

## DISCLAIMER AND IMPORTANT NOTICE

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#### WHAT HAS BEEN DELIVERED

12 Months to 31 December 2018

- Achieved Practical Completion of PURT5:Prestons distribution facility.
- Exchange of Contracts for sale for PURT5:Prestons.
- Completed Demolition, Sub-Division and Services to PURT3:Kingsgrove.
- Commenced Settlement of Lots at PURT3:Kingsgrove.
- Added Direct Property investment, HOME HQ:Artarmon.
- Maximum cap on investments in the Direct Property Portfolio increased to 75%.
- Solid Equity Portfolio contribution; Dividends and Capital Growth.
- Strong NTA performance, 5.6% outperformance of the S&P/ASX 300 Acc Index.



### **RESULT HIGHLIGHTS**



As at 31 December 2018

Net Operating Result \$3.86m



251%

from 1H2018

Net Fair Value Gain + Special Revenue on Direct Property

**\$4.7**m

Earnings Per Share 5.27 cents



249%

from 1H2018

Fully Franked Interim Dividend

**0.75cps** 

Up 50% on 1H2018

Fully Franked Special Dividend 1.00cps

1 Year Portfolio Out-Performance

5.6%

Against S&P/ASX 300 Acc Index

# **2019 FIRST HALF RESULTS**

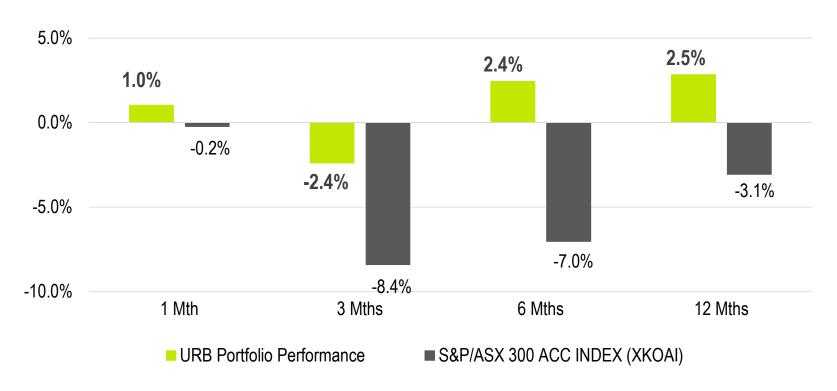
	Core*	Returns from		
Performance Highlights	Investment	Development	Statutory	Change
Performance migninginis	Activities	Assets	Numbers	from
	\$'000	\$'000	\$'000	1H2018
Ordinary Revenue from Investment Portfolio	1,101		1,101	
Revenue from Bank Deposits	52		52	
Revenue from Operating Activities	1,153		1,153	-12%
Operating Expenses	(506)		(506)	
Special Investment Revenue	13	725	738	
Net Fair Value Gain on Direct Property Assets		3,928	3,928	
Operating Result Before Income Tax	660	4,653	5,313	340%
Income Tax Expense	(58)	(1,396)	(1,454)	
Net Operating Result	602	3,257	3,859	251%
			Cents	
Earnings per Share Based on Operating Result			5.27	249%
			_	
Interim Dividend per share			0.75	
Special Dividend per share			1.00	
Total Dividends per share			1.75	250%

<sup>\*</sup> Core Investment Activities incorporates investments in the Equity Portfolio, as well as investments in Direct Property Assets holding stabilised assets generating rental returns.

### NTA PERFORMANCE

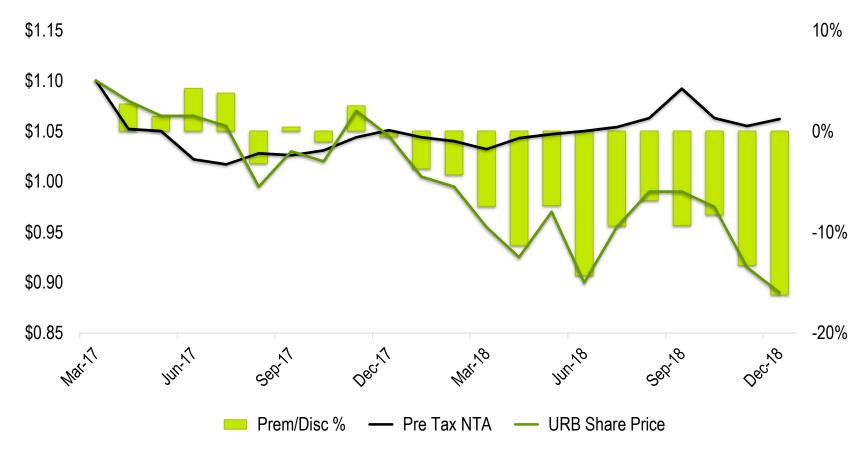
As at 31 December 2018

Strong NTA performance during a volatile 12 month period





## **URB PREMIUM / DISCOUNT**





### **DIVIDEND KEY DATES**

Directors have declared a **0.75cps fully franked interim dividend** for the half year ended 31 December 2018, an increase of 50% on the previous corresponding period. The Directors have also declared a **fully franked special dividend of 1.00cps**.

The last trading date to be eligible for the dividends is Wednesday 13<sup>th</sup> March 2019.

Key dates for the dividends are as follows:

Last trading date to be eligible for the Dividend	Wednesday 13 March 2019
Ex-Dividend Date	Thursday 14 March 2019
Record Date	Friday 15 March 2019
Dividend Reinvestment Plan Nomination	Monday 18 March 2019
Dividend Payment Date	Friday 29 March 2019

URB's Dividend Reinvestment Plan (DRP) offers shareholders the opportunity to receive additional shares in the Company instead of receiving cash dividends. The DRP will be offered at a nil discount. The last date for the receipt of an election notice to participate in the DRP is Monday 18 March 2019.

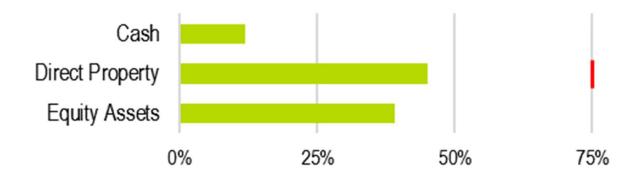


### **ASSET ALLOCATION**

Liquid capital from Cash and the Equity Portfolio enables Contact to manage the asset allocation so we can move quickly to take advantage of opportunities. Our structure allows us to be opportunistic through effective asset allocation between Cash, Equities and Property.

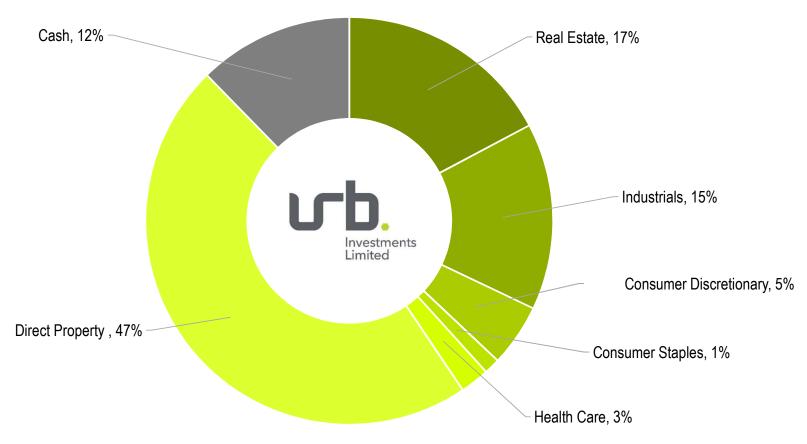
Following shareholder approval at the URB AGM on 19 October 2018, URB's maximum cap on investments in the Direct Property Portfolio has been revised upwards from 49.9% to 75.0% of the Portfolio. The change provides greater flexibility for URB to take advantage of Direct Property opportunities as they arise.

As at 31 December 2018, the Direct Property exposure was 47.1%.



# **SECTOR EXPOSURE**

As at 31 December 2018





### **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.

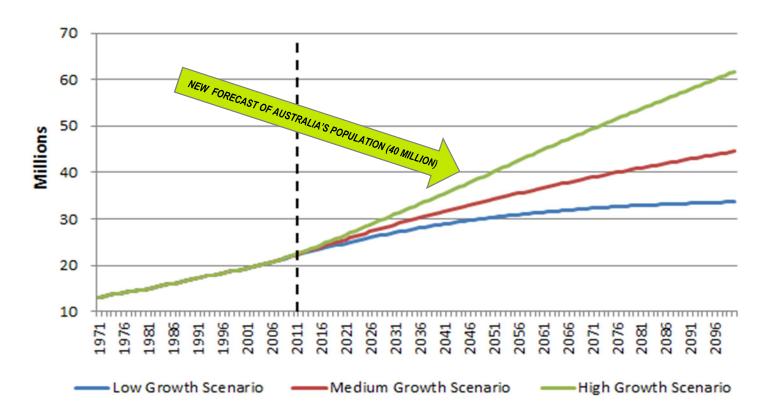
Urban renewal enables the use and development of an area to better align with the current and future needs of a growing city.



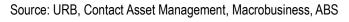


### **POPULATION GROWTH**

Australia's population is now expected to grow to 40 million people as early as 2048

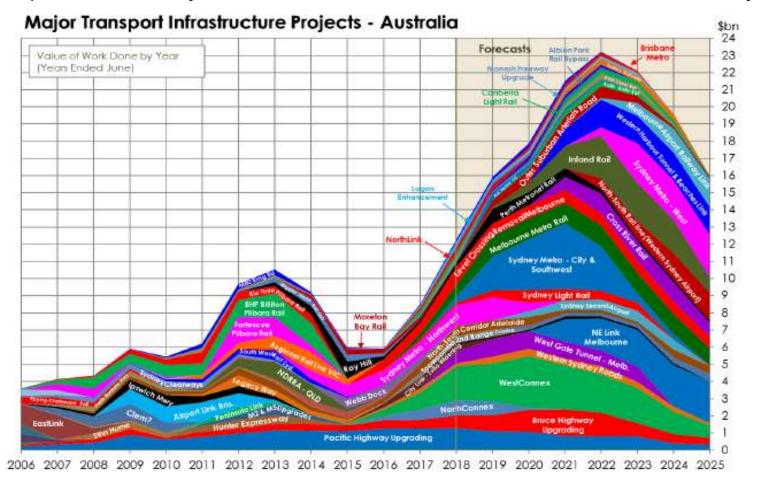






## **INFRASTRUCTURE & CONSTRUCTION GROWTH**

Infrastructure spend is currently at levels never seen before and will continue for many years.

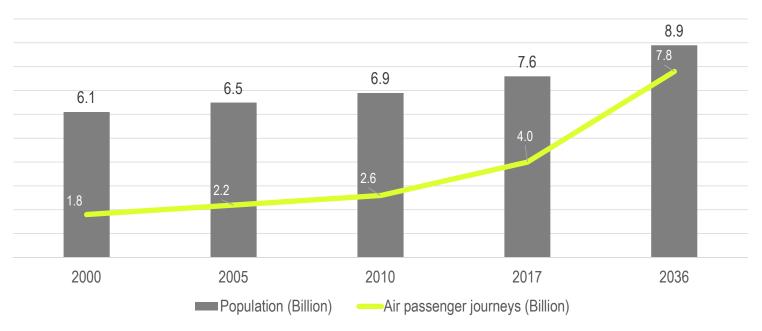




## **TOURISM GROWTH**

The percentage of the world's population that will experience air travel in the next 20 years is forecast to grow from 53% to 88%.









## **EQUITY PORTFOLIO**

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

Identify equities exposed to the multiple and growing forces of Urban Renewal and **Urban Renewal** Regeneration including - population growth, population density, major infrastructure investment, housing growth, new employment, revitalising of town centres, Exposure education services, healthcare services and tourism growth. Dividend Yields, Franking Credits, Payout Ratios Income **Principal Activity** Sustainable Business Model, Competitive Advantage **Balance Sheet** Appropriate Gearing Ratios, Net Interest Coverage Management Alignment, Creating Shareholder Wealth, Board of Directors Valuation Earnings Profiles, PE Multiples, EV/EBITDA Multiples

## **EQUITY PORTFOLIO CHANGES**

#### **Equity Portfolio Increases**

- Transurban Group
- Harvey Norman

#### **Equity Portfolio Exits**

- AGL Energy
- Abacus Property

#### **Equity Portfolio Decreases**

- National Storage
- Woolworths Limited
- Lendlease
- CIMIC
- BWP Trust
- Villa World
- AV Jennings



# **SECTOR EXPOSURE**

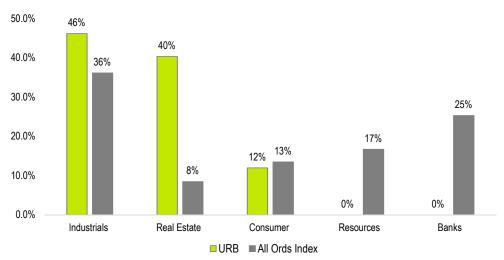
As at 31 December 2018

URB's Equity Portfolio was made up of 24 stocks, which provide the following:

- Access to Local and Global Urbanisation
- A Sustainable and Growing Dividend Stream
- Access to Franking Credits
- 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

Equity Portfolio Summary vs All Ords Index (Sector)





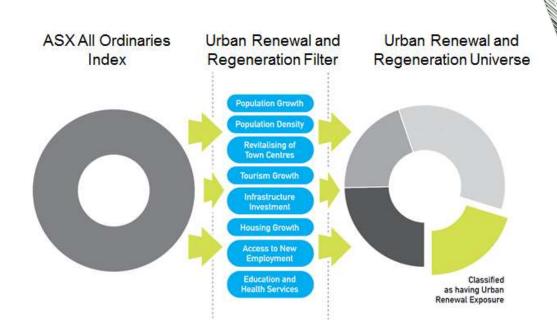
### **URBAN RENEWAL UNIVERSE**

As at 31 December 2018

The Urban Renewal Universe\* is currently made up of 93 stocks from the ASX All Ordinaries Index.

The Universe has been weighted based on market capitalisation (the combined market capitalisation of those 93 companies is approximately \$492 billion).

The Urban Renewal Universe accounts for approx. 25% of the ASX All Ordinaries Index.





<sup>\*</sup> The Urban Renewal Universe is not an official index but is a universe of the ASX listed equities that Contact considers to have exposure to urban renewal and regeneration and to be within the Investment Strategy after applying investment filters. Equities that comprise the Urban Renewal Universe will vary going forward.

# **TOP 20 INVESTMENTS**

As at 31 December 2018

Invest	ment	% of Total Portfolio	Inves	stment	% of Total Portfolio
1	PURT No 5 – Prestons	22.5%	11	Mirvac Group	1.7%
2	PURT No 3 – Kingsgrove	10.9%	12	Goodman Group	1.6%
3	PURT No 4 – Penrith	10.0%	13	AV Jennings	1.5%
4	Transurban Group	7.1%	14	AP Eagers	1.4%
5	Sydney Airport	5.8%	15	Qube Holdings	1.3%
6	Home HQ – Artarmon	3.7%	16	Woolworths	1.3%
7	360 Capital Group	2.7%	17	Ramsay Healthcare	1.2%
8	Harvey Norman Holdings	2.2%	18	Regis Healthcare	1.1%
9	Stockland	1.8%	19	BWP Trust	1.1%
10	Lendlease Group	1.7%	20	National Storage	1.0%
			Cash 8	Cash Equivalents	12.3%
			Total		93.9%



## **DIRECT PROPERTY PORTFOLIO**

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

#### Asset Selection

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

#### Portfolio Construction

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

# Maximise Asset Performance

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

### **PURT 3: KINGSGROVE**

2 THE CRESCENT, KINGSGROVE, NSW – As at 21 February 2019

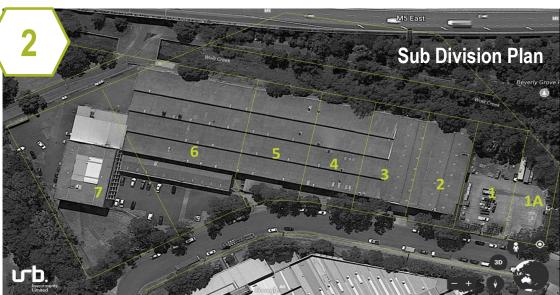
#### **URBAN RENEWAL BENEFITS**

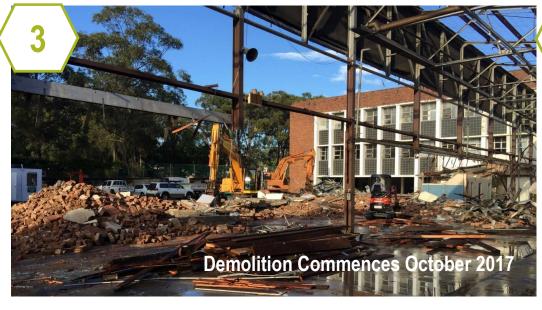
- Displacement of warehouses and a large portion of the industrial segment from the inner south-west of Sydney.
- Constrained supply of serviced land which will continue to drive up land values.
- Growth in e-commerce continues to increase the importance of location.
- PURT3:Kingsgrove provides proximity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

- Commenced and completed demolition program.
- Received DA Subdivision Approval.
- Exchange of Contracts for Lots 1A, 1, 2, 3, 4, 5, 6 and 7, representing 100% of the total saleable area.
- Completed delivery of services, water, power, sewer and telecommunications.
- Settled Lots 1A and 1 Dec 2018
  - Received \$725k Special Investment Revenue











### **PURT 4: PENRITH**

510 – 536 HIGH STREET, PENRITH, NSW - As at 21 February 2019

#### **URBAN RENEWAL BENEFITS**

- Future change in use through the Western Sydney City Deals' project. The Penrith City Council has 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

- Commencement of distributions to unitholders from the Trust.
- Trust acquisition of the Tattersalls Hotel lease.
- Completed loan facility for the PURT4 Trust, Penrith.
- Capital return to PURT4 Trust unitholders post the loan facility execution.
- Penrith City Council appointed a Developer for the proposed development of Union Road Car Park.
- Yield on Cost of 6.5%.











#### **PURT 5: PRESTONS**

55 YARRUNGA STREET, PRESTONS, NSW - As at 21 February 2019

#### **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

- Acquired land at a very attractive price.
- Signed Agreement for Lease with Mainfreight Aust.
- Received DA Approval
  - Stage 1 Commencement of Works
  - Stage 2 Construction Certificate
  - Stage 3 Signage and Use
- Completed civil works program.
- Exchange of Contracts for sale of asset in Sept 2018.
- Reached Practical Completion in Dec 2018.
- Rent commenced in Dec 2018.











## **HOMEHQ: ARTARMON**

1 Frederick St, Artarmon, NSW - As at 21 February 2019

#### **URBAN RENEWAL BENEFITS**

- Adaptive re-use of an industrial building.
- An inner Sydney gentrifying area characterised by lowdensity industrial and commercial uses, with further redevelopment potential.
- Revaluation opportunity upon completion of the Food & Beverage development.
- Strong income via a mix of long/medium term leases.
- Proximity to existing and crucial future infrastructure, including:
  - M1 Motorway & Pacific Highway
  - Lane Cove Tunnel
  - New Sydney Metro
  - CBD
  - North Shore Hospitals

- Occupancy at 100%.
- Installed License Plate Recognition technology in the car park.
- Secure Parking appointed for professional management services.
- New lease issued for a car wash operator.
- DA approval for a Food and Beverage offering.
- Average distribution yield of 8.50%pa.









