

Company Announcements Office
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ACN 615 320 262

17 September 2018
Company Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dispatch of 2018 Annual Report & AGM Notice of Meeting

URB Investments Limited (URB.ASX) will today dispatch to shareholders the following documents:

- 2018 Annual Report
- Notice of Meeting for the 2018 Annual General Meeting (AGM)
- Proxy Form for voting at the 2018 AGM

A copy of each document is attached to this letter, and will also be placed on URB's website (www.urbinvest.com.au).

Yours sincerely



Jaime Pinto
Company Secretary

For further enquiries:

Contact Asset Management - (02) 9238 0522

Tom Millner
Director/Portfolio Manager
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Will Culbert
Director/Portfolio Manager
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The logo for urb. Investments Limited, featuring the lowercase letters 'urb.' in a bold, white, sans-serif font. The background of the entire page is a black and white photograph of a modern, curved concrete architectural structure, possibly a staircase or a large hall, with a staircase visible on the right side.

urb.

Investments
Limited

URB INVESTMENTS LIMITED

ABN: 89 615 320 262

ANNUAL REPORT 2018

FOR THE YEAR ENDED 30 JUNE 2018

CORPORATE DIRECTORY

ABN: 89 615 320 262

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	
Will Culbert	Portfolio Manager
Tom Millner	Portfolio Manager

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

Website

www.urbinvest.com.au

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

ASX Code

Ordinary Shares: URB

TABLE OF CONTENTS

FINANCIAL HIGHLIGHTS	2
INVESTMENTS HELD AS AT 30 JUNE 2018	3
MESSAGE FROM THE CHAIRMAN	5
INVESTMENT MANAGER'S REPORT	11
DIRECTORS' REPORT	19
AUDITOR'S INDEPENDENCE DECLARATION	27
STATEMENT OF PROFIT OR LOSS	29
STATEMENT OF OTHER COMPREHENSIVE INCOME	30
STATEMENT OF FINANCIAL POSITION	31
STATEMENT OF CHANGES IN EQUITY	32
STATEMENT OF CASH FLOWS	33
NOTES TO THE FINANCIAL STATEMENTS	34
DIRECTORS' DECLARATION	57
INDEPENDENT AUDITOR'S REPORT	58
ASX ADDITIONAL INFORMATION	63

FINANCIAL HIGHLIGHTS

YEAR ENDED 30 JUNE 2018

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

EARNINGS PER SHARE	Cents per share	Cents per share
Basic and diluted earnings per share (EPS)	1.99	2.96

NET TANGIBLE ASSET (NTA) HISTORY	30 June 2018 \$ per share	30 June 2017 \$ per share
NTA before tax	1.05	1.02
NTA after tax	1.05	1.02

INVESTMENTS HELD AS AT 30 JUNE 2018	Number of equities held	Market value \$'000	Portfolio weight %
Unlisted Property Trusts			
PURT No.5 – Prestons Property	13,731,010	13,731	17.90
PURT No.3 – Kingsgrove Property	9,839,913	9,840	12.83
PURT No.4 – Penrith Property	13,749,581	7,781	10.15
Home HQ Artarmon	16,152,000,000	2,868	3.74
Total Property Portfolio		34,220	44.62
Listed Equities			
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	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	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	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
		1,733	2.26
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.



MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

I am pleased to enclose the second 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 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. 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 (abnormal items) was 1.99cps. EPS after abnormal items 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 Friday 28 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	Friday 28 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 FY2018 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%.

Direct Property Portfolio

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 totalled \$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 10,051m² 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 18,491m² 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

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 Pitt Street Real Estate Partners, 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

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%
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%
Cash and cash equivalents		4.1%
Total of Top 20 including cash and cash equivalents		89.7%



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

INVESTMENT MANAGER'S REPORT

Dear Shareholders,

On behalf of Contact Asset Management it is our pleasure to present to you the Investment Manager's 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 cancellation of cash refunds on individuals' dividends.

Despite all of this, it was a successful year for URB Investments 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.

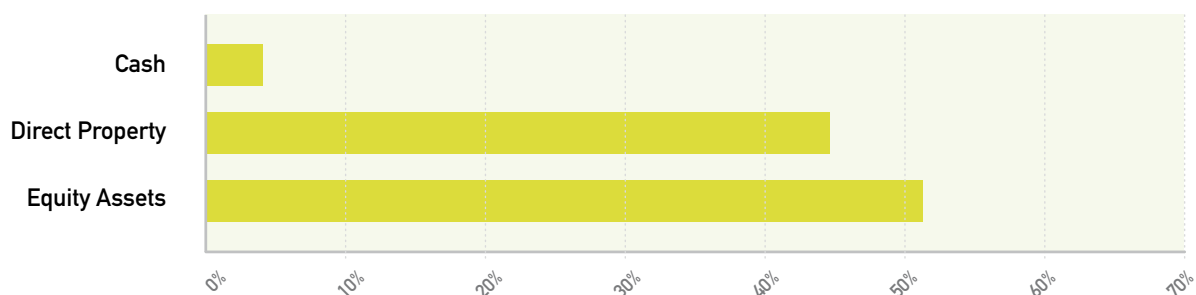
The Direct Property component of the portfolio contains a carefully selected basket of assets, including the Seed Assets at Kingsgrove, Preston and Penrith, and a relatively new asset in Artarmon, Sydney, all well placed to capitalize on a variety of urban renewal and regeneration themes.

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.



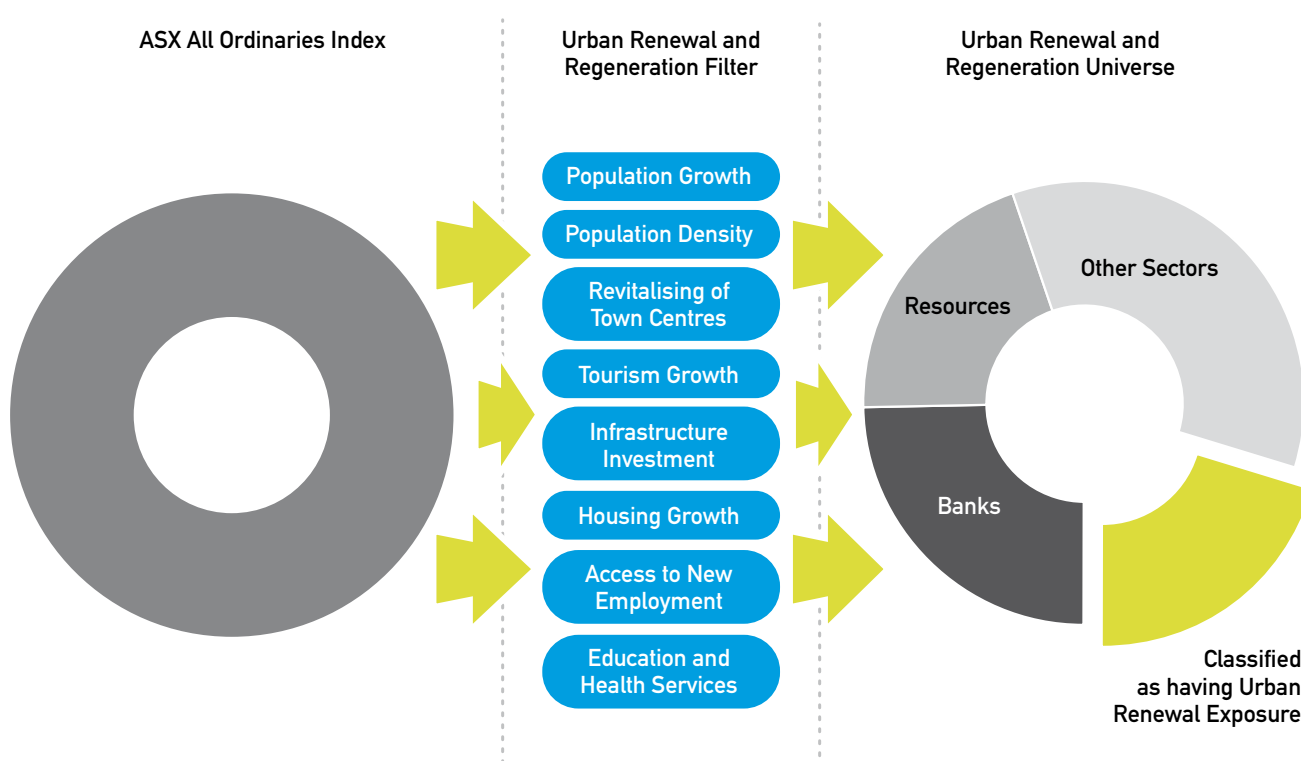
Equity Portfolio

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% 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.

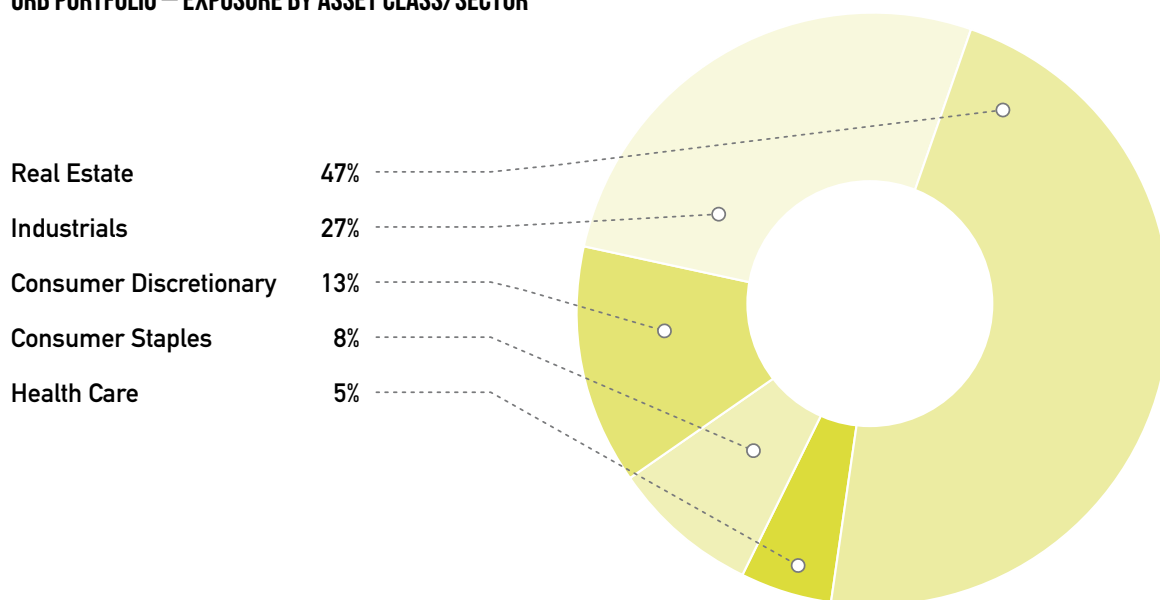


From the Urban Renewal Universe we then apply our investment selection process to identify investment opportunities. We believe there continues to be many opportunities within the Australian equity market that will benefit from urban renewal and regeneration. These include businesses that have exposure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

URB PORTFOLIO – EXPOSURE BY ASSET CLASS/SECTOR



Direct Property Portfolio

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

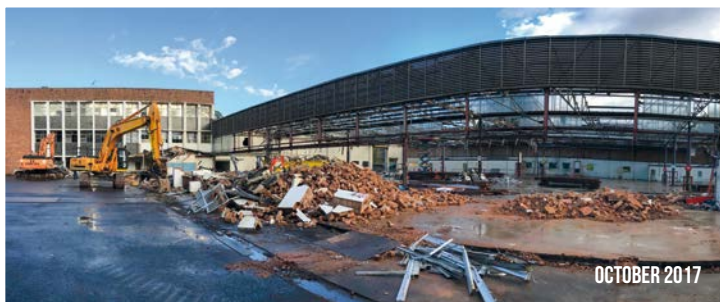
URB's Seed Assets

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.

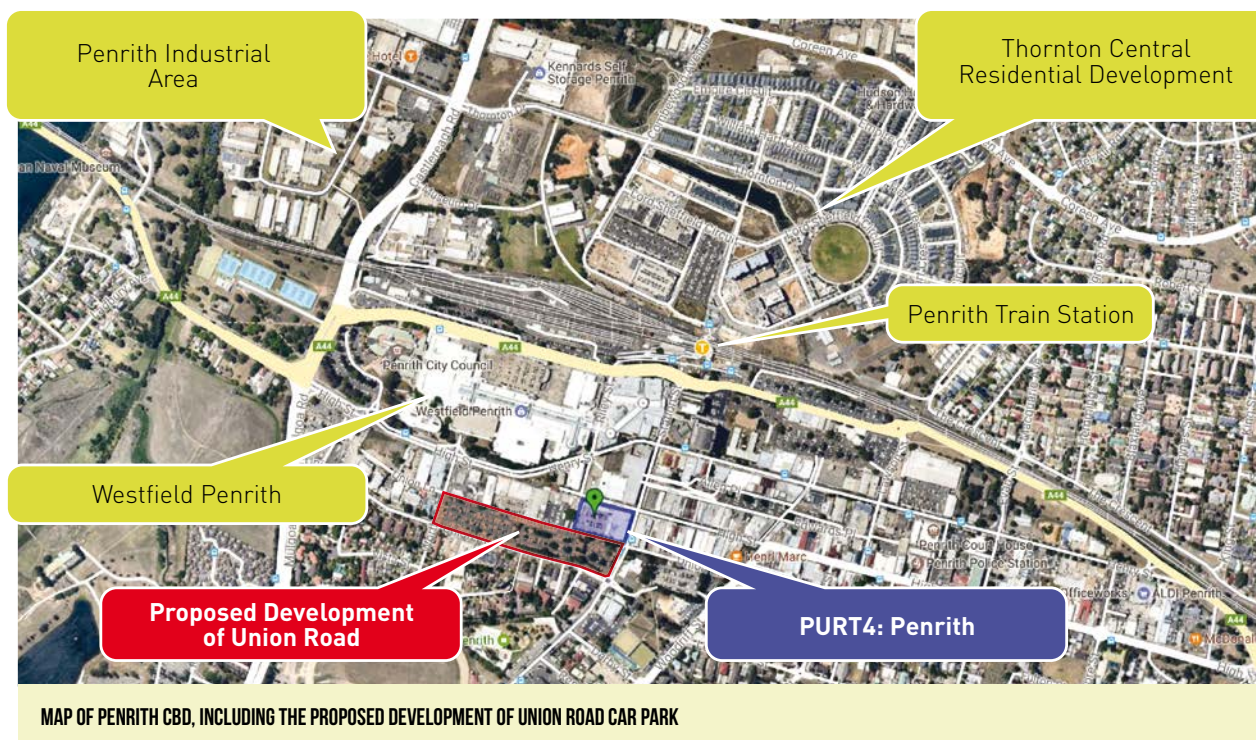


PURT3: KINGSGROVE AREAL VIEW SHOWING COMPLETION OF DEMOLITION PROGRAM.

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.



PURT5: Prestons

The Prestons Property was purchased as a 68,790m² 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 22,196m² 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 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 re-zoning 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

DIRECTOR/PORTFOLIO MANAGER

Contact Asset Management



WILL CULBERT

DIRECTOR/PORTFOLIO MANAGER

Contact Asset Management



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
- Member 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 Chairperson of OnePath Custodians Limited, Non-Executive Director of Sydney Local Health District and FINSIA, and is the Chairperson 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/LIb(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

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 Limited (ASX: BKI) 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 Limited (ASX: BKI) 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*	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to 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

* 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 cents (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 28 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 18 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 Accountants 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 27.

17. CORPORATE GOVERNANCE STATEMENT

URB's Corporate Governance Statement can be found on the Company's website at the following address:

<http://www.urbinvest.com.au/corporate-governance/>

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 Period 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 ¹	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 ¹	10,000	–	10,000
Robert Millner	Nil	Nil	Nil
Total	43,106	3,144	46,250

¹ 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 options	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	Opening balance	Exercise of options	Lapse of options	Balance as at 30 Jun 2018	Balance as at date of 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



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:

- (i) 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

PARTNER

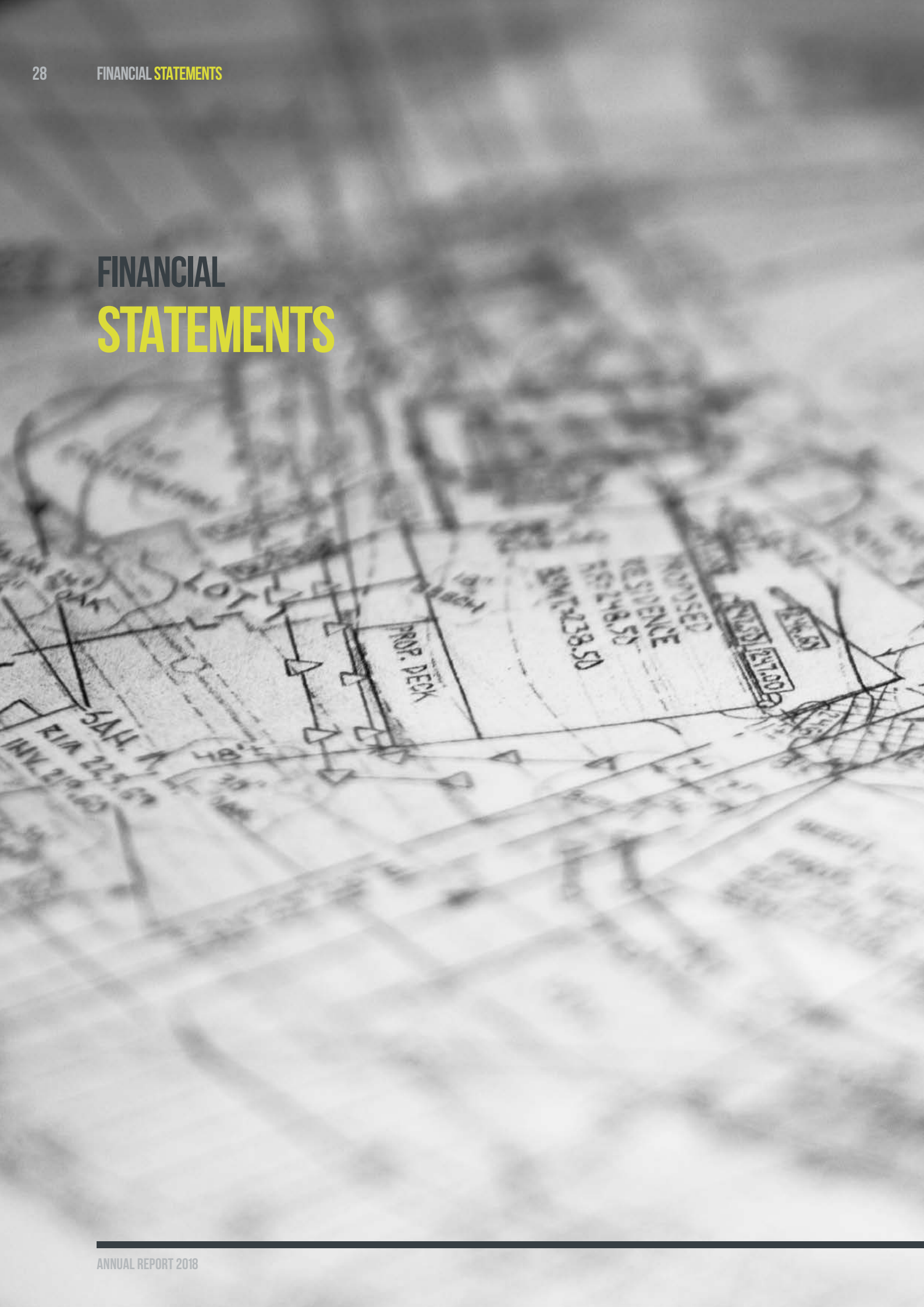
Pitcher Partners

Sydney, 28 August 2018

An independent New South Wales Partnership. ABN 17 795 780 962.
Level 22 MLC Centre, 19 Martin Place, Sydney NSW 2000
Liability limited by a scheme approved under Professional Standards Legislation

Pitcher Partners is an association of independent firms
Melbourne | Sydney | Perth | Adelaide | Brisbane | Newcastle
An independent member of Baker Tilly International

FINANCIAL
STATEMENTS



STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Year ended 2018 \$'000	Period ended 2017 \$'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
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		2,360	(860)
Income tax (expense)/ benefit	4(a)	(199)	253
Net operating result attributable to members of the Company		2,161	(607)

	Note	Year ended 2018 Cents	Period ended 2017 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

This Statement of Profit or Loss should be read in conjunction with the accompanying notes

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		(654)	–
Tax benefit relating to realised losses on investment portfolio		180	–
Unrealised gains/(losses) on investment portfolio		558	(1,001)
Deferred tax (expense)/benefit on unrealised losses on investment portfolio	4(a)	(153)	275
Total other comprehensive income		(69)	(726)
Total comprehensive income attributable to members of the Company		2,092	(1,333)

This Statement of Other Comprehensive Income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	2018 \$'000	2017 \$'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
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	Re- valuation 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	324	–	–	–	–	324
Unrealised gain on revaluation of investment portfolio	–	558	–	–	–	558
Provision for tax on unrealised gain on revaluation of investment portfolio	–	(153)	–	–	–	(153)
Realised loss on investment portfolio	–	–	(654)	–	–	(654)
Provision for tax on realised loss on investment portfolio	–	–	180	–	–	180
Net operating profit for the period	–	–	–	–	2,161	2,161
Amounts transferred to realised 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	77,384	–	–	–	–	77,384
Unrealised loss on revaluation of investment portfolio	–	(1,001)	–	–	–	(1,001)
Provision for tax on unrealised loss 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

This Statement of Changes in Equity should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Year ended 2018 \$'000	Period ended 2017 \$'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		–	76,339
Proceeds from issue of ordinary shares on exercise of options less 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

This Statement of Cash Flows should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 *AASB 112: 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.

2. REVENUES

	Year ended 2018 \$'000	Period ended 2017 \$'000
(a) Ordinary revenue from investment portfolio		
<i>Revenue from listed investments</i>		
Fully franked dividends	866	60
Unfranked dividends	113	38
Trust distributions	932	424
<i>Revenue from unlisted investments</i>		
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% x [(CY NTA - [PY NTA x 1.08]) x 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.

3. EXPENSES (CONTINUED)

	Year ended 2018 \$'000	Period ended 2017 \$'000
(b) Transaction costs on acquiring direct property assets		
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 benefit		
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
(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

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

5. DIVIDENDS

(a) Dividends paid during the year

	Year ended 2018 \$'000	Period ended 2017 \$'000
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

	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 cent 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 28 September 2018, but has not been recognised as a liability at the year end.

6. EARNINGS 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, fair value losses and direct property transactions costs, net of applicable tax	1.99	0.41

	2018 \$'000	2017 \$'000
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7. CASH AND CASH EQUIVALENTS

Cash at bank	2,428	13,295
	2,428	13,295

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

<i>Equity portfolio</i>		
Listed securities at fair value	39,305	28,509
<i>Unlisted property trusts</i>		
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).

9. FINANCIAL ASSETS – NON-CURRENT INVESTMENT PORTFOLIO (CONTINUED)

(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	39,305	–	–	39,305
Financial assets at fair value through profit or loss:				
Property portfolio	–	2,868	31,351	34,219
	39,305	2,868	31,351	73,524
As at 30 June 2017				
Financial assets at fair value through other comprehensive income:				
Listed equity portfolio	28,509	–	–	28,509
Financial assets at fair value through profit or loss:				
Property portfolio	–	–	32,555	32,555
	28,509	–	32,555	61,064

There were no transfers between Levels during the period.

	2018 \$'000	2017 \$'000
(b) Movements in asset classes categorised as level 2:		
Property portfolio		
Opening balance	–	–
Investments in unlisted property trusts	3,000	–
Fair value loss on unlisted property trusts	(132)	–
Closing balance	2,868	–
(c) Movements in asset classes categorised as level 3:		
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

(d) Fair value of 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 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.

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 re-valued 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:

2018	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.

HOMEHQ: Artarmon is owned by a widely-held unlisted property investment trust. URB's investment in HOMEHQ 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.

9. FINANCIAL ASSETS – NON-CURRENT INVESTMENT PORTFOLIO (CONTINUED)

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
PUT3: Kingsgrove	\$9,840	Development Cost	Cumulative cost of development of property, including original acquisition cost.
PUT4: Penrith	\$7,780	Capitalisation of Net Market Income	Capitalisation of theoretical net market rental income, adjusted for variations caused by current leasing profile.
PUT5: 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 PUT3: Kingsgrove and PUT5: 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.

Capitalisation of Net Market Income

PUT4: 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 PUT4: 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.

(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.

10. SHARE CAPITAL (CONTINUED)

(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.

11. RESERVES

	2018 \$'000	2017 \$'000
(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	-

12. RETAINED PROFITS

	2018 \$'000	2017 \$'000
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)

13. NOTES TO THE STATEMENT OF CASH FLOWS

	2018 \$'000	2017 \$'000
(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. Net 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 a counterparty to a financial instrument fails to discharge an obligation is known as credit risk.

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 ex-dividend.

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		Amount	
	2018 [%]	2017 [%]	2018 (\$'000)	2017 (\$'000)
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

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		Amount	
	2018 [%]	2017 [%]	2018 (\$'000)	2017 (\$'000)
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).

14. MANAGEMENT OF FINANCIAL RISK (CONTINUED)

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.

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:

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 \$	2017 \$
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).

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.

16. RELATED PARTY TRANSACTIONS (CONTINUED)

2018	Opening balance	Participation in DRP	Exercise of listed option	On-market Purchases	Off-market Transfers	Balance as at 30 Jun 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

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.

2018	Opening balance	Exercise of options	Lapse of options	Balance as at 30 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	–

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

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 \$'000	2017 \$'000
<i>Audit and other assurance services</i>		
Audit of the financial report	42	26
Total remuneration for audit and other assurance services	42	26
<i>Other Services</i>		
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

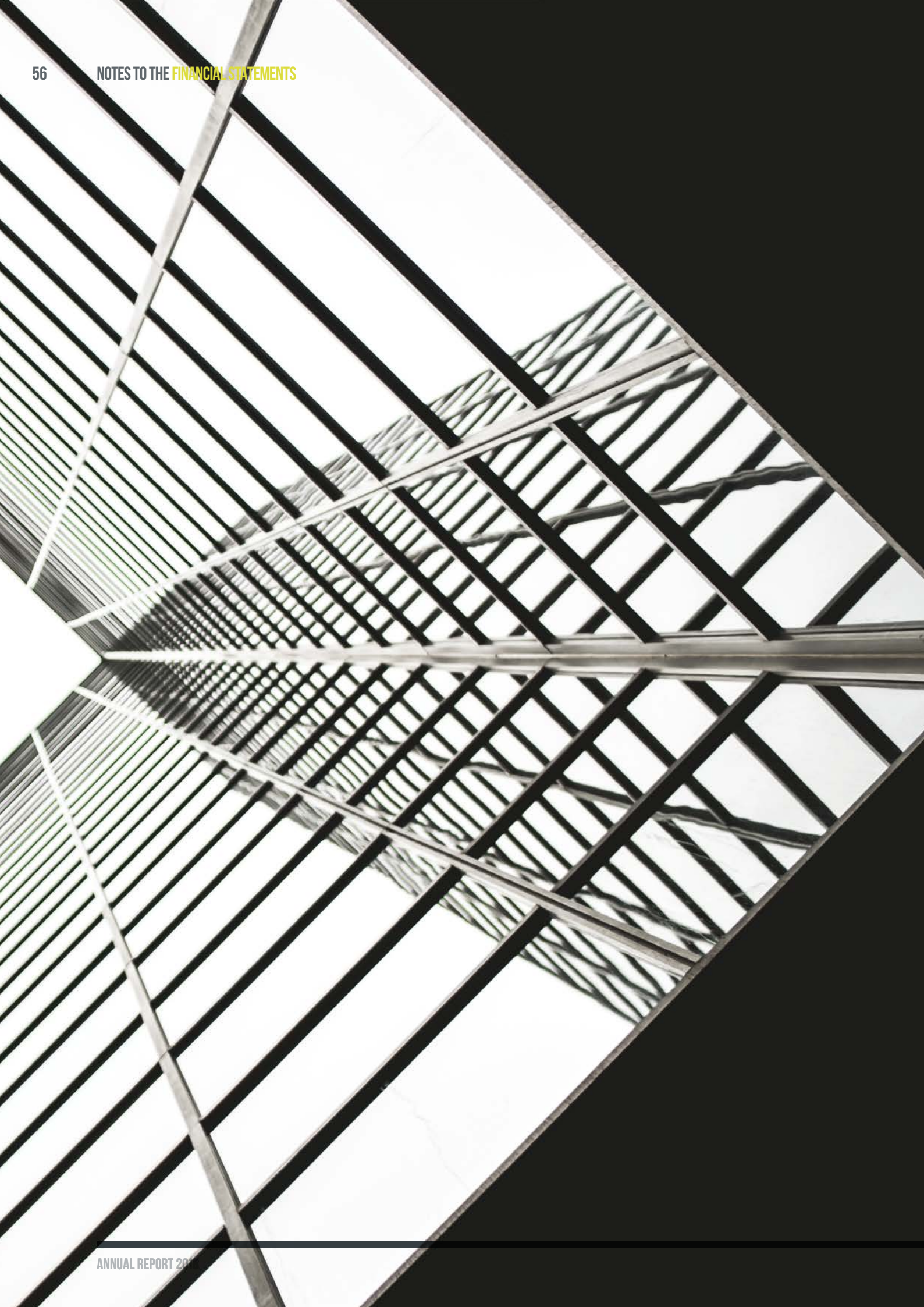
The financial report was authorised for issue on 28 August 2018 by the Board of Directors.

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.



DIRECTORS' DECLARATION

The Directors of URB Investments Limited declare that:

1. the financial statements and notes, as set out on pages 29 to 55, 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.
3. 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 period 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

INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report
to the Members of URB Investments Limited
ABN 89 615 320 262

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 of 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	
<p>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.</p> <p>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.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ■ 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.
Accuracy and Completeness of Management & Performance Fees Refer to Note 3: Expenses, Note 16: Related party transactions	
<p>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.</p> <p>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.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ■ 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*.

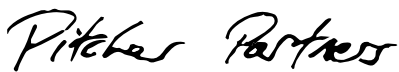
Responsibilities

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

PARTNER



Pitcher Partners

Sydney, 28 August 2018



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:

Name	Number of shares 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



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 ¹	9,000,000	12.35
Brickworks Limited ^{1, 2}	9,000,000	12.35

¹ Details included on substantial shareholder notice dated 12 April 2017.

² 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.

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).





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Investments
Limited

URB INVESTMENTS LIMITED

ABN: 89 615 320 262

**NOTICE OF
ANNUAL GENERAL MEETING**

INVITATION TO ANNUAL GENERAL MEETING

Dear Shareholder,

We invite you to join us for the second Annual General Meeting of URB Investments Limited. Refreshments will be served following the meeting.

Date **Friday 19 October 2018**

Time **11.00am**

Venue **Brickworks Design Studio,
2 Barrack Street, Sydney**

NOTICE OF MEETING

Notice is hereby given that the Second Annual General Meeting of URB Investments Limited ("URB", "the Company") is to be held at the Brickworks Design Studio, 2 Barrack Street, Sydney, NSW 2000 on Friday 19 October 2018 at 11.00am. Agenda items to be considered are as follows:

1. Annual Report

To receive and consider the Annual Financial Report and the reports of the Directors and of the Auditor for the financial year ended 30 June 2018.

2. Remuneration Report (Resolution 1)

To consider and, if thought fit, pass the following resolution as a non-binding ordinary resolution:

"That the Remuneration Report for the year ended 30 June 2018 be adopted."

Note: Pursuant to section 250R(3) of the Corporations Act the vote on this resolution is advisory only and does not bind the Directors or the Company except in the circumstances described in Division 9 of Part 2G.2 of the Corporations Act.

Voting Exclusion Statement

A vote must not be cast (in any capacity) on Resolution 1 and the Company will disregard any votes cast in favour of Resolution 1 by or on behalf of a member of the Company's key management personnel, whose remuneration details are included in the Remuneration Report (KMP), or a KMP's closely related party. A "closely related party" includes a spouse, dependant and certain other close family members of a KMP, as well as any companies controlled by a KMP.

However, a vote may be cast on Resolution 1 and the Company need not disregard any votes cast in favour of Resolution 1 by a KMP as a proxy, or a KMP's closely related party as a proxy, if the vote is not cast on behalf of a KMP or a closely related party and:

- (a) the proxy appointment is in writing and specifies how the proxy is to vote on Resolution 1; or
- (b) the proxy is the Chairman of the Meeting, and:
 - (i) the appointment does not specify the way the proxy is to vote on the resolution; and
 - (ii) the appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of the Company's KMPs.

If you appoint the Chairman of the Meeting as your proxy, and you do not direct your proxy how to vote on Resolution 1 on the Proxy Form, you will be expressly authorising the Chairman of the Meeting to exercise your proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the KMP, which includes the Chairman of the Meeting.

3. Re-Election of Director (Resolution 2)

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Warwick Negus, who ceases to hold office in accordance with the Company's Constitution Rule 3.6(c) and, being eligible, offers himself for re-election, be elected as a director of the Company."

4. Amendment of Property Portfolio Cap (Resolution 3)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to amend its Property Portfolio Cap, as described in the Explanatory Notes accompanying this notice of meeting."

Voting exclusion statement

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed or any associate of those persons.

However, the Company need not disregard any votes cast in favour of Resolution 3 if the vote is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

If you appoint the Chairman of the Meeting as your proxy, and you do not direct your proxy how to vote on Resolution 3 on the Proxy Form, you will be expressly authorising the Chairman of the Meeting to exercise your proxy.

5. Other Matters

To consider any other matters brought before the meeting in conformity with the Company's Constitution.

By order of the Board



JAIME PINTO

COMPANY SECRETARY

6 SEPTEMBER 2018

INFORMATION TO SHAREHOLDERS

Voting at the meeting

For the purpose of the Corporations Act, the Company has determined that all securities of the Company that are quoted securities at 7.00pm Australian Eastern Daylight Saving Time on Wednesday 17 October 2018 will be taken, for the purpose of the meeting, to be held by the persons who held them at the time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Appointing proxies

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of the shareholder. A proxy need not be a shareholder and can be either an individual or a body corporate. Where the Chairman of the Meeting is appointed proxy, unless he is restricted from voting on a resolution, he will vote in accordance with the shareholder's directions as specified on the Proxy Form or, in the absence of a direction, in favour of the resolutions contained in the Notice of Meeting.

A shareholder that is entitled to cast two or more votes may appoint no more than two proxies. Where a shareholder wishes to appoint two proxies, an additional Proxy Form may be obtained by contacting the Company's Share Registry.

A shareholder appointing two proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a shareholder appoints two proxies and does not specify the percentage of voting rights that each proxy may exercise, the rights are deemed to be 50% each.

Body corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at the meeting. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

Voting by Proxy

Under the Corporations Act, if the appointment of a proxy specifies the way the proxy is to vote on a particular resolution:

- the proxy is not required to vote on a show of hands, but if the proxy does so, the proxy must vote as directed (subject to any applicable voting exclusions);
- if the proxy has two or more appointments that specify different ways to vote on the resolutions, the proxy must not vote on a show of hands;
- if the proxy is not the Chairman of the Meeting, the proxy need not vote on a poll but if the proxy does so, the proxy must vote as directed (subject to any applicable voting restrictions); and
- if the proxy is the Chairman of the Meeting, the proxy must vote on a poll and must vote as directed.

In addition, there are some circumstances where the Chairman of the Meeting will be taken to have been appointed as a shareholder's proxy for the purposes of voting on a particular resolution even if the shareholder has not expressly appointed the Chairman of the Meeting as their proxy. This will be the case where the appointment of proxy specifies the way the proxy is to vote on a particular resolution; the appointed proxy is not the Chairman of the Meeting; a poll is called on the resolution, **and** either the proxy is not recorded as attending the meeting or the proxy attends the meeting but does not vote on the resolution.

Lodging your Proxy Form

A personalised Proxy Form accompanies this Notice of Meeting. To be valid, your Proxy Form must be received at the Company's Share Registry by one of the means outlined below by no later than 11:00am EDST, 17 October 2018 (**Proxy Deadline**):

- **by mail to:** Link Market Services, Locked Bag A14, Sydney South NSW 1235
- **by facsimile to:** +61 2 9287 0309
- **in person:** Link Market Services, Level 12, 680 George Street, Sydney NSW 2000
- **online at:** www.linkmarketservices.com.au

If a shareholder has appointed an attorney to attend and vote at the meeting, or if the proxy is signed by an attorney, the Company's Share Registry must receive the power of attorney (or a certified copy of the power of attorney) before the Proxy Deadline, unless this document has previously been lodged with the Company's Share Registry for notation.

EXPLANATORY NOTES

These Explanatory Notes have been prepared for the information of shareholders in connection with the business to be conducted at, and form part of the Notice of Meeting for, the Annual General Meeting of the Company to be held at the Brickworks Design Studio, 2 Barrack Street, Sydney, NSW 2000 on Friday 19 October 2018 at 11.00am.

Item 1.

Receive and consider the financial and other reports

This item does not require voting by shareholders. It is intended to provide an opportunity for shareholders as a whole to raise questions on the reports themselves and on the performance and management of the Company.

The Auditor of the Company will be present at the meeting and will be available to answer any questions.

Item 2.

Adopt the Remuneration Report for the year ended 30 June 2018 (ordinary resolution)

The Directors' Report contains within it a separate and clearly identified section which contains the Remuneration Report. Please refer to the 2018 Annual Report for further details.

The vote on this resolution will be advisory only and does not bind the Directors or the Company except in the circumstances described in Division 9 of Part 2G.2 of the Corporations Act. The vote will, however, be taken into consideration in determining future remuneration policy for Directors. Shareholders will also be given a reasonable opportunity, as a whole, to ask questions about, and make comments on, the Remuneration Report.

Recommendation

The Board unanimously recommends that shareholders vote in favour of this resolution.

As a result of amendments to the Corporations Act known generally as the "two strikes rule", shareholders should note that the result of the vote on this resolution may affect next year's Annual General Meeting. If 25% or more of the votes cast on this resolution are "against" the resolution at both the 2018 and 2019 Annual General Meeting of the Company, then a further resolution on whether to hold a meeting to spill the Board would need to be considered at the 2019 Annual General Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 2.

Item 3.

Re-election of a Director (ordinary resolution)

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 (appointed 2014)
- Bank of Queensland Limited (appointed 2016)
- Pengana Capital Group Limited (appointed 2017, Chairman since 2017)
- Virgin Australia Holdings Limited (appointed 2017)

Special Responsibilities:

- Chairman of the Board
- Chairman of the Investment Committee

Recommendation

The Board, other than Mr Negus, unanimously recommends that shareholders vote in favour of the election of Mr Negus.

Item 4.

Amendment of Property Portfolio Cap (ordinary resolution)

Summary

As disclosed in the Company's prospectus dated 2 March 2017 (**Prospectus**), the Company's investment strategy (**Investment Strategy**) is to capture long term value by investing in:

- equities listed on the ASX (each an **Equity Asset**, which comprise the **Equity Portfolio**); and
- direct Australian property or real estate (each a **Direct Property Asset**, which comprise the **Property Portfolio**)

with exposure to urban renewal and regeneration.

The Company's investment portfolio is comprised of the Equity Portfolio, the Property Portfolio and cash (and cash equivalents) (**Investment Portfolio**).

As part of the Company's listing process, it was necessary for it to be deemed by the ASX as an "investment entity" for the purposes of Listing Rule 19.2. One of the requirements to be an "investment entity" is that a principal part of the entity's activities consists of investing in listed or unlisted securities or derivatives.

To satisfy the "investment entity" test, the Company imposed a maximum cap on its investment in the Property Portfolio at 49.9% of the Investment Portfolio (**Property Portfolio Cap**).

As at 31 August 2018, the Property Portfolio made up approximately 44% of the Investment Portfolio.

However, the Board believes that increased flexibility in asset allocation and portfolio mix is required to enable the Company to better deliver on its investment strategy of capturing long term value from assets with exposure to urban renewal and regeneration.

The Board therefore seeks to increase the Property Portfolio Cap to 75% (**Proposal**). More detailed support for the Proposal is set out below.

EXPLANATORY NOTES CONTINUED

Whilst the Prospectus specifically contemplated that a decision to amend the Investment Strategy is a decision of the Board after consultation with the investment manager (ie Contact Asset Management Pty Limited), the Board seeks shareholder approval for this amendment on the basis of ASX's advice (outlined below).

Reasons for the Proposal

The Board considers that it is the best interests of the Company to increase the existing Property Portfolio Cap for the following reasons:

- to provide head-room for upward revaluations of existing Direct Property Assets;
- to provide flexibility for URB to take advantage of Direct Property Asset opportunities as they arise without restriction by the Property Portfolio limitations;
- to provide flexibility to hold Direct Property Assets so as to receive the entire valuation uplift;
- to provide head-room to accommodate downward valuations in the Equity Portfolio as a result of broader equity market movements;
- to facilitate greater flexibility to allocate funds between the Equity Portfolio and Property Portfolio having regard to market conditions and investment opportunities; and
- to avoid exposure to a situation where the Investment Strategy is not adhered to simply because of equity market volatility and associated market sell offs.

Should the Proposal be approved, the Board does not intend to adjust its Investment Strategy, nor does it intend to deliberately acquire additional Direct Property Assets simply to achieve the maximum approved weighting of 75% of the overall Investment Portfolio. The split between the Property Portfolio and the Equity Portfolio will be adjusted from time to time based on market conditions and available investment opportunities, with the intention of maintaining an optimal mix of both income and capital growth to generate long term returns across the overall Investment Portfolio.

Consequences of implementation of the Proposal

Other than improving the ability of the Company to successfully implement its Investment Strategy, the Board considers there will be limited consequences to the Company or shareholders as a result of implementation of the Proposal. The primary potential consequence would be that the Company may no longer be classified as an "investment entity" for the purposes of Listing Rule 19.2. However, as advised by ASX, whether the Company will classify as an "investment entity" will be assessed by ASX on an ongoing basis having regard to the investment split between the Equity Portfolio and Property Portfolio.

If ASX were to decide that the Company is no longer an "investment entity" for the purposes of the Listing Rules, the Board considers that there will be no consequences or implications for the Company and its shareholders, other than a possible reduction in reporting requirements (for example, no longer needing to comply with monthly net tangible asset reporting requirements under Listing Rule 4.12 and annual transaction and fee reporting requirements under Listing Rule 4.10.20).

However, in circumstances where ASX decides that the Company is no longer an "investment entity" for the purposes of the Listing Rules, URB proposes to continue reporting to shareholders as an "investment entity" for the purposes of the Listing Rules and to continue to provide shareholders with high levels of transparency.

For the reasons outlined above, the Board considers the Proposal to be in the best interests of the Company and its shareholders.

ASX advice

ASX provided advice to the effect that:

- it had no objection to the Proposal, provided that in accordance with Listing Rule 11.1.2, the Company's shareholders approve the Proposal by ordinary resolution; and
- amendment of the Property Portfolio Cap will not mean that the Company automatically ceases to be classified as an "investment entity" for the purposes of the Listing Rules, but ASX will assess the classification on an ongoing basis having regard to the investment split between the Equity Portfolio and Property Portfolio.

Listing Rule 11.1.2

Under Listing Rule 11.1.2, where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, ASX may require the entity to obtain shareholder approval and to comply with any ASX requirements in relation to the notice of meeting.

If Resolution 3 is not passed, the Company will not be able to proceed with the Proposal.

Recommendation

The Board unanimously recommends that shareholders vote in favour of this resolution.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 3.

Questions and comments by shareholders at the meeting

In accordance with the Corporations Act 2001 and the URB Continuous Disclosure & Shareholder Communications Policy, a reasonable opportunity will be given to shareholders as a whole to ask questions about, or make comments on, the management of the Company at the meeting.

Similarly, a reasonable opportunity will be given to shareholders as a whole to ask the Company's external Auditor questions relevant to:

- (i) the conduct of the audit; and
- (ii) the preparation and content of the Auditor's Report; and
- (iii) the accounting policies adopted by the Company in relation to the preparation of the Financial Statements; and
- (iv) the independence of the Auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to the Auditor if the question is relevant to:

- (i) the content of the Auditor's Report to be considered at the AGM; or
- (ii) the conduct of the audit of the Annual Financial Report to be considered at the AGM.

Relevant written questions to the Auditor must be received by no later than 5.00pm EDST on Friday 12 October 2018. A list of those relevant written questions will be made available to shareholders attending the AGM.

If written answers are tabled at the AGM, they will be made available to shareholders as soon as practicable after the AGM.

Please send any written questions for the Auditor by facsimile to +61 (2) 9210-7099, or to:

URB Investments Limited
Level 2, 160 Pitt Street Mall
Sydney NSW 2000

by no later than 5.00pm EDST on Friday 12 October 2018.

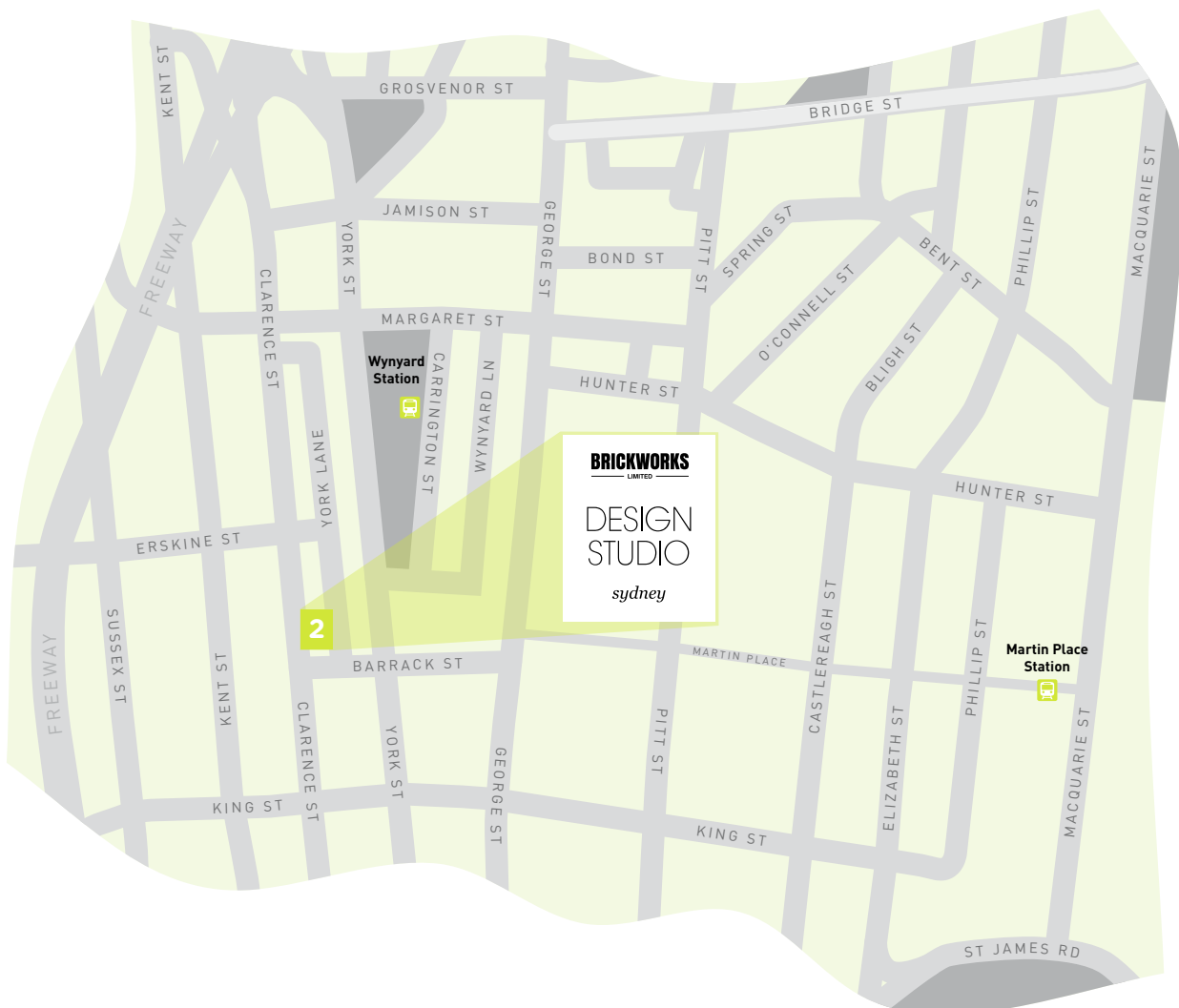
Admission to Meeting

Shareholders who will be attending the meeting, and who will not be appointing a proxy, are asked to bring the proxy form to the meeting to facilitate the admission process.

Shareholders who do not plan to attend the meeting are encouraged to complete the on-line proxy registration process as explained on the proxy form. Alternatively, shareholders can return the proxy form via the various options described on the proxy form.

Venue

The 2018 Annual General Meeting will be held at 11.00am on Friday 19 October 2018 at the Brickworks Design Studio, 2 Barrack Street, Sydney. A map of the general area is shown below.





urb.
Investments
Limited

Level 2, 160 Pitt Street Mall
Sydney NSW 2000

Telephone +61 2 9210 7000
Facsimile +61 2 9210 7099

www.urbinvest.com.au

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

URB Investments Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

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



ALL ENQUIRIES TO

Telephone: 1300 554 474

Overseas: +61 1300 554 474



X99999999999

PROXY FORM

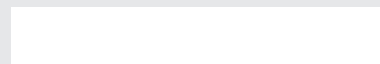
I/We being a shareholder(s) of URB Investments Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY



the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy



or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am on Friday, 19 October 2018 at Brickworks Design Studio, 2 Barrack Street, Sydney NSW 2000 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolution 1: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each resolution.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

For Against Abstain*

1 Remuneration Report

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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2 Re-election of Warwick Negus as a Director

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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3 Amendment of Property Portfolio Cap

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)



Joint Shareholder 2 (Individual)



Joint Shareholder 3 (Individual)



Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

URB PRX1801C



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. If your named proxy attends the Meeting but does not vote on a poll on a resolution in accordance with your directions, the Chairman of the Meeting will become your proxy in respect of that resolution. A proxy need not be a shareholder of the Company.

PROXY VOTING BY THE CHAIRMAN OF THE MEETING

On a poll, the Chairman of the Meeting will vote directed proxies as directed and may vote undirected proxies as the Chairman of the Meeting sees fit. If the Chairman of the Meeting is your proxy or becomes your proxy by default, and you do not provide voting directions, then by submitting the Proxy Form you are expressly authorising the Chairman of the Meeting to exercise your proxy on resolutions that are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am on Wednesday, 17 October 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

URB Investments Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)



COMMUNICATIONS PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**