

URB INVESTMENTS LIMITED

ACN: 615 320 262



NTA AND MONTHLY REPORT

October 2019

URB's aim is to maximise total shareholder returns via a combination of capital and income growth, through a Portfolio of unlisted property assets and Australian listed equities, which are all exposed to the urban renewal thematic.

Business Overview

URB is a research driven, Listed Investment Company, focused on capturing long-term value by investing in a diversified portfolio of assets with exposure to urban renewal and regeneration. Listed on the Australian Stock Exchange (URB.ASX) and managed by Contact Asset Management, an investment in URB provides Shareholders access to a diversified portfolio of ASX Listed Equity Assets and Direct Property Assets exposed to urban renewal and regeneration. For Direct Property opportunities URB has a co-investment agreement with Washington H. Soul Pattinson and Company Limited (SOL.ASX).

Net Tangible Asset (NTA) – as at 31 October 2019

Pre-Tax NTA backing was **\$1.16** per share.

URB is a long-term investor and does not intend to dispose of its total portfolio.

Post-Tax NTA backing was **\$1.14** per share.

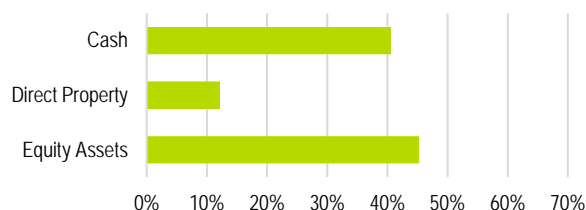
This measure reduces pre-tax NTA for the deferred provision for tax on net unrealised gains on the Company's investment portfolio as required by current Accounting Standards.

The NTA calculations are after providing for the FY19 Final Dividend of 1.50 cps and Special Dividend of 2.50 cps. URB traded ex-dividend on 12 September 2019 and Dividends paid on 4 October 2019.

Asset Allocation

The Company structure allows URB to be opportunistic through effective asset allocation between equities and property. Liquid capital from Cash and the Equity Portfolio enables Contact to manage the asset allocation so we can move quickly to take advantage of Direct Property opportunities.

URB's maximum cap on investments in the Direct Property Portfolio is 75% of the Portfolio. This provides flexibility for URB to take advantage of Direct Property Asset opportunities as they arise. Following the sale of PURT5:Prestons and PURT3:Kingsgrove, Direct Property currently represents less than 20% of the Portfolio.



The URB Equity Portfolio is a concentrated portfolio that is typically made up of 30 stocks. While it is focused on Urban Renewal, the Equity Portfolio is well diversified across many sectors of the market including Real Estate, Healthcare, Consumer, Utilities, Building Materials and Industrials. We do not invest in Banking and Resources stocks.

Company Overview – as at 31 October 2019

ASX Code	URB.ASX
Mandate	Urban Renewal
Market Capitalisation	\$81m
Investment Portfolio	\$52m
Cash & Cash Equivalents	\$37m
Total Portfolio Including Cash	\$89m
Debt	\$0
Rolling 12 Month Dividend ¹	5.75cps
Historical Dividend Yield ^{1,2}	5.25%
Percentage Franked	100%
DRP	Active
Share Price	\$1.10

Net Tangible Assets (NTA)

Pre Tax NTA	\$1.16
Post Tax NTA	\$1.14

¹Includes FY2019 Interim Dividend of 0.75cps and Special Dividend of 1cps as well as the FY2019 Final Dividend of 1.5cps and Special Dividend of 2.5cps ²Based on share price as at 31 October 2019.

Dividend Policy

URB's long-term target is to offer shareholders sustainable and growing fully franked dividends and a yield that is competitive within the listed investment company industry. The URB Board and Contact's Portfolio Managers are shareholders in URB and are aligned in delivering these outcomes for all shareholders.

Monthly Update

On 14 October 2019, URB announced that it had entered into a Scheme Implementation Deed with 360 Capital as responsible entity for 360 Capital Total Return Active Fund and 360 Capital Total Return Passive Fund (ASX:TOT) in relation to a proposal under which the ordinary shares TOT does not already own in URB (**Scheme Shares**) will be acquired by TOT (**Proposed Transaction**). The Proposed Transaction will be Implemented through an URB scheme of arrangement (**Scheme**) under which each Scheme Share will be transferred to TOT in exchange for 0.9833 TOT Securities (being a stapled unit in each of the 360 Capital Total Return Active Fund and 360 Capital Total Return Passive Fund) for every fully paid Scheme Share transferred (**Script Consideration**).

A Scheme Booklet, which sets out the information shareholders require to evaluate the Scheme, including an Independent Expert's Report, has been lodged with ASIC. A copy of the Scheme Booklet can be found on the URB website using the following link:

<https://www.urbinvest.com.au/asx-announcements/>

Monthly Equities Portfolio Update

Following the release of the Productivity Commission Report, Sydney Airport (SYD) gained 9.3% for the month. The key positive recommendation was shifting the 80 aircraft cap measurement to on the hour versus every 15 minutes. Although we do not expect this to make a material impact initially, it will allow SYD to better manage airport slots more effectively – particularly surges in parts of an hour such as the last 30 minutes between 6am and 7am. The Report also rejected A4ANZ's negotiation model and proposed an increase in disclosure between domestic and international services revenue and profit.

Reece Group (REH) provided a trading update at its AGM with sales growth in Australia continuing in a moderating environment and the US growing in line with the Company's expectations. Overall sales for the first quarter increased 8.8% on the same period last year or 4.9% on a constant currency basis. Furthermore, it completed the acquisition of Todd Pipe bringing its total number of branches in Southern California to 23.

At its AGM, Transurban Group (TCL) re-confirmed distribution guidance and released traffic volume data for 1Q FY2020. Average daily traffic increased 1.8% across the growth with softer economic conditions and reduced construction activity impacting some of their regions. We continue to remain positive on TCL given its high quality assets with long concessions and strong growth prospects.

Following the sale of URB's position in Nick Scali (NCK) last month the stock fell 18.1% in October after the company advised the market of difficult trading conditions. NCK stated that monthly store traffic is down 10%–15% YTD with like-for-like store sales down 8%. NCK believes this is linked to lower general retail demand associated with the recent slowing in housing and a cautious consumer attitude.

Automotive retailer AP Eagers (APE) was also divested in September. We had been attracted to the stock for its property portfolio. APE came under selling pressure in October, falling 13.9%. This follows continued pressure on October's new car data, which showed sales falling 9.9% year on year. This is the eighteenth consecutive monthly decline.

Harvey Norman (HVN) completed their renounceable pro rata entitlement offering at \$2.50 a share. URB participated in this offering to our full entitlement. Shares in HVN finished the month at \$4.09, representing a return of 64% on the new shares.

Company / Trust		% of Total Portfolio
1	PURT No 4: Penrith	8.8%
2	Sydney Airport	6.7%
3	Lendlease Group	6.5%
4	Transurban Group	6.4%
5	Home HQ Artarmon	3.4%
6	CIMIC Group	3.3%
7	Harvey Norman Holdings	2.8%
8	Regis Healthcare Limited	2.8%
9	360 Capital Group Limited	2.5%
10	Goodman Group	2.5%
11	Mirvac Group	2.3%
12	Ramsay Health Care Limited	1.9%
13	Cedar Woods Properties Limited	1.6%
14	Reece Limited	1.5%
15	AV Jennings	1.4%
16	Blackwall Property Trust	1.2%
17	GDI Property Group	1.1%
18	Blackwall Limited	0.9%
19	Cleanaway Waste Management	0.8%
20	PURT No 5: Prestons	0.2%
Cash and cash equivalents		41.4%
Total of top 20 plus cash and cash equivalents		100.0%

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Management and Performance Fees

The Management Fee is 0.50% of URB's Total Assets.

The Performance Fee is 15% of the out performance over a Pre-Tax NTA 12 month return of 8.0%. This 8% return is calculated after the payment of any ordinary dividends to URB shareholders.

URB Performance 31 October 2019	1 Month	3 Months	6 Months	1 Year	2 Years (% p.a.)
URB Portfolio Performance	0.2%	0.8%	7.4%	14.3%	9.3%
URB Total Shareholder Returns (TSR)	6.3%	8.3%	23.0%	18.9%	7.4%
URB Total Shareholder Returns – 100% Franked	6.3%	10.1%	24.9%	21.8%	9.1%

Source: Contact Asset Management, Bloomberg. Portfolio Performance is measured by change in pre-tax NTA and is after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends. TSR include reinvestment of dividends. TSR including franking credits are based on URB's dividends being fully franked at 30%. Past performance is generally not indicative of future performance.

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