

Company Announcements Office
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ACN 615 320 262

4 October 2019
Company Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dispatch of 2019 Annual Report & AGM Notice of Meeting

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

- 2019 Annual Report
- Notice of Meeting for the 2019 Annual General Meeting (AGM)
- Proxy Form for voting at the 2019 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 2019

FOR THE YEAR ENDED 30 JUNE 2019

CORPORATE DIRECTORY

ABN: 89 615 320 262

Directors

Warwick Negus	Non-executive Chair
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 14, 151 Clarence Street
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 16, Tower 2
Darling Park
201 Sussex Street
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

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FINANCIAL HIGHLIGHTS

YEAR ENDED 30 JUNE 2019

	Ordinary Operations \$'000	Abnormal Items \$'000	Statutory Numbers \$'000
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
Operating expenses	(1,341)	–	(1,341)
Fair value gain on direct property assets	–	178	178
Operating result before tax	875	7,915	8,790
Income tax benefit/(expense)	3	(2,313)	(2,310)
Net operating result	878	5,602	6,480

EARNINGS PER SHARE	Cents per share	Cents per share
Basic and diluted earnings per share (EPS)	1.20	8.84

NET TANGIBLE ASSET (NTA) HISTORY	30 June 2017 \$ per share	30 June 2018 \$ per share	30 June 2019 \$ per share
NTA before tax	1.02	1.05	1.15
NTA after tax	1.02	1.05	1.15

INVESTMENTS HELD AS AT 30 JUNE 2019	Number of equities held	Market value \$'000	Portfolio weight %
Unlisted Property Trusts			
PURT No.4 – Penrith Property	13,749,581	7,781	8.99
Home HQ Artarmon	3,000,000	2,968	3.43
PURT No.5 – Prestons Property	13,731,010	685	0.79
PURT No.3 – Kingsgrove Property	71,582	28	0.03
Total Property Portfolio		11,462	13.24
Listed Equities			
Real Estate			
LendLease Group	266,916	3,470	4.01
Mirvac Group	931,700	2,916	3.37
Goodman Group	154,940	2,329	2.69
Stockland	541,500	2,258	2.61
360 Capital Group	2,000,000	2,060	2.38
Cedar Woods Properties Limited	225,233	1,284	1.48
AV Jennings Limited	2,253,631	1,217	1.41
Blackwall Limited	913,723	813	0.94
Villa World Limited	283,340	626	0.72
BlackWall Property Trust	381,679	515	0.60
		17,488	20.21
Industrials			
Transurban Group	450,116	6,635	7.66
Sydney Airport	670,000	5,387	6.22
Cleanaway Waste Management Limited	362,100	843	0.97
CIMIC Group Limited	18,421	825	0.95
Reece Limited	75,611	738	0.85
		14,428	16.65
Consumer Discretionary			
Harvey Norman Holdings Limited	606,940	2,471	2.85
Wesfarmers Limited	45,000	1,627	1.88
Nick Scali Limited	248,907	1,558	1.80
AP Eagers Limited	98,585	966	1.12
		6,622	7.65
Health Care			
Ramsay Health Care Limited	32,072	2,317	2.68
Regis Healthcare Limited	687,052	1,807	2.09
		4,124	4.77
Consumer Staples			
Woolworths Limited	28,173	936	1.08
Coles Group Limited	64,178	857	0.99
		1,793	2.07
Media			
REA Group Limited	8,883	853	0.99
		853	0.99
Total Equity Portfolio		45,308	52.34
Cash and dividends receivable		29,793	34.42
Total Investment Portfolio		86,563	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 CHAIR

Dear Shareholders,

I am pleased to enclose the 3rd Annual Report for URB Investments Limited (URB), for the year to 30 June 2019.

URB Investments is a Listed Investment Company, established in October 2016 and listed on the Australian Stock Exchange Limited in April 2017. URB aims to maximise total Shareholder returns through a combination of capital and income growth generated by 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 Direct Property and Listed Equity Assets with exposure to urban renewal and regeneration.

Result Highlights

This was a successful year for URB Investments where urban renewal and regeneration in Australia continued to make impressive progress.

For the year ended 30 June 2019 URB achieved a significant increase in operating income, which was generated from the sale of development properties (classified as special income) and regular income from the Company's share portfolio and property rental income. The distribution of profits from PURT3: Kingsgrove and PURT5: Prestons followed the successful identification, re-zoning, development and sale of these properties. The final outcome was testament to the patient strategy of benefitting from the urban renewal and regeneration theme.

Total income for the year ended 30 June 2019 was \$9.95m, up almost 3 times from \$3.4m in 2018.

Total Earnings per Share (EPS) was 8.84 cents per share (cps), up from 2.96cps last year.

Net assets of the Company grew from \$78.4m to \$87.5m at 30 June 2019. This includes an Equity Portfolio valued at \$45.3m, the Direct Property portfolio valued at \$11.5m and Cash and Dividends receivable of \$29.8m.

Total Shareholder Return for the year to 30 June 2019 was 20.1%, compared to the S&P/ASX 300 Accumulation Index, which returned 11.4% over the same period. URB's Net Portfolio Return (after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends) for the year to 30 June 2019 was 12.2% for the year.

Dividends

On the back of these strong results, 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 FY2019. This follows the fully franked interim ordinary dividend of 0.75cps and interim special dividend of 1.00cps which were declared in February 2019 and paid in March 2019.

Based on the 30 June 2019 closing share price of \$1.05, the URB fully franked dividend yield is 5.5%. Using only the ordinary interim and final dividends, the URB fully franked dividend yield is 2.1%.

The FY2019 final dividends are fully franked at URB's tax rate of 30% and will be paid on Friday 4 October 2019, with the last trading date to be eligible for the dividend being Wednesday 11 September 2019.

Key dates for the Dividend are as follows:

Event	Date
Last trading date to be eligible for the final dividends	Wednesday 11 September 2019
Ex-Dividend Date	Thursday 12 September 2019
Record Date	Friday 13 September 2019
DRP Nomination	Monday 16 September 2019
Dividend Payment Date	Friday 4 October 2019

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 FY2019 dividends. The last date for the receipt of an election notice to participate in the Dividend Reinvestment Plan is Monday 16 September 2019.

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

Investment Portfolio

Equity Portfolio

The Company's Investment Portfolio is managed by Contact Asset Management. Over the year, \$17.0m was invested into the Equity Portfolio. The Equity Portfolio generated \$1.8m in ordinary dividends and distributions during the financial period and an additional \$0.2m in special dividends.

The Company earned \$0.2m in interest from cash holdings.

As at 30 June 2019 the Equity Portfolio accounted for 52.47% of URB's total portfolio, and comprised a diversified collection of companies that seek to capitalise on exposure to urban renewal and regeneration. It 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.

Direct Property Portfolio

The value of the Direct Property Portfolio as at 30 June 2019 was \$11.5m compared to \$34.2m last year, and accounted for 13.2% of URB's Investment Portfolio.

We are delighted with the performance of the Direct Property Portfolio during the financial year. The completion and sale of both PURT3: Kingsgrove and PURT5: Prestons developments generated significant returns for URB. Kingsgrove and Prestons were both seed investments acquired upon the establishment of URB in 2016.

The intention of the Company is to deploy a large part of the profits from these developments into new opportunities in line with the Direct Property strategy. We are continuing to target Direct Property assets where there are identifiable drivers of future revaluations, preferably coupled with sustainable income and diversification by geography and asset class.

Top 20 Investments

	Investment	% of Total Portfolio
1	PURT4 - Penrith	9.0%
2	Transurban Group	7.7%
3	Sydney Airport	6.2%
4	LendLease Group	4.0%
5	HomeHQ - Artarmon	3.4%
6	Mirvac Group	3.4%
7	Harvey Norman Holdings	2.9%
8	Goodman Group	2.7%
9	Ramsay Healthcare	2.7%
10	Stockland Limited	2.6%
11	360 Capital Group	2.4%
12	Regis Healthcare	2.1%
13	Wesfarmers Limited	1.9%
14	Nick Scali limited	1.8%
15	Cedar Woods Properties	1.5%
16	AVJennings Limited	1.4%
17	AP Eagers Limited	1.1%
18	Woolworths Limited	1.1%
19	Coles Group Limited	1.0%
20	REA Group Limited	1.0%
	Cash and cash equivalents	34.4%
	Total of Top 20 including cash and cash equivalents	94.3%

The sale of PURT5: Prestons was an important step in proving up the concept of the URB Investments Direct Property strategy. URB and co-investor Washington H Soul Pattinson were able to acquire the asset well, proactively add value to that asset, and then realise value when the opportunity arose, albeit earlier than originally anticipated. This transaction highlights how URB is able to benefit from urban renewal and regeneration through active asset and property management to generate superior outcomes for our shareholders.

The PURT3: Kingsgrove project was also very successful, and further highlighted URB's ability to seek and capture long-term value by investing in different direct property sectors with exposure to urban renewal and regeneration. Kingsgrove represented an opportunity in benefitting from changes in use, transport access and zoning as a result of urban renewal and regeneration.

Both Kingsgrove and Prestons were identified as being under-valued, under-developed and under-utilised and were acquired at attractive prices. Through active asset and property management, this enabled us to optimise value realisation to drive attractive returns for URB shareholders.

Urban Renewal and Regeneration Opportunities

The 2019 financial year has been an eventful one. The aftermath of the Royal Commission into the Australian banking system saw the banks divesting assets and the triggering of a broad based credit squeeze, restricting the ability of new homeowners and many existing borrowers with interest-only loans to negotiate appropriate terms with the banks. This quickly led to a devaluation of Australian house prices.

By the last quarter of the financial year, concerns of a domestic growth slowdown resulted in interest rate cuts by the Reserve Bank of Australia. The official cash rate has been cut after back-to-back meetings to a new record low of 1.00%. It is the first back-to-back cut since 2012, aimed at underpinning employment growth and providing greater confidence to the consumer and the homeowner. We expect that lower cash rates will see many Australian investors continue to search for yield and income, with the situation encouraging investors into both direct property and equity markets, augmenting the urban renewal and regeneration thematic.

The last year has provided us with many opportunities to invest into the equity market, and we are hopeful that the opportunity to invest back into Direct Property to capitalise on the urban renewal and regeneration thematic will present itself during the year.

We will continue to 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.

We are delighted that we have realised value uplift from our Direct Property investments PURT3: Kingsgrove and PURT5: Prestons, generating profits for URB shareholders. The sales of these assets have also generated significant cash to pursue new opportunities, in line with the Direct Property strategy. We are continuing to target Direct Property assets where there are identifiable drivers of future revaluations, preferably coupled with sustainable income and diversification by geography and asset class.

The Board of URB is conscious that during the financial year the shares of the Company traded at a discount to the underlying asset value (which is disclosed to the ASX each month). In delivering these results where significant profits have been made from the urban regeneration theme, we believe that there will be broader interest in the Company from the investment community. Our manager, Contact, plans to enhance its communication of the Company's activities to assist in this regard. Finally, as the Company's size increases we believe that liquidity will in turn increase, enabling more investors to become future shareholders.

On behalf of my fellow Board Members and our Portfolio Managers, I would like to thank you for your continued support during FY2019 and we look forward to seeing those of you who are able to join us for the Annual General Meeting on Tuesday 12 November 2019.

Yours sincerely



WARWICK NEGUS

CHAIR

Sydney, 19 August 2019



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 2019 financial year.

The FY2019 year was eventful. We saw the completion of the Royal Commission into the Australian banking system, growing concerns of a global trade war, the focus on imputation credits and the proposed cancelation of cash refunds on individuals' dividends, and elections at both State and Federal level.

It was a very successful year for URB Investments, with the realisation of significant returns from our first two investments in development properties and strong growth from our listed equity portfolio. Total income from operating activities excluding special investment income totalled \$2.2m and special investment income totalled \$7.7m, generating a net profit of \$6.5m, up from \$2.2m from the previous year.

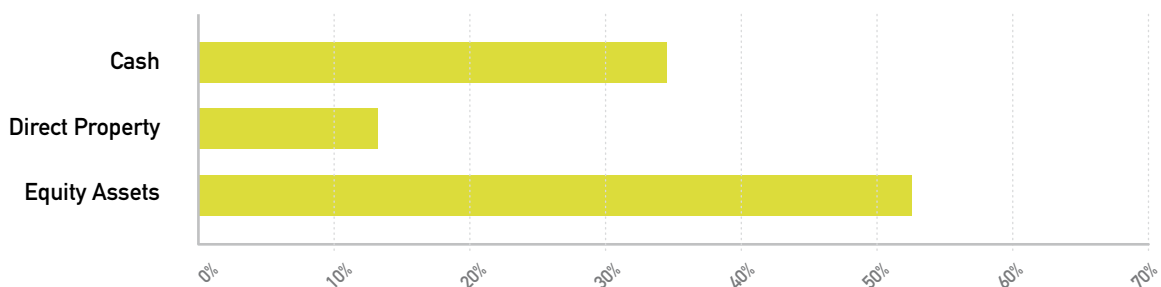
The equity component of URB's Investment Portfolio comprises a diversified collection of equity assets that seek to capitalise on exposure to urban renewal and regeneration. During the year \$17m was invested into the Equity Portfolio. The Equity Portfolio continues to be a concentrated portfolio, comprising 24 stocks as at 30 June 2019. 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 as at 30 June 2019 contains PURT4: Penrith and HomeHQ: Artarmon, Sydney, both well placed to capitalise 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, Listed Equities and Cash. The Direct Property exposure is currently 13.2%, down from 44.6% as a result of the sale of assets: PURT5: Prestons and PURT3: Kingsgrove. The Equity Portfolio represents 52.4% of URB's total investment assets, and Cash accounts for 34.4%.



Performance

Total Shareholder Return

Total Shareholder Return for the year to 30 June 2019 was 20.1%, compared to the S&P/ASX 300 Accumulation Index, which returned 11.4% over the same period.

URB's Total Shareholder Return is the change in URB's share price plus any capital returns and dividends paid by URB over a defined period.



Net Portfolio Return

URB's Net Portfolio Return (after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends) for the year to 30 June 2019 was 12.2%, well above our targeted performance hurdle of a pre-tax NTA 12 month return of 8.0% after the payment of any ordinary dividends to URB shareholders.

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.



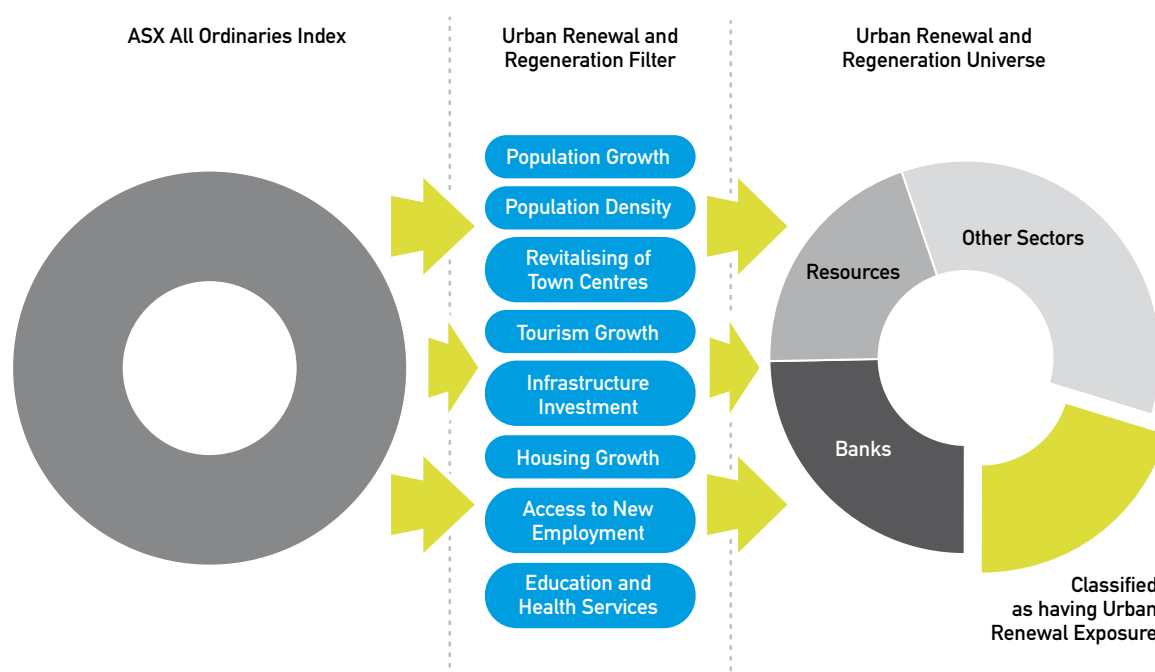
Equity Portfolio

Major investments into the Equity Portfolio for the period included LendLease Group, Wesfarmers Limited, Nick Scali, Boral Limited, Regis Healthcare, Mirvac Group and Ramsay Healthcare.

Major sales for the period included AGL Energy, National Storage REIT, BWP Trust, QUBE Holdings, Bingo Industries, Abacus Property Group and AP Eagers Limited.

Contact's Urban Renewal Universe was made up of 93 stocks from the ASX All Ordinaries Index of 500 stocks as at 30 June 2019. 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 25.9% of the ASX All Ordinaries Index as at 30 June 2019.

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.

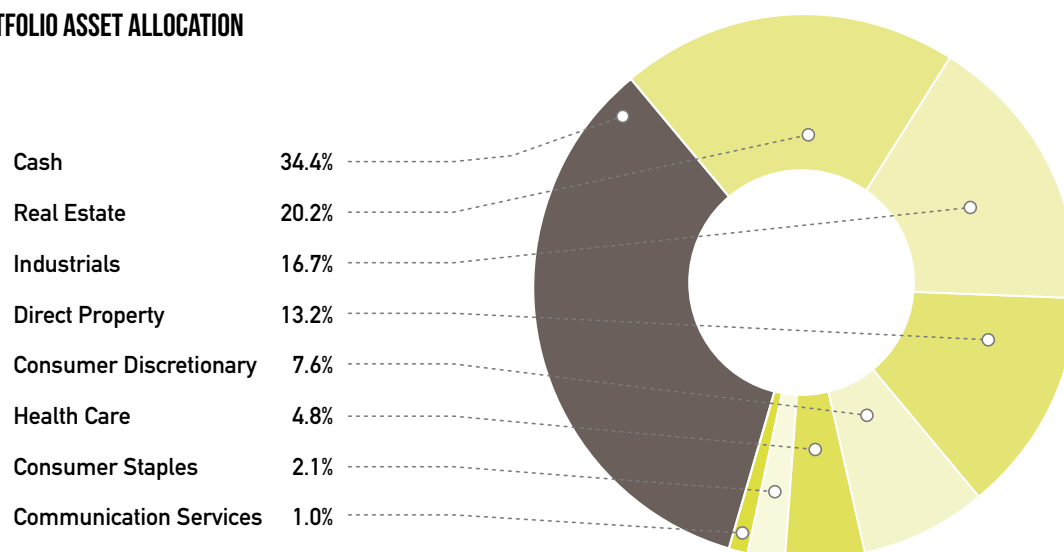


From the Urban Renewal Universe we then apply our investment selection process to identify investment opportunities. We believe there continues to be many opportunities within the Australian equity market that will benefit from urban renewal and regeneration. These include businesses that have exposure 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 overview of the Investment Portfolio as at 30 June 2019 demonstrating the diversification of the Equity Portfolio on a sector exposure basis.

URB PORTFOLIO ASSET ALLOCATION



Direct Property Portfolio

The value of the Direct Property Portfolio as at 30 June 2019 was \$11.5m compared to \$34.2m last year, and accounted for 13.2% of URB's total investment assets.

PURT5: Prestons

Construction works continued into the 2019 financial year with practical completion achieved during December 2018, triggering the commencement of the lease with Mainfreight.

During February 2019, the PURT 5 Trust settled on the sale of this asset with the Charter Hall Direct Industrial No.4 Fund for a headline sale price of \$71.6m. URB received a cash distribution of \$17.8m including \$4.6m paid out as a special distribution, representing URB's share of profits generated from the development and sale of the asset. Over 18 months the project generated an Equity Internal Rate of Return (IRR) of 21%, net of all expenses and fees.



COMPLETED PROJECT: PURT5: PRESTONS, 55 YARRUNGA STREET, PRESTONS

PUT3: Kingsgrove

Settlement of Lots 1 & 1A occurred in December 2018, resulting in URB's first special distribution income from the development assets in its Direct Properties. The PUT3 Trust settled the balance of Lot sales over the first half of 2019, paying interim distributions along the way, with URB receiving the last material distribution in June 2019. Overall URB received special distribution income of \$2.89m, representing a return of 29% on its investment. Over the 18 months, the project generated an Equity Internal Rate of Return (IRR) of 19%, net of all expenses and fees.



SETTLEMENT OF ALL LOTS AT PUT3: KINGSGROVE

PUT4: Penrith

During the year the property manager continued to implement its re-leasing strategy, seeking to improve the leasing profile of the property and the underlying quality of tenants. Occupancy is at 95%, with new tenants secured for a number of tenancies and average lease terms also increasing. In conjunction with this, the property manager continues to consider strategic options for realizing value from the property.

Council plans for the transformation of the Penrith City Centre continue to progress. During the year Penrith Councillors resolved to enter into a Project Delivery Agreement with Frasers Property Australia for the proposed development of the Union Road car park site. Mayor of Penrith, Cr John Thain, said that Union Road was identified as a key site to transform the City Centre after extensive community consultation as part of the Penrith Progression - A Plan for Action (2015). Frasers were selected as the preferred proponent as their development proposal was deemed to set a new benchmark for urban living, incorporating an innovative design to provide an extra 1,000 public parking spaces within a sophisticated sustainable development that is rarely seen outside of major regional centres. Key features of this development include 6 residential apartment buildings ranging in height from 17 to 34 storeys that will feature residential, retail and commercial space; a child care centre; public plaza; and landscaped communal spaces.

The PUT4: Penrith site borders the Union Road car park site, and the property manager is therefore engaging with Penrith Council to ensure we are able to maximize opportunities arising from the proposed Union Road development and any broader urban renewal strategy implemented by Penrith Council.



AN ARTIST'S IMPRESSION OF THE PROPOSED DEVELOPMENT OF UNION ROAD CAR PARK, PENRITH

Home HQ

Leasing activity and management of the site is progressing well with a valuation uplift recognised in December 2018. Occupancy is currently over 95%.

Carpark upgrades have seen new License Plate Recognition (LPR) technology installed and car park management awarded to Secure Parking. Unique Car Wash commenced trading in January located on Basement 1.

Planning is well underway for the development of the new food and beverage precinct within the Reserve Road car park. This new offering will have a significant impact on the centre's patronage and retail trade. An expression of Interest (EOI) to identify a lessee for the Food & Beverage offering, called 'The Front Yard', commenced and a Heads of Agreement has now been entered into. The design includes a café/restaurant precinct within the Reserve Road car park, which will further enhance the overall experience of HomeHQ. As a result of these enhancements the distribution yield of the HomeHQ asset has increased from 5.9% to 6.3% and is expected to grow further.



VISION: 'THE FRONT YARD' A NEW FOOD AND BEVERAGE (F&B) EXPANSION

Investment Team

Contact continues to invest in the team for future growth and opportunities. During the year, Contact Asset Management added four new members to the team.

1. **Mr Rodney Forrest** Senior Investment Analyst
2. **Mr Jared Tilley** Investment Analyst
3. **Mr Charlie Kingston** Investment Analyst / Equities Dealer
4. **Mr Rob Horne** Investment Analyst

Mr Rodney Forrest – Prior to joining Contact, Rodney worked at Moelis Investment Bank on the Sales Trading desk. Rodney spent six years as Head of Finance at both Woolworths and Coles. Further experience has been the Principal Financial Analyst for NSW Treasury as well as roles at ALDI, Ernst & Young and the Australian Taxation Office. Rodney holds a Bachelor of Economics from the University of Sydney, Masters of Economics from Macquarie University, Diploma in Taxation from the University of NSW and a Research Doctorate from the University of Vienna.

Mr Jared Tilley – Prior to joining Contact, Jared spent nine years at Colonial First State. Whilst at Colonial Jared had various roles across client services and distribution including Account Manager and Business Development Associate. Most recently, Jared was an Investment Specialist looking after the sales and marketing efforts for two managed funds. Jared holds a Bachelor of Commerce majoring in Accounting and Finance from Notre Dame, Sydney and is a CFA Charter Holder.

Mr Charlie Kingston – Prior to joining Contact, Charlie spent six years at Perpetual where most recently he was a dealer for their Australian and Global equity teams. Prior to Perpetual Charlie worked at Pulse Markets as a Client Advisor and also AJ Lucas Group as a Business Analyst. Charlie holds a Bachelor of Commerce majoring in Finance and Commercial Law from the University of Sydney, and a Bachelor of Business majoring in Finance and Accounting from the University of Technology, Sydney.

Mr Rob Horne – Prior to joining Contact, Rob had a successful professional Rugby career spanning over ten years. He represented NSW and Australia and also played professionally in the UK. Rob held Senior Leadership positions throughout his career. In addition to his job with Contact, he currently has a role at Rugby Australia as Team Manager for the Australian Men's 7's Olympic Team. Rob holds a Graduate Certificate in Commerce from the University of Sydney, a Graduate Diploma in Commerce from Charles Sturt University and will complete a Master of Commerce in 2019.

This now brings the Contact Asset Management investment team to seven. We remain committed to investing for better outcomes for all URB Shareholders, so as Contact's investment team grows it will provide attractive benefits for URB shareholders.

Conclusion

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 proving the concept on urban renewal opportunities. 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 believe that opportunities for further investment into the urban renewal and regeneration theme will emerge in FY2020. 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 2019.

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 CHAIR

Warwick Negus was appointed Non-executive Chair 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 included 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, Chair 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 Chairman of OnePath Custodians Limited, Non-executive Director of Sydney Local Health District and FINSIA, and is the Chairman of the Audit and Risk Committee of NSW Treasury.

Special Responsibilities:

- Member of the Audit and Risk 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 and Risk 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:

- Chair of the Audit and Risk 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 from 2008 to 2016, and prior to that Tom worked at Souls Funds Management covering research, portfolio management and business development.

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 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 extensive 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)
- Palla Pharma Limited (ASX: PAL).

4. MEETINGS OF DIRECTORS

Summarised below are the numbers of Board meetings and Committee meetings held during the year to 30 June 2019, 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 and Risk Committee		Investment Committee*	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
Warwick Negus	8	8	–	–	7	7
Bruce Dungey	8	8	3	3	7	7
Victoria Weekes	7	8	3	3	6	7
Tony McDonald	8	8	3	3	7	7

* 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

For the year ended 30 June 2019 URB generated ordinary income from operating activities of \$2.22 million (2018: \$2.63 million), and special investment income of \$7.74 million (2018: \$0.78 million), bringing total income for the year to \$9.95 million (2018: \$3.40 million). Included in special investment income was \$7.53 million from the Direct Property portfolio (2018: nil), representing the distribution of profits from PURT 3: Kingsgrove and PURT 5: Prestons following the successful development and sale of those properties.

The company also recognised a net fair value gain on its direct property portfolio of \$0.18 million (2018: loss of \$0.13million).

The Company incurred operating expenses of \$1.34 million for the year ended 30 June 2019 (2018: \$0.91 million), with the increase primarily relating to the accrual of a performance fee as a result of the portfolio's strong performance over the financial year. Income tax expense was also significantly higher, primarily as a result of the unfranked special distributions from PURT3: Kingsgrove and PURT5: Prestons.

The above drove a significant increase in reported results for the year ended 30 June 2019, with net profit attributable to shareholders of \$6.48 million (2018: \$2.16 million), and basic and diluted earnings per share of 8.84 cents (2018: 2.96 cents).

Net assets of the Company at 30 June 2019 were \$84.68 million (2018: \$78.10 million), including an Investment Portfolio of \$86.56 million (2018: \$76.69 million). During the year to 30 June 2019 the Company invested \$16.96 million in the Equity Portfolio, offset by disposals of \$13.45 million. The Company did not make additional investments in the Direct Property portfolio, and received capital returns of \$22.94 million.

The high level of distribution income and capital returns received by URB from its direct property portfolio resulted in the Company having a significantly high level of cash as at 30 June 2019 of \$29.35 million (2018: \$2.43 million).

URB raised \$0.25 million during the year from the Company's dividend reinvestment plan, but otherwise did not conduct any capital management activities.

7. EMPLOYEES

The Company had no employees during the year or as at 30 June 2019 (2018: 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 Company will continue its strategy to maximise total Shareholder returns through a combination of capital and income growth through a Portfolio that will be highly correlated to urban renewal. URB will continue to actively manage the portfolio's asset allocation between cash, listed equities and unlisted direct property, seeking to buy assets that are undervalued, offer a quality and sustainable income stream or are close to value uplift as possible.

The success of this strategy will be strongly influenced by both the performance of all underlying investments and the external economic, operating and regulatory environment. For listed equities, their share price movements and capital management and income distribution policies will also affect the returns available to URB. For unlisted direct property investments, the general economic environment and changes in regulatory environment will influence both the ability of URB to identify suitable investment opportunities and the time frame in which value can be realised.

These external factors are difficult to predict and most are not within the control of the Company, making it difficult to forecast the future results of the Company.

10. SIGNIFICANT EVENTS AFTER BALANCE DATE

Other than the declaration of dividends as disclosed below, and the execution of a Subscription Deed as disclosed in Note 17(a), 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

A final dividend of 1.0 cents per share for the year ended 30 June 2018, fully franked at the tax rate of 30%, was paid in September 2018. An interim ordinary dividend of 0.75 cents per share and an interim special dividend of 1.0 cents per share for the year ended 30 June 2019, both fully franked at the tax rate of 30.0%, were paid in March 2019.

Since the end of the financial year the Directors have declared a final ordinary dividend of 1.50 cent per share and a final special dividend of 2.50 cent per share in respect of the 2019 financial year, both fully franked at the tax rate of 30%. These dividends will be payable on 4 October 2019, but have 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 2019, 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 2019 the external auditor, Pitcher Partners, performed taxation 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 and Risk 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 and Risk 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 2019 is on page 25.

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 2019

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 Chair (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 2019			
Warwick Negus	54,794	5,206	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
Year to 30 June 2018			
Warwick Negus	54,794	5,206	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

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

As at the date of this report, details of Key Management Personnel who hold shares for their own benefit or who have an interest in holdings through a related party and the total number of such shares held are listed as follows:

Shares	Opening balance	Participation in DRP	Balance as at 30 Jun 2019	Balance as at date of Annual Report
Warwick Negus	100,520	2,800	103,320	103,320
Bruce Dungey	113,673	–	113,673	113,673
Tony McDonald	100,000	–	100,000	100,000
Victoria Weekes	34,000	–	34,000	34,000
Total	348,193	2,800	350,993	350,993

End of Remuneration Report

This report is made in accordance with a resolution of the Directors.



WARWICK NEGUS

DIRECTOR

Sydney, 19 August 2019



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 of URB Investment Limited for the year ended 30 June 2019, 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.

S M WHIDDETT

PARTNER

Pitcher Partners

Sydney, 19 August 2019

Adelaide Brisbane Melbourne Newcastle Perth Sydney

Pitcher Partners is an association of independent firms.

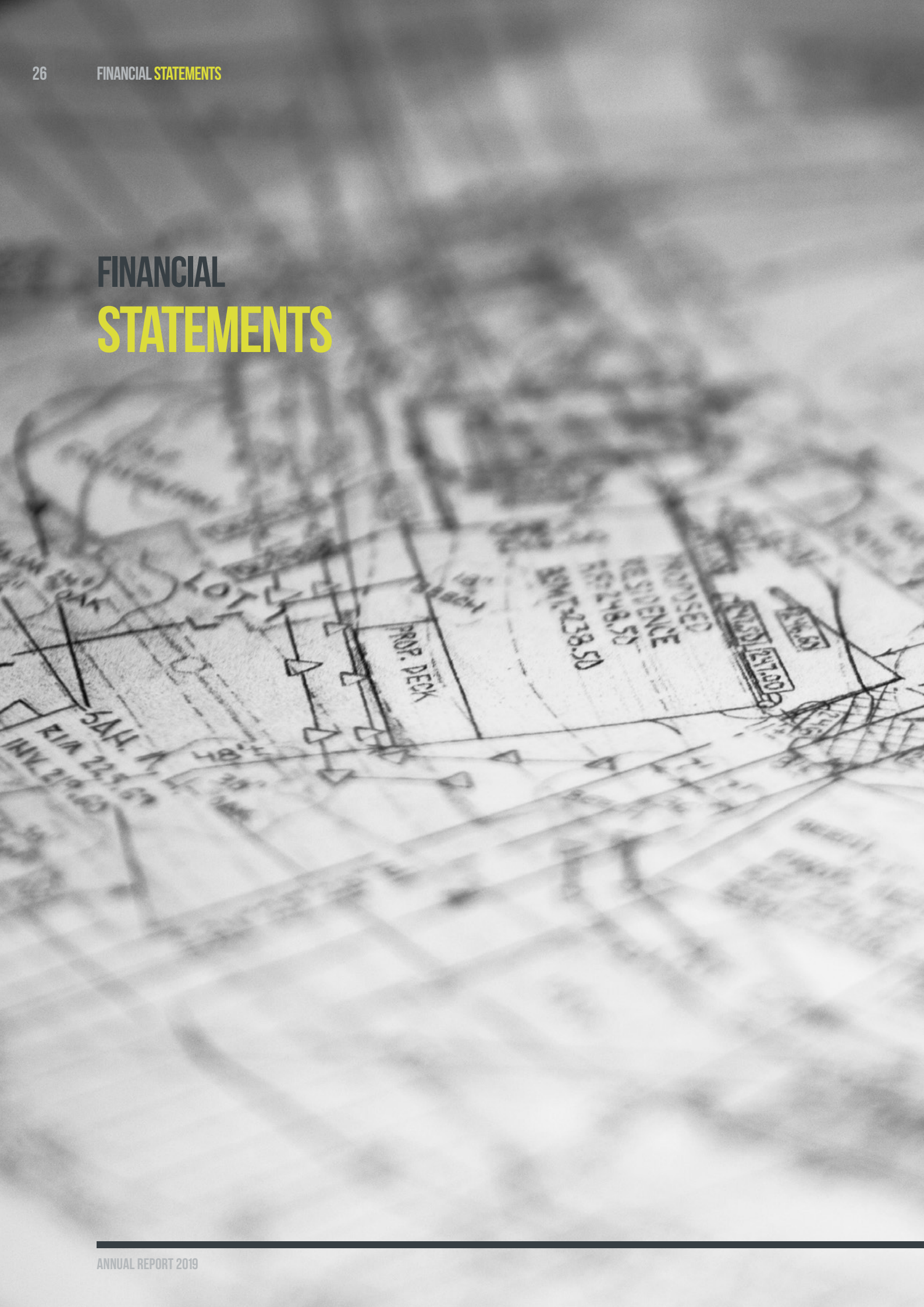
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pitcher.com.au



FINANCIAL
STATEMENTS



STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$'000	2018 \$'000
Ordinary income from investment portfolio	2(a)	2,010	2,488
Interest received		206	121
Other gains		–	10
Other income		–	10
Income from operating activities excluding special investment income		2,216	2,629
Investment management & performance fees	3(a)	(770)	(397)
Director fees		(189)	(189)
Administration & other expenses		(382)	(327)
Operating expenses		(1,341)	(913)
Operating result before special investment income, fair value gains/(losses) and income tax		875	1,716
Special investment income	2(b)	7,737	776
Fair value gain/(loss) on direct property assets	9(f)	178	(132)
Operating result before income tax		8,790	2,360
Income tax (expense)	4(a)	(2,310)	(199)
Net operating result attributable to members of the Company		6,480	2,161

	Note	2019 Cents	2018 Cents
Basic & diluted earnings per share based on net operating result	6	8.84	2.96
Basic & diluted earnings per share excluding special investment income and fair value gains/(losses) adjusted for applicable tax	6	1.20	1.99

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 2019

	Note	2019 \$'000	2018 \$'000
Net operating result attributable to members of the Company		6,480	2,161
Other comprehensive income			
Realised gains/(losses) on equity investment portfolio		210	(654)
Tax (expense)/benefit relating to realised gains/losses on equity investment portfolio		(63)	180
Unrealised gains on equity investment portfolio		2,286	558
Deferred tax expense on unrealised gains on equity investment portfolio		(686)	(153)
Effect of change in tax rate from 27.5% to 30%		27	–
Total other comprehensive income		1,774	(69)
Total comprehensive income attributable to members of the Company		8,254	2,092

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	7	29,353	2,428
Trade and other receivables	8	460	786
Prepayments		55	58
Total current assets		29,868	3,272
Non-current assets			
Financial assets	9	56,770	73,524
Property, plant and equipment		2	3
Deferred tax assets	4(b)	857	1,627
Total non-current assets		57,629	75,154
Total assets		87,497	78,426
Current liabilities			
Trade and other payables		426	102
Current tax liabilities		1,608	-
Total current liabilities		2,034	102
Non-current liabilities			
Deferred tax liabilities	4(c)	779	221
Total non-current liabilities		779	221
Total liabilities		2,813	323
Net assets		84,684	78,103
Equity			
Share capital	10	78,050	77,708
Revaluation reserve	11(a)	1,290	(321)
Realised capital gains reserve	11(b)	(311)	(474)
Realised profits reserve	11(c)	6,262	1,797
Retained profits (losses)	12	(607)	(607)
Total equity		84,684	78,103

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 2019

	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 year	–	–	–	–	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 1 July 2018	77,708	(321)	(474)	1,797	(607)	78,103
Issue of shares, net of issue costs	247	–	–	–	–	247
Unrealised gain on revaluation of investment portfolio	–	2,286	–	–	–	2,286
Provision for tax on unrealised gain on revaluation of investment portfolio	–	(686)	–	–	–	(686)
Effect of change in tax rate from 27.5% to 30%	95	11	16	–	–	122
Realised gain on investment portfolio	–	–	210	–	–	210
Provision for tax on realised gain on investment portfolio	–	–	(63)	–	–	(63)
Net operating profit for the year	–	–	–	–	6,480	6,480
Amounts transferred to realised profits reserve	–	–	–	6,480	(6,480)	–
Dividends paid or provided for	–	–	–	(2,015)	–	(2,015)
Total equity at 30 June 2019	78,050	1,290	(311)	6,262	(607)	84,684

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 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Dividends and distributions received		10,046	3,049
Proceeds from sale of trading portfolio		–	10
Interest received		201	121
Other receipts in the course of operations		–	10
Payments to suppliers and directors		(1,017)	(906)
Income tax refund		35	–
Net cash inflow from operating activities	13(a)	9,265	2,284
Cash flows from investing activities			
Payments for equity investment portfolio		(16,960)	(25,486)
Payments for property investment portfolio		–	(8,194)
Proceeds from sale of equity investments		13,453	14,602
Capital returns from direct property investments		22,936	5,971
Net cash inflow/ (outflow) from investing activities		19,429	(13,107)
Cash flows from financing activities			
Proceeds from issue of ordinary shares less issue costs		(4)	–
Proceeds from issue of ordinary shares on exercise of options less issue costs		–	260
Dividends paid	5(b)	(1,765)	(304)
Net cash outflow from financing activities		(1,769)	(44)
Net increase/(decrease) in cash held		26,925	(10,867)
Cash at the beginning of the period		2,428	13,295
Cash at the end of the year	7	29,353	2,428

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).

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 except for 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 equity trading portfolio will comprise any securities held for short term trading purposes. Equities held within the equity 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 when the related contractual rights or obligations exist. Transaction costs relating to the equity trading portfolio are recognised as expenses when incurred.

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 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. This methodology falls within the Level 1 fair value hierarchy of measuring fair value under AASB13 *Fair Value Measurement*.

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).

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Revenue

Sale of investments occurs when control of the right to equity has passed to the buyer.

Interest income is recognised as it accrues, taking into account the effective yield on the financial assets.

Dividend and distribution income is recognised when the right to receive a dividend or distribution has been established. This is usually when the underlying equity security is quoted on an "ex-dividend" basis.

All income 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 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 AASB112: *Income Taxes*, using the tax rate applicable during each period. Note 4(d) provides detail on legislative changes which resulted in the tax rate applicable to the Company changing from 27.5% to 30.0%.

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. New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following new Accounting Standards and Interpretations issued by the AASB have become effective in the current accounting period:

AASB 15: Revenue from Contracts with Customers

This standard establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The Group currently does not have any revenue to which AASB 15 is applicable.

j. 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. There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting period, and on foreseeable transactions.

2. REVENUE

	2019 \$'000	2018 \$'000
(a) Ordinary income from investment portfolio		
<i>Income from listed investments</i>		
Fully franked dividends	851	866
Unfranked dividends	84	113
Trust distributions	900	932
<i>Income from unlisted investments</i>		
Trust distributions	175	577
Total ordinary income from investment portfolio	2,010	2,488
(b) Special investment income		
<i>Income from listed investments</i>		
Fully franked special dividends	204	776
<i>Income from unlisted investments</i>		
Special distributions from direct property portfolio	7,533	–
Total special investment income	7,737	776

Special distributions from the direct property portfolio are those distributions designated as being special by the investee, and to date represent distributions of realised profit derived from development activities.

3. EXPENSES

(a) Investment management fees and performance fees		
Investment Management fee	422	397
Performance Fee	348	–
Total investment management fees & performance fees	770	397

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. 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 $15\% \times ((\text{CY NTA} - [\text{PY NTA} \times 1.08]) \times \text{weighted average number of shares during the relevant financial year})$.

Contact satisfied the performance hurdle as at 30 June 2019, and URB has therefore recognised a performance fee payable of \$347,522 in respect of the year to 30 June 2019. The fee had not been paid as at the date of this report.

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.

4. INCOME TAX

(a) Income tax expense

	2019 \$'000	2018 \$'000
(i) Reconciliation of income tax expense		
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 before income tax	8,790	2,360
Tax expense calculated at 30% (2018: 27.5%)	(2,637)	(649)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
– Franked dividends and distributions received	317	452
– Adjustments to prior year provision	5	(2)
Net income tax expense on operating profit	(2,315)	(199)
Tax effect of change in tax rate from 27.5% to 30.0%	148	–
Effect on opening balances of deferred tax assets	(21)	–
Effect on opening balance of deferred tax liabilities	(122)	–
Effect on opening balances of reserves & equity	5	–
Total income tax expense	(2,310)	(199)
(ii) The components of income tax expense comprise:		
Current tax	(3,776)	(26)
Deferred tax	1,456	(171)
Adjustment as a result of change in tax rate	5	–
Adjustment to prior year provision	5	(2)
Total income tax expense	(2,310)	(199)
(b) Deferred tax assets		
The deferred tax asset balance comprises the following timing differences and unused tax losses:		
Transaction costs on equity issues	483	663
Accrued expenses	112	9
Unrealised losses on equity investment portfolio	–	122
Realised capital losses on investment portfolio	–	179
Difference in tax and accounting cost base	262	380
Operating tax losses carried forward	–	274
Total deferred tax assets	857	1,627

Movements in deferred tax assets

	Opening balance \$'000	Credited/ (charged) to statement of comprehen- sive income \$'000	Credited to equity \$'000	Closing balance \$'000
Transaction costs on equity issues	663	(180)	–	483
Accrued expenses	9	103	–	112
Revaluation of equity investment portfolio	122	(122)	–	–
Realised losses on investment portfolio	179	(179)	–	–
Difference in tax and accounting cost base	380	(118)	–	262
Operating tax losses carried forward	274	(274)	–	–
Balance as at 30 June 2019	1,627	(770)	–	857
Transaction costs on equity issues	836	(177)	4	663
Accrued expenses	126	(117)	–	9
Revaluation of equity investment portfolio	275	(153)	–	122
Realised losses on equity investment 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

(c) Deferred tax liabilities

	2019 \$'000	2018 \$'000
The deferred tax liabilities balance comprises the following timing differences:		
Revaluation of investment portfolio	553	–
Differences in tax and accounting tax cost base	100	26
Unfranked dividends receivable and interest receivable	126	195
Total deferred tax liabilities	779	221

4. INCOME TAX (CONTINUED)

Movements in deferred tax liabilities

	Opening balance \$'000	(Credited)/ charged to statement of comprehensive income \$'000	Closing balance \$'000
Revaluation of equity investment portfolio	–	553	553
Differences in tax and accounting tax cost base	26	74	100
Unfranked dividends receivable and interest receivable	195	(69)	126
Balance as at 30 June 2019	221	558	779
Unfranked dividends receivable and interest receivable	127	68	195
Differences in tax and accounting tax cost base	–	26	26
Balance as at 30 June 2018	127	94	221

(d) Change to applicable tax rate

On 19 May 2017, legislation received Royal Assent to enact corporate tax rate reductions. The legislation reduced the corporate tax rate for companies carrying on a business with aggregated turnover below the relevant threshold for the applicable 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 the contemporary interpretation of that legislation and TR 2017/D7, the defined thresholds and tax rates within the legislation, and the Company's actual 2017FY turnover and estimated 2018FY turnover, URB originally assessed that it was subject to a tax rate of 27.5%, and prepared its 30 June 2018 Financial Report on this basis.

On 31 August 2018, Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2018 received Royal Assent. This Amendment provides that a corporate tax entity will not qualify for the lower 27.5% corporate tax rate if more than 80 per cent of its assessable income is income of a passive nature. URB has assessed that more than 80% of its income is of a passive nature, that the Company therefore does not qualify for the lower 27.5% corporate tax rate, and that consequently URB is required to apply a tax rate of 30.0% to the 2018 financial year and for all future periods.

URB has not adjusted the comparative balances in this Financial Report, but instead has recognised the change in opening values of deferred tax assets, deferred tax liabilities, and equity against a corresponding net income tax benefit of \$4,980 in the current financial year.

5. DIVIDENDS

(a) Dividends paid during the year

	2019 \$'000	2018 \$'000
Final ordinary dividend for the year ended 30 June 2018 of 1.0 cents per share (2017: nil) fully franked at the tax rate of 30%, paid on 28 September 2018	732	–
Interim ordinary dividend for the year ended 30 June 2019 of 0.75 cents per share (2018: 0.5 cents per share) fully franked at the tax rate of 30%, paid on 27 March 2019	550	364
Interim special dividend for the year ended 30 June 2019 of 1.0 cents per share (2018: nil) fully franked at the tax rate of 30%, paid on 27 March 2019	733	–
Total	2,015	364

(b) Reconciliation of total dividends paid to dividends paid in cash

Total dividends paid	2,015	364
Less: Dividends reinvested in shares via DRP	(250)	(60)
Dividends paid in cash	1,765	304

(c) Franking account balance

Balance at the end of the year	151	617
Imputation credits attributable to:		
– franked dividends receivable as at 30 June	11	13
– estimated tax payable in respect of current year profits	1,607	–
Estimated imputation credits available for dividends declared after year end	1,769	630
Estimated impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year (refer below)	(1,259)	(137)
Estimated imputation credits available for future dividends	510	493
Maximum fully franked dividends payable from estimated available franking credits at the tax rate of 30% (2018: 27.5%)	1,190	1,301

(d) Dividends declared after balance date

Since the end of the year the Directors have declared a final ordinary dividend of 1.50 cents per share and a final special dividend of 2.50 cents per share in respect of the 2019 financial year, both fully franked at the tax rate of 30% (2018: 1.0 cents per share fully franked at the tax rate of 30%).

These dividends will be payable on 4 October 2019, but have not been recognised as a liability at the year end.

6. EARNINGS PER SHARE

	2019 Number of shares	2018 Number of shares
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	73,304,778	72,932,052

As at 30 June 2018 and 30 June 2019 there were no potentially dilutive equities on issue, and therefore the same weighted average number of ordinary shares is used in calculating basic and diluted earnings per share.

	2019 \$'000	2018 \$'000
Net operating result	6,480	2,161
Earnings used in calculating basic and diluted earnings per share	6,480	2,161
Add back:		
Special investment income	(7,737)	(776)
Fair value (gain)/ loss on direct property assets	(178)	132
Income tax applicable to special investment income and fair value gain/loss	2,313	(64)
Earnings used in calculating basic and diluted earnings per share excluding special investment income and fair value losses net of applicable tax	878	1,453

	2019 Cents	2018 Cents
Basic and diluted earnings per share	8.84	2.96
Basic and diluted earnings per share excluding special investment income and fair value losses net of applicable tax	1.20	1.99

	2019 \$'000	2018 \$'000
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7. CASH AND CASH EQUIVALENTS

Cash at bank	28,353	2,428
Short term bank deposits	1,000	–
	29,353	2,428

8. TRADE AND OTHER RECEIVABLES

Dividends and distributions receivable	440	738
Other receivables	20	48
	460	786

9. FINANCIAL ASSETS – INVESTMENT PORTFOLIO

	2019 \$'000	2018 \$'000
Equity investment portfolio		
Listed securities at fair value	45,308	39,305
Direct property portfolio		
Unlisted units in property trusts at fair value	11,462	34,219
Total investment portfolio	56,770	73,524

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).

(a) Recognised fair value measurements

The following tables present the Company's financial assets measured and recognised at fair value at 30 June 2019 and 30 June 2018.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2019				
Financial assets at fair value through other comprehensive income:				
– Listed equity investment portfolio	45,308	–	–	45,308
Financial assets at fair value through profit or loss:				
– Direct Property portfolio	–	3,681	7,781	11,462
	45,308	3,681	7,781	56,770
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

9. FINANCIAL ASSETS – INVESTMENT PORTFOLIO (CONTINUED)

(b) Transfers between levels

The following transfers were made between Levels during the year ended 30 June 2019 following the sale of underlying properties previously held in the Direct Property portfolio.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Financial assets at fair value through profit or loss:</i>				
PURT3: Kingsgrove	–	28	(28)	–
PURT5: Prestons	–	607	(607)	–
	–	635	(635)	–

	2019 \$'000	2018 \$'000
(c) Movements in asset classes categorised as level 2:		
<i>Direct Property portfolio</i>		
Opening balance	2,868	–
Investments in unlisted property trusts	–	3,000
Transfers from Level 3 assets	635	–
Fair value gain/(loss) on unlisted property trusts	178	(132)
Closing balance	3,681	2,868
(d) Movements in asset classes categorised as level 3:		
<i>Direct Property portfolio</i>		
Opening balance	31,351	32,555
Follow-on investments in unlisted property trusts	–	4,766
Capital returns from unlisted property trusts	(22,935)	(5,970)
Transfers to Level 2 assets	(635)	–
Closing balance	7,781	31,351

(e) 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'. 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'. The fair value of the Equity Portfolio is determined in accordance with the policy outlined in Note 1(b).

(f) Fair value of Direct Property Portfolio

The Company's Direct Property Portfolio comprises equities in unlisted entities that have direct 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 currently has one 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 Direct 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, investments in Direct Property Assets 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, Direct Property Assets 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 Direct 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 Direct Property Assets 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:

	Fair value \$'000	Valuation technique	Description of valuation technique and inputs used in respect of underlying asset
2019			
HomeHQ: Artarmon	\$2,968	Net Tangible Assets	Net tangible asset calculated by asset manager.
PURT3: Kingsgrove	\$28	Net Tangible Assets	Net tangible asset calculated by asset manager.
PURT5: Prestons	\$685	Net Tangible Assets	Net tangible asset calculated by asset manager.
2018			
HomeHQ: Artarmon	\$2,868	Net Tangible Assets	Net tangible asset calculated by asset manager.

Net tangible assets

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 provides all investors with a regular asset report and net tangible asset valuation. The Asset Manager provided all investors, including URB, with a per unit Net Tangible Asset value (per unit NTA) as at 30 June 2019.

9. FINANCIAL ASSETS – 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 gain of \$100,194 during the year ended 30 June 2019 (2018: Fair value loss of \$132,481).

As at 30 June 2019 the underlying properties held by PURT3: Kingsgrove and PURT5: Prestons had been sold, and URB changed the classification of these investments from Level 3 to Level 2 assets.

URB's investments in these direct property assets were valued based on the per unit net tangible asset value provided to URB by the asset manager, being Pitt Street Real Estate Partners. As a result of this valuation process, URB recognised a fair value gain of \$842 in respect of PURT3: Kingsgrove and a fair value gain of \$77,318 in respect of PURT5: Prestons.

(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:

	Fair value \$'000	Valuation technique	Description of valuation technique and inputs used in respect of underlying asset
2019			
PURT4: Penrith	\$7,781	Capitalisation of Net Market Income	Capitalisation of theoretical net market rental income, adjusted for variations caused by current leasing profile.
2018			
PURT3: Kingsgrove	\$9,840	Development Cost	Cumulative cost of development of property, including original acquisition cost.
PURT4: Penrith	\$7,780	Capitalisation of Net Market Income	Capitalisation of theoretical net market rental income, adjusted for variations caused by current leasing profile.
PURT5: 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:

- where there is an absence of an observable market price for similar properties that are at a comparable stage of development; and
- 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, such that the asset cannot be valued on the basis of an estimated market value on completion.

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).

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.

Both PURT3: Kingsgrove and PURT5: Prestons satisfied this criteria as at 30 June 2018, and URB's investments in these direct property assets were valued at cost as at that date as an approximation of fair value.

Net tangible assets

Where an investee entity has completed a development and sold the underlying property, and the remaining underlying assets and liabilities of the investee entity can be assessed with a high level of certainty, URB values any residual investment in that investee entity on a net tangible asset basis, using management accounts or a net tangible asset report provided by the asset manager of the investee entity. URB regards the per unit NTA as an observable input, and therefore changes the classification of such assets from Level 3 to Level 2 assets.

As at 30 June 2019 the underlying properties held by PURT3: Kingsgrove and PURT5: Prestons had been sold, and URB's investments in these direct property assets were classified as Level 2 assets.

Other valuation techniques

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 assessed using an appropriate valuation technique and 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.

Similarly, where an investee entity has completed a development and the underlying property is retained, the fair value of the property will be assessed using an appropriate valuation technique 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.

No level 3 assets satisfied this condition as at 30 June 2018 or 30 June 2019.

Capitalisation of Net Market Income

PURT4: 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
- Property outgoings
- Capital works
- 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.

The following table summarises the effects of certain changes in market rental rates and capitalization rates on the fair value of the investment ("Fair Value"), URB's Net Profit After Tax ("NPAT"), and URB's Net Tangible Assets ("NTA").

(iii) Net fair value gain/(loss) on Direct Property Assets

	Fair Value		NPAT & NTA	
	2019	2018	2019	2018
10% increase in market rents	\$3,613,606	\$3,434,000	\$1,784,439	\$1,713,000
10% decrease in market rents	(\$3,413,606)	(\$3,434,000)	(\$1,722,139)	(\$1,713,000)
10% increase in market capitalisation rates	(\$2,639,612)	(\$2,555,000)	(\$1,335,916)	(\$1,275,000)
10% decrease in market capitalisation rates	\$3,226,192	\$3,123,000	\$1,591,120	\$1,558,000

Having regard to all available relevant information, the Board did not adjust the fair value of any of the PURT4: Penrith during the year ended 30 June 2018 or 30 June 2019.

The total fair value gain on Direct Property Assets recognised in the year ended 30 June 2019 was \$178k (2018: loss of \$132k), summarised as follows:

	2019 \$'000	2018 \$'000
HomeHQ: Artarmon	100	(132)
PURT3: Kingsgrove	1	-
PURT5: Prestons	77	-
Total fair value gain/(loss) on direct property assets	178	(132)

10. SHARE CAPITAL

(a) Issued and paid up capital

	2019 \$'000	2018 \$'000
73,417,713 ordinary shares fully paid (2018: 73,166,683)	78,050	77,708

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

	2019		2018	
	Number of Shares	\$'000	Number of Shares	\$'000
Beginning of financial period	73,166,683	77,708	72,853,331	77,384
Issued during the period:				
- shares issued on exercise of Options	-	-	250,473	276
- shares issued in respect of DRP	251,030	250	62,879	60
Gross funds raised		250		336
- less net transaction costs		(3)		(12)
- effect of change in tax rate from 27.5% to 30%		95		-
End of financial year	73,417,713	78,050	73,166,683	77,708

Options

As part of the Initial Public Offering 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. During the year ended 30 June 2018, 62,879 shares were issued on exercise of options. As at 30 June 2018 all options had been exercised or expired. No additional options were issued in the years ended 30 June 2018 or 30 June 2019.

(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.

(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.

11. RESERVES

	2019 \$'000	2018 \$'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	(321)	(726)
Effect of change in tax rate from 27.5% to 30%	11	-
Fair value movements of Equity Investment Portfolio	2,286	558
Deferred provision for tax on fair value movements	(686)	(153)
Balance at the end of the financial year	1,290	(321)
(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	(474)	-
Effect of change in tax rate from 27.5% to 30%	16	-
Gross gain/ (loss) on sale of listed equity portfolio	210	(654)
Deferred tax (expense)/benefit on realised gain/loss	(63)	180
Balance at the end of the financial year	(311)	(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	1,797	-
Current year profits transferred to reserve	6,480	2,161
Dividends declared and paid to shareholders during the year	(2,015)	(364)
Balance at the end of the financial year	6,262	1,797

12. RETAINED PROFITS/(LOSSES)

	2019 \$'000	2018 \$'000
Balance at the beginning of the year	(607)	(607)
Current year profit attributable to members of the Company	6,480	2,161
Amount transferred to realised profits reserve	(6,480)	(2,161)
Balance at the end of the financial year	(607)	(607)

13. NOTES TO THE STATEMENT OF CASH FLOWS

	2019 \$'000	2018 \$'000
(a) Reconciliation of cash flow from operating activities to net operating profit		
Net operating profit	6,480	2,161
Add back:		
Depreciation expense	1	1
Fair value loss on unlisted property assets	(178)	132
Correction to opening balances from change in tax rate	(5)	-
Changes in assets and liabilities:		
– Decrease/(increase) in trade receivables	293	(160)
– Decrease in other receivables	33	-
– Decrease in prepayments	3	5
– Decrease in deferred tax assets	169	104
– Increase/(decrease) in payables	324	(53)
– Increase in current tax liabilities	1,608	-
– Increase in deferred tax liabilities	537	94
Net cash inflow from operating activities	9,265	2,284

(b) Non-cash financing and investing activities

The Company has 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.

During the year ended 30 June 2019 \$249,987 (2018: \$60,363) of dividends were paid via the issue of 251,030 ordinary shares in URB (2018: 62,879) in accordance with the terms of the DRP.

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 and Risk 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. Fair values

The carrying amounts of financial instruments in the Statement of Financial Position approximate their fair value determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

c. Credit risk

The risk that a financial loss will occur because 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 2019, the ASX listed investments in the Equity Portfolio represented 52% of the overall Investment Portfolio (2018: 51%).

As at 30 June 2019, 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 (2018: 3%); and
- a movement of 3.1 cents per share in the net asset backing before provision for tax on unrealised capital gains (2018: 2.7 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.

14. MANAGEMENT OF FINANCIAL RISK (CONTINUED)

The table below summarises the spread of investments by sector as at the end of the financial year:

	Percentage of Portfolio		Amount	
	2019 %	2018 %	2019 \$'000	2018 \$'000
Real Estate	20.21	22.16	17,488	16,995
Industrials	16.65	14.84	14,428	11,383
Consumer Discretionary	7.65	5.19	6,622	3,980
Health Care	4.77	2.55	4,124	1,957
Consumer Staples	2.07	1.99	1,793	1,526
Media	0.99	–	853	–
Materials	–	2.26	–	1,733
Utilities	–	2.26	–	1,731
Total Equity Portfolio investments	52.34	51.25	45,308	39,305
Direct Property Portfolio	13.24	44.62	11,462	34,219
Total Financial assets	65.58	95.87	56,770	73,524
Cash and dividends receivable	34.42	4.13	29,793	3,166
Total Investment portfolio	100.00	100.00	86,563	76,690

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	
	2019 %	2018 %	2019 \$'000	2018 \$'000
PUT No.4 – Penrith	8.99	10.15	7,781	7,781
Transurban	7.67	6.28	6,635	4,818
Sydney Airport	6.22	6.26	5,387	4,797
PUT No.5 – Prestons	0.79	17.90	685	13,731
PUT No.3 – Kingsgrove	0.03	12.83	28	9,840

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 weighting for the Direct Property Portfolio is currently 25%–75% of the Total Investment Portfolio (2018: 25%–50%). Within this overall weighting 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 weighted average interest rate on cash investments as at 30 June 2019 was 1.31% (2018: 1.6%). As at 30 June 2019, a 25 basis point movement in interest rates would not materially change net income.

The Company has no direct financial liability as at 30 June 2019 (2018: nil).

As at 30 June 2019 and 30 June 2018 PURT No.4: Penrith had an outstanding financial liability, being a three-year variable rate interest-only loan. 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. This loan is non-recourse to URB and its co-investor in PURT No.4: Penrith.

As at 30 June 2019 there was no gearing within any of the other Assets in the Company's Direct Property Portfolio in which the Company had a substantial holding (2018: nil).

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 Chair
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 2019 have been included in the Remuneration Report section of the Directors' Report, with overall KMP remuneration summarised below.

	2019 \$'000	2018 \$'000
Short term employee benefits – Directors' fees	172	172
Post employment benefits – Superannuation	13	13
	185	185

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

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 statements. 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 2019 were \$121,004 including GST (2018: \$121,004), and are at standard market rates. As at 30 June 2019 the Company did not owe any money to CAS (2018: \$10,084).

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 2019 were \$452,871 including GST (2018: \$425,931), and are calculated in accordance with terms summarised in Note 3 (a). As at 30 June 2019 the Company did not owe any money to Contact (2018: \$35,981).

In addition to the above, as at 30 June 2019 the Company has accrued performance fees payable to Contact calculated in accordance with terms summarised in Note 3 (a).

(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 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.

During the year ended 30 June 2019 KMP acquired shares through participation in the Company's dividend reinvestment plan. There were no other changes to KMP shareholdings during the year ended 30 June 2019.

No shares were granted as compensation during the financial year.

2019	Opening balance	Participation in IPO	Balance as at 30 Jun 2019
Warwick Negus	100,520	2,800	103,320
Bruce Dungey	113,673	–	113,673
Tony McDonald	100,000	–	100,000
Victoria Weekes	34,000	–	34,000
Total	348,193	2,800	350,993

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

Option Holdings

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 new options granted to KMP during the year ended 30 June 2019.

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	–

17. COMMITMENTS

(a) Direct property investment commitments

The Company had no firm commitments in respect of its direct property investments as at 30 June 2019.

In particular, under the terms of each respective Unitholder Agreement, as at 30 June 2019 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.

Subsequent to 30 June 2019, URB entered into a Subscription Deed under which URB has committed to subscribing for units in an unregistered managed investment scheme up to an agreed value of \$1,000,000 (commitment amount). As at 30 June 2019 and up to the date of this report URB had not paid any of the commitment amount.

(b) Capital and Leasing Commitments

The Company had no capital and leasing commitments as at 30 June 2019.

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:

	2019 \$'000	2018 \$'000
<i>Audit and other assurance services</i>		
Audit of the financial report	47	42
Total remuneration for audit and other assurance services	47	42
<i>Other Services</i>		
Tax compliance services	7	4
Other advisory services	–	3
Total auditor's remuneration	54	49

The Company's Audit and Risk Committee oversees the relationship with the Company's external auditors. The Audit and Risk 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 2019.

20. AUTHORISATION

The financial report was authorised for issue on 19 August 2019 by the Board of Directors.

21. SIGNIFICANT EVENTS AFTER BALANCE DATE

Other than the declaration of dividends as disclosed in Note 5(d), and the execution of a Subscription Deed as disclosed in Note 17(a), 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 27 to 54, 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 2019 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 year ending 30 June 2019.

This declaration is made in accordance with a resolution of the Board of Directors.



WARWICK NEGUS

DIRECTOR

Sydney, 19 August 2019

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 2019, the statement of Profit or Loss, the statement of other 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 2019 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.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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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. 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 and Existence 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>Consequently, these investments are classified under Australian Accounting Standards as either "Level 1" (i.e. where the valuation is based on quoted prices in an active market), "Level 2" (i.e. where key inputs to valuation are based on observable inputs) or "Level 3" (i.e. where key inputs to valuation are based on unobservable inputs).</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ■ Obtaining an understanding of and evaluating the investment management processes 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 Level 1 investments. For Level 2 and Level 3 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; and ■ Assessing the adequacy of disclosures in the financial statements.
Accuracy, Completeness and Existence of Management & Performance Fees Refer to Note 3: Expenses, Note 16: Related party transactions	
<p>We focused our audit effort on the accuracy, completeness and existence of management and performance fees as they are significant expenses of the Company and their calculation requires adjustment for significant 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"> ■ Obtain an understanding of and evaluating the processes and controls for calculating the management and performance fees; ■ Making enquiries with the Investment Manager 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 and Board meeting minutes; ■ Testing key inputs such as portfolio movements, pre-tax Net Tangible Asset movements, set percentage used in the calculation of management and performance fees, as well as performing a recalculation in accordance with our understanding of the Investment Management Agreement; and ■ 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 2019 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.

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 2019. In our opinion, the Remuneration Report of URB Investments Limited, for the year ended 30 June 2019, 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, 19 August 2019

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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 2019.

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	51	26,498	0.04
1,001 – 5,000	729	2,387,527	3.25
5,001 – 10,000	527	4,529,961	6.17
10,001 – 100,000	1,046	34,038,113	46.36
100,001 and over	69	32,435,614	44.18
Total	2,422	73,417,713	100.00
Holding less than a marketable parcel of 477 shares	23	3,229	

The 20 largest holdings of URB's ordinary shares are listed below:

Name	Number of shares held	%
Washington H Soul Pattinson and Company Limited	9,137,343	12.45
360 Capital FM Limited	6,536,384	8.90
Sargon CT Pty Ltd	909,090	1.24
Marsden Holdings (Canberra) Pty Ltd	862,118	1.17
Netwealth Investments Limited	754,724	1.03
J S Millner Holdings Pty Limited	719,497	0.98
HSBC Custody Nominees (Australia) Limited	589,372	0.80
Invia Custodian Pty Limited	562,233	0.77
Tom Hale Pty Limited	500,000	0.68
Packa Pty Ltd	500,000	0.68
Mrs Lois Jacqueline Head	500,000	0.68
BT Portfolio Services Limited	483,570	0.66
Geat Incorporated	400,000	0.54
Bond Street Custodians Limited	400,000	0.54
Mr Donald John Winley & Mrs Jill Winley	367,191	0.50
Mr Desmond O'Donnell Ferris & Mrs Robin Ferris	300,000	0.41
Ms Anne Margaret McNiven	300,000	0.41
Castodian No 1 Pty Limited	272,728	0.73
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 31 July 2019 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
360 Capital FM Limited ³	8,224,565	11.20

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.

³ included on substantial shareholder notice dated 14 August 2019.

The number of shares and percentage ownership included in the above table does not take into account movements in holdings since the relevant substantial shareholder notice was lodged, and therefore may be different to the number of shares and percentage ownership in the Top 20 listing included in the 2019 Annual Report.

4) OTHER INFORMATION

There were 117 transactions (2018: 121) in ASX-listed securities undertaken by URB and the total brokerage paid or accrued during the year was \$56,127 excluding GST (2018: \$75,212).



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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 third Annual General Meeting of URB Investments Limited. Refreshments will be served following the meeting.

Date **Tuesday 12 November 2019**

Time **11.00am**

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

NOTICE OF MEETING

Notice is hereby given that the Third 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 Tuesday 12 November 2019 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 2019.

2. Remuneration Report (Resolution 1)

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

"That the Remuneration Report for the year ended 30 June 2019 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 Chair 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 Chair 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 Chair 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 Chair 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 Chair 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 Anthony (Tony) McDonald, who ceases to hold office in accordance with the Company's Constitution Rule 3.6(a) and, being eligible, offers himself for re-election, be elected as a director of the Company."

4. Re-Election of Director (Resolution 3)

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

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

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
19 SEPTEMBER 2019

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 Sunday 10 November 2019 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 Chair 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 Chair 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 Chair of the Meeting, the proxy must vote on a poll and must vote as directed.

In addition, there are some circumstances where the Chair 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 Chair 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 Chair 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, 10 November 2019 (**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 Tuesday 12 November 2019 at 11.00am.

Item 1.

Receive and consider the 30 June 2019 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 Auditors 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 2019 (ordinary resolution)

The Directors' Report contains within it, a separate and clearly identified section which contains the Remuneration Report. Please refer to the 2019 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 2019 and 2020 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 2020 Annual General Meeting.

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

Item 3.

Re-election of a Director (ordinary resolution)

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 Chair 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 and Risk Committee
- Director of Trustee companies of unlisted property trust investments

Recommendation

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

Item 4.

Re-election of a Director (ordinary resolution)

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:

- Chair of the Audit and Risk Committee
- Member of the Investment Committees

Recommendation

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

EXPLANATORY NOTES CONTINUED

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 Tuesday 5 November 2019. 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 14, 151 Clarence Street
Sydney NSW 2000

by no later than 5.00pm EDST on Tuesday 5 November 2019.

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 2019 Annual General Meeting will be held at 11.00am on Tuesday 12 November 2019 at the Brickworks Design Studio, 2 Barrack Street, Sydney, the same location as the 2018 Annual General Meeting. A map of the general area is shown below.



BRICKWORKS
LIMITED

DESIGN
STUDIO

sydney

**Martin Place
Station**





urb.
Investments
Limited

Level 14, 151 Clarence Street
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

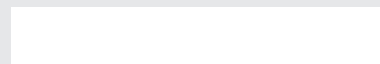
I/We being a shareholder(s) of URB Investments Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY



the Chair of the
Meeting (mark box)

OR if you are **NOT** appointing the Chair 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 Chair 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 Tuesday, 12 November 2019 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 Chair 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 Chair 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 Chair 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"/>
--------------------------	--------------------------	--------------------------

2 Re-election of
Anthony (Tony) McDonald
as a Director

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

3 Re-election of
Robert (Bruce) Dungey
as a Director

<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 PRX1901C



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 Chair of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair 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 CHAIR OF THE MEETING

If you leave this section blank, or your named proxy does not attend the Meeting, the Chair 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 Chair 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 CHAIR OF THE MEETING

On a poll, the Chair of the Meeting will vote directed proxies as directed and may vote undirected proxies as the Chair of the Meeting sees fit. If the Chair 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 Chair 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" must 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 Sunday, 10 November 2019**, 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).



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).

**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.**