

URB INVESTMENTS LIMITED

2018 VALUE IN THE VINES CONFERENCE



*URB is managed by Contact Asset Management
AFSL 494045*

DISCLAIMER AND IMPORTANT NOTICE

This material has been prepared by Contact Asset Management on behalf of URB Investments Limited.

The information within this document is not intended to provide advice to investors or take into account an individual's financial circumstances or investment objectives. This is general investment advice only and does not constitute advice to any person. The opinions within this document are not intended to represent recommendations to investors, they are the view of Contact Asset Management and URB Investments Limited as of this date and are accordingly subject to change.

Information related to any company or security is for information purposes only and should not be interpreted as a solicitation or offer to buy or sell any security. The information on which this presentation is based has been obtained from sources we believe to be reliable, but we do not guarantee its accuracy or completeness.

Investors should consult their financial adviser in relation to any material within this document.

INVESTMENT STRATEGY & OBJECTIVES

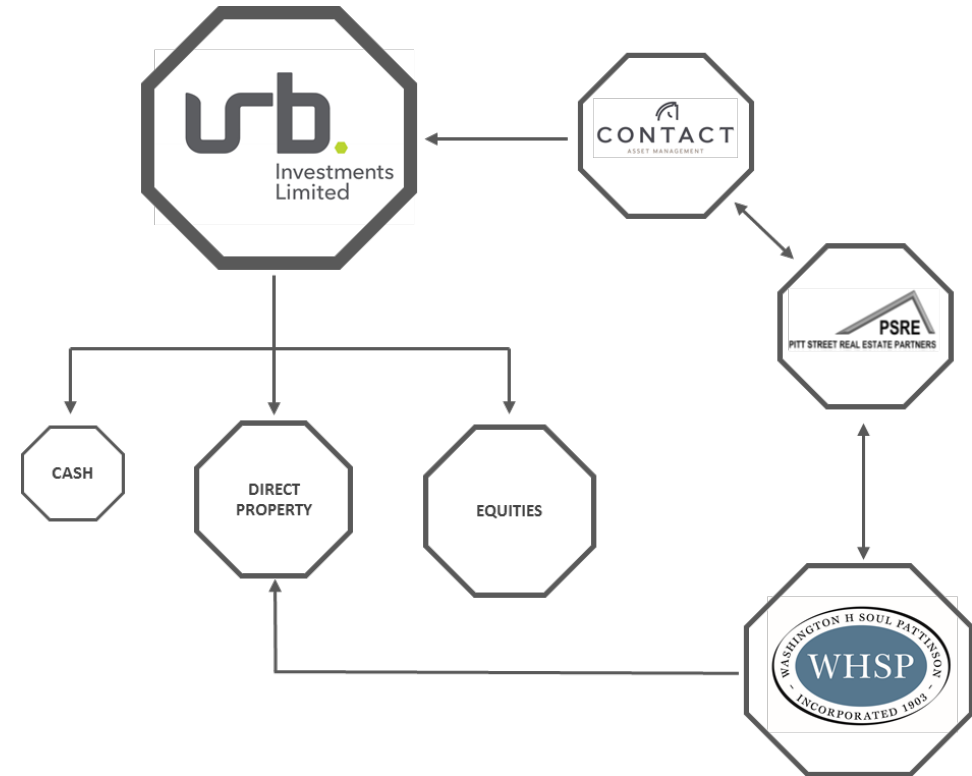
CAPTURE VALUE

By investing in a diversified portfolio of Equity Assets and Direct Property Assets with exposure to the rapidly growing urban renewal and regeneration theme

PROVIDE ACCESS

In Direct Property opportunities through a Co-Investment Agreement between URB and Soul Pattinson

To an Alternative Asset Class



URBAN RENEWAL & REGENERATION

The significant transformation of existing urban areas to accommodate much denser, generally mixed use environments.

Characterised by unlocking under-utilised areas. Typically involves rezoning land whilst investing in infrastructure required to cater for the desired new area.

Urban renewal enables the use and development of an area to better align with the current and future needs of a growing city.



FY2018 RESULTS

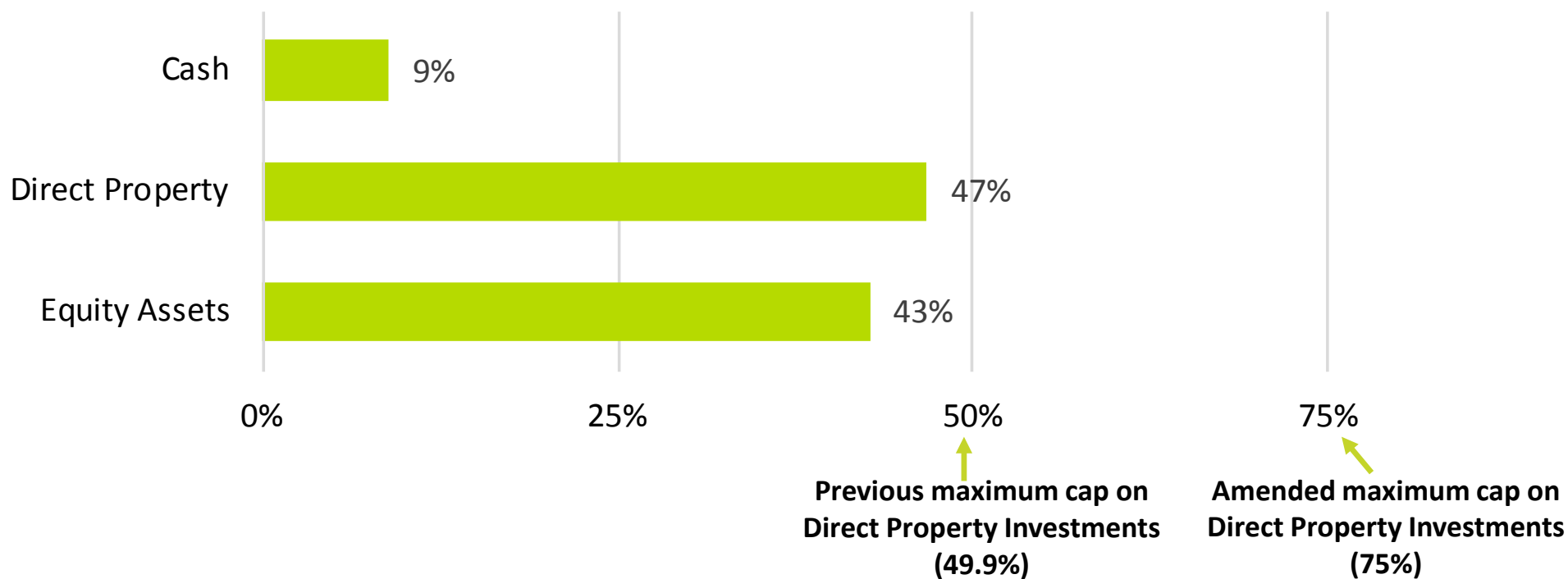
URB Performance Highlights	Ordinary Operations 2018 \$'000	Abnormal Items 2018 \$'000	Statutory Numbers 2018 \$'000	Ordinary Operations 2017 \$'000
Revenue from Equity Portfolio	1,911	776	2,687	522
Revenue from Direct Property Portfolio	577		577	
Interest Income	121		121	122
Other Income	20		20	
Income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

ASSET ALLOCATION

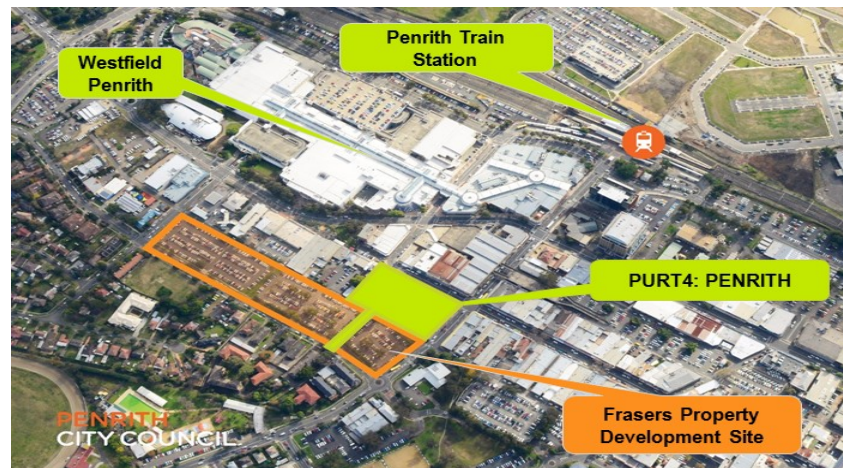
URB's asset allocation is divided between, Direct Property, the Equity Portfolio and Cash.

As at 30 September 2018, the Direct Property exposure was 47%, as shown in the chart below.

Following shareholder approval at the URB AGM on 19 October, URB's maximum cap on Investments in the Direct Property Portfolio has been revised upwards from 49.9% to 75% of the Investment Portfolio.



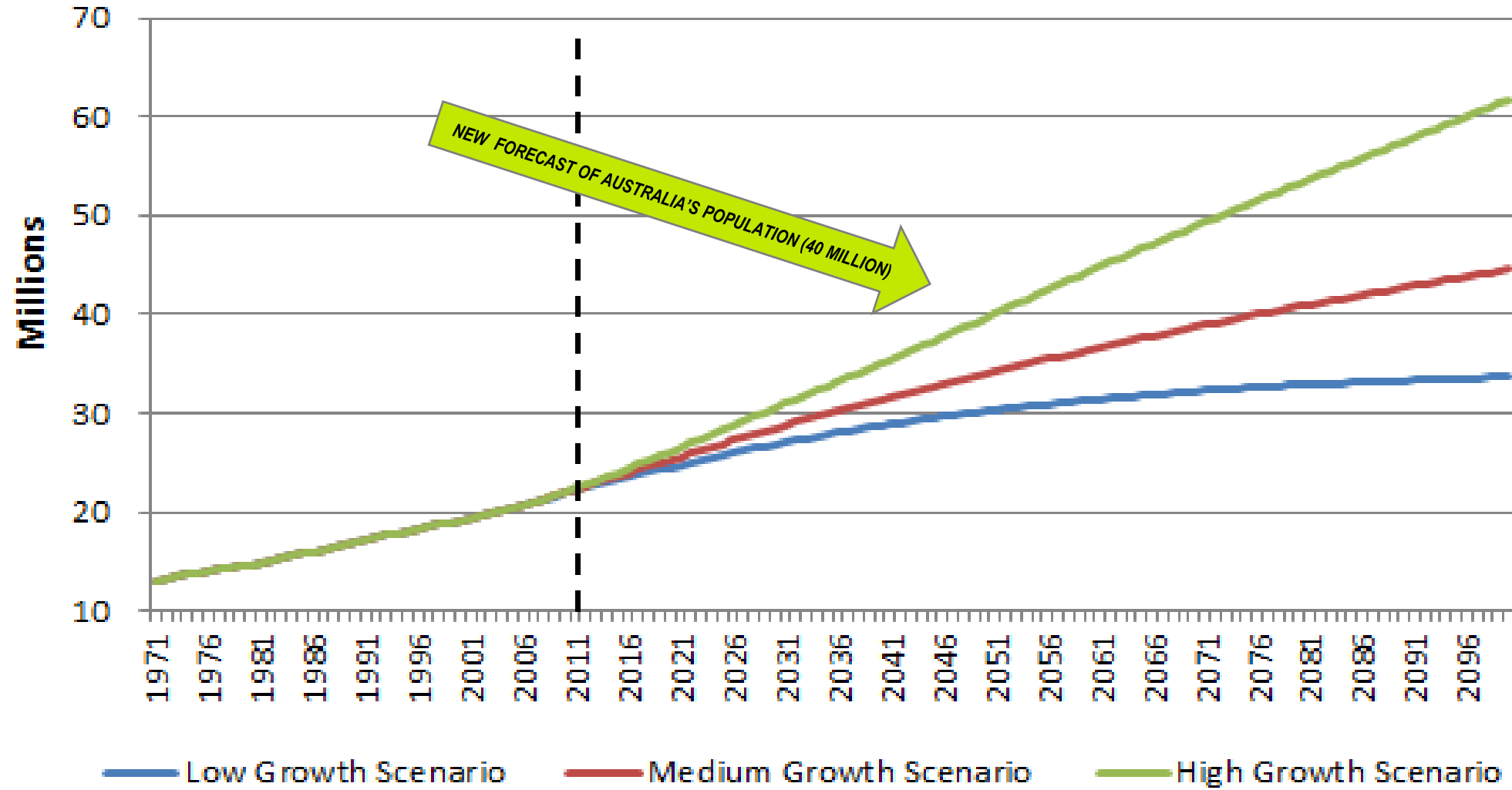
EXAMPLES OF OUR PROPERTY STRATEGY



URBAN RENEWAL GROWTH DRIVERS

POPULATION, HOUSING, INFRASTRUCTURE
& TOURISM

POPULATION GROWTH



HOUSING GROWTH

Home Builders

A growing population has seen previously unoccupied land completely transformed.

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

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



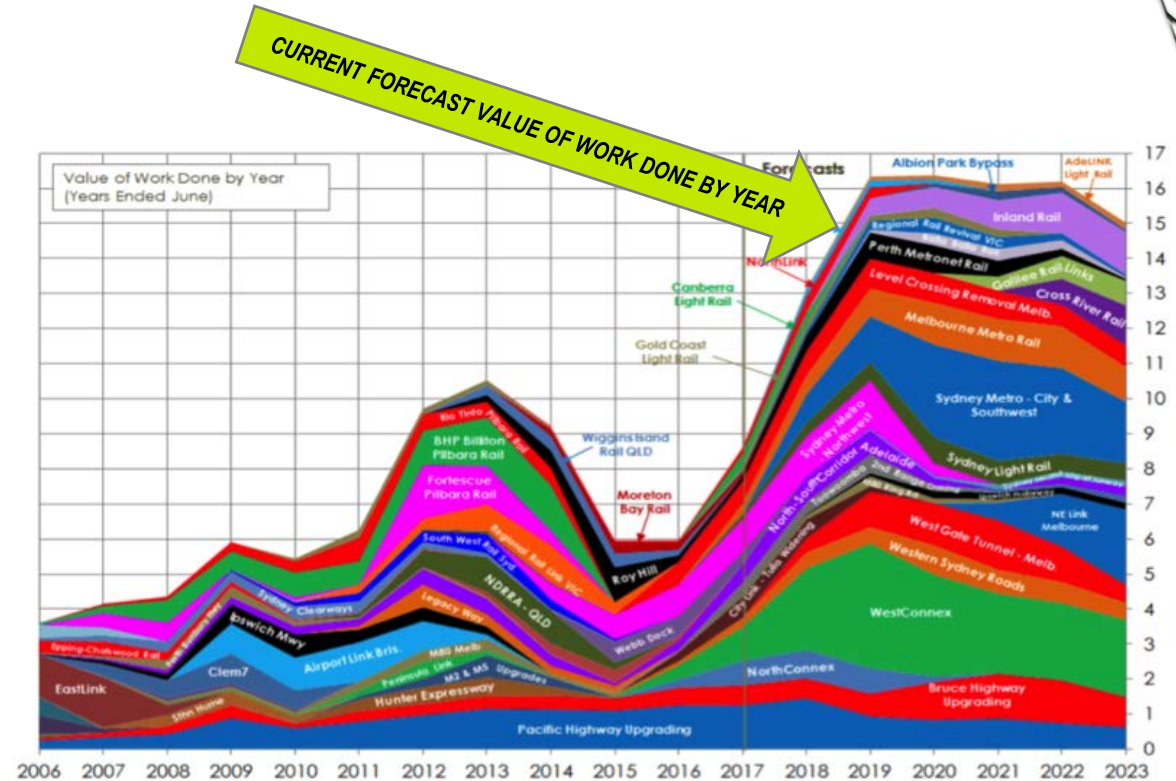
INFRASTRUCTURE + CONSTRUCTION GROWTH

Construction and Engineering

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

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

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



TOURISM GROWTH

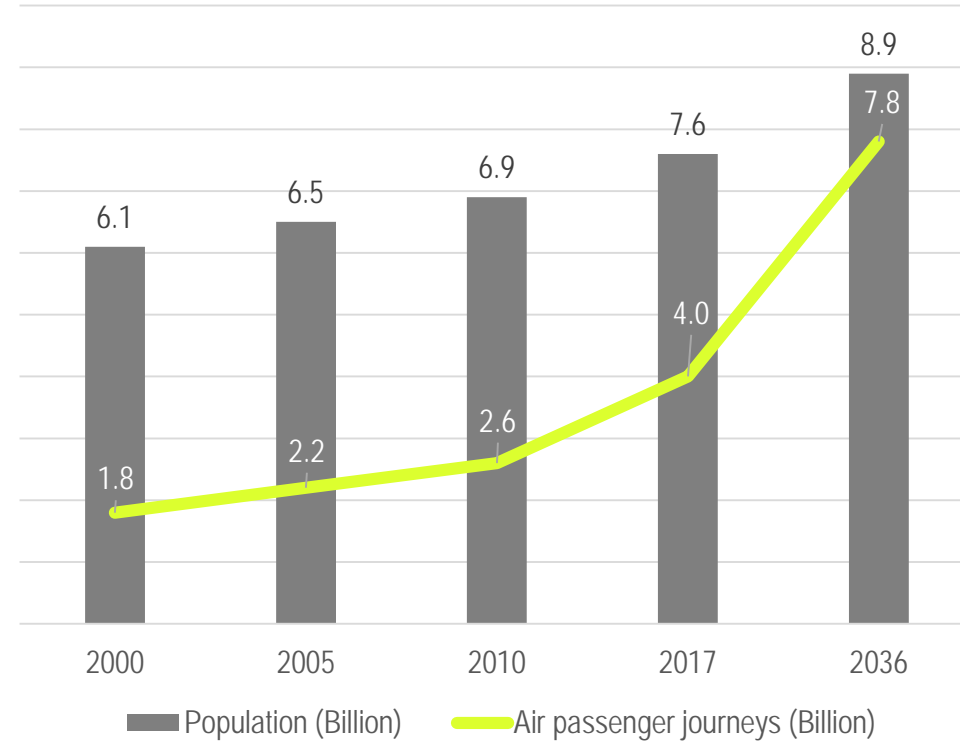
Airports

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

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

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

Rise in Global Travel*



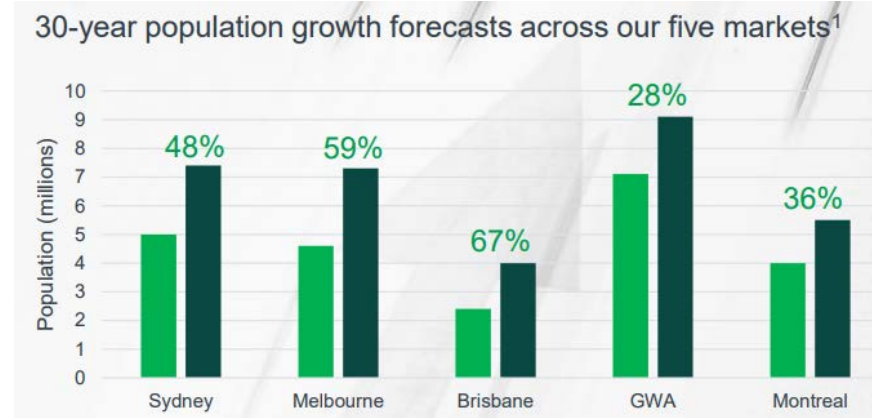
TOLL ROAD GROWTH

Toll Road Operators

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

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

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



URB EQUITY PORTFOLIO

A DIVERSIFIED PORTFOLIO OF ASX LISTED
COMPANIES PROVIDING INCOME & GROWTH

KEY INVESTMENT PRINCIPLES

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

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



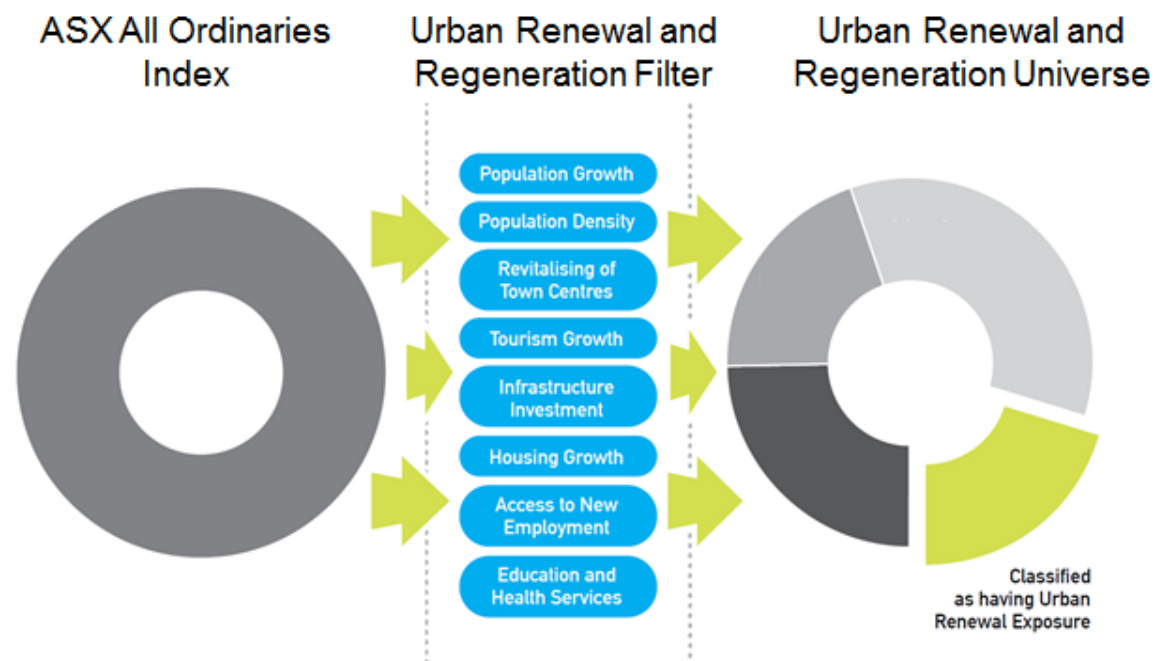
URBAN RENEWAL UNIVERSE

As at 30 June 2018

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

The Universe has been weighted based on market capitalisation (the combined market capitalisation of those 97 companies is approximately \$442 billion).

The Urban Renewal Universe accounts for approx. 24% of the ASX All Ordinaries Index.



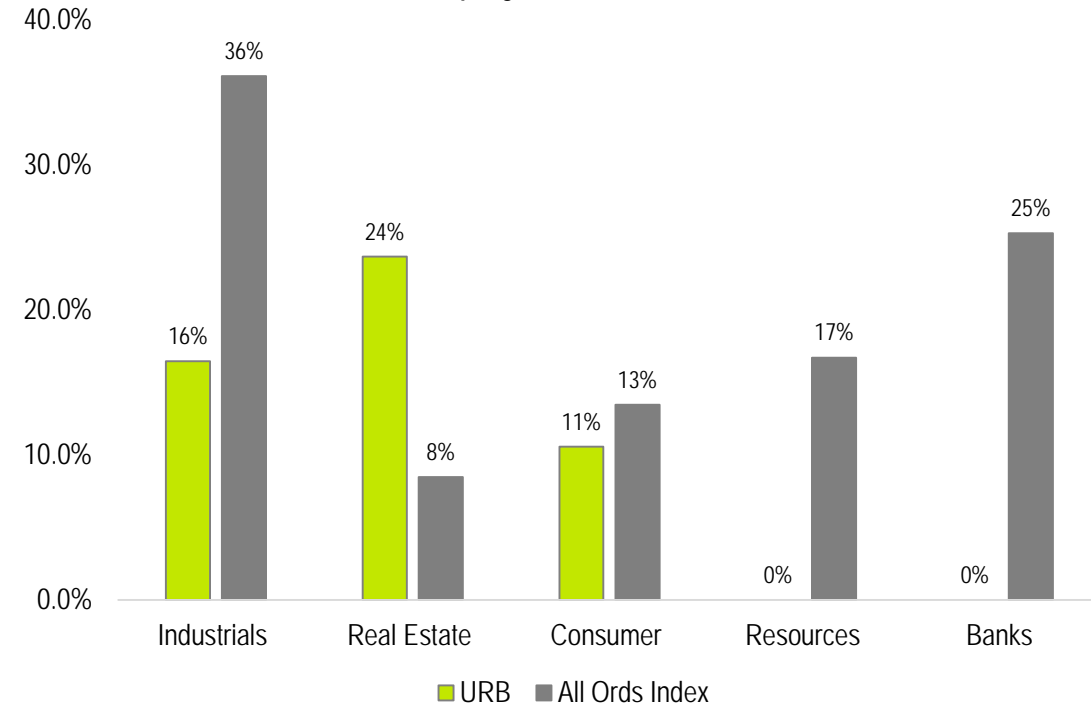
SECTOR EXPOSURE

As at 30 June 2018

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

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

Sector Exposure
URB's Equity Portfolio vs All Ordinaries Index



URB DIRECT PROPERTY PORTFOLIO

AN OVERVIEW OF OUR FOUR PROPERTY ASSETS

DIRECT PROPERTY PORTFOLIO

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

Asset Selection	<ul style="list-style-type: none">• Identify under-valued, under-developed and under-utilised property assets exposed to the urban renewal and regeneration thematic and acquire them at attractive prices.• Target assets where there are identifiable drivers of future revaluations preferably coupled with sustainable income.
Portfolio Construction	<ul style="list-style-type: none">• Diversification by: geography; income mix and asset class.• Invest in sustainable returns across the entire property growth cycle.
Maximise Asset Performance	<ul style="list-style-type: none">• Active asset/property management to generate superior income outcomes.• Active engagement with stakeholders to maximise future uses & value uplift (e.g. re-zoning).• Smart value realisation: we will optimise value realisation to drive returns.

DIRECT PROPERTY PORTFOLIO

CURRENT INVESTMENTS

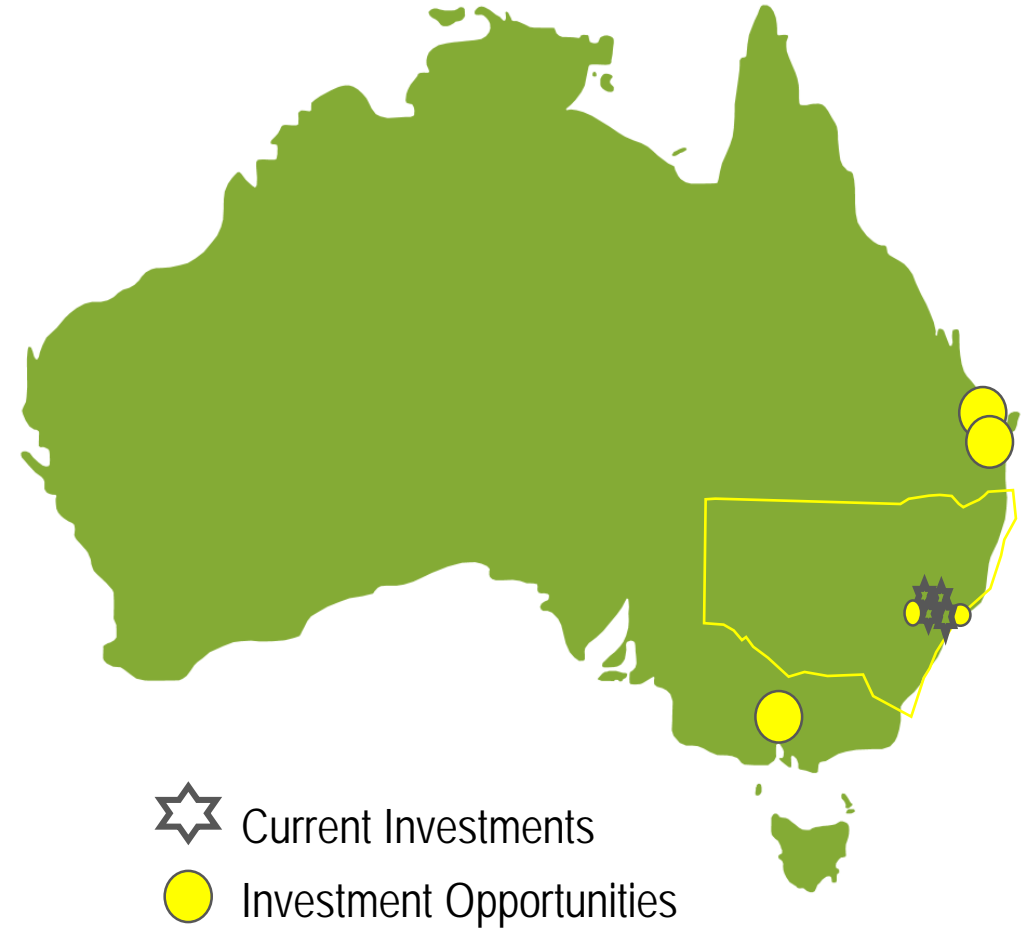
Sydney PURT3: Kingsgrove
 PURT4: Penrith
 PURT5: Prestons
 HOMEHQ: Artarmon

NEW OPPORTUNITIES

Sydney Opportunity 1: Large-Scale Industrial Estate
 Opportunity 2: Sydney CBD Office

Melbourne Opportunity 3 : Large-Scale Shopping Centre

Brisbane Opportunity 4: Mixed-Use Retail and Commercial
 Opportunity 5: Heavy Industrial



PURT 3: KINGSGROVE

2 THE CRESCENT, KINGSGROVE, NSW – As at 30 September 2018

URBAN RENEWAL BENEFITS

- Displacement of warehouses and a large portion of the industrial segment from the inner south-west of Sydney
- Constrained supply of serviced land which will continue to drive up land values.
- Growth in e-commerce continues to increase the importance of location.
- PURT3: Kingsgrove provides proximity to infrastructure, including:
 - New Westconnex Motorway,
 - M5 Motorway
 - Kingsgrove Railway Station,
 - Sydney Airport,
 - Port Botany
 - Moorebank Intermodal Freight Precinct



PURT 3: KINGSGROVE

2 THE CRESCENT, KINGSGROVE, NSW - As at 30th September 2018

PROGRESS OVER THE YEAR

- Commenced and completed demolition program.
- Submitted Development Application (DA) – Subdivision.
- Completed the exchange of conditional contracts in respect to Lots 1A, 1, 2, 3, 4, 5, 6 and 7, representing 100% of the total saleable area.
- Received approval for Sub-division, enabling the PURT3 Trust to progress to the latter stages of development.
- Commenced delivery of services, water, power, sewer and telecommunications.





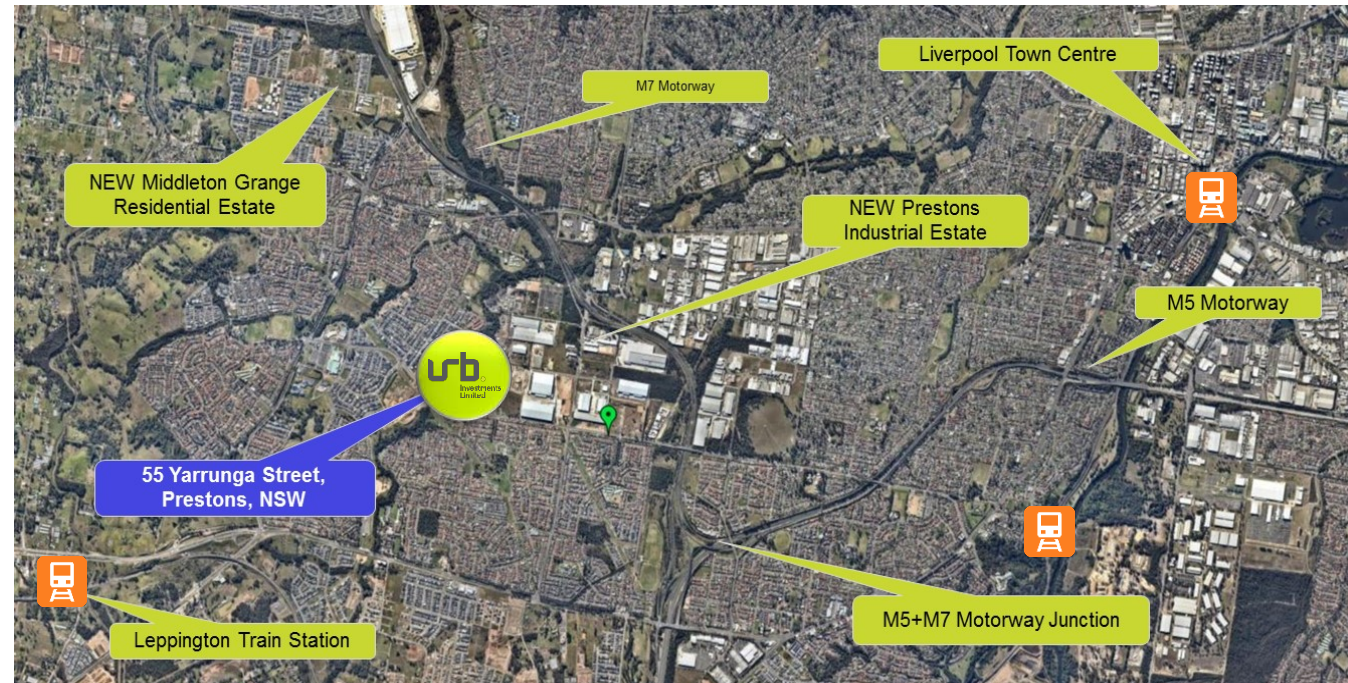
PURT 5: PRESTONS

55 YARRUNGA STREET, PRESTONS, NSW - As at 30th September 2018



URBAN RENEWAL BENEFITS

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



PURT 5: PRESTONS

55 YARRUNGA STREET, PRESTONS, NSW - As at 30th September 2018

PROGRESS OVER THE YEAR

- Signed Agreement for Lease with Mainfreight Australia.
- Approval Stage 1 Development Application (DA) – Commencement of Works.
- Completed preliminary civil works program.
- Approval Stage 2 Development Application (DA) – Construction Certificate.
- Approval Stage 3 Development Application (DA) – Signage and Use
- Completed 80% of the construction program.





29th October 2017



29th June 2018



25th September 2018





Construction as at February 2018



Construction as at April 2018



Construction as at May 2018



Construction as at June 2018



Construction as at July 2018



Construction as at August 2018



Construction as at September 2018



Construction as at October 2018

PURT5: PRESTONS UPDATE

On 3 September 2018, URB Investments announced to the ASX that PSRE Prestons Pty Ltd as Trustee for PURT No5 Trust exchanged contracts for the conditional sale of 55 Yarrunga Street.

While final costs cannot be confirmed until completion of the development, the transaction is expected to generate an increase in pre-tax NTA for URB of approximately 5.5 cents per share.

Development of the project is progressing well and given the project is now 80% complete, Directors have included a partial uplift in fair value in the September NTA based on this estimated completion status.



PURT 4: PENRITH

510 – 536 HIGH STREET, PENRITH, NSW - As at 30th September 2018



URBAN RENEWAL BENEFITS

- Future change in use through the Western Sydney 'City Deals' project. The Penrith City Council have publically committed to helping create more than 45,000 new jobs and 25,000 new dwellings by 2031.
- Catalyst developments include Western Sydney Airport, Western Sydney Priority Growth Area, Penrith Health and Education and Sydney Science Park.
- Proximity to infrastructure, including:
 - Penrith Railway Station
 - Penrith Town Centre
 - Penrith Westfield
 - M4 Motorway
 - Badgery's Creek Airport

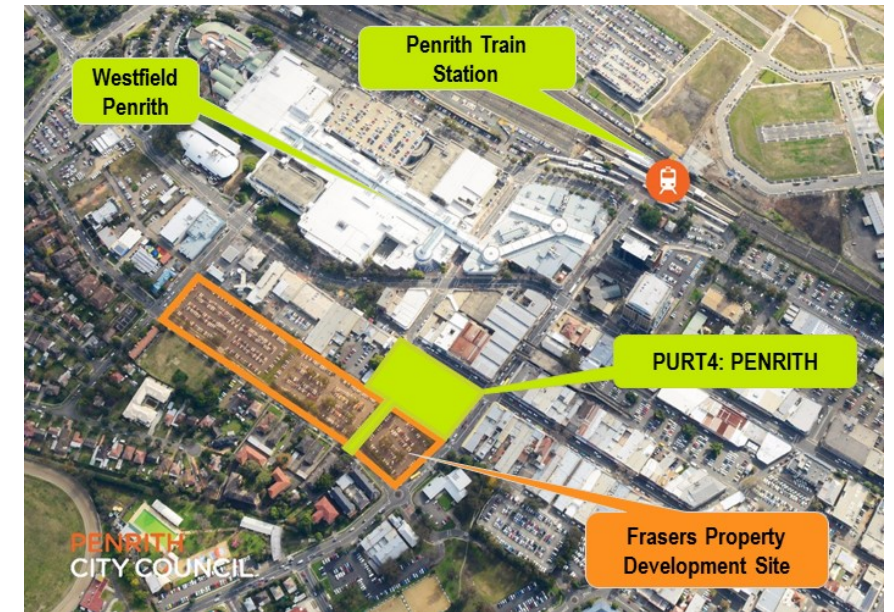


PURT 4: PENRITH

510 – 536 HIGH STREET, PENRITH, NSW - As at 30th September 2018

PROGRESS OVER THE YEAR

- Commencement of distributions to unitholders from the Trust.
- Trust acquisition of the Tattersalls Hotel lease.
- Penrith City Council appointed Frasers Property Australia as the preferred proponent for the proposed development of Union Road Car Park.
- Completion of the loan facility for the PURT4 Trust, Penrith.
- Capital return to PURT4 Trust unitholders post the loan facility execution.



A concept plan for what the Union Road site could look like

HOMEHQ: ARTARMON

1 Frederick St, Artarmon, NSW - As at 30th September 2018

UPDATE OF PROPERTY

- HOMEHQ: Artarmon is an award winning adaptive re-use of a heritage industrial building, providing an exceptionally designed modern retail space made up of 28 retail tenancies.
- HOME HQ comprises 22,196m² of gross lettable area and is fully occupied, 86% secured by national brand tenants.
- The centre is located in Artarmon, one of Sydney's most tightly-held precincts in the Lower North Shore and offers a forecast 5 year IRR of over 20% and average distributions of 9.0% per annum.
- Revaluation expected upon completion of the onsite Food and Beverage precinct, DA obtained.





TOP 20 INVESTMENTS

As at 30 September 2018

<i>Investment</i>	<i>% of Total Portfolio</i>	<i>Investment</i>	<i>% of Total Portfolio</i>
1 PURT No 5: Prestons	22.0%	11 AV Jennings	1.9%
2 PURT No 3: Kingsgrove	12.3%	12 Mirvac Group	1.8%
3 PURT No 4: Penrith	9.7%	13 AP Eagers	1.8%
4 Transurban Group	6.6%	14 Goodman Group	1.5%
5 Sydney Airport	5.8%	15 Qube Holdings	1.4%
6 Home HQ: Artarmon	3.6%	16 Blackwall	1.2%
7 LendLease Group	2.9%	17 Bingo Industries	1.2%
8 360 Capital Group	2.4%	18 Woolworths	1.2%
9 Harvey Norman Holdings	2.3%	19 Regis Healthcare	1.2%
10 Stockland	2.1%	20 Ramsay Healthcare	1.1%
		Cash & Cash Equivalents	9.0%
		Total	93.0%

Notes