

URB INVESTMENTS LIMITED

2019 FULL YEAR RESULTS PRESENTATION

AUGUST 2019



Investments
Limited



*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.

RESULT HIGHLIGHTS

As at 30 June 2019

Net Operating Result

\$6.5m



200%

from FY2018

Special Distribution Income
from Direct Property

\$7.5m

Earnings Per Share

8.84 cents



199%

from FY2018

Fully Franked Final
Ordinary Dividend

1.50cps

Up 100% on FY2018

Fully Franked Final
Special Dividend

2.50cps

1 Year Total Shareholder
Return

20.1%

WHAT HAS BEEN DELIVERED

12 Months to 30 June 2019

- Settled on the sale of PURT5:Prestons.
- Achieved a Net Equity Internal Rate of Return of 21% on PURT5:Prestons.
- Settled all Lots at PURT3:Kingsgrove.
- Achieved a Net Equity Internal Rate of Return of 19% on PURT3:Kingsgrove.
- Solid Equity Portfolio contribution through Dividends and Capital Growth.
- Strong NTA performance, 1 Year performance of 12.2%.
- Strong TSR performance, 1 Year performance of 20.1%.

2019 FULL YEAR RESULTS

URB FY2019 Performance Highlights	Ordinary Operations* \$'000	Abnormal Items \$'000	Statutory Numbers \$'000	Change from 2018
Income from Equity Portfolio	1,835	204	2,039	
Income from Direct Property Portfolio	175	7,533	7,708	
Interest Income	206	-	206	
Income from Operations	2,216	7,737	9,953	192%
Operating Expenses	(1,341)	-	(1,341)	
Net Fair Value Gain on Direct Property Assets	-	178	178	
Operating Result Before Income Tax	875	7,915	8,790	272%
Income Tax Expense	3	(2,313)	(2,310)	
Net Operating Result	878	5,602	6,480	200%
				Cents per share
EPS Based on Operating Result			8.84	199%
Ordinary Dividend per share			2.25	
Special Dividend per share			3.50	
Total Dividends per share			5.75	283%

* Ordinary Operations incorporates investments in the Equity Portfolio, as well as investments in Direct Property Assets holding stabilised assets generating rental returns.

DIVIDEND KEY DATES

On the back of the strong results during the year, the URB Board has declared a fully franked final ordinary dividend of 1.50cps and a fully franked special dividend of 2.50cps in respect of 2019FY.

The last trading date to be eligible for the dividends is Wednesday 11th September 2019.

Key dates for the dividends are as follows:

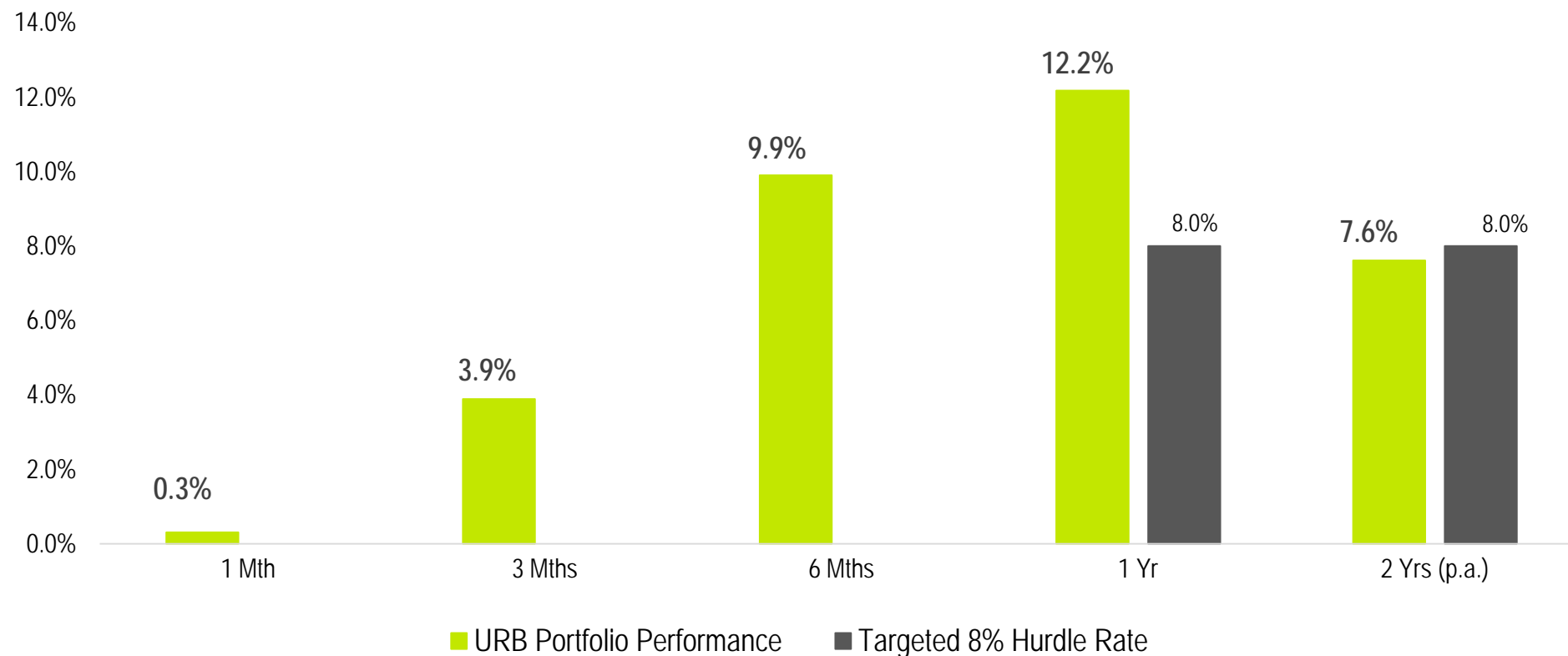
Last trading date to be eligible for the Dividends	Wednesday 11 September 2019
Ex-Dividend Date	Thursday 12 September 2019
Record Date	Friday 13 September 2019
Dividend Reinvestment Plan Nomination	Monday 16 September 2019
Dividend Payment Date	Friday 4 October 2019

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 16 September 2019.

PERFORMANCE

As at 30 June 2019

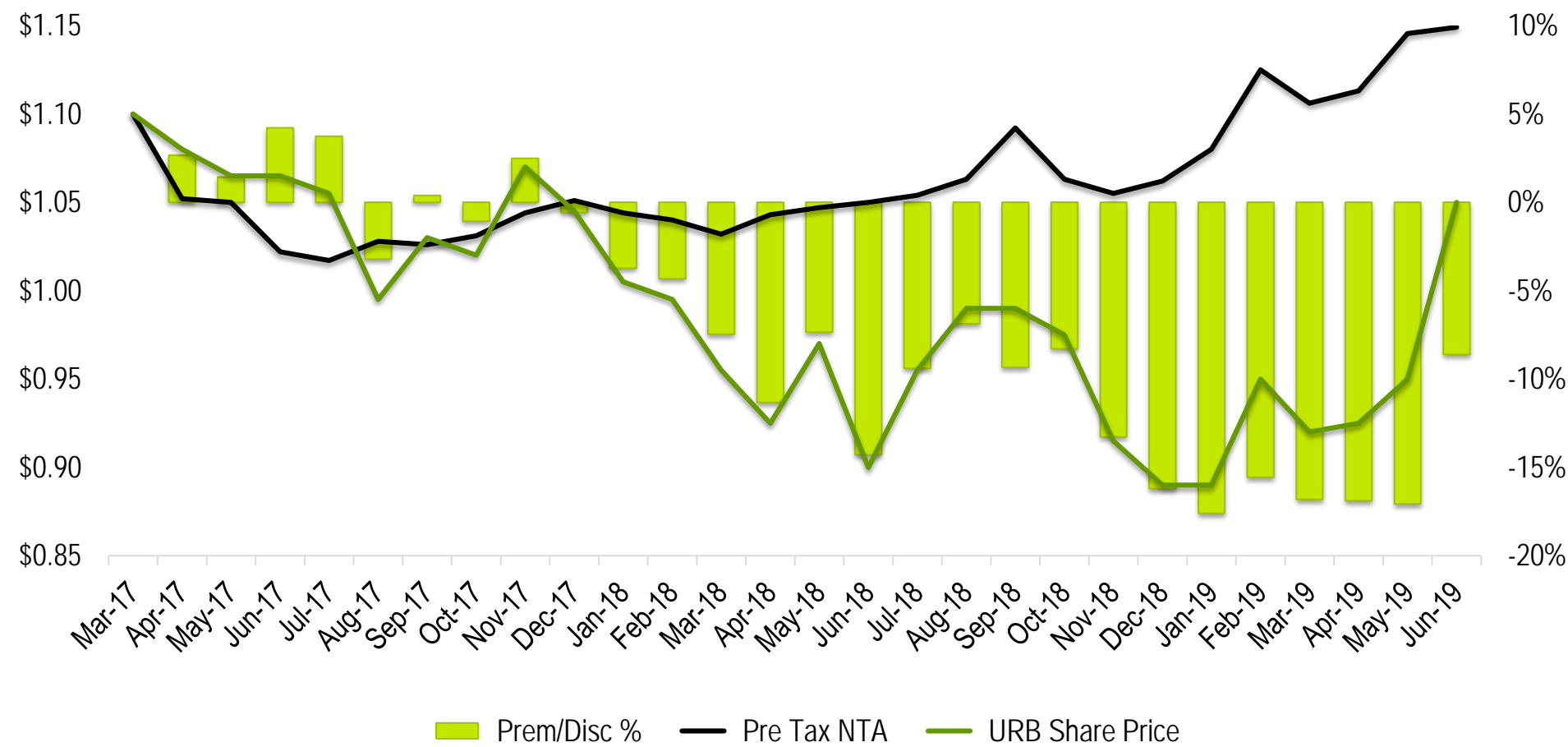
Strong portfolio performance during a volatile 12 month period



Source: URB, Contact Asset Management, Bloomberg. URB's Net Portfolio Return is the change in URB's disclosed pre-tax NTA over a defined period, and is calculated after deducting all operating expenses and provision and payment of both income and capital gains tax and adding back any dividends paid. The 8% Hurdle Rate is an annualised rate.

URB PREMIUM / DISCOUNT

As at 30 June 2019





POSITIONING FOR THE FUTURE

*2019 FULL YEAR
RESULTS PRESENTATION
AUGUST 2019*

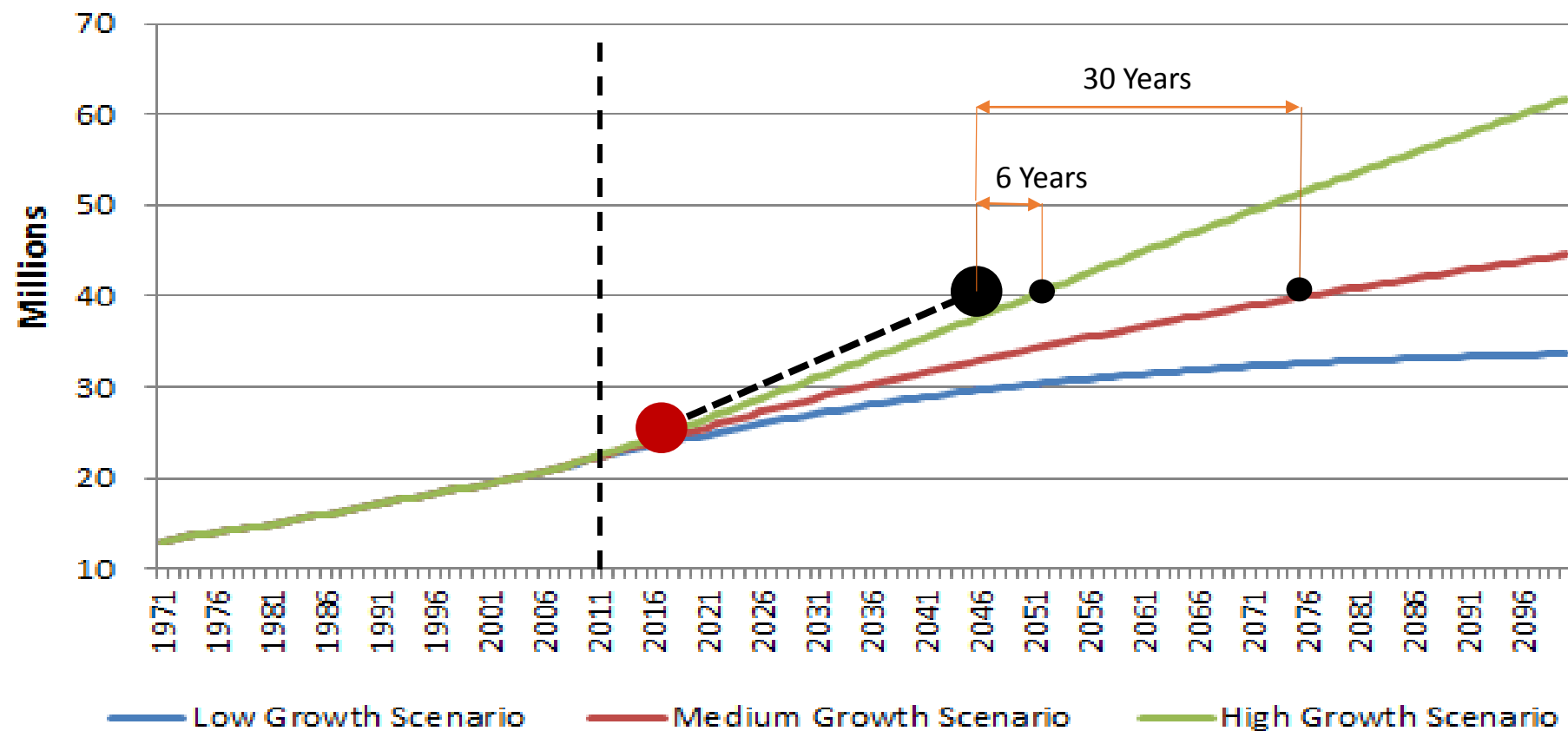


*URB is managed by Contact Asset Management
AFSL 494045*

POPULATION GROWTH

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

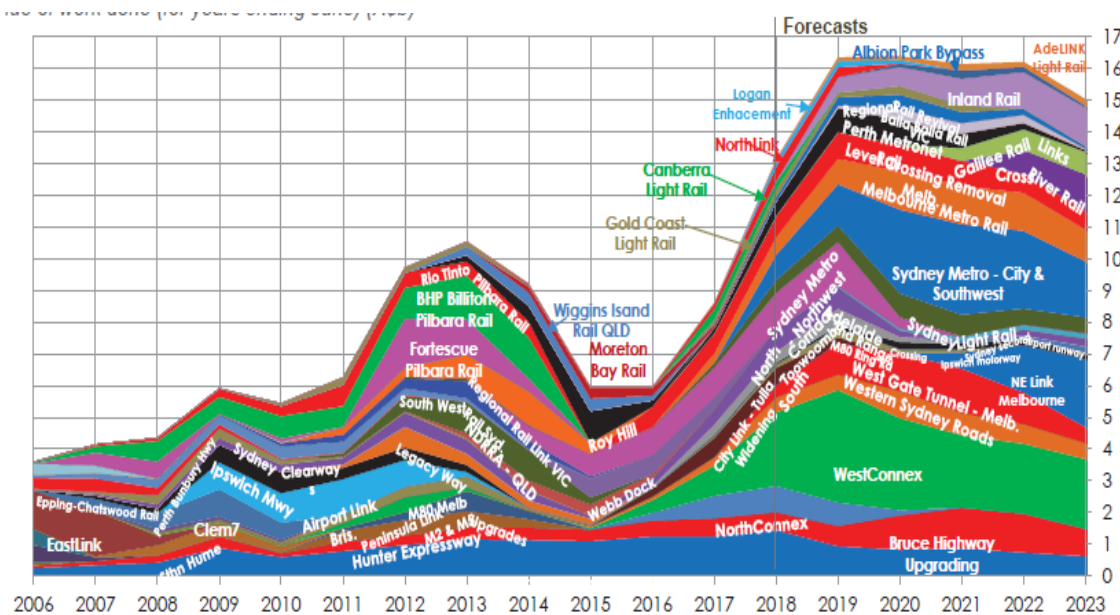
- 6 Years earlier than the ABS high growth scenario set in 2011
- 30 Years earlier than the ABS medium growth scenario set in 2011



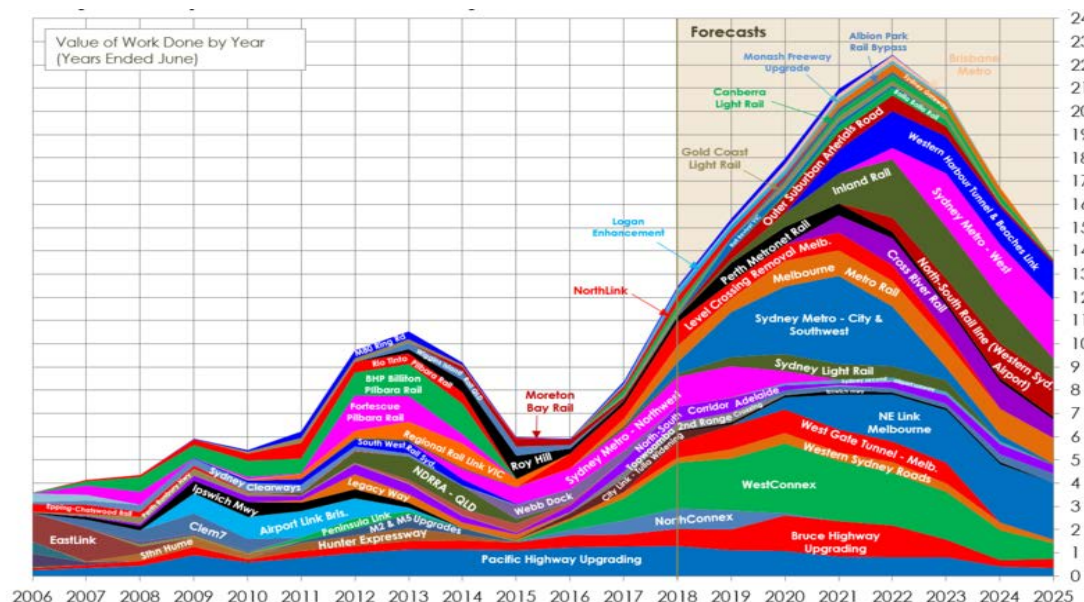
INFRASTRUCTURE & CONSTRUCTION GROWTH

Infrastructure spend is currently at levels never seen before and will continue for many years.
Governments are now set to bring forward further major building projects to boost the economy.

Forecast infrastructure work as at 30 June 2018

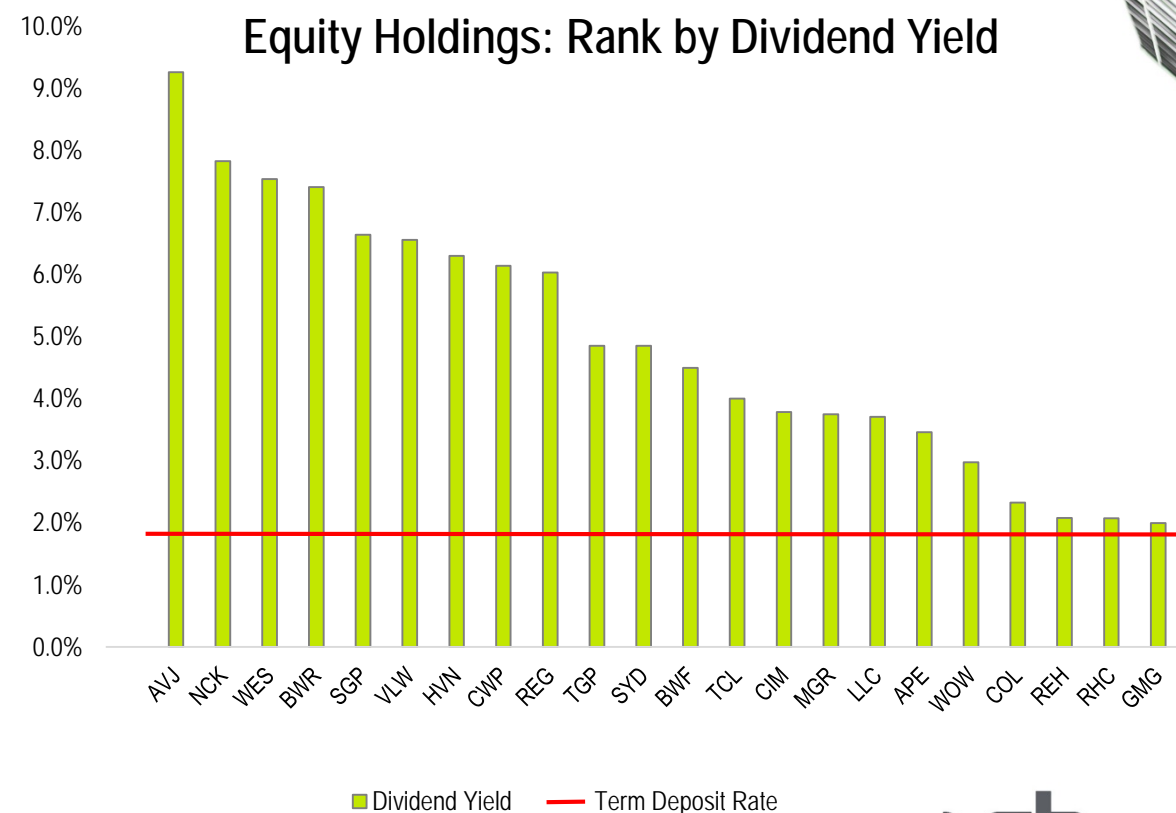
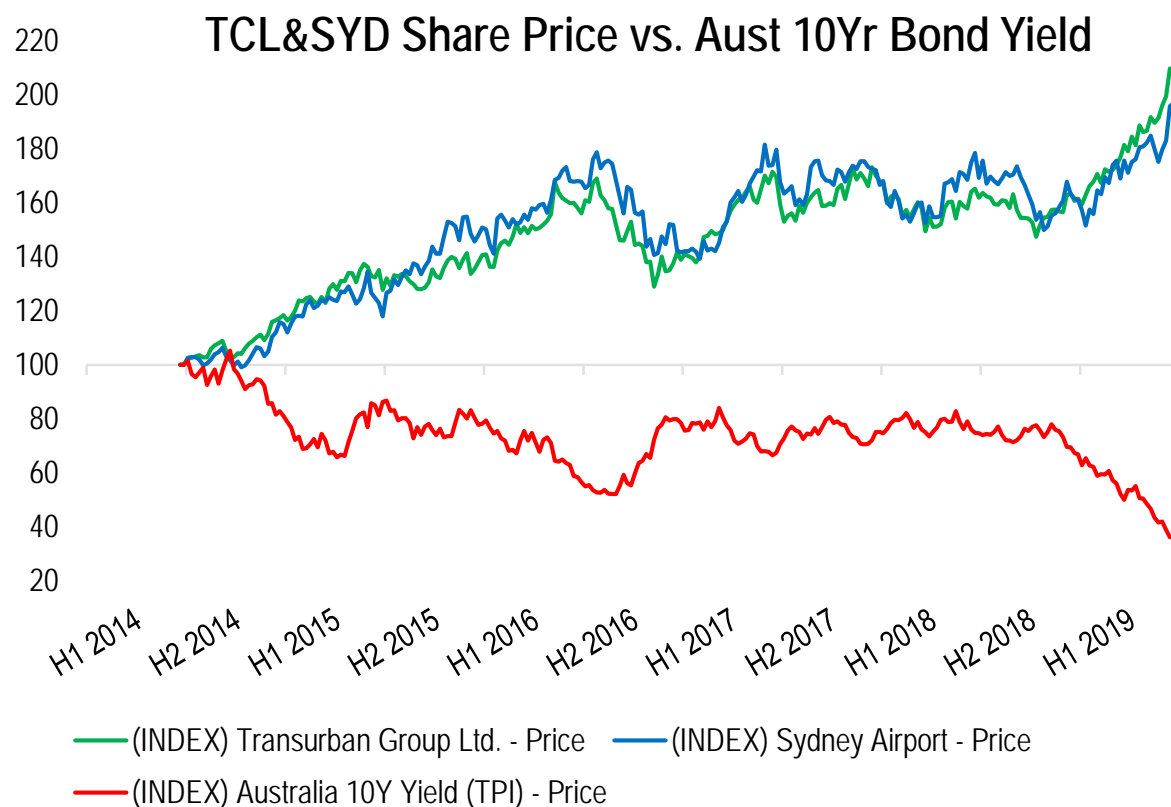


Forecast infrastructure work as at 30 June 2019



YIELD CURVE

We focus on the underlying fundamentals of a high quality business, not what some may say about bond yields and interest rates.



DEALING WITH THE NOISE

Negative Headwinds

- Declines in Australian real-estate values
- Tighter credit conditions
- High levels of personal debt
- Uncertainty around Brexit
- Uncertainty on US-China trade
- Royal Commission into Aged Care

Positive Tailwinds

- Population growth
- Significant infrastructure spending in Australia
- Large levels of cash held by investors
- Depreciating Australian Dollar
- A stable Federal Government
- Demand for Australian assets
- Low interest rates

SECTOR TAILWINDS

Small investors turn to warehouses in yield hunt

Goodman expands its US base

Large format retail, industrial in demand

Australia takes lion's share of capital for AsiaPac funds

Foreign buyers rush to pick up office towers



Commercial deals hit \$42.6b record in 2019

Lendlease lands \$21b Google deal in Silicon Valley

Key points

Investors are flooding into the unlisted property sector on the hunt for yield.

The swing is part of a broader shift towards the commercial property sector.

Undersupply, land price surge lifting rents: Goodman

Coles puts \$1b into state-of-the-art Sydney and Brisbane distribution centres

E-COMMERCE GROWTH

Retail, e-commerce and Logistics

Since the arrival of Amazon.com into the Australian marketplace we have seen shock waves sent through the retail sector, especially those associated with our relatively undeveloped online retail market.

Market Capitalisation of Amazon.com is over A\$1,300 billion. It is not only a retailer, Amazon.com is the world's third-largest information technology company by revenue and has significant diversification.

Change brings opportunity; online retailing will continue to create opportunities in areas including:

- Employment
- Construction and Development
- Logistics and Distribution
- Transportation and Delivery
- Telephony and Data Services
- Technology





*URB is managed by Contact Asset Management
AFSL 494045*



**Investments
Limited**

PORTFOLIO POSITIONING

2019 FULL YEAR RESULTS PRESENTATION

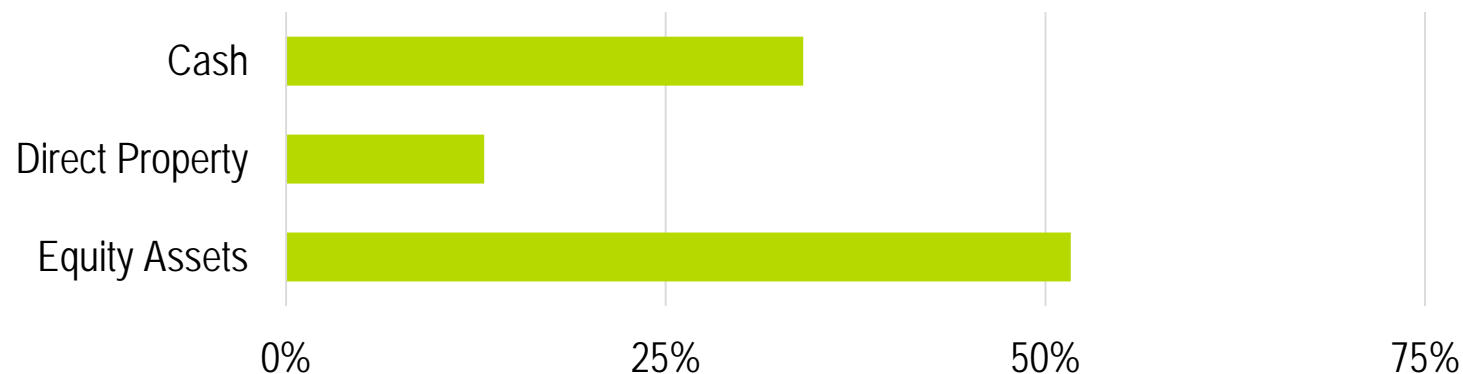
AUGUST 2019

ASSET ALLOCATION

As at 30 June 2019

URB's asset allocation is divided between Direct Property, Listed Equities and Cash. At 30 June 2019, the Direct Property exposure was 13.2%, down from 44.6% as a result of the sale of assets PURT5:Prestons and PURT3:Kingsgrove. The Equity Portfolio represented 52.4% of URB's total investment assets, and Cash accounted for 34.4%. While the portfolio has a higher than average level of cash, it allows us to be opportunistic through effective asset allocation between Listed Equities or Direct Property.

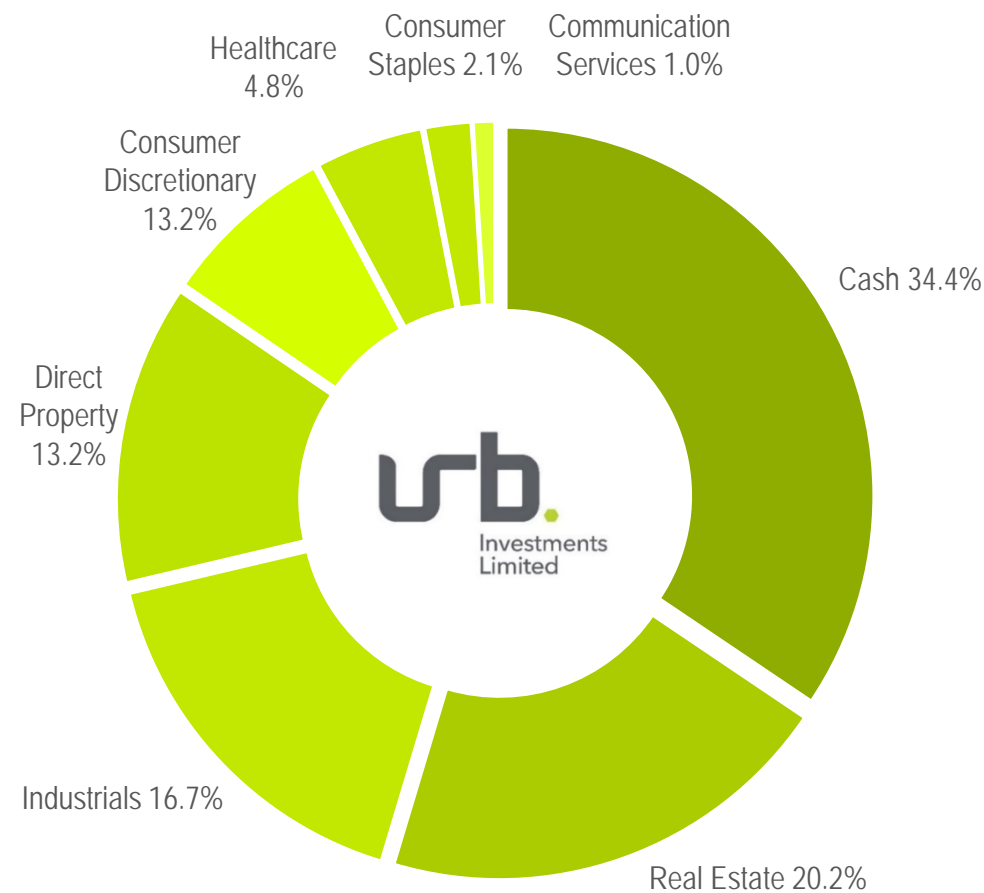
Asset allocation as at 30 June 2019



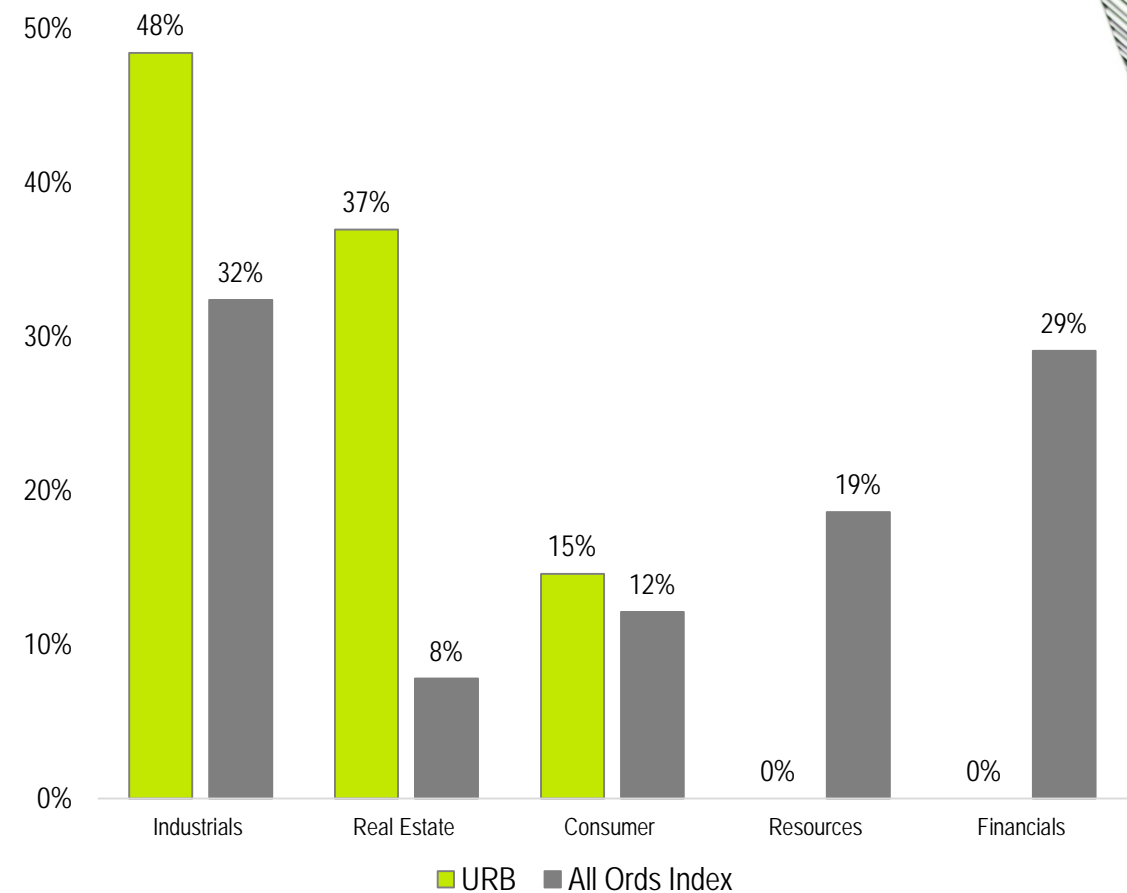
SECTOR EXPOSURE

As at 30 June 2019

URB Portfolio - Exposure by Asset Class / Sector



Equity Portfolio Summary vs All Ords Index (Sector)



EQUITY PORTFOLIO

Key Investment Principles - The construction of the URB Equity Portfolio is 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.

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



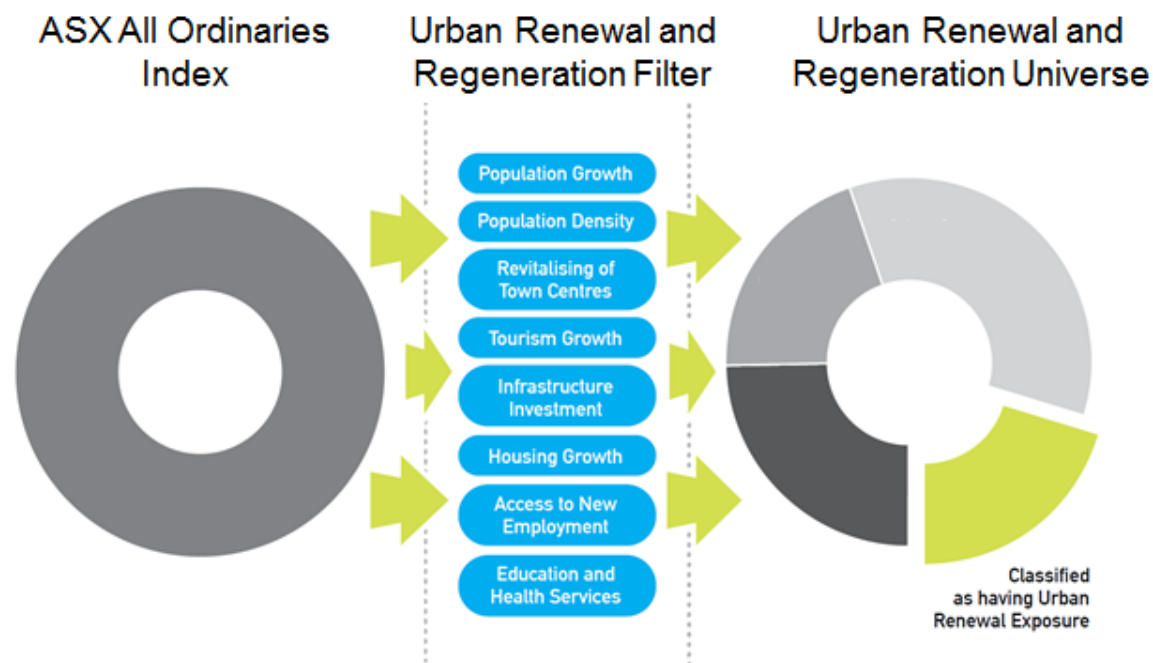
URBAN RENEWAL UNIVERSE

As at 30 June 2019

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 \$467 billion).

The Urban Renewal Universe accounts for approximately 26% of the ASX All Ordinaries Index.



EQUITY PORTFOLIO CHANGES

Equity Portfolio Increases and Additions

- Cleanaway
- CIMIC
- Coles Group
- Goodman Group
- Harvey Norman Holdings
- Lendlease Group
- Mirvac
- Nick Scali
- REA Group
- Reece Group
- Regis Healthcare
- Wesfarmers

Equity Portfolio Decreases

- AP Eagers
- AVJennings
- Villa World

Equity Portfolio Exits

- Abacus Property Group
- AGL Energy
- Bingo Industries
- Boral
- BWP Trust
- National Storage
- oOh!media
- Qube Holdings

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.

PURT 4: PENRITH

510 – 536 HIGH STREET, PENRITH, NSW - As at 30 June 2019

URBAN RENEWAL BENEFITS

Greater Western Sydney is Australia's third-largest economy and has been identified by the State Government as a key corridor for future economic development, urban renewal and infrastructure.

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.

Update of PURT4: PENRITH



Improvements made to the tenant mix and lease terms



Continuation of distributions to unitholders from the Trust



Penrith City Council appointed a Developer for the proposed development of Union Road Car Park



Penrith Station
Penrith Town Centre
Penrith Westfield
M4 Motorway
Badgerys Creek Airport



HOMEHQ: ARTARMON

1 Frederick St, Artarmon, NSW - As at 30 June 2019

URBAN RENEWAL BENEFITS

Artarmon has become an inner Sydney gentrifying area characterised by low-density industrial and commercial uses, with further redevelopment potential.

Adaptive re-use of an industrial building with DA approval for a Food and Beverage offering.

Proximity to existing and crucial future infrastructure.

Update of HOMEHQ: ARTARMON



Improvements made to the tenant mix and lease terms



Short term distribution growth expected through LPR technology in the car park, car wash, Secure Parking car park management services and improved Food and Beverage offering.



Heads of Agreement entered into with food and beverage tenant for “The Front Yard”



M1 Motorway
Lane Cove Tunnel
New Sydney Metro
Sydney CBD
North Shore Hospitals

HOME HQ: Artarmon



Artists Impression



HOME HQ: Artarmon



Artists Impression

COMPLETED PROJECT: PURT3: KINGSGROVE

2 THE CRESCENT, KINGSGROVE, NSW – As at 30 June 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 is driving up land values, while the growth in e-commerce continues to increase the importance of location.

Excellent proximity to infrastructure, including:

- New WestConnex Motorway
- Moorebank Intermodal Freight Precinct
- M5 Motorway
- Kingsgrove Railway Station
- Sydney Airport
- Port Botany

Completed Project
PURT3: KINGSGROVE



The final outcome for PURT3 proves up the concept of investing in direct property assets benefitting from urban renewal and regeneration thematic



Delivering strong returns for URB shareholders



Delivering significant distributions of profit and returns of capital



Successful completion of program: DA Subdivision, Exchange of Contracts Delivery of services, Pre-develop and Settlement of sales post completion



COMPLETED PROJECT: PURT5: PRESTONS

55 YARRUNGA STREET, PRESTONS, NSW - As at 30 June 2019

URBAN RENEWAL BENEFITS

Significant shortage in the delivery of purpose-built freight, logistics and distribution warehouse facilities.

Revaluation opportunity upon completion of the development through strong income via a long term lease.

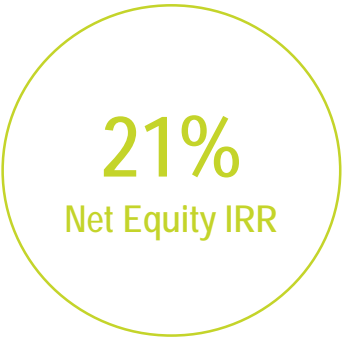
Proximity to existing and crucial future infrastructure, including:

- M5 Motorway
- M7 Motorway
- Sydney Airport
- Port Botany
- Moorebank Intermodal Freight Precinct
- Badgerys Creek Airport

Completed Project
PURT5:PRESTONS



The final outcome for PURT5 proves up the concept of investing in direct property assets benefitting from urban renewal and regeneration thematic



Delivering strong returns for URB shareholders



Delivering significant distributions of profit and returns of capital



Successful completion of program: Signed Agreement for Lease with Mainfreight Australia, Received DA approval, Completed civil works, Practical Completion Rent commenced Asset Sale



TOP 20 INVESTMENTS

As at 30 June 2019

	<i>Investment</i>	<i>% of Total Portfolio</i>
1	PURT4: Penrith	9.0%
2	Transurban Group	7.7%
3	Sydney Airport	6.2%
4	Lendlease Corp	4.0%
5	HOMEHQ: Artarmon	3.4%
6	Mirvac Group	3.4%
7	Harvey Norman	2.9%
8	Goodman Group	2.7%
9	Ramsay Healthcare	2.7%
10	Stockland	2.6%

	<i>Investment</i>	<i>% of Total Portfolio</i>
11	360 Capital Group	2.4%
12	Regis Healthcare	2.1%
13	Wesfarmers	1.9%
14	Nick Scali	1.8%
15	Cedar Woods Properties	1.5%
16	AVJennings	1.4%
17	AP Eagers	1.1%
18	Woolworths Group	1.1%
19	Coles Group	1.0%
20	REA Group	1.0%
	Cash & Cash Equivalents	34.4%
	Total	94.3%

WRAP UP & OUTLOOK

- ✓ Proof of concept has delivered solid returns on two Direct Property projects
- ✓ High cash balance giving URB the ability to take advantage of opportunities
- ✓ Sector tailwinds to continue with population growth, low interest rates, low unemployment and continual increase in e-commerce
- ✓ Uniquely positioned within the Direct Property segment
- ✓ Continue to leverage expertise and resources of WHSP
- ✓ Increase in Contact's investment team and resources