



DEXUS Industrial Estate, Boundary Road, Laverton North, VIC

INDUSTRIAL SECTOR HIGHLIGHTS – AUSTRALIA

- Portfolio value** \$1.5 billion (2008: \$1.6 billion)
- Like for like income growth** 4.1% (2008: 2.3%)
- Occupancy (by area)** 96.9% (2008: 98.6%)
- Lease duration (by income)** 4.3 years (2008: 4.4 years)

Industrial strategy

Our Australian industrial portfolio is the third largest in the country and comprises high quality institutional grade industrial properties.

Our strategy is to deliver strong performance by actively managing the property fundamentals through the implementation of our fully integrated internalised property management model, where we create value by providing optimal property solutions to our tenants.

Our portfolio is strategically weighted to key growth markets in Sydney and Melbourne, which together represent 95% of our portfolio by book value. These strategic locations, include prime locations on outer metropolitan nodes/ major arterial roads or proximity to airports and/or ports to accommodate our target industrial tenants' business needs.

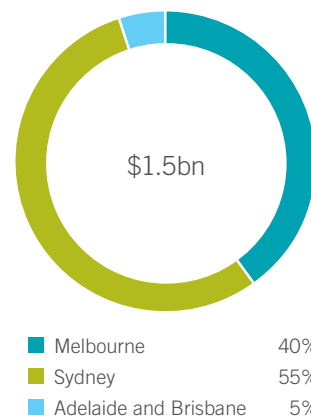
In these markets we believe we can achieve greater scale and increase our product offer of quality industrial estates, business parks, logistics and distribution facilities, via the acquisition of land banks and the development of new industrial properties to continue to attract and retain major corporate tenants.

Results

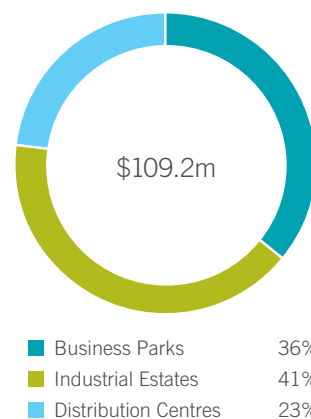
The portfolio continued to perform well during the period, driven by the quality and diversification and a proactive approach to leasing and property management. Specifically, the diversity of our tenant profile across key sectors of the economy, strong covenants and long tenure continued to deliver solid results.

At 30 June 2009, the portfolio was valued at \$1.5 billion and net property income increased by 3.3% to \$109.2 million, representing 21% of the Group's NPI.

GEOGRAPHICAL SPREAD (BY VALUE)



PROPERTY TYPE (BY INCOME)



INDUSTRIAL PORTFOLIO AUSTRALIA

INDUSTRIAL PROPERTIES **37**
 SQUARE METRES **1,103,000**

SYDNEY
 23 properties
 \$818 million

PERTH
 1 property
 \$11 million

MELBOURNE
 10 properties
 \$597 million

ADELAIDE
 1 property
 \$26 million

BRISBANE
 2 properties
 \$52 million

Revaluations

In the year to 30 June 2009 the Australian industrial portfolio was revalued, with 35.1% by book value being externally revalued, resulting in a total devaluation including impairments of \$226 million or 13% to \$1.5 billion. The weighted average capitalisation rate over the year increased by 1.3% to 8.8% (2008: 7.5%).

Property sales

As part of the Group's property sale program, three industrial properties have been sold and contracts have been exchanged on an additional eight non-core industrial properties, totalling \$39 million. These properties include eight units at Redwood Gardens, Dingley, VIC for \$13 million, 3-7 Bessemer Street, Blacktown, NSW for \$9 million, 245 Woodpark Road Smithfield, NSW for \$6 million and 68 Hasler Road, Herdsman, WA for \$11 million. Settlement for these properties is expected to be completed by December 2009.

Further non-core sales are anticipated as part of the property sale program.

Developments

During the year we have been building infrastructure, securing new planning approvals, and negotiating with tenants to secure pre-commitment for our current developments at Laverton North, VIC and Greystanes, NSW.

We have completed developments at Laverton North and Redwood Gardens, Dingley in Victoria, as scheduled.

Leasing

Our active management approach saw new leases, renewals and heads of agreement negotiated on 19% of the portfolio (203,000 square metres). Occupancy remained strong at 96.9% and the average lease duration (by income) was 4.3 years.

Despite the tough economic conditions impacting tenant demand in the sector, average rents in the DEXUS portfolio declined only marginally by 1%. The average tenant incentive was 3% and tenant retention reduced slightly to 75% (2008: 78%).

Major leasing deals were completed with Toll Australia Group, DHL Australia, Atlas Copco, Hagemeyer, Overstocked Outlet, BOC Australia, Getronics Australia, and Tyco International. In the coming year the industrial portfolio has no individual expiries greater than 1% of portfolio income.

Rent review

A significant proportion of the industrial portfolio's income is subject to long-term leases, providing regular and stable cash flows. In the year ending 30 June 2009, 70% of income was subject to fixed or CPI increases, 4% did not change, 11% was subject to a market review, with the remaining 15% subject to vacancy or expiry.



Westfield Whitford City Shopping Centre, Whitford Avenue & Lot 6 Endeavour Road, Hilarys, WA

RETAIL HIGHLIGHTS

Portfolio value

\$270 million (2008: \$280 million)

Like for like income growth

4.5% (2008: 7.4%)

Occupancy (by area)

99.9% (2008: 99.2%)

Lease duration (by income)

4.5 years (2008: 4.5 years)

Following the sale of the retail portfolio in October 2007, DEXUS retained a 50% interest in Westfield Whitford City in WA. The Centre continued to deliver strong performance in the period, recording nearly eight million visits through the year, providing a moving annual turnover of \$7,373 per square metre and an average spend per visit of \$58.20.

The Centre represents 3% of the Group's NPI and will ultimately be sold, consistent with our strategy to concentrate on the office and industrial sectors.

RENT REVIEW PROFILE

