

ASX/Media Announcement

28 February 2019

Propertylink delivers solid HY19 results

Propertylink Group (ASX:PLG) today announced its results for the half year ended 31 December 2018, delivering distributable earnings of 4.53 cents per security. Propertylink maintains distributable earnings guidance of 8.2 to 8.3 cents per security¹ and distributions of 7.3 cents per security².

Propertylink's Managing Director and CEO, Stuart Dawes said the group's approach to active management continued to deliver strong returns to securityholders and investors in external funds.

"The wholly owned industrial portfolio is strategically positioned to urban east-coast infill locations. We are seeing benefits from the growth in e-commerce and urbanisation provide tangible value to our securityholders, further enhanced by our active asset management approach," Mr Dawes said.

He said Propertylink's investment management platform continued to deliver superior results for global institutional investors and securityholders through Propertylink's co-investment stakes.

"Our disciplined approach to acquisitions and timely divestment of assets combined with our active approach to the management of real estate has built an excellent track record of returns, underpinning strong ongoing relationships with global institutional capital," he said.

HY19 HIGHLIGHTS

Financial Performance

- Distributable earnings of \$27.3 million equating to 4.53 cents per security
- Distributions of 3.6 cents per security reflecting a payout ratio of 80%
- Net tangible asset of \$1.04 per security³ at 31 December 2018
- Return on equity of 18.1% for the 12-month period
- Gearing of 39.2% at 31 December 2018, within the target range

Wholly Owned Industrial Portfolio

- Revaluation uplifts across the portfolio of \$29 million, up 4.2%⁴
- Leasing transactions across 32,361 sqm or 7% of the portfolio

¹ Refer footnote 12 on page 5.

² Refer footnote 13 on page 5.

³ NTA is reduced by the 3.6 cents per security distribution provided for at 31 December 2018. In prior reporting periods, distributions were not provided for at period end.

⁴ On prior book value on a like for like basis.

- Strong occupancy of 97.8%
- Like for like rental growth of 3.6%⁵
- Low lease expiry of 6% in the second half of FY19, weighted to the strong Sydney market

Investment Management

- Average total return of 27%⁶ across external funds since inception
- Annualised total return of 52% achieved on divestment of PEP fund assets during the half year period
- Establishment of PALT II, targeting assets under management of \$350 million
- Valuations delivering growth in assets under management of \$67 million

FINANCIAL RESULTS

Key Earnings Metrics

Distributable earnings of \$27.3 million in HY19 were down \$6.0 million on the prior comparative period (HY18 \$33.3 million). Most significantly, HY18 included performance fees of \$22.3 million (\$14.5 million after staff incentives and tax) derived from outstanding returns on external funds wound up during the period. No performance fees were earned during HY19.

Net property income increased by \$2.8 million⁷ over the prior comparative period, partly driven by the \$48 million acquisition of the Lane Cove business park in December 2017 and solid like for like rental growth of 3.6%.

The Propertylink Enhanced Partnership's (PEP) sale of 80 Mount Street, North Sydney contributed \$3.5 million to co-investment income during the half year period.

Propertylink's acquisition of a 18.1% strategic interest in Centuria Industrial REIT (CIP) delivered \$4.1 million in distributions during the period. Finance costs increased by \$2.3 million during the period, with the \$134 million acquisition of the CIP interest a key contributor to increased borrowing costs.

Distributable earnings have been adjusted to exclude \$4.0 million in corporate activity costs (\$2.9 million tax adjusted) incurred during HY19 in relation to the proposed CIP acquisition and ESR takeover bid.

Total comprehensive income of \$46.7 million includes \$37.0 million of net fair value gains across the wholly owned industrial portfolio and co-investments during the year. A net fair value loss of \$11.1 million was recognised in the period in relation to the mark to market of Propertylink's investment in CIP.

⁵ Like for like rental growth is against the comparative twelve month period and excludes assets acquired or divested as well as development assets.

⁶ Annualised equity weighted average total return across external funds

⁷ On a distributable earnings basis.

The distribution of 3.6 cents per security for the six months to 31 December 2018 reflects a payout ratio of 80% of adjusted distributable earnings⁸. The distribution was provided for at 31 December 2018 and paid to securityholders on 31 January 2019.

Financial Position at 31 December 2018

Gearing at 31 December 2018 was 39.2%, within Propertylink's target range of 30 to 40%. Look through gearing at 31 December 2018 was 42.8%.

Propertylink's senior debt facility limit was increased by \$220 million in September 2018 to \$560 million to fund the acquisition of a strategic interest in CIP.

Debt headroom at the half year end was \$115 million, with available cash of \$15 million providing liquidity of \$130 million. At 31 December 2018 the weighted average debt maturity was 2.6 years.

Net tangible assets at period end was \$1.04 per security. At 31 December 2018, Propertylink made a provision for \$21.7 million or 3.6 cents per security in relation to the six-month distribution paid on 31 January 2019. Distributions have previously not been provided for at period end.

Over the 12 months to 31 December 2018, Propertylink delivered a return on equity of 18.1%⁹.

WHOLLY OWNED INDUSTRIAL PORTFOLIO

Propertylink's active approach to asset management continued to deliver solid metrics across the wholly owned industrial portfolio during HY19.

Propertylink's Chief Investment Officer, Peter McDonald said that the strategic positioning of the wholly owned industrial portfolio was benefiting from strong market fundamentals, particularly surrounding e-commerce and urbanisation.

"Underpinning the tailwinds we are seeing in the industrial property market, is Propertylink's strong active approach to asset management, delivered by an exceptional in-house property team," he said.

"Our team is focused on the ground up management of their assets, with our asset and property managers establishing strong tenant relationships which has been a key driver behind the delivery of strong portfolio metrics and leasing outcomes.

"There continues to be good opportunity within the portfolio to deliver value, enhanced by our strong weighting to the infill areas of Sydney and Melbourne."

During the six-month period, Propertylink transacted on 25 leases across 32,361 sqm or 7% of the portfolio, delivering:

- 12 lease renewals at a tenant retention rate of 72.5% and average incentives of 8.8%
- 13 new leases at an average incentive of 12.6% with average downtime of 3.3 months

⁸ Distributable earnings adjusted to exclude \$2.9 million after tax corporate activity costs.

⁹ Return on equity is calculated as the growth in NTA plus distributions paid or provided for divided by the opening NTA.

- Portfolio occupancy remained strong at 97.8% with over half of vacancy located within the Sydney market, providing opportunity for rental growth
- Solid like for like rental growth of 3.6%¹⁰ driven by leasing transactions and a strong fixed rent review profile
- A low lease expiry profile of 6% in the second half of FY19, weighted heavily to the strong Sydney market, provides opportunity for rental growth

Key leasing transactions during the half year period included:

- Seven leasing deals across 8,685 sqm at 7-15 Gundah Road, Mount Kuring-Gai
- Zero downtime and a new three-year lease to Intercentral Logistics for 7,605 sqm at 50-52 Airds Road, Minto
- The leasing of 4,769 sqm at 57-101 Balham Road, Archerfield including two 10-year leases to Kennards Hire over 2,625 sqm
- Renewal of a 3,559 sqm lease to ClickOn Furniture at 18-24 Ricketts Road, Mount Waverley for a two-year period
- Leasing of 2,578 sqm or 26% of NLA at 18-20 Orion Road, Lane Cove across six transactions
- Leasing of 2,394 sqm at 15 Talavera Road, Macquarie Park to Allied Credit and Alcon Laboratories for a period of four and five years respectively

At 31 December 2018, all assets in the wholly owned industrial portfolio were independently valued in accordance with Propertylink's valuation policy. An uplift on carrying value of \$28.8 million, or 4.2% on 30 June 2018 book value was recognised during the period, driven by a combination of positive market fundamentals and continued leasing success.

The weighted average capitalisation rate (WACR) tightened by 25 basis points over the period, to 6.41%.

INVESTMENT MANAGEMENT

At 31 December 2018, Propertylink managed \$974 million in industrial and office assets across six external funds on behalf of global institutional investors. Strong results continued to be achieved across the investment management platform, delivering an average total return of 27% to investors since establishment of the external funds and 29% on assets divested.

In September 2018 the Propertylink Enhanced Partnership (PEP) entered into a contract for the sale of 80 Mount Street, North Sydney for \$71 million. The transaction settled in November 2018 with the sale price representing a 29% premium to book value and delivering an annualised total equity return of 58%¹¹. During the period the PEP fund also entered into a contract for the \$17.5 million sale of 441 Algester Road, Parkinson. The sale will settle in May 2019 and realises an annualised total equity return of 34%.

¹⁰ HY19 like for like rental growth is against the comparative twelve month period and excludes assets acquired or divested as well as development assets.

¹¹ Performance fees on the PEP fund are determined on the sale of the last asset in the fund.

During the half year, Propertylink entered into an agreement with 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 target \$350 million in assets under management, building an industrial portfolio through the acquisition of core-plus and value-add industrial assets.

In February 2018, Propertylink announced the completion of a recapitalisation of the Propertylink Office Partnership III (POP III), delivering an annualised total equity return of 23.3% to POP III investors and generating a performance fee of \$3.7 million to be recognised in the second half of FY19.

During the half year period, Propertylink's co-investment in external funds delivered \$6.8 million to distributable earnings, with an income yield of 8.3%.

Independent and internal valuations across the portfolio during the six months to 31 December 2018 delivered an increase in external funds under management of \$67 million. This resulted in an increase in the equity accounted value of co-investment stakes of \$8.2 million during the period.

GUIDANCE

Propertylink maintains distributable earnings guidance for FY19 of 8.2 to 8.3 cents per security¹², inclusive of the \$3.7 million performance fee on the POP III recapitalisation, announced on 14 February 2019.

Distributions of 7.3 cents per security¹³ are expected in relation to FY19.

ESR TAKEOVER

ESR Real Estate Australia's (ESR) takeover Offer for Propertylink has been declared unconditional and at 27 February 2019, ESR had a relevant interest in Propertylink securities of 87.33%¹⁴.

The Propertylink Board has accepted the Offer for securities they hold or control and unanimously recommends that Propertylink securityholders accept the Offer.

The Offer closes 7.00pm today (Sydney time), unless extended.

Propertylink securityholders who have accepted the Offer will receive their Offer consideration of \$1.164¹⁵ on or before 20 March 2019.

¹² Distributable earnings guidance excludes corporate activity costs incurred by Propertylink in relation to the ESR Offer and proposed acquisition of Centuria Industrial REIT (CIP). At 31 December 2018, corporate activity costs of \$4.0 million (\$2.9 million tax adjusted) were incurred by Propertylink. Further costs will be incurred by Propertylink after 31 December 2018 if the ESR Offer does not proceed. Performance fees earned on the POP III recapitalisation and corporate activity costs are included in Propertylink's Total Comprehensive Income in FY19.

¹³ ESR has stated that, if it gains a controlling interest, its current intention is to reduce distributions in the absence of a more favourable capital management initiative that may be available to reduce Propertylink's leverage.

¹⁴ Substantial holder notice lodged by ESR on 27 February 2019.

¹⁵ The offer consideration is adjusted by the amount of any distributions paid by Propertylink. Accordingly, each Propertylink securityholder who accepts the offer, regardless of when they accept, will receive \$1.164 per Propertylink security, being \$1.20 reduced by the amount of the Interim Distribution which was paid by Propertylink on 31 January 2019.

Propertylink securityholders who have questions in relation to the Offer or how to accept it are encouraged to call the Propertylink Securityholder Information Line during business hours on 1300 889 468 (within Australia) or +61 2 8022 7954 (from outside Australia). Propertylink securityholders can also obtain further information about the Offer and download a copy of the Acceptance Form at <https://events.miraqle.com/ESR-Offer>.

ADDITIONAL INFORMATION

Propertylink provides additional information in relation to the HY19 results in Attachment 1.

Further Enquiries

Investors

Stuart Dawes
Propertylink
Managing Director and CEO
+61 2 9186 4720
sdawes@propertylink.com.au

Media

Sue Cato
Cato & Clegg
Partner
+ 61 2 8306 4244
cato@catoandclegg.com

Carrie Barrack
Propertylink
Investor Relations Manager
+61 2 9186 4747
cbarrack@propertylink.com.au

About Propertylink

Propertylink is an A-REIT, listed on the Australian Stock 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.

Propertylink Group

Half Year 2019 Results

28 February 2019



Financial highlights

Solid recurring income enhanced by co-investment returns from strongly performing external funds

Distributable
earnings of
\$27.3m

Distribution of
3.6cps
reflecting a
payout ratio of
80%

Return on
equity of
18.1%*
over 12 month
period

NTA of
\$1.04^
at 31 December
2018

Balance sheet
gearing
39.2%
within target
gearing range

* Growth in NTA plus distributions paid or provided for divided by opening NTA for the 12 months to 31 December 2018

^ NTA is reduced by the 3.6 cps distribution provided for at 31 December 2018. Distributions were not provided for at reporting period end in prior reporting periods

Operational highlights

Wholly Owned Industrial Portfolio

Uplift in
portfolio
valuations of
\$29m
up 4.2%* in
HY19

Strong
occupancy of
97.8%
at 31 December
2018

Like for like
rental growth of
3.6%^
over the period

Low lease
expiry of
6%
during 2H19

Investment Management

Average total
return of
27%#
delivered across
platform since
inception

Annualised total
return of
52%
on divestment of
PEP assets in
HY19

Establishment of
PALT II
targeting AUM of
\$350m

Valuations
delivering
\$67m
growth in AUM
during HY19

* Increase in book value on a like for like portfolio basis

^ Like for like rental growth against the comparative 12 month period, excluding assets acquired or divested and development assets

Equity weighted average total return across external funds

Financial results



North Sydney and Sydney CBD, NSW

Key earnings metrics

Increased earnings from wholly owned industrial portfolio supplemented by strong performance from co-investments in external funds

Earnings metrics	HY19	HY18	Change
Total comprehensive income	\$46.7m	\$83.1m	(43.9%)
Fair value gains / fair value gain per security	\$37.0m / 6.13 cps	\$51.3m / 8.51 cps	(27.9%)
Fair value loss on listed entity investment / fair value loss per security	(\$11.1m) / (1.85) cps	-	N/A
Distributable earnings / distributable earnings per security	\$27.3m / 4.53 cps	\$33.3m / 5.52 cps	(18.0%)
Distribution per security / payout ratio	3.60 cps / 80%	3.60 cps / 65%	0.0%
Operating revenue			
Net property income*	\$25.4m	\$22.6m	12.4%
Co-investment income^	\$6.8m	\$2.8m	142.9%
Distributions received from listed entity investment	\$4.1m	-	N/A
Performance fee income#	-	\$22.3m	N/A
Investment management revenue	\$2.5m	\$2.9m	(15.0%)
Property management revenue	\$2.6m	\$1.9m	38.5%

* Net property income on a distributable earnings basis.

^ Excluding fair value adjustments of \$8.2m (HY18 \$11.6m)

Performance fees in HY18 contributed \$14.7m to distributable earnings after tax and staff incentives.

Key balance sheet metrics

Solid earnings combined with valuation growth across wholly owned portfolio and co-investments in external funds continues to support a strong financial position

	31 December 2018	30 June 2018	Movement
Cash	\$15.2m	\$17.2m	(\$2.0m)
Investment properties*	\$842.4m	\$809.0m [^]	\$33.4m
Co-investments	\$103.1m	\$100.9m	\$2.2m
Investment in listed entity	\$123.1m	-	\$123.1m
Drawn debt	\$439.8m	\$290.0m	\$149.8m
Net equity	\$632.8m	\$631.3m	\$1.5m
NTA per security	104.2 cps	104.0 cps	0.2 cps

* Investment properties include Melbourne Markets which is classified as PPE in the statutory accounts.

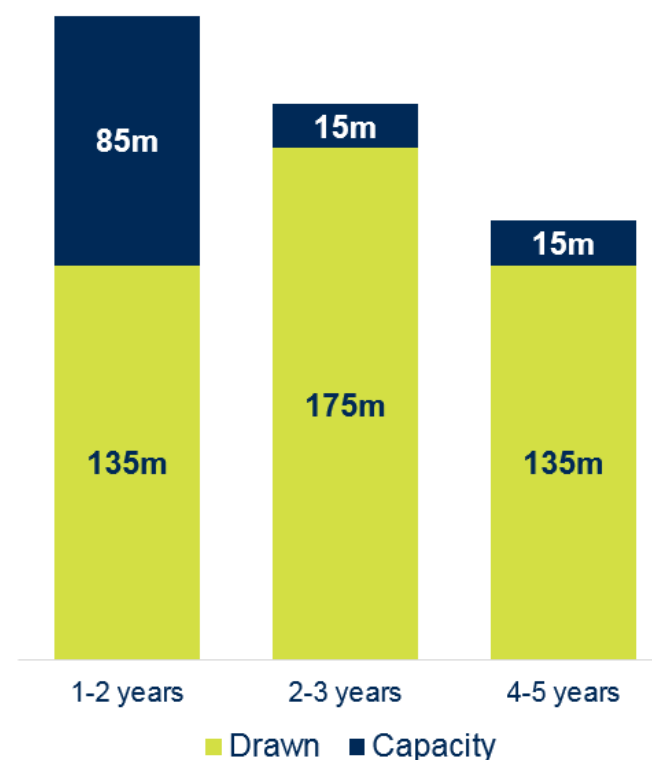
[^] Includes exchanged contract for the \$8.6m acquisition of vacant land in Lane Cove due to settle in September 2018.

Debt and capital management

Increased debt facilities to finance the \$134m acquisition of 18.1% strategic stake in Centuria Industrial REIT

Key debt metrics	31 Dec 2018	30 Jun 2018
Debt facilities	\$560m	\$340m
Debt headroom	\$115m	\$45m
Cash	\$15m	\$17m
Total liquidity	\$130m	\$62m
Gearing (net debt to total tangible assets)	39.2%	29.6%
Look-through gearing*	42.8%	34.9%
Weighted average debt maturity	2.6 years	3.6 years
Hedged debt ^	54.0%	61.2%
Interest cost #	3.65%	3.52%

Debt maturity profile - \$m



* Adjusted for cash and debt in equity accounted investments

^ Hedges of \$237.5m matched to previous debt term (15 August 2019 and 15 August 2021) with a hedge rate between 1.83% and 2.75%

Cost as at 31 December and 30 June includes floating rate, hedge rate, bank margin and undrawn facility fees

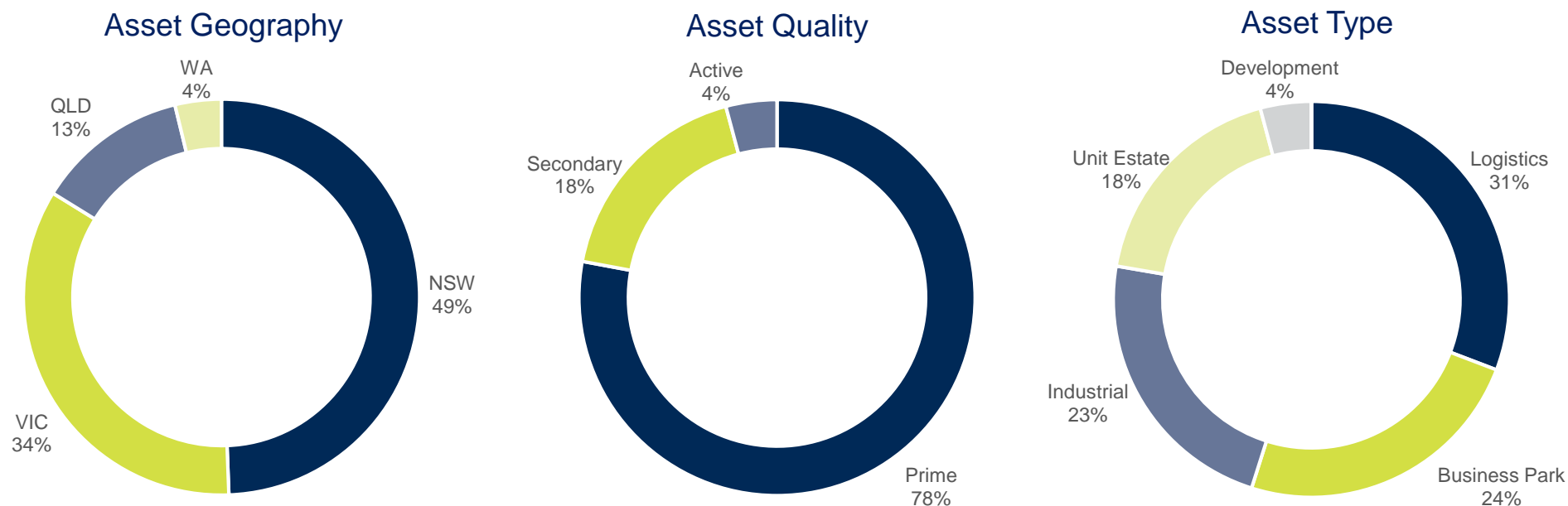
Wholly owned industrial portfolio



18-24 Ricketts Road, Mount Waverley

Location & asset composition positions the portfolio for growth

Strategic positioning of industrial portfolio to urban east coast infill locations
83% weighted to strong Sydney and Melbourne markets benefiting from e-commerce and urbanisation



Quality of portfolio continues to be enhanced through strong approach to active asset management

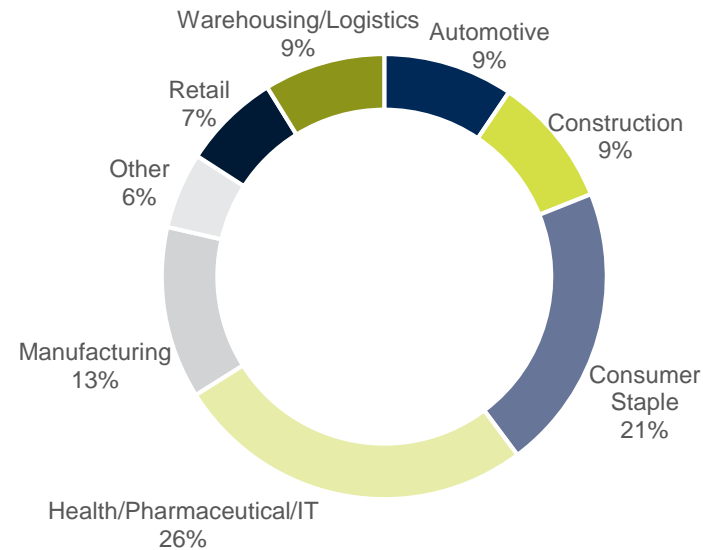
A diverse portfolio of assets that allow flexibility of use and remain highly functional and adaptable for e-commerce users

Predominantly prime asset base combined with assets that have good repositioning and development opportunities

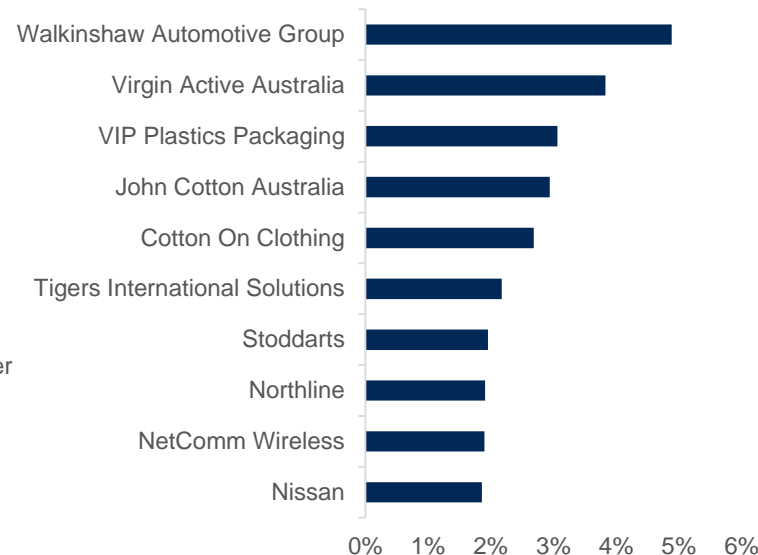
Diversified tenant base provides strong earnings stability

173 tenants in the industrial portfolio with industry diversification and no single tenant contributing more than 5% of total annual rental income

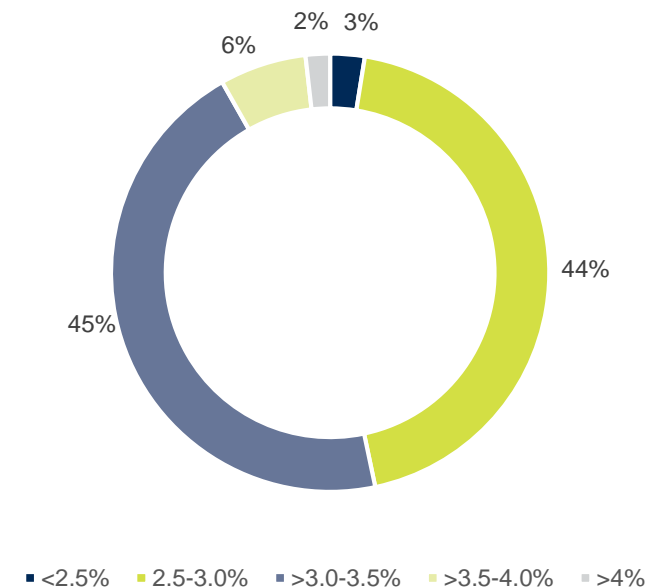
Tenant Breakdown by Industry



Top Ten Tenants (by income)



Rent Review Composition



The top 10 tenants contribute 27% of portfolio rental income with a WALE of 5.3 years

Like for like rental growth in CY18 of 3.6%

98% of all income is reviewed annually by 2.5% or more - 53% of income is reviewed by more than 3.0%

Active lease management delivering strong returns

32,361 sqm or 7.0% of the portfolio has been transacted upon during HY19

	6 months to 31 Dec 2018	12 months to 30 June 2018
Leasing transactions	25	35
Lease renewals	12	12
New leases	13	23
Average lease term across leasing transactions	4.2 years	4.1 years
Average lease incentives on renewals	8.8%	6.6%
Average lease incentives on new deals	12.6%	13.9%
Retention rate on renewals	72.5%	58.9%*
Average downtime on new deals	3.3 months	2.7 months

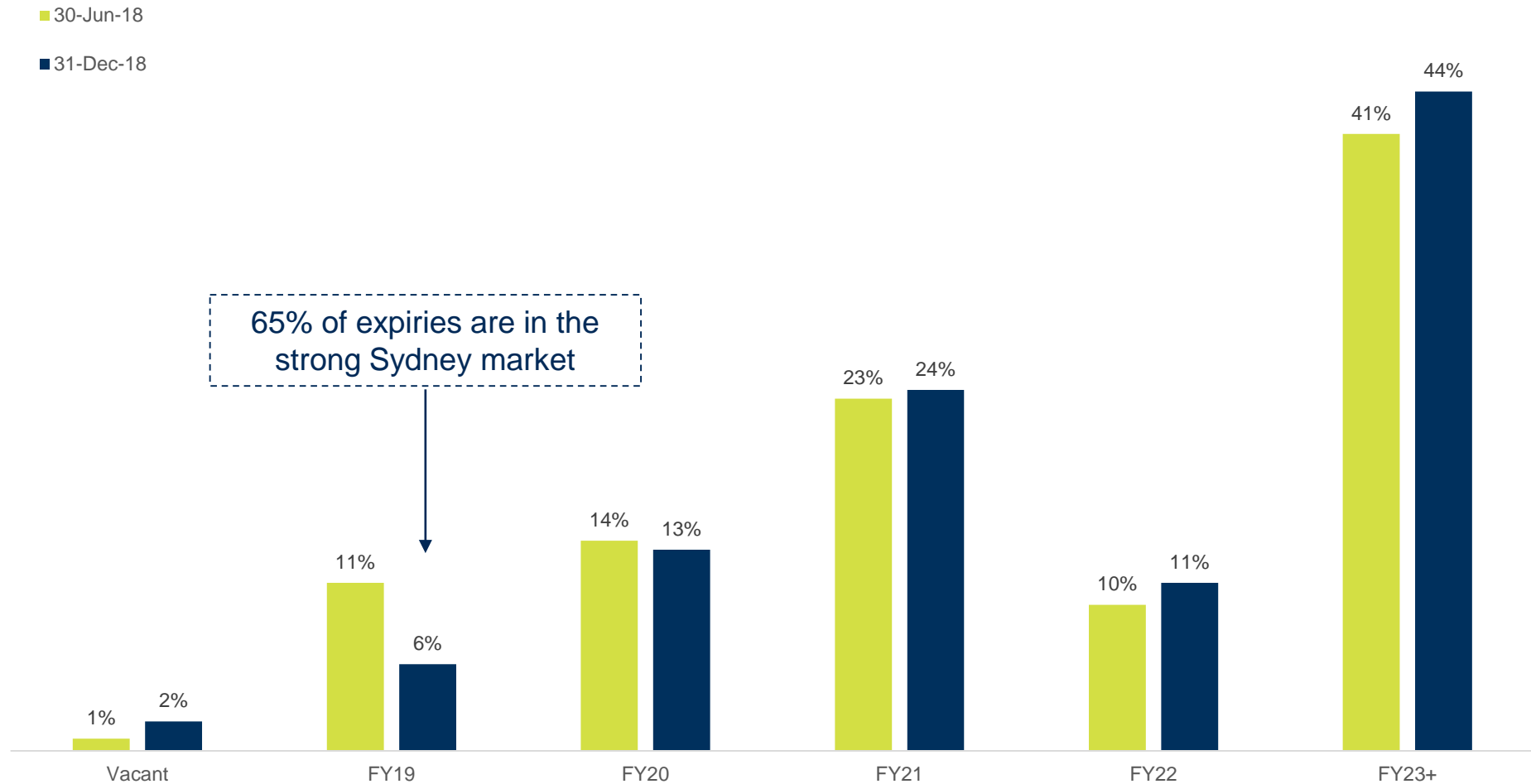
Strong tenant relationships fostered by an integrated and in-house property and asset management team

Ongoing focus on active leasing providing income security in FY19 & FY20

* Tenant retention impacted by expiring 10,590sqm lease at 82 Taryn Drive with Stanley Black and Decker, re-leased to New Age Caravans, a subsidiary of Walkinshaw Automotive, with zero downtime

Continued focus on management of near term expiries

Sydney weighted short term lease expiry profile provides opportunities for rental growth



Wholly owned industrial portfolio delivering strong metrics

Active asset management continues to improve the performance and positioning of the wholly owned industrial portfolio, delivering tangible value to security holders

	31 Dec 2018	30 Jun 2018	30 Jun 2017
Industrial portfolio value	\$842m*	\$800m	\$695m
Number of properties	31*	30	30
Gross lettable area	461,606sqm	461,606 sqm	481,164 sqm
Occupancy	97.8%	99.2%	97.0%
Like for like rental growth	3.6%^	6.0%#	2.8%**
Tenant incentives	10.90%	11.40%	12.99%
WALE	3.7 years	3.8 years	4.4 years
WACR	6.41%	6.66%	7.22%

* Includes the \$8.6m acquisition of vacant land 14-16 Orion Road, Lane Cove in September 2018

^ Like for like rental growth from CY17 to CY18

Like for like rental growth from FY17 to FY18

** Like for like rental growth from 2H16 to 2H17

Investment management



80 Mount Street, North Sydney

Propertylink external funds under management

\$974m AUM

6 external funds

27 assets

18.4% average co-investment

Industrial

\$359m AUM

3 funds and mandates

15 assets



201-205 Fairfield Road, Yennora NSW

Office

\$321m AUM

2 funds

4 assets



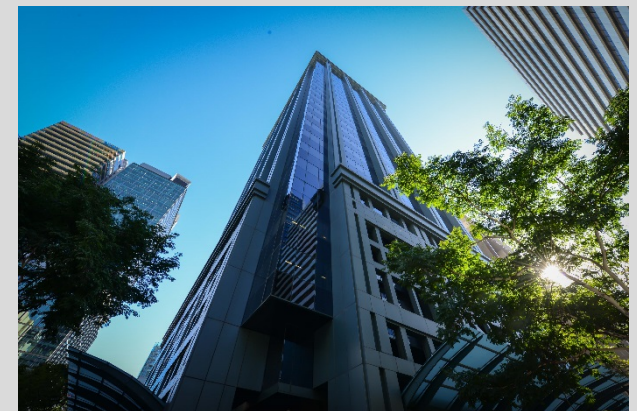
73 Miller Street, North Sydney NSW

Diversified

\$295m AUM

1 fund

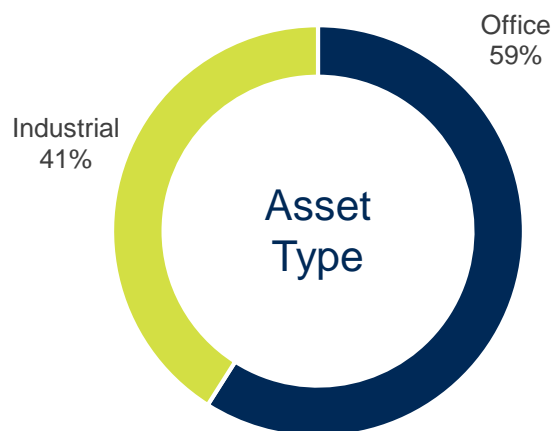
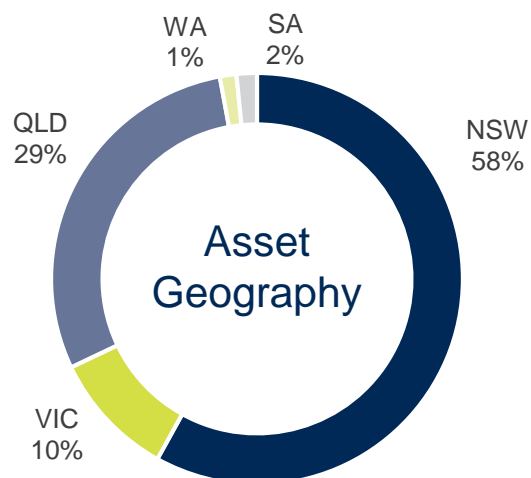
8 assets



50 Ann Street, Brisbane QLD

External funds portfolio

A diverse portfolio of industrial and office properties with 58% of assets located in the strong Sydney market



	31 Dec 2018	30 Jun 2018
Portfolio value	\$974m	\$973m
Number of properties	27	28
Gross lettable area	311,915 sqm	319,358 sqm
Occupancy	95%	94%
WALE	4.5 years	4.8 years
WACR	6.3%	6.4%

Continuing to deliver strong returns for investors

Proven track record underpinned by disciplined approach to acquisitions, active asset management and timely divestments

- Average total return of 27% since establishment of external funds*
- Annualised total return of 52% on PEP fund assets divested during HY19
- Average total return of 29% on assets divested since establishment
- Co-investments delivering an income yield of 8.3% and \$6.8m[^] to distributable earnings in HY19

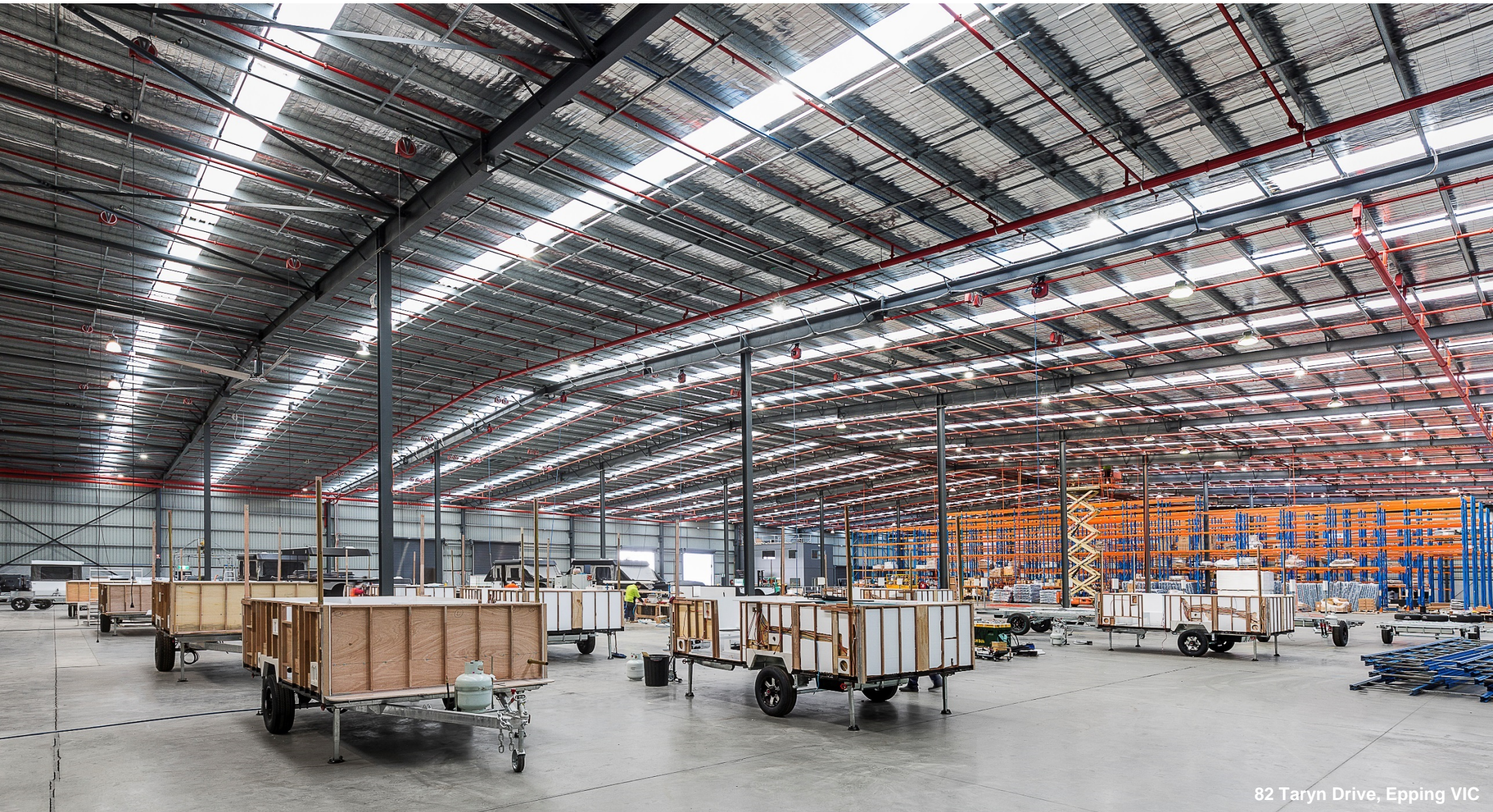
Divestments in HY19	Sale Price	Total return	Settlement	PLG Co-Investment	Performance Fee
PEP - 80 Mount Street, North Sydney	\$71.0m	58%	Nov-18	25%	n/a [#]
PEP – 441 Algester Road, Parkinson	\$17.5m	34%	May-19	25%	n/a [#]
Equity weighted average total return		52%			

* Equity weighted average annualised total return across external funds

[^] Excluding valuation uplifts in co-investments of \$8.2m

[#] Performance fees are determined following divestment of the last asset in the PEP fund

FY19 Guidance



82 Taryn Drive, Epping VIC

FY19 Guidance



FY19 guidance maintained:

- Distributable Earnings per Security of 8.2 to 8.3 cents* (as upgraded on 14 February 2019)
- Distributions per Security of 7.3 cents^

* Distributable earnings guidance excludes corporate activity costs incurred by Propertylink in relation to the ESR Offer and proposed acquisition of Centuria Industrial REIT (CIP). At 31 December 2018, corporate activity costs of \$4.0 million (\$2.9 million tax adjusted) were incurred by Propertylink. Further costs will be incurred by Propertylink after 31 December 2018 if the ESR Offer does not proceed. Performance fees earned on the POP III recapitalisation and corporate activity costs are included in Propertylink's Total Comprehensive Income in FY19.

^ ESR has stated that, if it gains a controlling interest, its current intention is to reduce distributions in the absence of a more favourable capital management initiative that may be available to reduce Propertylink's leverage.

ESR Offer update

ESR Offer unconditional and closing at 7:00pm (Sydney time) today

- ESR Real Estate Australia's (ESR) takeover Offer for Propertylink has been declared unconditional and as at 27 February 2019, ESR had a relevant interest in Propertylink securities of 87.33%*
- The Propertylink Board has accepted the Offer for securities they hold or control and unanimously recommends that Propertylink securityholders accept the Offer
- **The Offer closes 7.00pm today (Sydney time), unless extended**
- Propertylink securityholders who have accepted the Offer will receive their Offer consideration of \$1.164[^] on or before 20 March 2019

For assistance in relation to the Offer please call the Offer Information Line on 1300 420 709 (within Australia) or +61 1300 420 709 (outside Australia). You can download an Acceptance Form or obtain further information about the Offer at <https://events.miraql.com/ESR-Offer>.

* Substantial holder notice lodged by ESR on 27 February 2019

[^] The offer consideration is adjusted by the amount of any distributions paid by Propertylink. Accordingly, each Propertylink securityholder who accepts the offer, regardless of when they accept, will receive \$1.164 per Propertylink security, being \$1.20 reduced by the amount of the Interim Distribution which was paid by Propertylink on 31 January 2019.

Appendices



71-93 Whiteside Road, Clayton VIC

Income statement

\$m	HY19	HY18
Rental income	32.2	29.2
Straight-lining of rental income	0.5	1.5
Property related expenses	(7.1)	(6.8)
Property related depreciation expense	(1.6)	(1.4)
Straight-lining of ground lease expense	(0.9)	(1.1)
Net property income	23.1	21.5
Co-investment income	15.0	14.4
Investment management fee income	2.5	2.2
Property management fee income	2.6	1.9
Property acquisition fee income	-	0.7
Performance fee income	-	22.3
Fair value movements in investment property	24.0	29.0
Listed entity distributions	4.1	-
Fair value loss on listed entity investment	(11.1)	-
Other income	0.2	0.2
Total income	60.4	92.3
Operating expenses	(8.6)	(9.6)
Corporate activity costs	(4.0)	-
Operating EBIT	47.7	82.7
Finance costs	(7.1)	(4.7)
Net income before tax	40.6	78.0
Tax	2.2	(5.5)
Net income after tax	42.8	72.6
Fair value movements in property, plant and equipment	4.8	10.7
Fair value movements in cash flow hedges	(0.9)	(0.1)
Total comprehensive income	46.7	83.1

← Includes \$8.2m (HY18 \$11.6m) of valuation uplifts in co-investments

← Valuation uplift of property portfolio excluding Melbourne Markets

← HY18 includes \$1.3m bonus provision related to \$22.3m performance fees

← Melbourne Markets valuation uplift

Reconciliation of distributable earnings

\$m	HY19	HY18
Total comprehensive income	46.7	83.1
Corporate activity costs (net of tax)	2.9	-
Adjusted total comprehensive income	49.5	83.1
Property fair value gains	(28.8)	(39.7)
Co-investments fair value gains	(8.2)	(11.6)
Fair value loss on investment in listed entity	11.1	-
Fair value loss on cash flow hedges	0.9	0.1
Adjustment for rental income straight lining	(0.5)	(1.5)
Adjustment for ground lease expense straight lining	0.9	1.1
Amortisation of leasing costs	0.3	0.2
Amortisation of borrowing costs	0.3	0.2
Depreciation and amortisation charges	1.6	1.4
Distributable Earnings	27.3	33.3
Distributable Earnings per Security (cents)	4.53	5.52
Payout ratio	80%	65%
Distribution per Security (cents)	3.6	3.60

← Co-investment fair value adjustments equity accounted

Summary balance sheet

\$m	31 December 2018	30 June 2018
Cash and equivalents	15.2	17.2
Equity accounted investments	103.1	100.9
Investment properties	726.4	696.2
Property, plant and equipment	116.3	113.1
Investment in listed entity	123.1	-
Intangible assets	4.6	4.6
Other assets	14.0	10.6
Total assets	1,102.7	942.6
Borrowings	438.1	288.7
Tax liabilities	-	2.4
Distribution payable	21.7	-
Other liabilities	10.1	20.2
Total liabilities	469.9	311.3
Net assets	632.8	631.3
Net tangible assets	628.2	626.8
Securities on issue	602,780,330	602,780,330
NTA per security	\$1.042	\$1.040

← Includes Melbourne Markets \$116.0m (30 June 2018 \$112.8m)

Wholly Owned Industrial Portfolio

No.	Property Address	State	Value (\$m) 30-Jun-18	Value (\$m) 31-Dec-18	Movement (%) Jun - Dec	Cap Rate (%) 30-Jun-18	Cap Rate (%) 31-Dec-18	Area (m ²)	Occupancy (%)	WALE (Income)
1	15 Talavera Road, Macquarie Park	NSW	81.6	86.0	5.4%	6.00%	6.00%	12,597	100.00%	2.9 yrs
2	7-15 Gundah Road, Mount Kuring-Gai	NSW	58.7	62.0	5.6%	6.75%	6.50%	32,954	95.82%	3.0 yrs
3	16 Rodborough Road, Frenchs Forest	NSW	32.6	33.0	1.2%	6.50%	6.25%	8,410	100.00%	4.0 yrs
4	50-52 Airds Road, Minto	NSW	34.3	39.6	15.5%	6.50%	6.00%	21,557	100.00%	2.4 yrs
5	122 Newton Road, Wetherill Park	NSW	33.6	36.5	8.6%	6.00%	5.50%	18,060	100.00%	5.0 yrs
6	44 Mandarin Street, Villawood	NSW	24.7	27.0	9.3%	7.00%	6.50%	19,645	96.54%	1.1 yrs
7	164-166 Newton Road, Wetherill Park	NSW	22.3	24.2	8.5%	6.00%	5.50%	11,854	100.00%	1.3 yrs
8	4 Brunner Road, Chullora	NSW	13.7	15.0	9.5%	6.25%	5.75%	6,428	100.00%	3.2 yrs
9	13 Boundary Road, Northmead	NSW	12.2	14.1	15.6%	6.00%	5.50%	5,660	100.00%	2.3 yrs
10	22 Rodborough Road, Frenchs Forest	NSW	11.3	11.4	0.4%	7.00%	7.00%	4,035	53.64%	2.7 yrs
11	18-20 Orion Road, Lane Cove	NSW	50.0	51.4	2.8%	7.00%	7.00%	9,751	87.35%	1.9 yrs
12	1 Orielton Road, Smeaton Grange	NSW	11.1	12.1	9.0%	6.25%	5.75%	7,689	100.00%	3.3 yrs
13	163 Viking Drive, Wacol	QLD	25.4	24.6	(3.1%)	6.50%	6.25%	13,636	100.00%	2.5 yrs
14	183 Viking Drive, Wacol	QLD	23.2	23.0	(0.9%)	6.50%	6.00%	12,246	100.00%	5.0 yrs
15	57-101 Balham Road, Archerfield	QLD	31.0	32.5	4.8%	7.75%	7.50%	24,368	96.40%	4.4 yrs
16	848 Boundary Road, Richlands	QLD	15.0	15.1	0.7%	7.50%	7.50%	9,818	82.80%	1.9 yrs
17	37-53 Eurora Street, Kingston	QLD	8.1	8.2	1.2%	7.25%	7.25%	6,096	100.00%	4.6 yrs
18	Melbourne Markets, 315 Cooper Street Epping	VIC	112.8	116.0	2.9%	7.00%	6.50%	74,968	100.00%	3.9 yrs
19	71-93 Whiteside Road & 74-84 Main Road, Clayton	VIC	40.5	42.5	4.9%	5.50%	5.35%	28,662	100.00%	13.7 yrs
20	144-168 National Boulevard, Campbellfield	VIC	24.5	24.7	0.6%	6.25%	6.00%	16,620	100.00%	6.0 yrs
21	18-24 Ricketts Road, Mount Waverley	VIC	21.0	20.8	(1.2%)	6.75%	7.00%	8,916	77.20%	1.3 yrs
22	127-145 Cherry Lane, Laverton North	VIC	15.5	16.0	3.2%	9.50%	8.50%	25,639	100.00%	3.8 yrs
23	82 Taryn Drive, Epping	VIC	15.0	14.8	(1.7%)	6.25%	6.50%	10,590	100.00%	2.4 yrs
24	25 Strezlecki Avenue, Sunshine West	VIC	11.4	11.8	3.5%	6.75%	6.75%	10,467	100.00%	1.0 yrs
25	63-73 Woodlands Drive, Braeside	VIC	11.9	11.9	0.4%	5.75%	5.75%	7,598	100.00%	5.4 yrs
26	571 Mount Derrimut Road, Derrimut	VIC	9.0	9.4	4.4%	6.75%	6.50%	8,321	100.00%	2.9 yrs
27	7 Modal Crescent, Canning Vale	WA	16.5	17.0	3.0%	7.50%	7.50%	15,251	100.00%	2.3 yrs
28	39 McDowell Street, Welshpool	WA	8.8	7.7	(12.0%)	7.50%	7.25%	6,925	100.00%	1.2 yrs
29	17-19 Leadership Way, Wangara	WA	8.3	7.2	(13.3%)	7.75%	7.50%	5,415	100.00%	1.1 yrs
Total (excluding Development)			783.9	815.3	4.0%	6.66%	6.39%	444,175	97.8%	3.7 years
30	14-16 Orion Road, Lane Cove, NSW	NSW	-	8.6	n/a	-	-	n/a	n/a	n/a
31	1-5 Lake Drive, Dingley	VIC	16.5	18.5	12.1%	6.75%	7.50%	17,431	n/a	n/a
Total			800.4	842.4	5.3%	6.66%	6.41%	461,606	97.8%	3.7 years

Propertylink external funds at 31 December 2018

Investment Management				
	\$974m AUM	6 external funds	27 assets	18.4% average co-investment
Industrial \$359m AUM	PAIP II <ul style="list-style-type: none"> 14 assets AUM \$326m 17.1% co-investment 	SEDCO Mandate <ul style="list-style-type: none"> 1 asset AUM \$33m 7.5% co-investment 	PALT II <ul style="list-style-type: none"> In acquisition phase 20% co-investment 	Diversified \$295m AUM
				Propertylink Enhanced Partnership (PEP) <ul style="list-style-type: none"> 8 assets AUM \$295m 25% co-investment
Office \$321m AUM	POP III <ul style="list-style-type: none"> 3 asset AUM \$126m 11.2% co-investment 	PACT <ul style="list-style-type: none"> 1 asset AUM \$195m 15% co-investment 		

Glossary

Distributable Earnings:	Cash available for distribution during the relevant period, being the net profit after tax adjusted for property fair value adjustments, straight-lining of rental income and expenses, depreciation, the amortisation on capitalised borrowing costs and other non-cash items
Gearing:	Interest bearing liabilities (excluding debt establishment costs) less cash divided by total tangible assets less cash
Gearing (look through):	Represents Gearing defined above adjusted to include debt and cash in equity accounted investments
NTA	Net tangible assets
WALE	Weighted average lease expiry, calculated as the average lease expiry of all properties within the portfolio (or in the external funds, as applicable) weighted by each property's income
Capitalisation Rate:	The rate or yield at which the annual net income from an investment is capitalised to ascertain its capital value at a given date
WACR	The capitalisation rate for a portfolio of properties, weighted by each property's valuation

Contact

CARRIE BARRACK

Investor Relations Manager
cbarrack@propertylink.com.au

T: + 61 2 9186 4747

Level 29, 20 Bond Street
Sydney NSW 2001

www.propertylink.com.au

Disclaimer

This presentation is for information purposes only. The presentation is subject to the conditions outlined below. Your receipt or viewing of the presentation evidences your acceptance of those conditions and that you agree to be bound by them, including any modifications to them notified to you.

Important Notice and Disclaimer

This document has been prepared by Propertylink (Holdings) Limited (ACN 092 684 798) ("**PHL**") and Propertylink Investment Management Limited (ACN 136 865 417) (in its capacity as responsible entity for Propertylink Trust ARSN 613 032 750 and Propertylink Australian Industrial Partnership ARSN 613 032 812) ("**PIML**") for the sole purpose of providing an overview of PHL, Propertylink Trust and Propertylink Australian Industrial Partnership (together "**Propertylink**") ("**Purpose**"). Statements in this presentation are made only as at February 2019 and the information in this presentation remains subject to change without notice.

Confidentiality

This presentation is provided on a confidential basis may not be copied or disclosed to any third party, in whole or in part, without Propertylink's prior written consent. If you are not the intended recipient of this document, please notify PHL immediately and destroy all copies of this document, whether held in electronic or printed form or otherwise.

Not an offer or financial product advice

This document is provided by PHL and PIML for general information purposes only, without taking into account any person's objectives, financial situation or needs, and does not purport to be complete. It is not a prospectus, product disclosure statement, pathfinder document for the purposes of section 734(9) of the Corporations Act 2001 (Cth) ("**Corporations Act**") or other offer document under Australian law or the law of any other jurisdiction. The presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or elsewhere where such offer or sale is not permitted. Securities may not be offered, sold, resold, pledged, delivered, distributed or transferred, directly or indirectly, into or within the United States absent registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The securities of Propertylink have not been and will not be registered under the Securities Act.

This presentation should not be relied on by the recipient in considering the merits of any particular transaction. It is not an offer, invitation, solicitation, advice or recommendation to buy or sell or to refrain from buying or selling any securities or other investment product or entering into any other transaction. This presentation does not constitute an advertisement for an offer or proposed offer of securities. Neither this document nor anything in it will form the basis of any contract or commitment. Nothing in this document constitutes investment, legal, tax, accounting or other advice. The recipient should consider its own financial situation, objectives and needs and conduct its own independent investigation and assessment of the contents of this document, including obtaining investment, legal, tax, accounting and other such other advice as it considers necessary or appropriate.

Financial data

All dollar values are in Australian dollars (\$) or A\$). Any financial data in this presentation is unaudited.

Past performance

The operating and historical financial information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of PHL or PIML's views on Propertylink's future performance or condition. You should note that past performance of Propertylink is not and cannot be relied upon as an indicator of (and provides no guidance as to) future Propertylink performance.

Future performance

This document may contain forward-looking statements, forecasts, estimates and projections ("**Forward Statements**"). Forward Statements can be identified by the use of forward-looking terminology, including, without limitation, the terms "believes", "estimates", "anticipates", "expects", "predicts", "intends", "plans", "goals", "targets", "aims", "outlook", "guidance", "forecasts", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These Forward Statements include all matters that are not historical facts, including statements about Propertylink's growth strategy, statements about industry and regulatory trends and prospective financial information.

Forward Statements, including projections, guidance on future operations, earnings and estimates (if any), are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This presentation contains statements that are subject to risk factors associated with Propertylink's industry. Many factors, including developments and risks beyond Propertylink's control, could cause Propertylink's actual results to differ materially from those expressed or implied by these forward looking statements. Propertylink disclaims all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

No member of Propertylink, its related bodies corporate and other affiliates, and its, officers, employees, consultants and agents ("**Entities**") or any independent third party has reviewed the reasonableness of any Forward Statements. No member of Propertylink or the Entities represents, warrants or assures that any Forward Statements will be achieved or will prove to be correct. In particular, but without limitation, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this presentation will actually occur. Actual operations, results, performance or achievement may vary materially from any projections and Forward Statements and the assumptions on which those statements are based. Any Forward Statements in this presentation speak only as of the date of this presentation. Subject to any continuing obligations under applicable law, Propertylink disclaims any obligation or undertaking to provide any updates or revisions to any Forward Statements in this presentation to reflect any change in expectations in relation to any Forward Statements or any change in events, conditions or circumstances on which any such statement is based. Nothing in this presentation will under any circumstances create an implication that there has been no change in the affairs of Propertylink, or the Entities since the date of this presentation.

No liability

This document has been prepared on the basis of information available to PHL. PHL has not verified that information and has relied upon and assumed its accuracy and completeness. This document contains selected information and does not purport to contain all of the information that may be relevant to the Purpose. The recipient acknowledges that circumstances may change and this document may become outdated as a result. PHL accepts no obligation to update or correct this document. Except as required by law, Propertylink does not make any representation or warranty as to the accuracy, completeness, timeliness, fairness or reliability of this document. To the maximum extent permitted by law, no member of Propertylink accepts any liability (including without limitation, any liability arising from fault or negligence on the part of any of them) for any loss whatsoever arising from any use of this document or otherwise arising in connection with it.

Acknowledgement and representation and warranty

By reviewing the information contained in the presentation, you are deemed to have represented and agreed that (i) you understand the contents of this notice and that you agree to abide by its terms and conditions; and (ii) if you are in Australia, are a person to whom an offer of securities may be made without a disclosure document (as defined in the Corporations Act) on the basis that you are exempt from the disclosure requirements of Part 6D.2 and Part 7.9 in accordance with Sections 708(8) 708(11) or 761G(4) of the Corporations Act; and (iii) that (A) (x) you are located outside the United States, you are not, and are not acting for the account or benefit of, a U.S. person within the definition set out in Regulation S under the Securities Act and you are permitted under the laws of your jurisdiction to receive this presentation or (y) you are located in the United States and are a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) and a "qualified purchaser" (as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended) and (B) you are not, and you are not acting on behalf of, a "Benefit Plan Investor" as defined in the Employee Retirement Income Security Act of 1974, as amended. and, in each case, acknowledge and agree that you will not keep this document after the presentation ends (and correspondingly, will not forward or deliver the presentation, electronically or otherwise, to any other person which would be a breach of this agreement and, potentially, the securities laws of certain jurisdictions, including those of the United States). If you are not a person that meets the foregoing descriptions, you may not read or consider this document or attend the presentation. Please return the presentation immediately to Propertylink and excuse yourself from this presentation.

The distribution of this presentation outside Australia may be restricted by law. Persons who come into possession of this presentation who are not in Australia should seek professional advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.