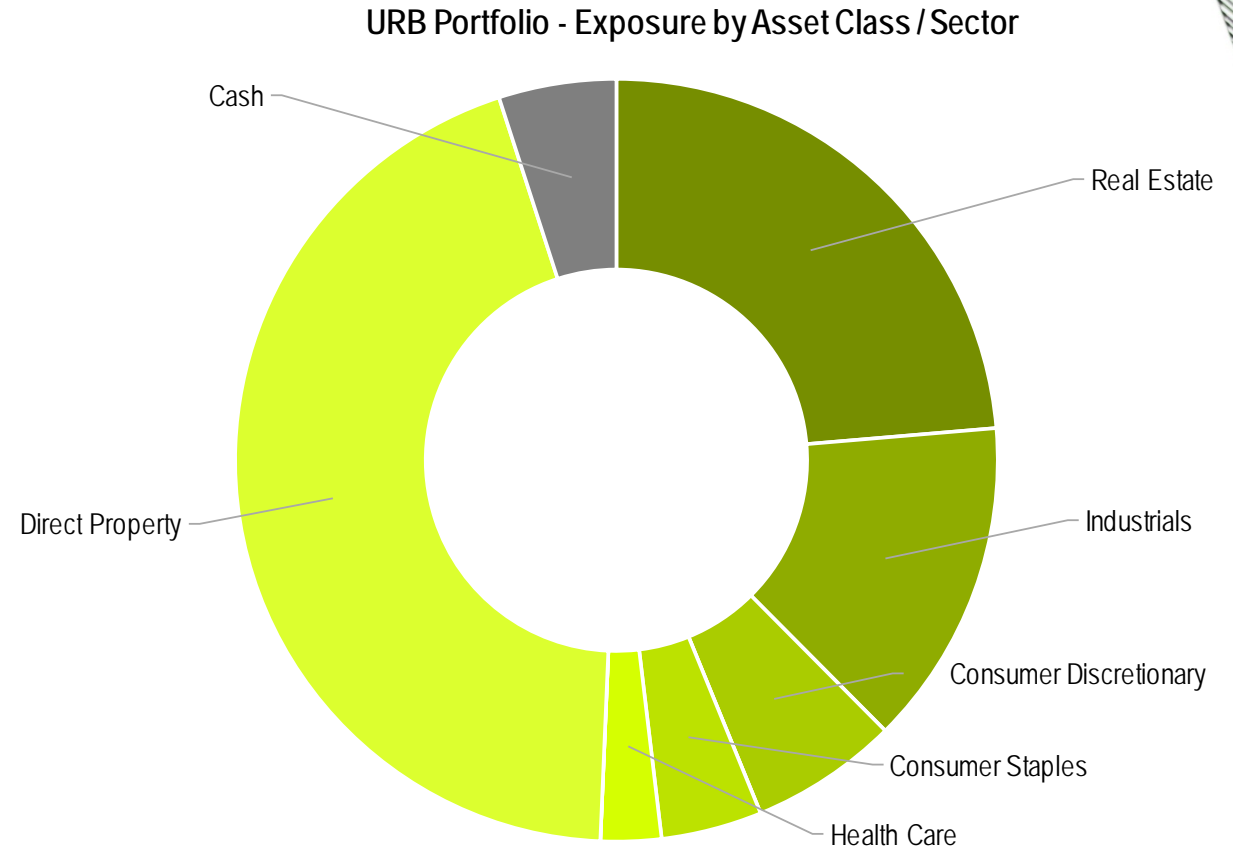
URB ASSET ALLOCATION

URB PORTFOLIO – EXPOSURE BY ASSET CLASS / SECTOR
AS AT 30 JUNE 2018

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

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

URB is in a strong financial position with no debt, cash and a liquid Equity Portfolio.



DIRECT PROPERTY PORTFOLIO

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

Asset Selection

- Identify under-valued, under-developed and under-utilised property assets exposed to the urban renewal and regeneration thematic and acquire them at attractive prices.
- Target assets where there are identifiable drivers of future revaluations preferably coupled with sustainable income.

Portfolio Construction

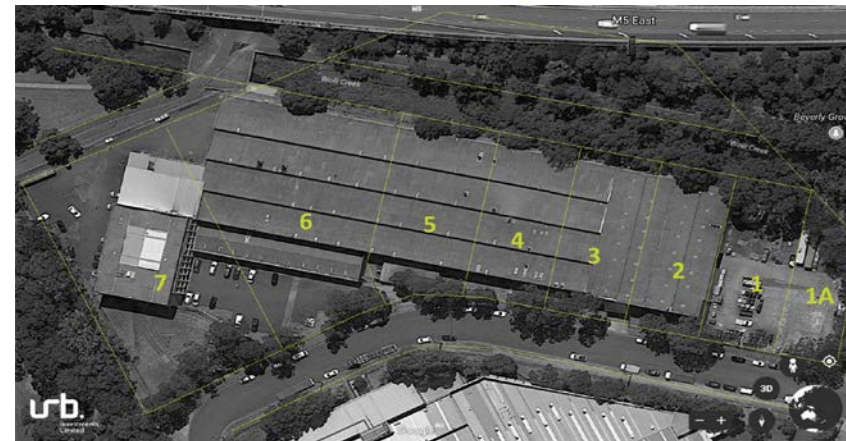
- Diversification by: geography; income mix and asset class.
- Invest in sustainable returns across the entire property growth cycle.

Maximise Asset Performance

- Active asset/property management to generate superior income outcomes.
- Active engagement with stakeholders to maximise future uses & value uplift (e.g. re-zoning).
- Smart value realisation: we will optimise value realisation to drive returns.

PROPERTY INVESTMENT UNIVERSE

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



PURT 3: KINGSGROVE

2 THE CRESCENT, KINGSGROVE, NSW – As at 27th August 2018

URBAN RENEWAL BENEFITS

- Displacement of warehouses and a large portion of the industrial segment from the inner south-west of Sydney (thanks to significant construction of residential apartment buildings in suburbs including Botany, Mascot, Alexandria, Zetland and Rosebery) has resulted in a constrained supply of serviced land which will continue to drive up land values.
- Growth in e-commerce continues to increase the importance of location. PURT3: Kingsgrove provides proximity to infrastructure, including:
 - New Westconnex Motorway,
 - M5 Motorway
 - Kingsgrove Railway Station,
 - Sydney Airport,
 - Port Botany
 - Moorebank Intermodal Freight Precinct



PURT 3: KINGSGROVE

2 THE CRESCENT, KINGSGROVE, NSW - As at 27th August 2018

UPDATE OF PROPERTY

- Completion of demolition program.
- Submitted Development Application (DA) – Subdivision.
- The PURT3 Trust completed the additional exchange of conditional contracts in respect to Lot 4, Lot 5 and Lot 6. These additional exchanges now represent 100% of the total saleable area.
- Council has issued approval for Sub-division, enabling the PURT3 Trust to progress to the latter stages of development. This is the only remaining activity in the PURT 3 Trust prior to settlement of all land parcels.



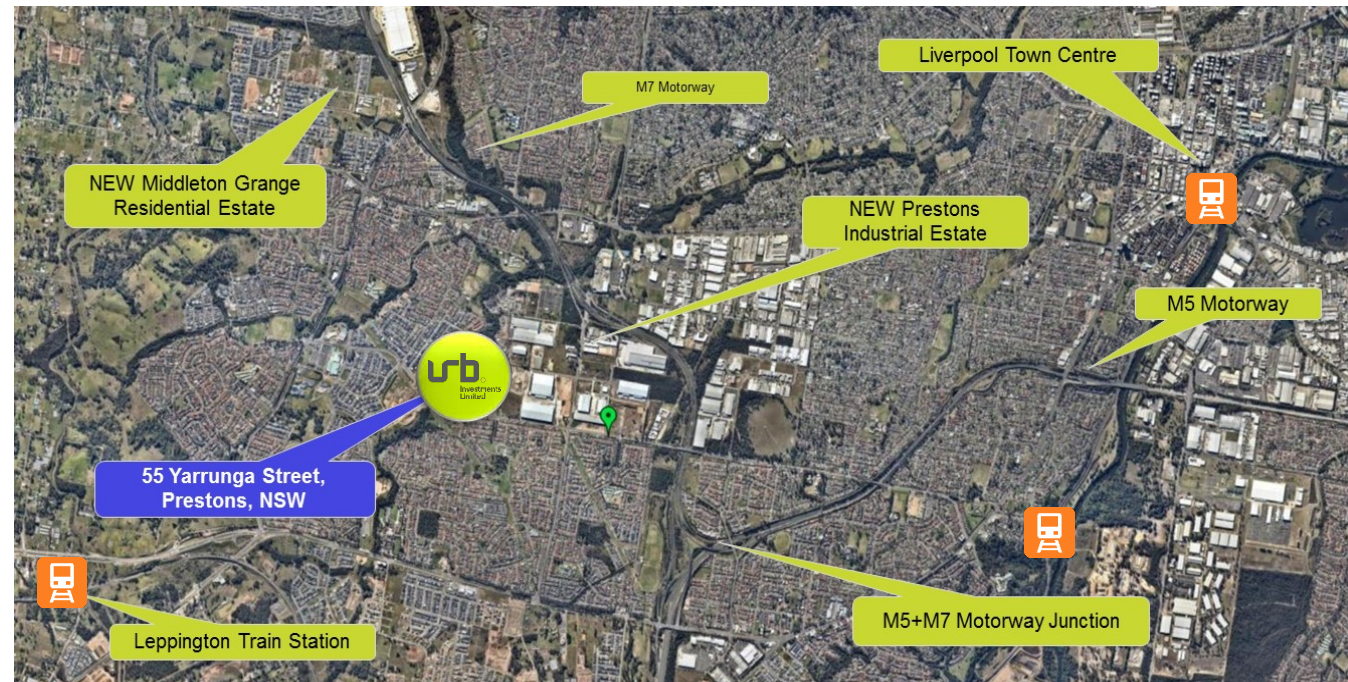


PURT 5: PRESTONS

55 YARRUNGA STREET, PRESTONS, NSW - As at 27th August 2018

URBAN RENEWAL BENEFITS

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



PURT 5: PRESTONS

55 YARRUNGA STREET, PRESTONS, NSW - As at 27th August 2018

UPDATE OF PROPERTY

- Completed acquisition of the Prestons site post IPO of URB.
- Signed Agreement for Lease with Mainfreight Australia.
- Approval Stage 1 Development Application (DA) – Commencement of Works.
- Completed preliminary works civil program.
- Approval Stage 2 Development Application (DA) – Construction Certificate.
- Approval Stage 3 Development Application (DA) – Signage and Use for the PURT5 Trust, Prestons.
- Completed 50% of construction program of Mainfreight Australia distribution facility.







25



Construction as at July 2018

PURT 4: PENRITH

510 – 536 HIGH STREET, PENRITH, NSW - As at 27th August 2018

URBAN RENEWAL BENEFITS

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



PURT 4: PENRITH

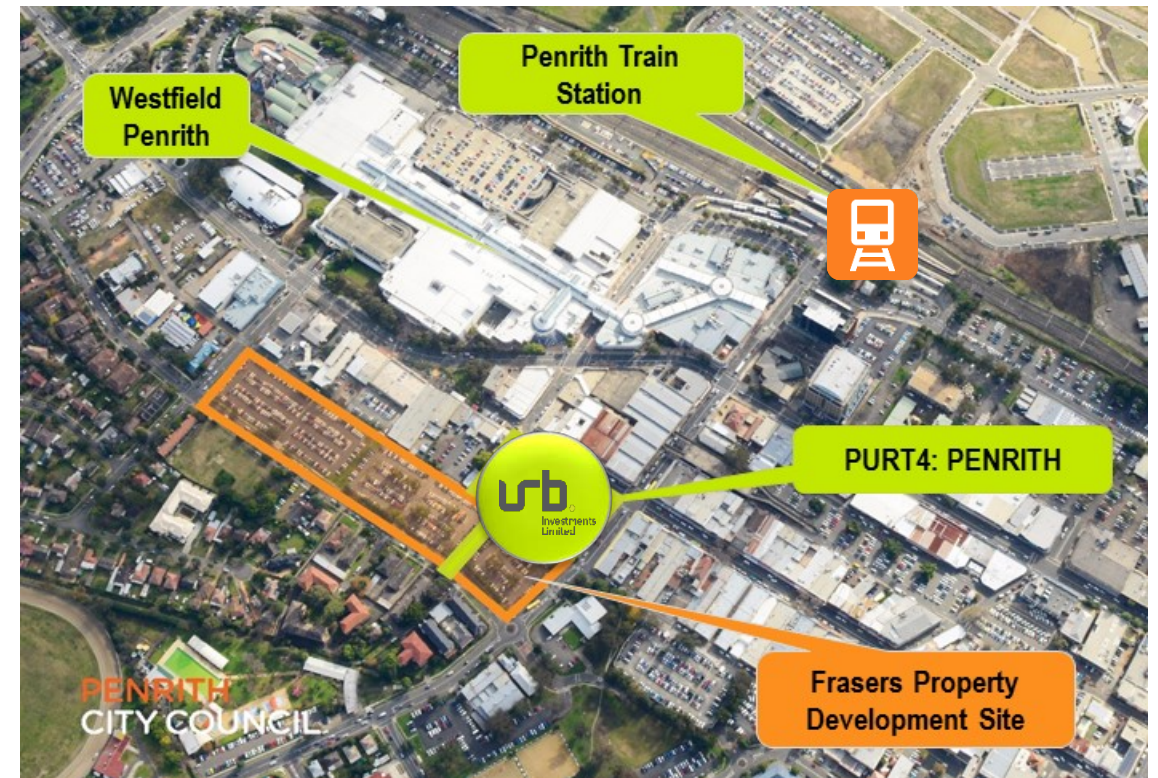
510 – 536 HIGH STREET, PENRITH, NSW - As at 27th August 2018



UPDATE OF PROPERTY

Commencement of distributions to unitholders from the Trust.

- The Trust acquired the Tattersalls Hotel lease, and has now appointed a new lessee. This additional investment achieves a very attractive yield on cost, and provided an increase in the Trust's total income. The new lease terms provide the Trust with much greater control over the timing of potential development opportunities.
- Penrith City Council has appointed Frasers Property Australia as the preferred proponent for the proposed development of Union Road Car Park, Penrith, which is adjacent to the PURT4: Penrith asset.
- Completion of the loan facility for the PURT4 Trust, Penrith.
- Capital return to PURT4 Trust unitholders post the loan facility execution.



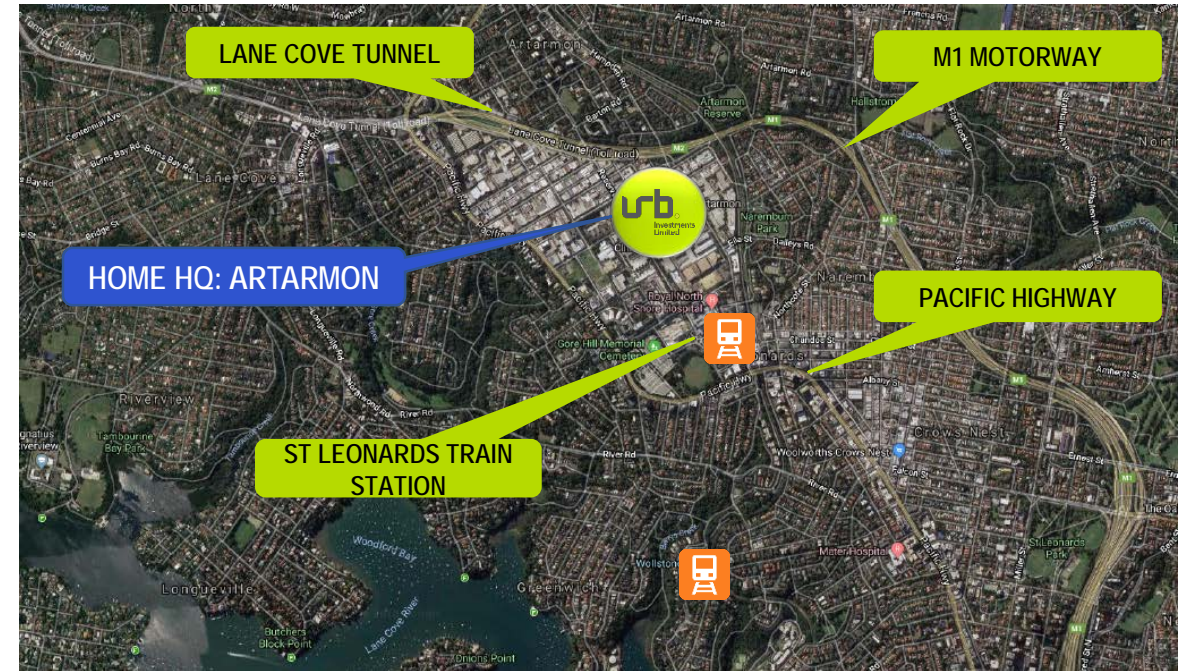
HOMEHQ: ARTARMON

1 Frederick St, Artarmon, NSW - As at 27th August 2018



URBAN RENEWAL BENEFITS

- Artarmon is a prime example of an inner Sydney gentrifying area characterised by low-density industrial and commercial uses, with further redevelopment potential.
- An investment in the Home HQ property offers URB the opportunity to benefit from immediate and sustainable income via existing tenancies, significant population growth in the area, remixing, repositioning and further development upside (DA Approved Development).
- Proximity to infrastructure, including:
 - St Leonards Railway Station
 - Artarmon Town Centre
 - Royal North Shore Hospital and North Shore Private Hospital
 - M1 and M2 Motorways and Pacific Highway
 - The new metro rail network



HOMEHQ: ARTARMON

1 Frederick St, Artarmon, NSW - As at 27th August 2018

UPDATE OF PROPERTY

- HOMEHQ: Artarmon 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.
- HOME HQ comprises 22,196m² 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 over 20% and average distributions of 9.0%.
- Revaluation expected upon completion of the onsite Food and Beverage precinct, DA obtained.





EQUITY PORTFOLIO

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

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

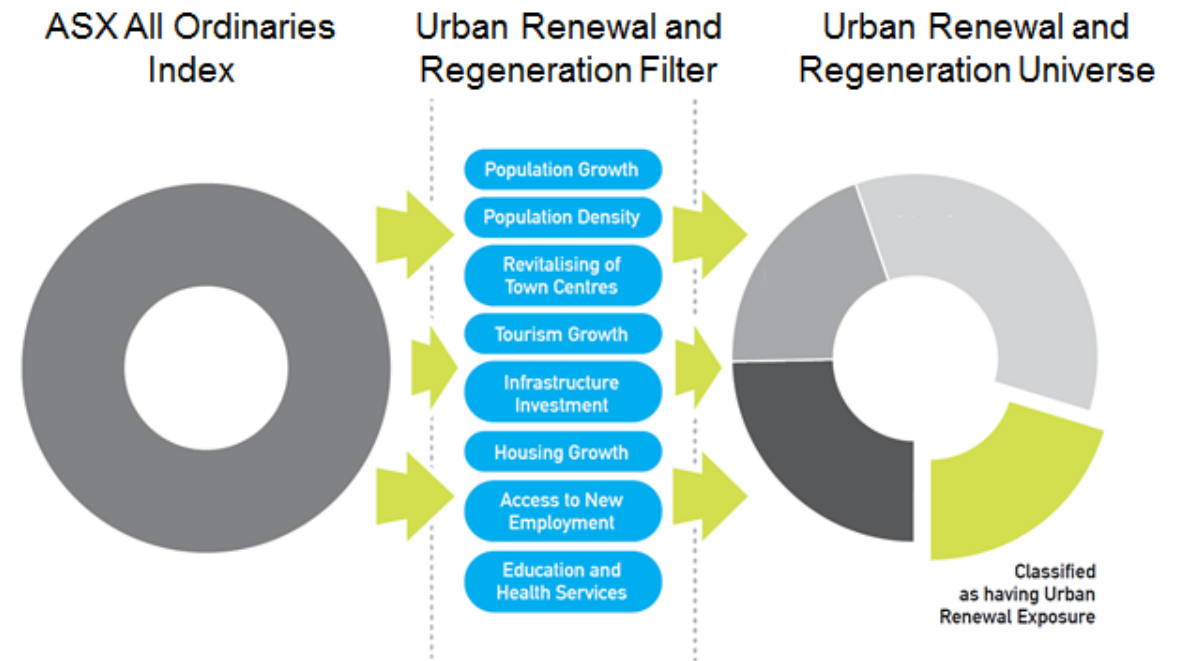
URBAN RENEWAL UNIVERSE

AS AT 30 JUNE 2018

The Urban Renewal Universe* is currently made up of 97 stocks from the ASX All Ordinaries Index.

The combined market capitalisation of those 97 companies in the Urban Renewal Universe* is approximately \$475 billion).

The Urban Renewal Universe accounts for 24.0% of the ASX All Ordinaries Index.



EQUITY PORTFOLIO PURCHASES

AS AT 30 JUNE 2018

Main Equity Portfolio Purchases

1. 360 Capital Group
2. Lendlease Group
3. AGL Energy
4. AV Jennings
5. Transurban Group
6. CIMIC Group
7. Ramsay Healthcare
8. Regis Healthcare
9. Sydney Airport
10. Woolworths Limited



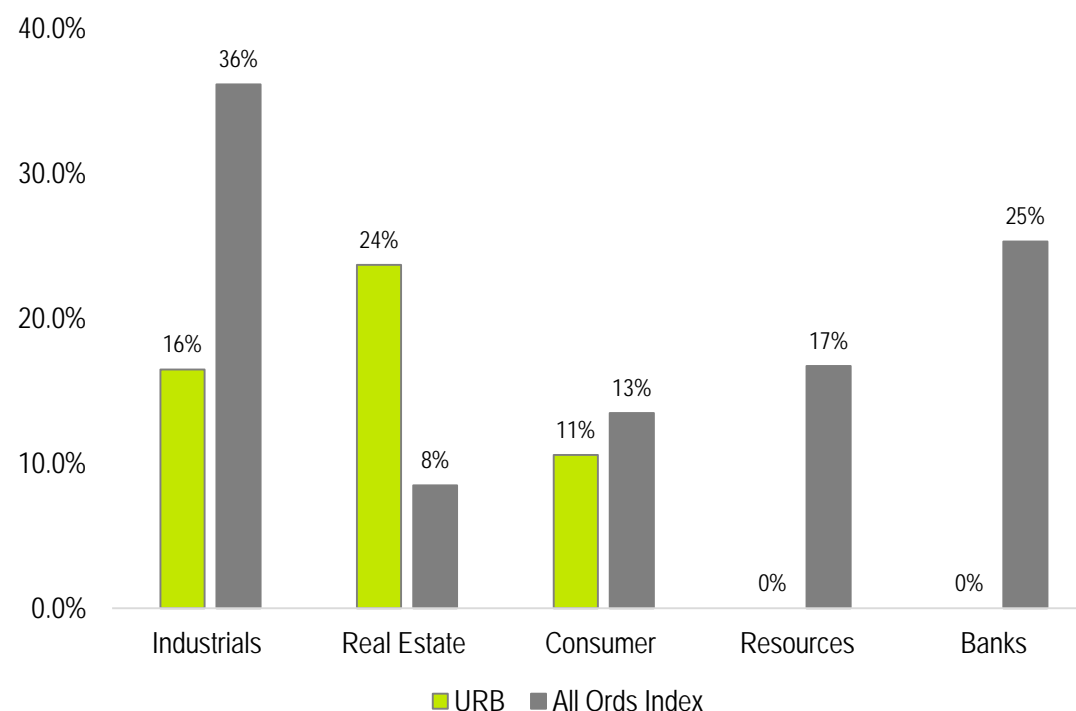
SECTOR EXPOSURE

AS AT 30 JUNE 2018

URB's Equity Portfolio is made up of 26 stocks, which provide the following:

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

Sector Exposure
URB's Equity Portfolio vs All Ordinaries Index



TOP 20 INVESTMENTS

AS AT 30 JUNE 2018

<i>Investment</i>	<i>% of Total Portfolio</i>	<i>Investment</i>	<i>% of Total Portfolio</i>
1 Purv No 5: Prestons	18.0%	11 AV Jennings	2.2%
2 Purv No 3: Kingsgrove	12.9%	12 Stockland	2.1%
3 Purv No 4: Penrith	10.2%	13 AP Eagers Limited	2.0%
4 Transurban Group	6.3%	14 Woolworths Limited	2.0%
5 Sydney Airport	6.3%	15 National Storage REIT	1.9%
6 Home HQ: Artarmon	3.9%	16 Mirvac Group	1.7%
7 LendLease Group	3.6%	17 BWP Trust	1.5%
8 360 Capital Group	2.7%	18 Goodman Group	1.5%
9 AGL Energy Limited	2.3%	19 Regis Healthcare	1.4%
10 Harvey Norman Holdings	2.2%	20 CIMIC Group	1.3%
		Cash & Cash Equivalents	3.3%
		Total	89.3%