

Dexus (ASX: DXS)

ASX release



6 April 2017

Dexus industrial tour

Dexus is hosting a Sydney industrial property tour today for institutional investors and brokers and provides the attached tour booklet.

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About Dexus

Dexus is one of Australia's leading real estate groups, proudly managing a high quality Australian property portfolio valued at more than \$22 billion. As property innovators, we are deeply committed to working with our customers to provide spaces that engage and inspire, as well as delivering quality, sustainable returns for our investors. We invest only in Australia, and directly own \$11 billion of office and industrial properties. We manage a further \$11.7 billion of office, retail and industrial properties for third party clients. The group's \$4.5 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns. With more than 1.7 million square metres of office workspace across 55 properties, we are Australia's preferred office partner. Dexus is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange (trading code: DXS) and is supported by 30,000 investors from 20 countries. With more than 30 years of expertise in property investment, development and asset management, we have a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk-adjusted returns for investors. www.dexus.com

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Dexus Funds Management Ltd ABN 24 060 920 783, AFSL 238163, as Responsible Entity for Dexus (ASX: DXS)

dexus 

Dexus Industrial Tour

Dexus Industrial Tour

Tour agenda

9.30am	Depart Dexus for Greystanes – Portfolio overview – National economic indicators – Key industrial markets overview – Western Sydney market overview
10.30-11.20am	Quarry and Quarrywest, Greystanes – Drive-by tour of estate – Toshiba warehouse tour
11.20am	Depart for Botany – Melbourne industrial market overview – South Sydney market overview – Matraville leasing success case study
12.15-12.30pm	Lakes Business Park, Botany – Drive-by tour of business park
12.30pm	Depart for Alexandria
12.45-1.45pm	The Mill, Alexandria – Site tour and lunch
1.45pm	Depart for Sydney CBD, tour concludes



Portfolio overview

Dexus is an Australian leading industrial owner and developer with one of the largest industrial portfolios in Australia. The Group portfolio including property managed on behalf of our third party partners, spans 1.8 million square metres over 73 properties across the eastern seaboard of Australia.

\$3.1 billion Group industrial portfolio

Dexus industrial portfolio as at 31 December 2016

\$1.8bn

Prime industrial portfolio

65%

Retention

94.9%

Occupancy (by income)

14.6%

Average incentives

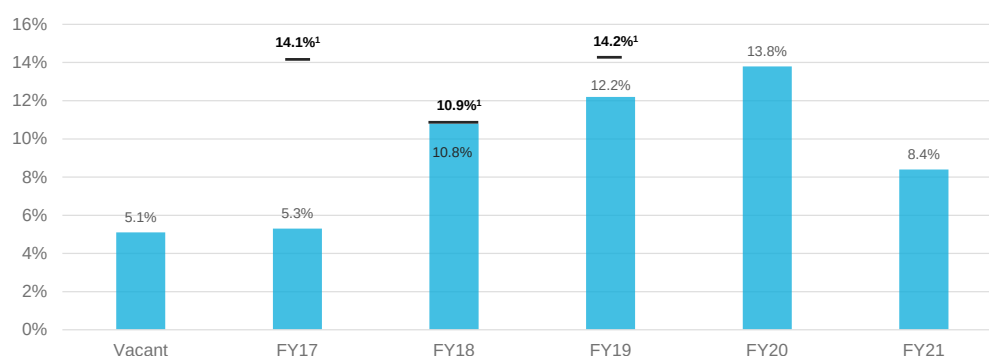
4.6 years

Weighted average lease expiry (WALE)

3-4%

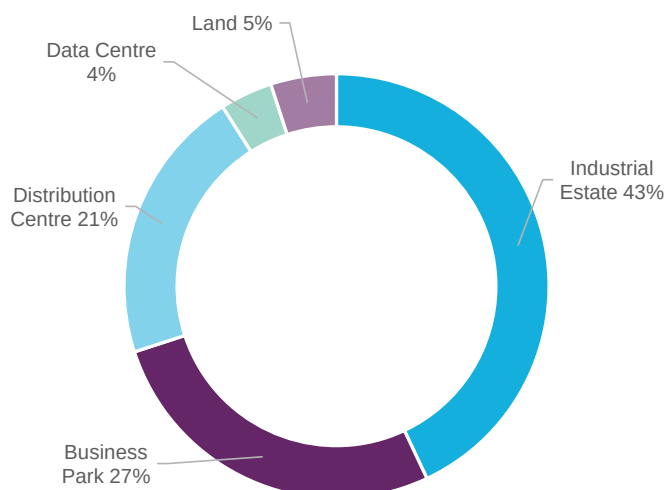
FY17 target like-for-like income growth

Lease expiry profile

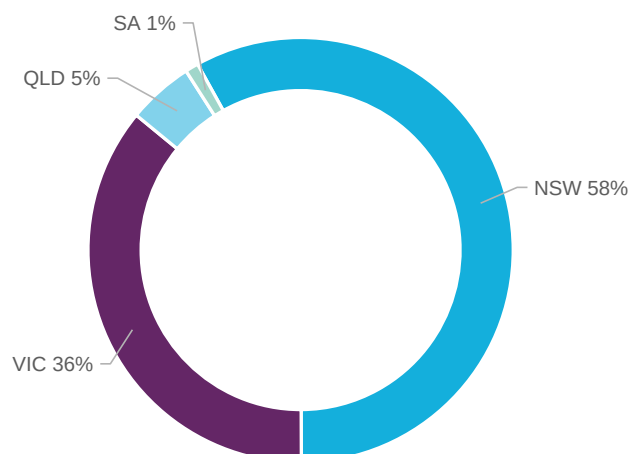


1. Movement since 30 June 2016.

Portfolio by asset type

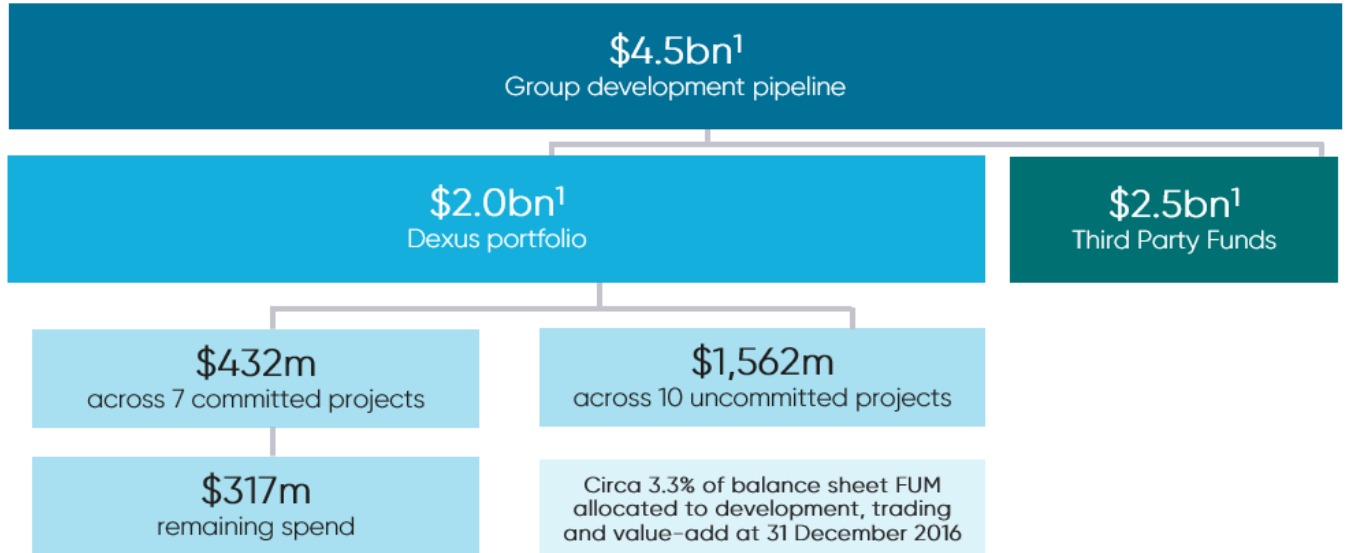


Portfolio by location



Industrial development

Dexus has a strong track record in developing high quality industrial facilities and since 2010 has developed more than 500,000 square metres delivering 48 facilities. Our development team works in partnership with our customers and construction specialists to deliver industry leading property solutions.



¹. Includes uncommitted development costs associated with non-commercial uses.

HY17 Industrial development activity

Quarrywest, Greystanes¹

- Completed precinct E, now 100% leased
- Secured Hello Fresh across 9,526sqm
- 90,580sqm remaining to develop



Dexus Industrial Estate, Laverton North²

- Completed Wrightson Seeds facility across 10,194sqm
- Secured two pre-commitments across 39,112sqm post HY17³



Larapinta - Speculative success

- Acquisition strategy: 50% prelease and speculative development
- With low vacancy (<2%) for premium grade logistics facilities and significant tender savings (circa 8%) - 100% speculative basis was approved
- Leasing strategy was to lease whole facility by August 2016

Outcomes

- 100% leased in August 2016 to two tenants, Green Foods and MJ Logistics
- Achieved: value \$30.5m, margin >10%, target unlevered project IRR >20%

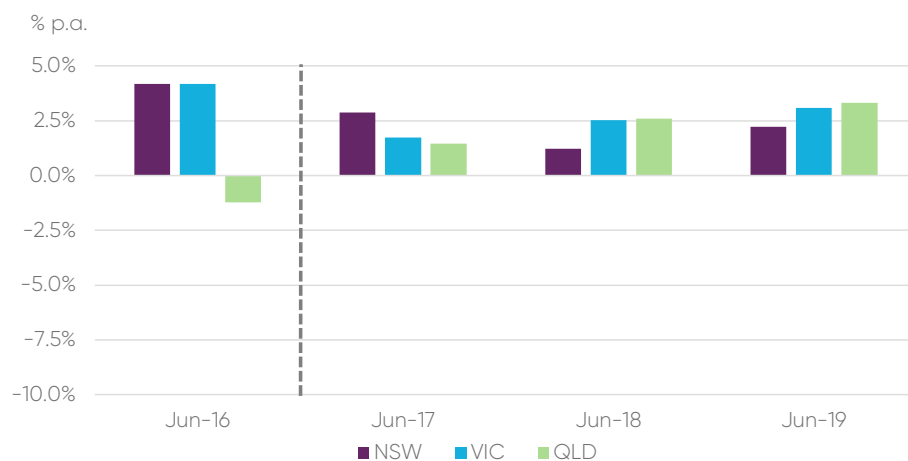


1. Owned 50/50 by DXS and Dexus Industrial Partner.
2. Owned 50/50 by DXS and Australian Industrial Partner. Wrightson Seeds facility is 100% owned by DXS.
3. Including Heads of Agreement.

National economic indicators

'Muddle through' outlook with downside for housing

Final demand by state (consumption plus investment)



- **Headwinds:** consumer confidence, wages, housing (from FY18)
- **Tailwinds:** interest rate, tourism, lower AUD, commodities
- NSW and VIC solid on infrastructure, QLD improving on tourism
- Cash rate outlook flat

Source: DAE, Dexis Research.

Key industrial markets overview

Sydney, Melbourne leading while Brisbane improving

Take-up and supply in key markets



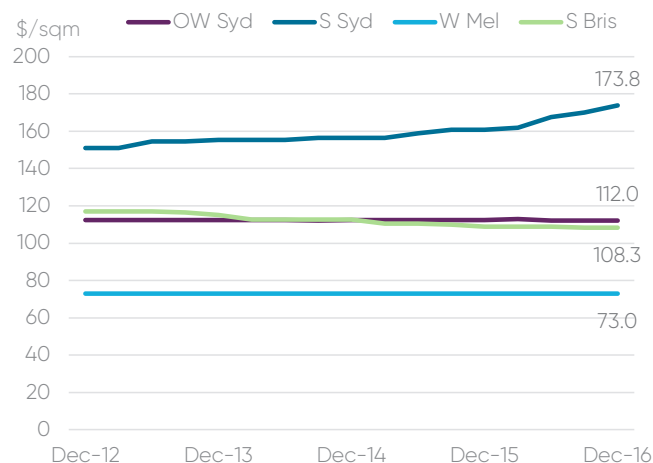
Source: JLL, Dexis Research.

- Solid conditions to remain supported by infrastructure projects (NSW and VIC)
- Brisbane improving but reliant on major pre-lease deals. Rising incentives
- Supply pipeline to keep pressure on rental growth short term

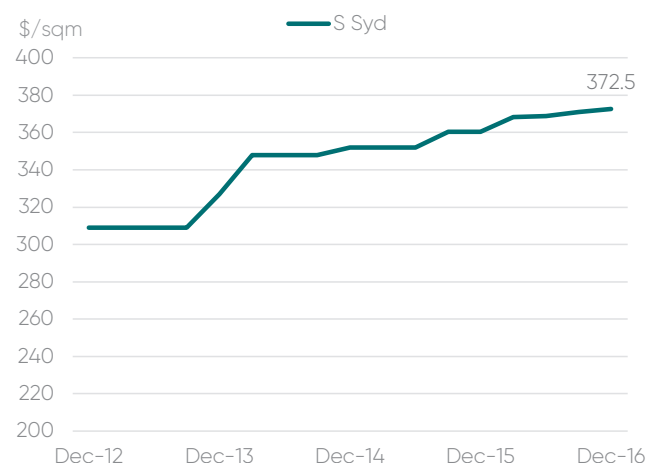
Historical rents (existing prime)

Strongest growth in land constrained markets

Historical rent (net face) – Key industrial markets



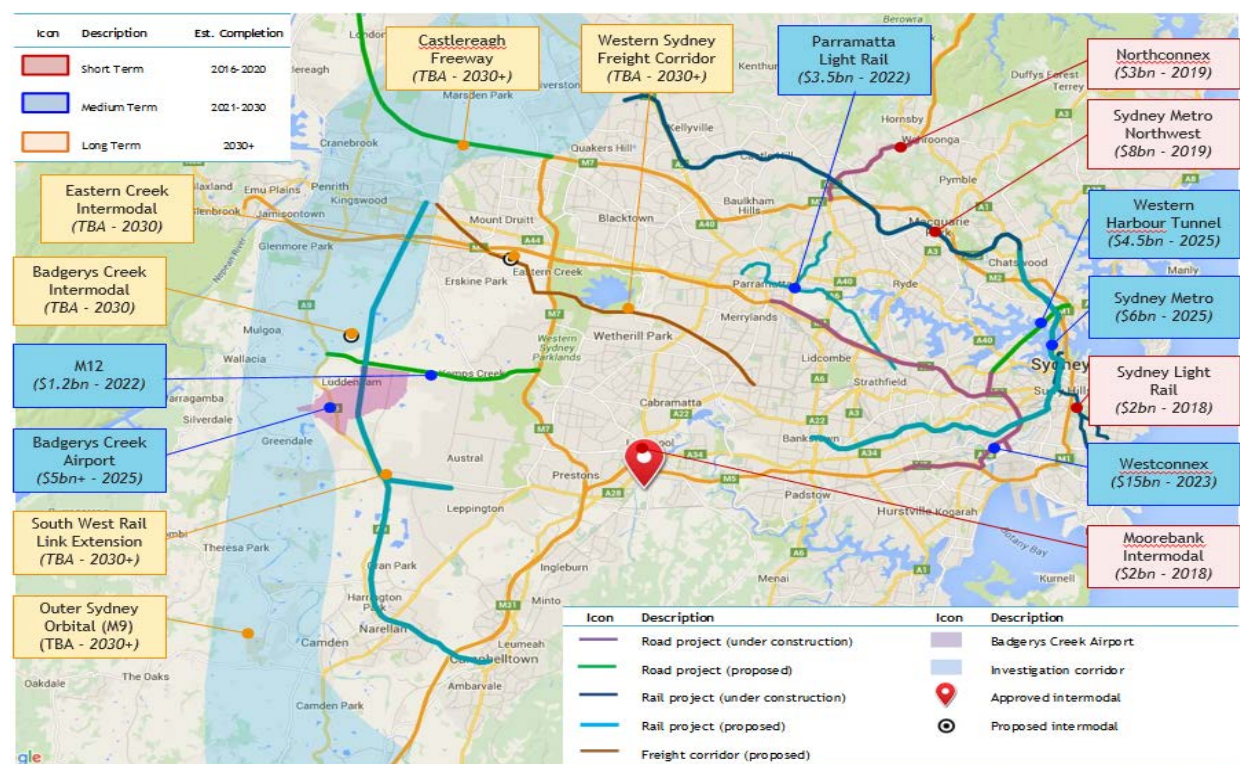
Historical rent (net face) – South Sydney office market



Source: JLL, Dexus Research.

Major infrastructure projects

Sydney

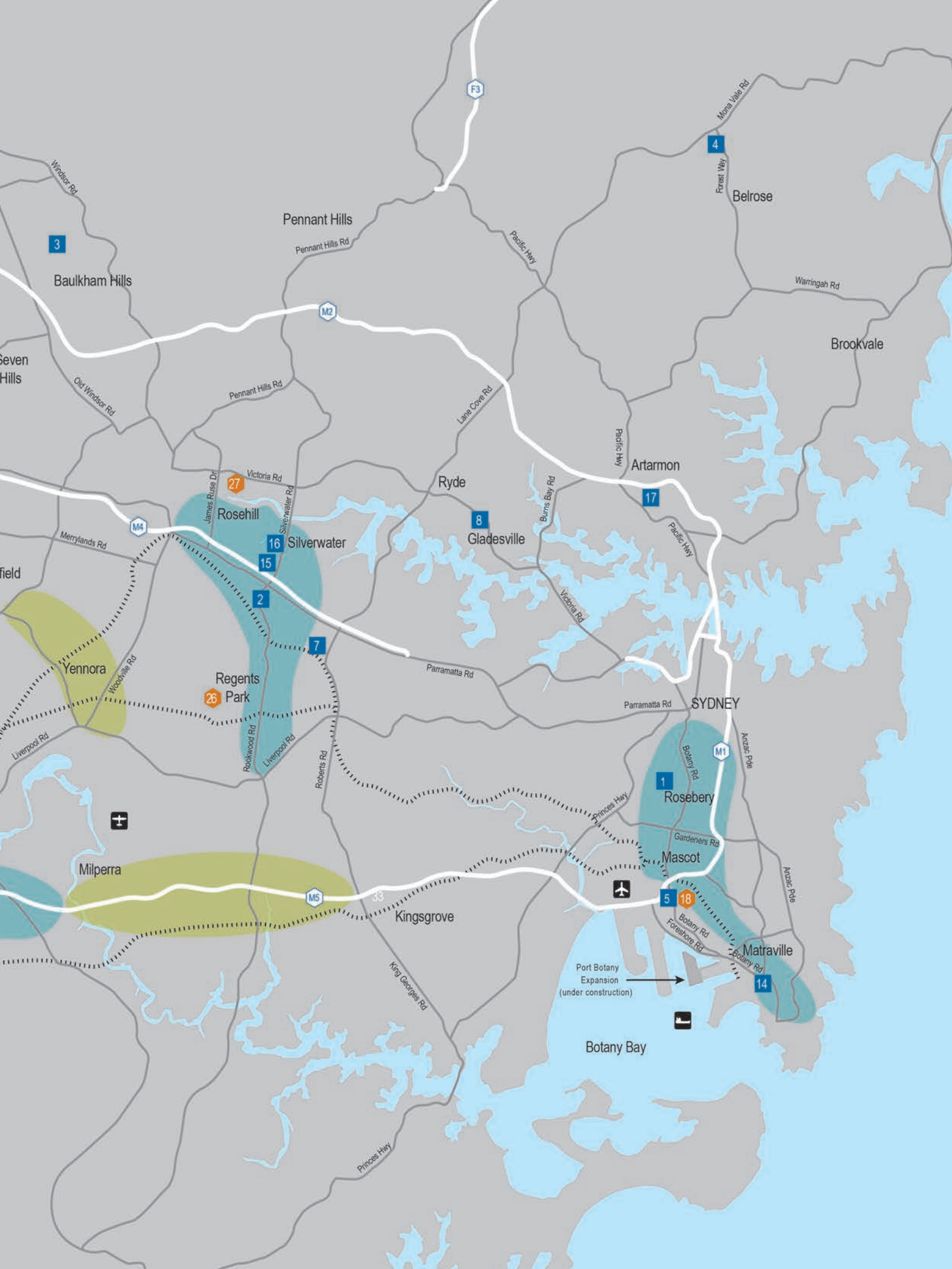


Source: Dexus Research, Nearmap.
Note: Includes proposed projects greater than \$1 billion. Project costs indicative.

Sydney industrial portfolio

1	The Mill, 41-43 Bourke Road, Alexandria
2	52 Holbeche Road, Arndell Park
3	3 Brookhollow Avenue, Baulkham Hills
4	1 Garigal Road, Belrose
5	Lakes Business Park, 2 Lord Street, Botany
6	2 Alspec Place, Eastern Creek
7	145-151 Arthur Street, Flemington
8	436-484 Victoria Road, Gladesville
9	Quarry Industrial Estate, Prospect Highway, Greystanes
10	Quarrywest, Prospect Highway, Greystanes
11	1 Foundation Place, Greystanes
12	27-29 Liberty Road, Huntingwood
13	Kings Park Industrial Estate, Vardys Road, Marayong
14	2-4 Military Road, Matraville
15	Dexus Industrial Estate, Egerton Street, Silverwater
16	Centrewest, 108-120 Silverwater Road, Silverwater
17	12 Frederick Street, St Leonards
18	28-40 Lord Street, Botany
19	51 Eastern Creek Drive, Eastern Creek
20	10 Decker Place, Huntingwood
21	20 Huntingwood Drive, Huntingwood
22	26 Huntingwood Drive, Huntingwood
23	4 Inglis Road, Ingleburn
24	93 Williamson Road, Ingleburn
25	46 Airds Road, Minto
26	Regents Park Industrial Estate, 391 Park Road, Regents Park
27	2-8 South Street, Rydalmere
Listed	
Third party	
Key industrial markets	
Supporting industrial corridors	
Railway line (passenger and freight)	







quarry

at Greystanes



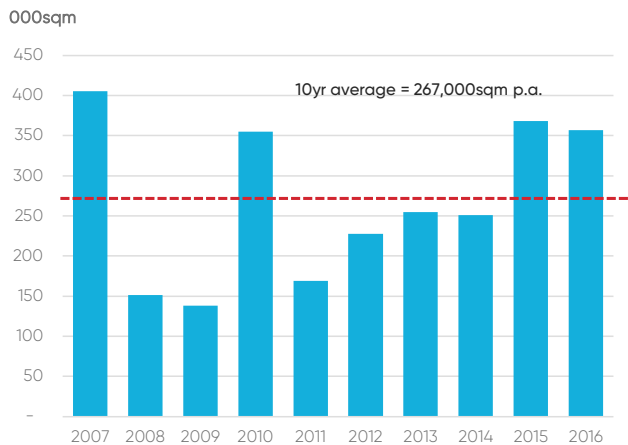
Legend

■	100% Australian Industrial Partnership
■	100% Dexu Industrial Partnership
■	100% Dexu
■	Sold

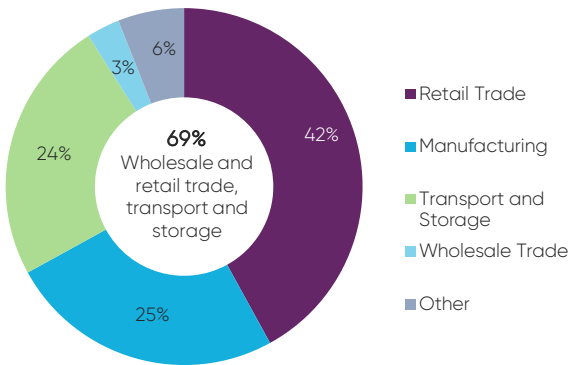
Western Sydney market overview

Western Sydney market performing strongly

Historical take-up: Outer Western Sydney



Take-up by type of occupier 2016: Outer Western Sydney



Take-up defined to include pre-commitments, owner occupiers and leases on existing space which are above 5,000sqm.
NOTE: 'Manufacturing' defined based on primary business function, not use of leased building - a large proportion is actually used for other purposes (i.e. storage).
Source: JLL, Dexus Research.



Quarry Industrial Estate
1 Basalt Road, Greystanes

1 Basalt Road is a modern premium multi-unit warehouse/office facility located in Sydney's premier industrial precinct, Quarry at Greystanes. Offering sustainable design and innovative building features, there are two units ideal for a variety of uses with average areas of 9,750 square metres, and on-site parking for 92 cars.

Building type	Industrial Estate
Title	Freehold
Site area (hectares)	3.4
Lettable area ('000m ²)	19.4
Lettable area adjusted for ownership ('000m ²)	9.7
Number of buildings	1
Car parking spaces	92
Year built	2014
Major tenant	Consortium Centre
Ownership (%)	50.0
Co-owner	AIP
Metro area	Sydney, Outer West
Zoning	IN2 Light Industrial
Site coverage (%)	60
Number of units	2
Average unit size	9.7
Office content (%)	6
Acquisition date	December 2007
Book value (\$m)	16.2
Independent valuation date	June 2016
Independent valuation (\$m)	16.0
Market cap rate (%)	7.00
Initial yield (%)	7.21
Leased by area (%)	100.0
Weighted lease term by income (years)	3.8



Quarry Industrial Estate
2 Basalt Road, Greystanes

2-6 Basalt Road is a modern warehouse and distribution facility with associated office space located in Quarry Industrial Estate, Greystanes – one of Sydney's premier industrial precincts. The facility is currently divided into two separate units that provide a combination of on-grade and recessed loading with all-weather coverage via large cantilever awnings.

Building type	Industrial Estate
Title	Freehold
Site area (hectares)	4.3
Lettable area ('000m ²)	23.4
Lettable area adjusted for ownership ('000m ²)	11.7
Number of buildings	1
Car parking spaces	111
Year built	2012
Major tenant	Yusen Logistics
Ownership (%)	50.0
Co-owner	AIP
Metro area	Sydney, Outer West
Zoning	IN2 Light Industrial
Site coverage (%)	55
Number of units	2
Average unit size	11.7
Office content (%)	5
Acquisition date	December 2007
Book value (\$m)	19.6
Independent valuation date	June 2016
Independent valuation (\$m)	19.6
Market cap rate (%)	7.00
Initial yield (%)	7.58
Leased by area (%)	100.0
Weighted lease term by income (years)	5.2



Quarry Industrial Estate 3 Basalt Road, Greystanes

3 Basalt Road is a modern warehouse and distribution facility located in one of Sydney's premier industrial precincts, Quarry Industrial Estate in Greystanes. The facility is subdivided into four individual units each with a minimum internal clearance of 10 metres. Features include a combination of recessed and on-grade loading docks with all-weather protection and modern functional design.

Building type	Industrial Estate
Title	Freehold
Site area (hectares)	3.8
Lettable area ('000m ²)	18.2
Lettable area adjusted for ownership ('000m ²)	9.1
Number of buildings	1
Car parking spaces	150
Year built	2012
Major tenant	Yusen Logistics
Ownership (%)	50.0
Co-owner	AIP
Metro area	Sydney, Outer West
Zoning	IN2 Light Industrial
Site coverage (%)	49
Number of units	4
Average unit size	4.6
Office content (%)	15
Acquisition date	December 2007
Book value (\$m)	15.9
Independent valuation date	June 2016
Independent valuation (\$m)	15.9
Market cap rate (%)	7.00
Initial yield (%)	7.83
Leased by area (%)	100.0
Weighted lease term by income (years)	2.1



Quarry Industrial Estate 5 Basalt Road, Greystanes

5 Basalt Road is a purpose built temperature controlled distribution centre located in Sydney's premier industrial precinct, Quarry at Greystanes. The single level office and warehouse accommodation provides a combination of on-grade and recessed loading with all-weather coverage via large cantilever awnings. There is also a car park with space for 34 vehicles.

Building type	Industrial Estate
Title	Freehold
Site area (hectares)	1.2
Lettable area ('000m ²)	5.5
Lettable area adjusted for ownership ('000m ²)	2.7
Number of buildings	1
Car parking spaces	34
Year built	2012
Major tenant	UPS
Ownership (%)	50.0
Co-owner	AIP
Metro area	Sydney, Outer West
Zoning	IN2 Light Industrial
Site coverage (%)	44
Number of units	1
Average unit size	5.5
Office content (%)	7
Acquisition date	December 2007
Book value (\$m)	4.9
Independent valuation date	June 2016
Independent valuation (\$m)	4.9
Market cap rate (%)	7.00
Initial yield (%)	7.88
Leased by area (%)	100.0
Weighted lease term by income (years)	3.0



Quarry Industrial Estate 8 Basalt Road, Greystanes

8 Basalt Road was the first facility to be built at the Quarry Industrial Estate in Greystanes, one of western Sydney's premier industrial estates. The single level office and warehouse accommodation incorporates six recessed loading docks and seven on-grade roller shutter doors covered by a large external awning for all-weather coverage.

Building type	Industrial Estate
Title	Freehold
Site area (hectares)	3.1
Lettable area ('000m ²)	18.7
Lettable area adjusted for ownership ('000m ²)	9.3
Number of buildings	1
Car parking spaces	84
Year built	2010
Major tenant	Solaris Paper
Ownership (%)	50.0
Co-owner	AIP
Metro area	Sydney, Outer West
Zoning	IN2 Light Industrial
Site coverage (%)	60
Number of units	1
Average unit size	18.7
Office content (%)	3
Acquisition date	December 2007
Book value (\$m)	15.9
Independent valuation date	June 2016
Independent valuation (\$m)	15.9
Market cap rate (%)	6.75
Initial yield (%)	7.23
Leased by area (%)	100.0
Weighted lease term by income (years)	3.7



Quarry Industrial Estate 1 Bellevue Circuit, Greystanes

1 Bellevue Circuit is a purpose built warehouse and office facility located in one of Sydney's premier industrial precincts, Quarry at Greystanes. The distribution centre features contemporary architectural design and provides high clearance warehousing, on-grade loading docks and large cantilevered awnings for all-weather protection in the loading areas.

Building type	Industrial Estate
Title	Freehold
Site area (hectares)	3.5
Lettable area ('000m ²)	17.9
Lettable area adjusted for ownership ('000m ²)	8.9
Number of buildings	1
Car parking spaces	242
Year built	2013
Major tenant	Blackwoods
Ownership (%)	50.0
Co-owner	AIP
Metro area	Sydney, Outer West
Zoning	IN2 Light Industrial
Site coverage (%)	51
Number of units	1
Average unit size	17.9
Office content (%)	21
Acquisition date	December 2007
Book value (\$m)	19.6
Independent valuation date	June 2016
Independent valuation (\$m)	19.6
Market cap rate (%)	6.25
Initial yield (%)	6.45
Leased by area (%)	100.0
Weighted lease term by income (years)	12.0



Quarry Industrial Estate 2 Bellevue Circuit, Greystanes

2 Bellevue Circuit is a purpose built warehouse and office facility located in Sydney's premier industrial precinct, Quarry at Greystanes. 2 Bellevue Circuit provides two levels of contemporary office space with full height windows. The warehouse component has a high internal clearance, seven on-grade roller doors, three recessed loading docks plus production and dispatch areas.

Building type	Industrial Estate
Title	Freehold
Site area (hectares)	2.5
Lettable area ('000m ²)	13.4
Lettable area adjusted for ownership ('000m ²)	6.7
Number of buildings	1
Car parking spaces	200
Year built	2012
Major tenant	Brady
Ownership (%)	50.0
Co-owner	AIP
Metro area	Sydney, Outer West
Zoning	IN2 Light Industrial
Site coverage (%)	53
Number of units	1
Average unit size	13.4
Office content (%)	3
Acquisition date	December 2007
Book value (\$m)	13.8
Independent valuation date	June 2016
Independent valuation (\$m)	13.8
Market cap rate (%)	6.50
Initial yield (%)	6.77
Leased by area (%)	100.0
Weighted lease term by income (years)	6.0



Quarry Industrial Estate 4 Bellevue Circuit, Greystanes

4 Bellevue Circuit is a purpose built warehouse facility with associated office space and car parking located in the Quarry at Greystanes industrial estate. The warehouse component has high internal clearance, seven on-grade roller doors, three recessed loading docks with production and dispatch areas. The office space is split over two levels and there is an onsite café.

Building type	Industrial Estate
Title	Freehold
Site area (hectares)	4.5
Lettable area ('000m ²)	1.9
Lettable area adjusted for ownership ('000m ²)	1.9
Year built	2015
Major tenant	Fresh Solutions
Ownership (%)	100.0
Metro area	Sydney, Outer West
Zoning	IN2 Light Industrial
Acquisition date	December 2007
Book value (\$m)	5.0
Independent valuation date	June 2016
Independent valuation (\$m)	5.0
Market cap rate (%)	6.25
Initial yield (%)	4.09
Leased by area (%)	100.0
Weighted lease term by income (years)	7.5



5 Bellevue Circuit is a purpose built distribution centre located in Sydney's premier industrial precinct. The facility is part of Quarry Industrial Estate at Greystanes which provides over 220,000 square metres of purpose built and speculative facilities for logistics, warehousing, manufacturing and storage users. 5 Bellevue Circuit comprises a vast single level warehouse facility and two levels of office space.

Building type	Industrial Estate
Title	Freehold
Site area (hectares)	3.8
Lettable area ('000m ²)	17.3
Lettable area adjusted for ownership ('000m ²)	8.6
Number of buildings	1
Car parking spaces	243
Year built	2010
Major tenant	Symbion Health
Ownership (%)	50.0
Co-owner	AIP
Metro area	Sydney, Outer West
Zoning	IN2 Light Industrial
Site coverage (%)	46
Number of units	1
Average unit size	17.3
Office content (%)	14
Acquisition date	December 2007
Book value (\$m)	20.9
Independent valuation date	June 2016
Independent valuation (\$m)	20.9
Market cap rate (%)	6.25
Initial yield (%)	6.86
Leased by area (%)	100.0
Weighted lease term by income (years)	9.2



6 Bellevue Circuit is a premium quality purpose built data centre warehouse with associated office space. As one of the first developments in the premium Quarry Industrial Estate at Greystanes, 6 Bellevue Circuit set a new benchmark for industrial architecture and construction. The facility comprises three levels of warehouse and data storage, and two levels of office accommodation.

Building type	Industrial Estate
Title	Freehold
Site area (hectares)	3.9
Lettable area ('000m ²)	17.0
Lettable area adjusted for ownership ('000m ²)	8.5
Number of buildings	1
Car parking spaces	62
Year built	2011
Major tenant	Fujitsu
Ownership (%)	50.0
Co-owner	AIP
Metro area	Sydney, Outer West
Zoning	IN2 Light Industrial
Site coverage (%)	44
Number of units	1
Average unit size	17.0
Acquisition date	December 2007
Book value (\$m)	26.0
Independent valuation date	June 2016
Independent valuation (\$m)	26.0
Market cap rate (%)	6.75
Initial yield (%)	7.17
Leased by area (%)	100.0
Weighted lease term by income (years)	9.8



1 Turnbull Close is a warehouse/office facility located in the premium industrial estate, Quarry at Greystanes. The facility incorporates single level office and warehouse accommodation featuring high clearance, a combination of recessed and on-grade access and innovative industrial design.

Building type	Industrial Estate
Title	Freehold
Site area (hectares)	7.7
Lettable area ('000m²)	1.8
Lettable area adjusted for ownership ('000m²)	0.9
Number of buildings	1
Car parking spaces	38
Year built	2015
Major tenant	Supply Network
Ownership (%)	50.0
Co-owner	AIP
Metro area	Sydney, Outer West
Zoning	IN2 Light Industrial
Site coverage (%)	100
Number of units	1
Average unit size	1.8
Office content (%)	33
Acquisition date	December 2007
Book value (\$m)	2.2
Independent valuation date	June 2016
Independent valuation (\$m)	2.2
Market cap rate (%)	6.25
Initial yield (%)	5.76
Leased by area (%)	100.0
Weighted lease term by income (years)	13.8



2 Turnbull Close is a warehouse and office facility located in Sydney's premier industrial precinct, Quarry at Greystanes, featuring innovative industrial design and a number of sustainable elements. The facility provides single level office and warehouse accommodation featuring high internal clearance and a combination of recessed and on-grade access.

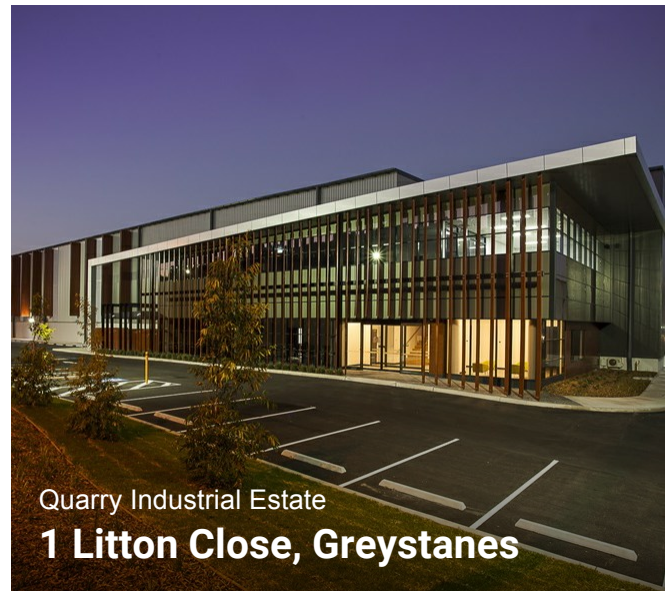
Building type	Industrial Estate
Title	Freehold
Site area (hectares)	11.3
Lettable area ('000m²)	6.2
Lettable area adjusted for ownership ('000m²)	3.1
Number of buildings	1
Car parking spaces	49
Year built	2015
Major tenant	Supply Network
Ownership (%)	50.0
Co-owner	AIP
Metro area	Sydney, Outer West
Zoning	IN2 Light Industrial
Site coverage (%)	100
Number of units	1
Average unit size	6.1
Office content (%)	10
Acquisition date	December 2007
Book value (\$m)	6.7
Independent valuation date	June 2016
Independent valuation (\$m)	6.7
Market cap rate (%)	6.25
Initial yield (%)	6.56
Leased by area (%)	100.0
Weighted lease term by income (years)	13.8



Quarry Industrial Estate
4 Turnbull Close, Greystanes

4 Turnbull Close is a warehouse and office facility located in Sydney's premier industrial precinct, Quarry at Greystanes, featuring innovative industrial design and a number of sustainable elements. The facility provides single level office and warehouse accommodation featuring high internal clearance and a combination of recessed and on-grade access.

Building type	Industrial Estate
Title	Freehold
Site area (hectares)	1.8
Lettable area ('000m ²)	10.1
Lettable area adjusted for ownership ('000m ²)	5.1
Number of buildings	1
Car parking spaces	47
Year built	2013
Major tenant	ROCHE
Ownership (%)	50.0
Co-owner	AIP
Metro area	Sydney, Outer West
Zoning	IN2 Light Industrial
Site coverage (%)	57
Number of units	1
Average unit size	10.1
Office content (%)	2
Acquisition date	December 2007
Book value (\$m)	10.3
Independent valuation date	June 2016
Independent valuation (\$m)	10.3
Market cap rate (%)	6.25
Initial yield (%)	6.27
Leased by area (%)	100.0
Weighted lease term by income (years)	12.0



Quarry Industrial Estate
1 Litton Close, Greystanes

1 Litton Close is the newest addition to Sydney's premium industrial estate, Quarry at Greystanes. The site incorporates a warehouse facility with associated office space featuring innovative industrial design and sustainable elements. Built entirely on a single level, the warehouse features high internal clearance and a combination of recessed and on-grade access.

Building type	Industrial Estate
Title	Freehold
Site area (hectares)	3.6
Lettable area ('000m ²)	20.8
Lettable area adjusted for ownership ('000m ²)	20.8
Number of buildings	1
Car parking spaces	83
Year built	2016
Major tenant	Reece
Ownership (%)	100.0
Metro area	Sydney, Outer West
Zoning	IN2 Light Industrial
Site coverage (%)	100
Number of units	1
Average unit size	20.8
Office content (%)	5
Acquisition date	December 2007
Book value (\$m)	36.4
Independent valuation date	June 2016
Independent valuation (\$m)	34.9
Market cap rate (%)	6.25
Initial yield (%)	5.98
Leased by area (%)	100.0
Weighted lease term by income (years)	9.5



Quarrywest is an outstanding development site in the heartland of Sydney's Western Suburbs with immediate motorway access and close proximity to established employment areas and the Parramatta and Blacktown CBD. Quarrywest provides up to 130,000 square metres of prime space.

Building type	Land
Site area (hectares)	25.6
Ownership (%)	50.0
Co-owner	DEXUS Industrial Partner
Metro area	Sydney, Outer West
Zoning	IN2 Light Industrial
Acquisition date	June 2014
Book value (\$m)	25.66
Independent valuation date	June 2016
Independent valuation (\$m)	24.5
Market cap rate (%)	7.50



2A Basalt Road & 1 Charley Close are located in Sydney's premier industrial estate, Quarrywest. The site incorporates two warehouse facilities with associated office space featuring innovative industrial design and sustainable elements. Built entirely on a single level, the warehouse accommodation will feature high internal clearance and a combination of recessed and on-grade access.

Building type	Industrial Estate
Title	Freehold
Site area (hectares)	6.7
Lettable area ('000m ²)	36.2
Lettable area adjusted for ownership ('000m ²)	36.2
Number of buildings	2
Car parking spaces	326
Year built	2016
Major tenant	Toshiba
Ownership (%)	50.0
Co-owner	DEXUS Industrial Partner
Metro area	Sydney, Outer West
Zoning	IN2 Light Industrial
Number of units	4
Average unit size	9.0
Office content (%)	11
Book value (\$m)	35.4
Independent valuation date	June 2016
Independent valuation (\$m)	31.9
Market cap rate (%)	6.13
Initial yield (%)	6.85
Leased by area (%)	100.0
Weighted lease term by income (years)	9.0



5 Dolerite Way is located in Sydney's premier industrial estate, Quarrywest. A 10,100 square metre warehouse will be developed featuring innovative industrial design and sustainable elements. Development works have commenced with practical completion due February 2017. The facility has been 100% leased to Whites Group.

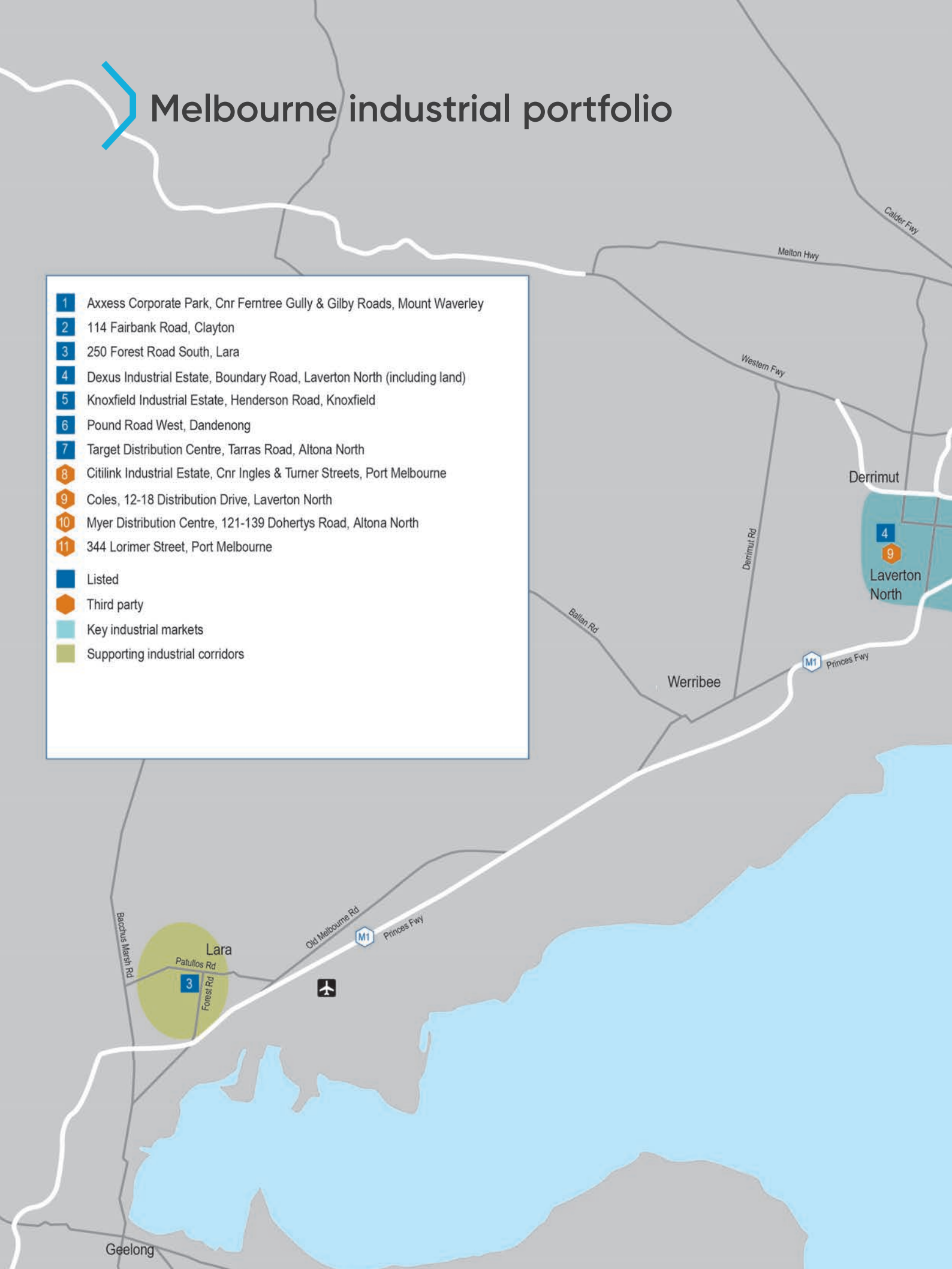
Building type	Industrial Estate
Title	Freehold
Lettable area ('000m ²)	10.1
Lettable area adjusted for ownership ('000m ²)	10.1
Number of buildings	1
Year built	2016
Major tenant	Whites
Ownership (%)	50.0
Co-owner	DEXUS Industrial Partner
Metro area	Sydney, Outer West
Zoning	IN2 Light Industrial
Number of units	1
Average unit size	10.1
Book value (\$m)	8.7
Independent valuation date	June 2016
Independent valuation (\$m)	4.4
Market cap rate (%)	6.50
Leased by area (%)	100.0
Weighted lease term by income (years)	7.2



Melbourne industrial portfolio

- 1 Axxess Corporate Park, Cnr Ferntree Gully & Gilby Roads, Mount Waverley
- 2 114 Fairbank Road, Clayton
- 3 250 Forest Road South, Lara
- 4 Dexus Industrial Estate, Boundary Road, Laverton North (including land)
- 5 Knoxfield Industrial Estate, Henderson Road, Knoxfield
- 6 Pound Road West, Dandenong
- 7 Target Distribution Centre, Tarras Road, Altona North
- 8 Citilink Industrial Estate, Cnr Ingles & Turner Streets, Port Melbourne
- 9 Coles, 12-18 Distribution Drive, Laverton North
- 10 Myer Distribution Centre, 121-139 Dohertys Road, Altona North
- 11 344 Lorimer Street, Port Melbourne

-  Listed
-  Third party
-  Key industrial markets
-  Supporting industrial corridors

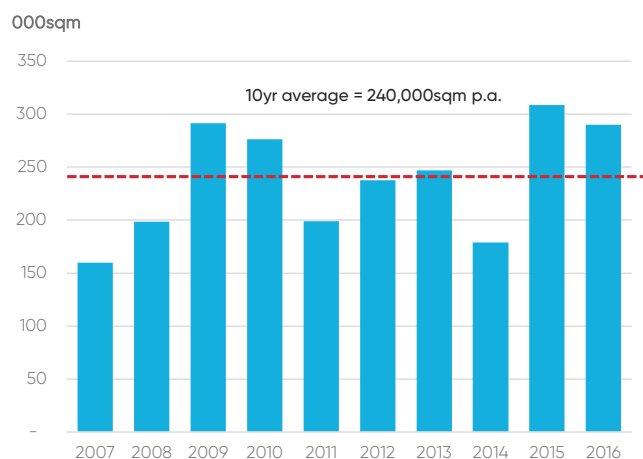




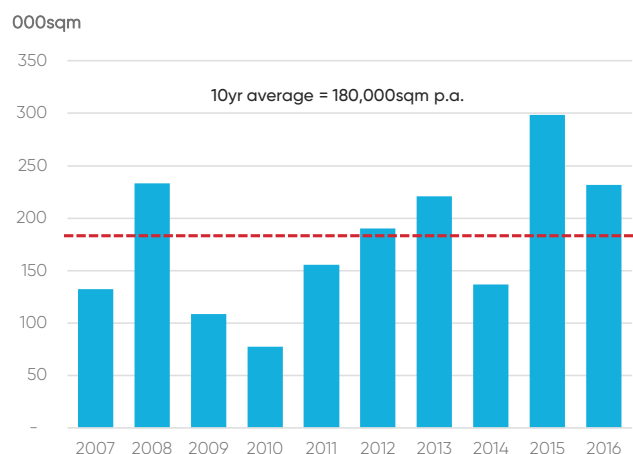
Melbourne industrial market overview

Key metropolitan markets performing well

Historical take-up: West Melbourne



Historical take-up: SE Melbourne

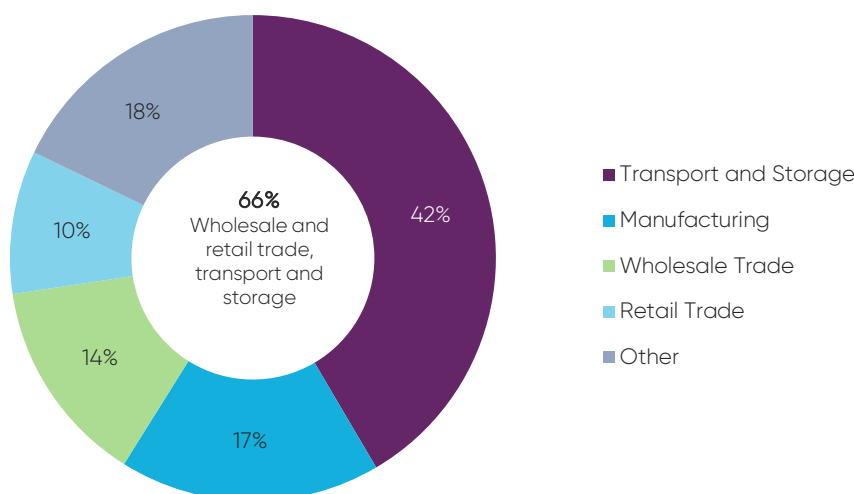


Take-up defined to include pre-commitments, owner occupiers and leases on existing space which are above 5,000sqm.
Source: JLL Dexus Research.

Melbourne take-up

Trade and transport tenants are dominant occupiers

Take-up by type of occupier 2016: West Melbourne



Take-up defined to include pre-commitments, owner occupiers and leases on existing space which are above 5,000sqm. NOTE: 'Manufacturing' defined based on primary business function, not use of leased building - a large proportion is actually used for other purposes (i.e. storage).
Source: JLL, Dexus Research.

Dexus Industrial Estate, Laverton North

Legend

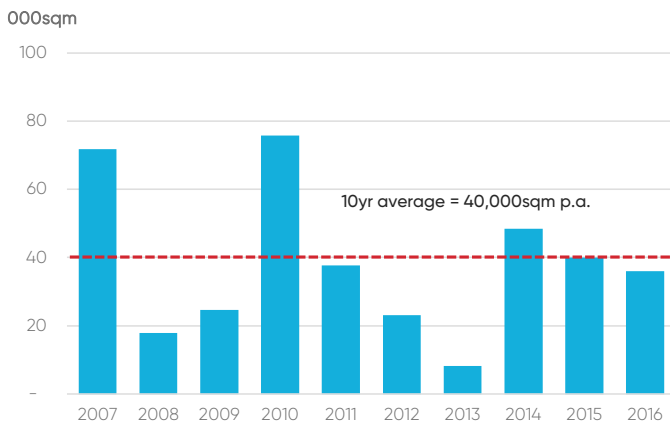
- 100% Australian Industrial Partnership
- 100% Dexus
- Sold/exchanged contracts for sale



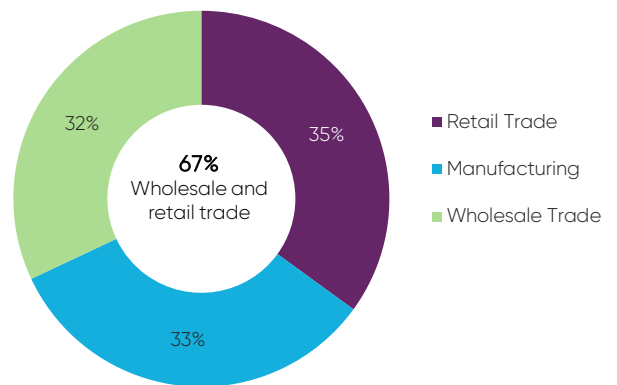
South Sydney market overview

Retail occupiers account for large share of demand

Historical take-up: South Sydney



Take-up by type of occupier 2016: South Sydney

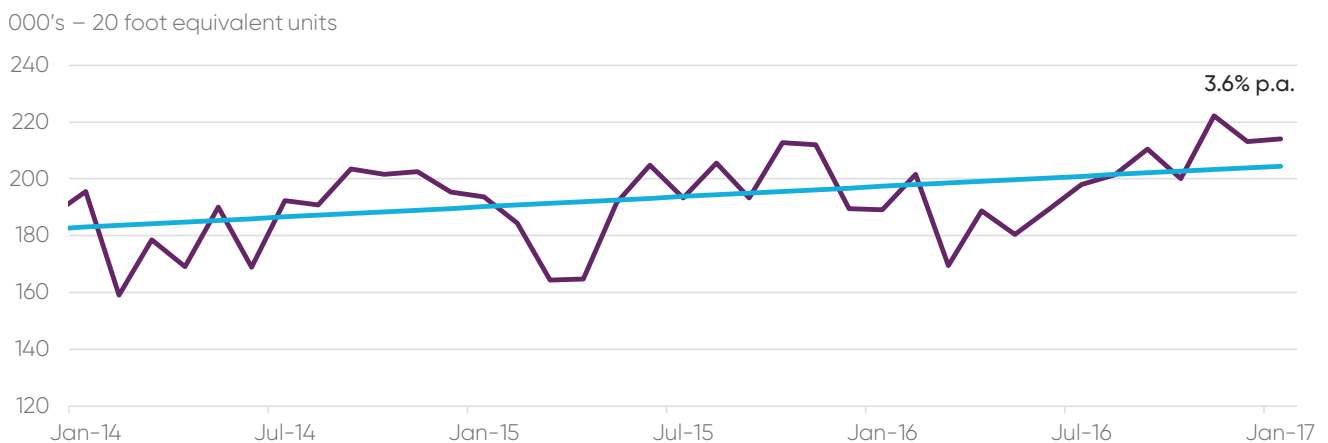


Note: 'Manufacturing' defined based on primary business function, not use of leased building – a large proportion is actually used for storage/distribution purposes. Take-up defined to include pre-commitments, owner occupiers and leases on existing space which are above 5,000sqm. Source JLL, Dexus Research.

Port Botany

Container numbers trending up

Monthly containerised trade – Port Botany



Source: NSW Ports, Dexus Research.



Leasing success at Matraville

Dexus Approach

- Acquired in December 2009
- Salmat vacated in March 2015, leaving 18,000sqm to lease
- Tailored leasing strategy to high volume/just in time express couriers that were highly dependant on both sea and airport precinct locations
- Formally engaged with FedEx to customise the premises into their flagship head office and express service for Asia Pacific
- Implemented a substantial D&C project, transforming the traditional warehouse into a fully automated facility
- Project was completed within a limited timeframe, exceeding FedEx's expectations

Outcomes

- Established a relationship with the World's 4th largest logistics group
- Asset repositioned into a modern and highly specified domestic express service centre
- 54.7% increase in asset value as at 31 December 2016 from acquisition
- Rental uplift >10.7%



Active management at Lakes Business Park

Dexus Approach

- Acquired in January 2015 consistent with strategy to invest in markets where we expect superior rental growth
- Leveraged scale and project efficiencies with the asset adjoining DWPF's Sir Joseph Banks Corporate Park (73,300sqm in total GLA on a combined site of 12.7ha)
- Targeted specific precinct industry groups to drive occupancy and rental growth

Outcomes

- Leased total of 12,959sqm (44.2% of total NLA)
- Increased occupancy (by area) from 93.9% at acquisition to 96.3% at 31 December 2016
- Continuing lease negotiations over a further 5,500sqm
- Achieved rental growth 10.2% above underwrite assumptions



Lakes Business Park North

2-12 Lord Street, Botany



Description

Immediate connections to Sydney Airport and Port Botany together with easy freeway access to Sydney CBD via the Eastern Distributor creates considerable up-side for this well-established facility.

Lakes Business Park is a premier corporate park in Sydney's south-east providing efficient, high quality office and warehouse accommodation across six free standing buildings.

The Park offers a variety of unit options with a high proportion of office space and on-site parking for 640 cars. Nearby facilities include the retail, services and recreational amenity of Botany

The property comprises two adjoining sites - the Northern site is being actively managed and the Southern site was acquired as part of inventory for future trading opportunity.

- Adjoins Sydney airport & Port Botany
- Immediate access to M5
- Extensive on-site parking

Property Details

Building type	Business Park
Title	Freehold
Site area (hectares)	4.9
Lettable area ('000m²)	29.4
Lettable area adjusted for ownership ('000m²)	29.4
Number of buildings	6
Car parking spaces	640
NABERS Energy rating (with Green Power)	2 Lord n/a/ 4 Lord n/a/ 6 Lord n/a
NABERS Energy rating (without Green Power)	2 Lord n/a/ 4 Lord n/a/ 6 Lord n/a
NABERS Water rating	2 Lord n/a/ 4 Lord n/a/ 6 Lord n/a
Year built	1990-2002
Major tenant	BRP 4
Ownership (%)	100

Property Statistics

Metro area	Sydney, South
Zoning	B7 Business Park
Site coverage (%)	62
Number of units	48
Average unit size	0.6
Office content (%)	76
Acquisition date	January 2015
Book value (\$m)	117.1
Independent valuation date	December 2015
Independent valuation (\$m)	110.0
Market cap rate (%)	6.63
Initial yield (%)	6.52
Leased by area (%)	96
Weighted lease term by income (years)	3.5



The Mill

41-43 Bourke Road, Alexandria



Description

The Mill comprises a mix of ten modern and refurbished historic buildings, providing 17,579 square metres of warehouse style office, retail spaces and car parking.

The Mill is located on the corner of Bourke Road and Huntley Street in Alexandria, 15 minutes from the Sydney CBD, 10 minutes from Sydney Airport and one kilometre from Green Square railway station.

The tenancy profile consists of a diverse range of users and includes The Grounds of Alexandria. The Grounds of Alexandria is a popular food & beverage operator offering a cafe, bar, restaurant and sustainable garden, attracting 15,000-20,000 visitors each week and providing a popular amenity for the occupiers and local community.

Property Details

Building type	Business Park
Title	Freehold
Site area (hectares)	1.9
Number of buildings	12
Car parking spaces	234
Year built	1823
Ownership (%)	100

Property Statistics

Metro area	Sydney South
Zoning	B6 Enterprise Corridor
Number of units	10
Office content (%)	92
Acquisition date	November 2016



Notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

About Dexus

Dexus is one of Australia's leading real estate groups, proudly managing a high quality Australian property portfolio valued at more than \$22 billion. As property innovators, we are deeply committed to working with our customers to provide spaces that engage and inspire, as well as delivering quality, sustainable returns for our investors. We invest only in Australia, and directly own \$11 billion of office and industrial properties. We manage a further \$11.7 billion of office, retail and industrial properties for third party clients. The Group's \$4.5 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns. With more than 1.7 million square metres of office workspace across 55 properties, we are Australia's preferred office partner. Dexus is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange (trading code: DXS) and is supported by 30,000 investors from 20 countries. With more than 30 years of expertise in property investment, development and asset management, we have a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk-adjusted returns for investors. www.dexus.com

Dexus Funds Management Limited ABN 24 060 920 783, AFSL 238163, as Responsible Entity for Dexus (ASX: DXS)

