



10th March 2007

Dear Shareholder,

Propertylink (Holdings) Limited
HALF-YEAR PERIOD ENDED 31 DECEMBER 2007

Please find below the Half-year Propertylink (Holdings) Limited (*Propertylink*) Shareholders' update.

FINANCIAL PERFORMANCE UPDATE

The table below highlights the performance of Propertylink since inception. At 31 December 2007 our total assets were \$ 37.7 million.

At 31 December 2007 net assets were \$21.2 million. The increase in net assets from 30 June 2007 to 31 December 2007 of almost \$6.3m is due to the proceeds of our share issue in July 2007 and from profits for the half year.

At 31 December 2007 our net assets per share were \$1.50, an increase of 9c per share when compared with the figure at 30 June 2007.

Dividends declared for the 2007 year totalled 9 cents per share and were fully franked. As disclosed in our prospectus we intend to pay dividends of 8.4 cents per share fully franked for the 2008 financial year. An interim dividend of 4.2 cents per share was paid in February 2008.

| As at 30 June: | 2001 Actual 000's | 2002 Actual 000's | 2003 Actual 000's | 2004 Actual 000's | 2005 Actual 000's | 2006 Actual 000's | 2007 Actual 000's | HY2007 Actual 000's |
|------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------------------------|
| Total Assets | 12,491 | 18,433 | 24,014 | 28,497 | 29,338 | 32,644 | 38,518 | 37,723 |
| Net Assets | 8,067 | 10,957 | 11,249 | 14,088 | 14,689 | 15,988 | 14,812 | 21,190 |
| Net Assets/share | \$0.94 | \$1.13 | \$1.16 | \$1.45 | \$1.43 | \$1.52 | \$1.41 | \$1.50 |
| Dividends/share | Nil | \$0.033 | \$0.0588 | \$0.0396 | Nil | \$0.11 | \$0.09 | \$0.042 |

The audited accounts for the half year showed a profit from ordinary activities after income tax of \$2,162,045.

PROPERTY PORTFOLIO UPDATE

1 Niangala Close, Belrose, NSW

The property was acquired and subsequently developed as bulky goods retail site in 2004 for a cost of \$7.16 million (including acquisition costs). The site is in close proximity to the major arterial roads of Mona Vale Road and Forest Way. The property is fully tenanted to three tenants, Forty Winks, Peninsula Pet Supplies and a Café.

The lease term for Ground floor tenants, Peninsula Pet Supplies and the Café were for five years expiring in 2009. Both tenants have the option to renew their leases for a further five years, however, if their leases were not to renew we feel that this would provide an opportunity to secure a larger tenant for the ground floor to improve the property's value. Propertylink has received interest from larger tenants for this space. The lease term for the top floor tenant, Forty Winks, expires in 2015.



The annual rental income for the property is \$651,857, which equates to a return on cost of 9.1% per annum. The last valuation on the property dated 31 December 2006 performed by Savills estimated the property to be worth \$8.7 million.

Our agents in the area, CB Richard Ellis, have advised that there is significant interest in the property. Our intention is to hold this property, however if a suitable sale price can be achieved we will entertain the sale of the property.

“Belltrees” 11-15 Manson Street, Telopea, NSW

The property was acquired and subsequently developed as an Over 55's strata title development. The property's surrounding suburbs are Carlingford, Dundas, Oatlands and Ermington. The surrounding development comprises a church, Telopea Public School, residential houses and residential unit buildings.

There are 11 units at a cost of \$2.644 million remaining of the original development of 20 units, comprising of two one bedroom and nine two bedroom apartments all of which are tenanted.

The combined rental income from the 11 units is approximately \$130,000 per annum, equating to a return on original cost of 4.92% per annum. The last valuation of the property performed by Savills in February 2007 showed an estimated value of \$3.235 million.

Our managing agent for the property, Shipway Reality has confirmed that an increasing number of investors and developers are seeing potential in this area which has resulted in an increase in market activity. It is Propertylink's intention to hold and sell these units when market activity in the area further increases.

39 McDowell Street, Welshpool, WA

This is an industrial property which was acquired on the 1 March 2007 for a total cost of \$7.3 million including acquisition costs. The rationale for this acquisition was to provide an exposure to the commercial property market in Perth, and to obtain a site in close proximity to Perth's main motorways, ports and airport.

The site is leased to Recall, a wholly owned subsidiary of Brambles for a term of 5 years with 3 x 5 year options. The current net rental income received is \$477,500 per annum which equates to a return on cost of 6.44% per annum. Market reviews will substantially lift the yield in the medium term.

The property has potential for refurbishment and/or expansion. Propertylink considers this acquisition to be medium to long term hold.

65-71 Whiting Street, Artarmon, NSW

This is an industrial building which Propertylink acquired on 30 April 2007 for a total cost including acquisition costs of \$8.6 million. The rationale for this acquisition was to provide an exposure to the Artarmon industrial area. This region is highly sought after as its in close proximity to the Gore Hill Freeway, Cahill Expressway and Lane Cove Tunnel.

The property is dividend into 5 units. Units 2 and 3 are currently leased. Negotiations with prospective tenants are currently underway for units 1, 4 and 5. The two major tenants are car dealerships, Alto Automobiles and McCarrolls of Mossvale.



McCarrolls lease expires in 2010. A new lease for Alto is currently being drawn to extend their current term (which expired at the end of January 2008) for a further 2.5 years where they will undergo a rent increase from \$285,780 to \$303,100 per annum.

The current rental income for the property \$601,950 per annum. We estimate that this figure will increase to \$659,850 per annum once the building is fully tenanted, which equates to a return on cost of 7.67% per annum.

Propertylink has received interest during the year from a number of larger tenants to lease the whole premises. The opportunity to do this will occur on the expiry of the existing leases in 2 years time. The property has potential for refurbishment and can easily be converted to suit one tenancy.

Propertylink considers this acquisition to be a medium to long term hold.

15 Anderson Street, Fortitude Valley, QLD

This is a mixed use site which was acquired in 2006 for a cost of \$3.9 million. The location of the property is in close proximity to Brisbane's CBD. The growth of the CBD is constricted to the east and west by the Brisbane River.

The rationale for this acquisition was to provide exposure to Fortitude Valley, which continues to grow as a result of the increasing need for commercial and residential space close to Brisbane's CBD.

There is potential to consolidate the adjacent properties to increase exposure in this area. There is development potential for resale or holding long term for rental return. The site has an existing 54 unit development approval. This combined with council approval to lift the height restrictions on residential development means that the property could be sold today for considerable profit. We have recently received offers in excess of \$8 million from parties interested to acquire this site.

We consider that the site has potential for growth in the medium to long term. We have proceeded with a commercial development on the site at an estimated cost of \$3.36 million.

Construction and negotiations for pre-lease commitments commenced in June 2007. To date we have received pre-lease commitments for 20% of this site. A number of offers to lease the remainder of the site have also been received and are currently being reviewed. It is anticipated the site will be developed and fully leased by early May 2008.

The estimated rental income upon completion is \$1.08 million per annum, equating to an estimated annual return on costs of \$7.3 million of 14.77%. We will have the property independently valued by the end of March, and are confident that the property will be valued well above the current book value of \$8.2 million.

25 Anderson Street, Fortitude Valley, QLD

This mixed use property was acquired on 20 December 2006. The total cost including acquisition costs was \$716,000. The property is currently tenanted and returns an annual rent of \$40,000 p.a.

The acquisition of this property forms part of strategy to acquire and consolidate the adjacent properties to increase the exposure in this area. Propertylink also is pursuing an option to purchase 19 Anderson Street and 24 Costin Street.



260–262 Brisbane Road West, Ipswich, QLD

Contracts were exchanged to purchase this site on 23 December 2007. The settlement of this acquisition will occur on 30 April 2008 at a price of approximately \$4.5 million.

The land size of this site is 7,032 sqm, with a two level office and warehouse complex built in 1977 for publishing and printing operations of the Queensland Times, a wholly owned subsidiary of ASX

listed company Australian Provincial Newspapers (APN). The site has undeveloped land at the rear of the site of around 3,000 sqm for further development.

A refurbishment and lease back to APN of 1,450 sqm of the existing building was a condition of the sale, leaving the remaining building area of approximately 1,100 sqm to be refurbished and leased to other parties. We have received enquiry for the remaining area. The property will return 5.5% until completion of the remaining existing building or possible further development of the site.

A new bulky goods SupaCentre has been DA approved on the opposite side of the road and is due for completion in the next 12 months. Agents have advised that they have 80% pre-commitment to the space with strong interest for our additional site.

Propertylink considers that this acquisition is a medium to long term hold.

SUMMARY

The last six months has largely been devoted to consolidation following a very active period of acquisitions in the early part of 2007. The West Ipswich property acquisition gives further exposure to the South East Queensland property market.

Net assets per shareholder have increased by 9c per share in the period ended 31 December after a dividend paid of 4.5 cents per share.

The company's borrowing policy provides for a maximum loan to value ratio of 60%. The company's loan to value ratio as at 31 December was 34%.

In January 2008 the Directors fixed the interest rate on \$10.0 million of the existing borrowings for a two year period providing some protection against short term rate rises.

Yours sincerely,

Paul White
Chairman