

ASX/Media Announcement

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Propertylink establishes new \$350 million core-plus and value-add industrial fund with China Merchants Capital

Propertylink Group (ASX:PLG) has entered into an agreement with the alternative investment and asset management platform, China Merchants Capital, for the establishment of a new investment management vehicle, the Propertylink Australian Logistics Trust II (PALT II).

Under PALT II, Propertylink will leverage the key strategic themes of urbanisation, last mile logistics, ageing population and technology to build a high-quality portfolio of logistics properties. The portfolio will focus on urban infill locations on the east coast of Australia, in particular Sydney and Melbourne, targeting total assets under management of \$350 million.

Propertylink will target the acquisition of core-plus and value-add assets and use its proven active asset management expertise to drive value through leasing, asset repositioning, strategic capital expenditure and development.

Propertylink is well progressed with the acquisition of approximately \$75 million in seed assets for the venture. The completion of these acquisitions is expected to occur in the coming weeks. Further details will be provided at that time.

Propertylink will co-invest 20 percent of total equity in the new venture, to be funded by Propertylink using existing resources, including existing debt facilities.

Propertylink's Managing Director and CEO, Stuart Dawes said he was pleased to secure new investor China Merchants Capital for the establishment of PALT II, providing an excellent opportunity to acquire core-plus and value-add assets in the industrial logistics sector.

"We are pleased to welcome China Merchants Capital as Propertylink's newest capital partner. The PALT II strategy leverages our core strength as an active manager of Australian industrial real estate to drive value, which combined with solid underlying market fundamentals is expected to deliver strong returns to China Merchants Capital and Propertylink.

"We continue to see excellent opportunities across industrial property in Australia, with strong occupier demand fueled by growth in e-commerce and last mile logistics in urban infill locations close to the population a clear tailwind," he said.

Vincent Peng, Senior Managing Director of China Merchants Capital and CEO of its real estate investment platform China Merchants Frontier Capital, commented "The industrial and logistics property market in Australia has seen strong growth in recent years as favourable underlying market fundamentals continue to attract investor capital globally.

"With the Australian population adapting to shopping online and the recent market

entry of several global e-commerce giants, we expect the growth in this sector to continue. We are pleased to partner with Propertylink and look forward to working with them on this venture," he said.

Propertylink has demonstrated repeated success in the deployment of its active asset management strategy to deliver value, achieving an average total return of 25 percent across its external funds since inception.

"Propertylink's strong performance combined with our strategic approach to real estate investment has resulted in strong support from existing and new global institutional investors, who continue to seek opportunities in the Australian market," Mr Dawes said.

"This provides us with clear prospects to continue to grow our investment management platform in the coming year and beyond through PALT II, the recently established Propertylink Urban Renewal Partnership and ongoing acquisitions for the \$500 million Propertylink Australian Commercial Trust," he said.

Further Enquiries

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About Propertylink

Propertylink is an A-REIT, listed on the Australian Securities Exchange under the code "PLG". Propertylink is an internally managed real estate group that owns and manages a diversified portfolio of logistics, business park and office properties and is a leading investment and asset management business with A\$1.8 billion of assets under management. Propertylink's integrated, in-house approach to active asset management is aimed at maximising the performance and value of assets under management for our global investors from North America, Europe, the Middle East, Asia and Australia.

About China Merchants Capital

China Merchants Capital was founded in 2012 as the alternative investment and asset management platform of China Merchants Group. As of the end of 2017, China Merchants Capital managed over RMB270 billion (approximately A\$53 billion) of funds for institutional investors.