

ASX Announcement

19 October 2016

Propertylink's new 15-year lease at Clayton South de-risks portfolio, increases WALE to 4.2 years

Propertylink Group (ASX:PLG) today announced that it has secured a new long term lease for 71-93 Whiteside Road and 84 Main Road at Clayton South in Victoria, significantly reducing leasing risk and improving the expiry profile across Propertylink's investment portfolio.

Propertylink has signed the new 15-year lease with Premoso Pty Ltd, a member of the Walkinshaw Automotive Group, for 28,195 sqm at the Clayton South property, commencing 1 September 2017. Propertylink has also agreed terms with the existing tenant to remain in part of the property until 31 August 2017 to provide revenue for the remainder of FY17.

The new lease has an immediate positive impact on the lease expiry profile across the Propertylink investment portfolio with the Weighted Average Lease Expiry (WALE) increasing to 4.2 years from 3.6 years and an occupancy of 95 per cent. The WALE for Propertylink's investment assets in Victoria is now 6.2 years.

Propertylink's active management strategy has also secured an additional 13 new leasing deals at other properties in the investment portfolio (see Appendix for details). Overall, these leasing transactions were completed on a basis more favourable than that used in preparing the Prospectus/PDS forecast:

- Actual average downtime of 0.3 months compared to Prospectus/PDS forecast of 5.1 months
- Actual average incentive of 8.5 per cent compared to Prospectus/PDS forecast of 12.7 per cent
- Average new rents achieved 8.7 per cent higher compared to Prospectus/PDS forecast
- The additional leasing deals (see Appendix) reflect a 100 per cent retention of sitting tenants
- Total leasing success represents 10.9 per cent of the total portfolio area.

71-93 Whiteside Road and 84 Main Road, Clayton South is an A-grade warehouse and office estate located 20 kilometres south-east of Melbourne and comprises three freestanding warehouses with extensive hardstand areas. The property offers excellent heavy vehicle access, facilitated by multiple entry points along two street frontages.

Stuart Dawes, CEO of Propertylink said: "Propertylink is delighted to enter into a long term partnership with Walkinshaw Automotive Group. Walkinshaw is an iconic presence in Australian motorsport and is a global leader in the design, engineering, development and marketing of performance vehicles. Propertylink Group looks forward to a strong and mutually beneficial relationship with Walkinshaw for many years to come.

Our leasing success at Clayton South and across the investment properties is the result of our clear active management strategy and further de-risks the portfolio. The positive results demonstrate the benefits of Propertylink's investment portfolio being concentrated in the inner urban markets of Sydney and Melbourne which are experiencing strong tenant and owner occupier demand.

Propertylink has an integrated in-house asset management team focused on enhancing the value of our assets, as highlighted by the continued leasing activity and the recently completed sale of 36-52 National Boulevard, Campbellfield¹."

Additionally, Propertylink Group reaffirms its Prospectus/PDS FY17 pro-forma forecasts:

- Distributable Earnings Per Security of 7.20 cents (6.67 cents on a pro-rata basis²)
- Distribution per Security of 6.85 cents (6.32 cents on a pro-rata basis²).

At a security price of \$0.735 (closing price on 18/10/16) this implies an annualised distributable earnings yield of 9.8 per cent and an annualised distribution yield of 9.3 per cent. The current security price represents a 4.6 per cent discount to the Net Tangible Assets (NTA) of \$0.755 per stapled security as at 30 June 2016.

Appendix - Recent leasing success

- 7-15 Gundah Road, Mount Kuring-Gai (NSW) – renewed leases with Sheldon & Hammond (3 leases) over 11,496 sqm, Cookie Man for 1,580 sqm and Everten for 1,138 sqm.
- 44 Mandarin Street, Villawood (NSW) – renewed and new leases with Government Property NSW and Arab Council of Australia.
- 13 Boundary Road, Northmead (NSW) – new and renewed leases with Casa Italia, Marblo Glazia and Inspection Times.
- 4 Brunner Road, Chullora (NSW) – renewal of lease with Southern Cross Rail Training.
- 17-19 Leadership Way, Wangara (WA) – renewal of lease with Pentair Flow Control Pacific over 5,415 sqm.
- 848 Boundary Road, Richlands (Queensland) – new lease agreed with Kingaroy for 1,028 sqm.

Further Enquiries

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¹ The sale was announced to the ASX on 28 September 2016

² Pro-rata from completion of the offer to 30 June 2017



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 over A\$1.7 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.