

# 2010

DEXUS Property Group

US INDUSTRIAL TOUR  
LOS ANGELES, CALIFORNIA

JUNE 4



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## TOUR AGENDA

7.30am	1 Pico Boulevard, Santa Monica
	DEXUS US office, 4200 Von Karman Avenue, Newport Beach
	3691 North Perris Boulevard, Perris – site tour
	3590 De Forest Circle, Mira Loma – site tour
	9371 Buffalo Avenue – site tour, 9357 Richmond Place & 11653 6th Street, Rancho Cucamonga
	9545 Santa Anita Avenue, Rancho Cucamonga – site tour
	1777 S Vintage Avenue, Ontario
	4190 Santa Ana Street & 4200 Santa Ana Street, Ontario
	1401 E Cedar Street, 1951 S Parco Street & 1450 E Francis Street, Ontario
	Case Study: Thoroughbred Business Park, 1621 E Francis Street, Ontario
6.30pm	Tour ends at Santa Monica

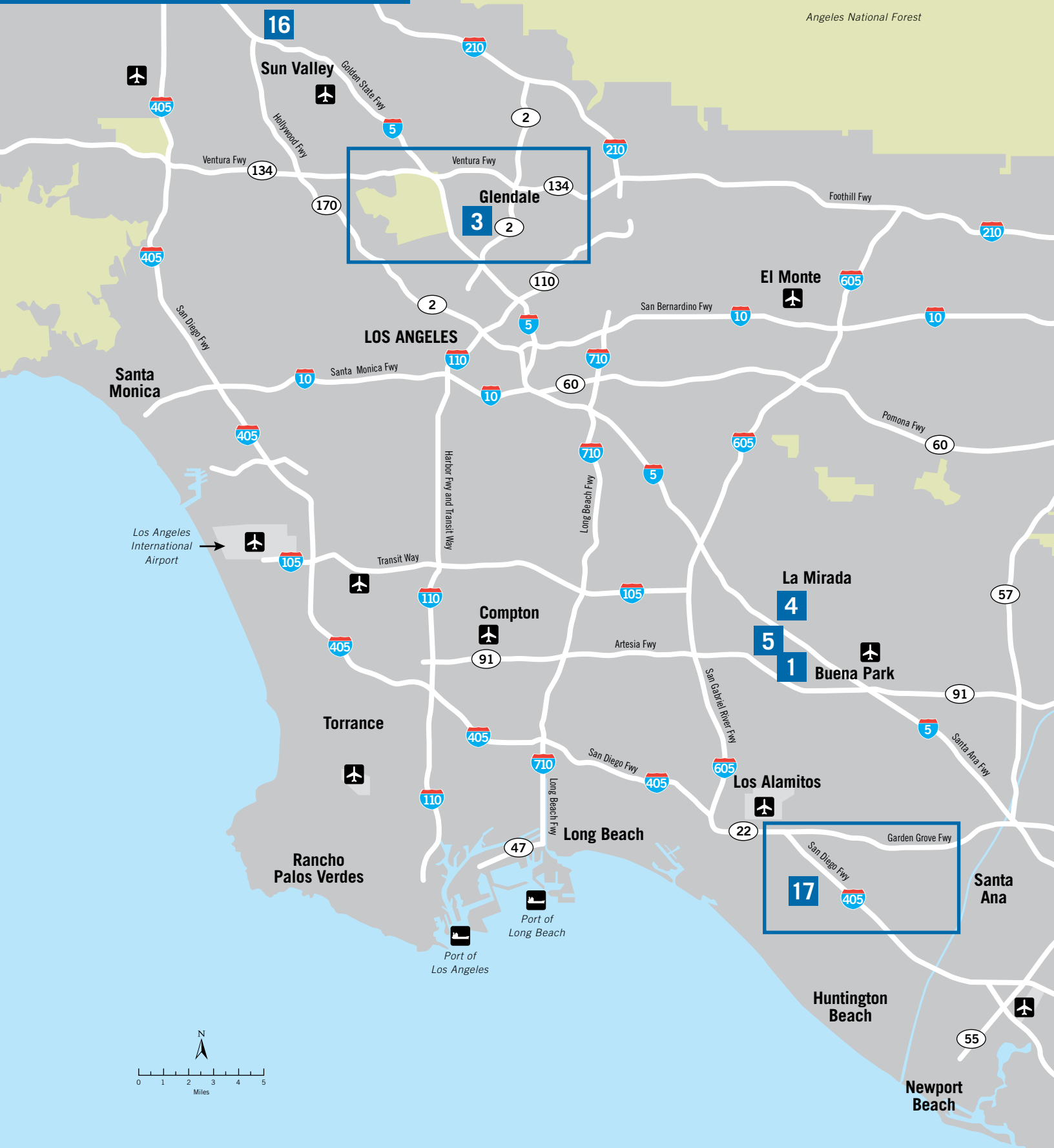
# DEXUS US PORTFOLIO



98 INDUSTRIAL PROPERTIES  
25,700,000 SQUARE FEET  
17 INDUSTRIAL AND LOGISTICS MARKETS



# DEXUS US TOUR MAP

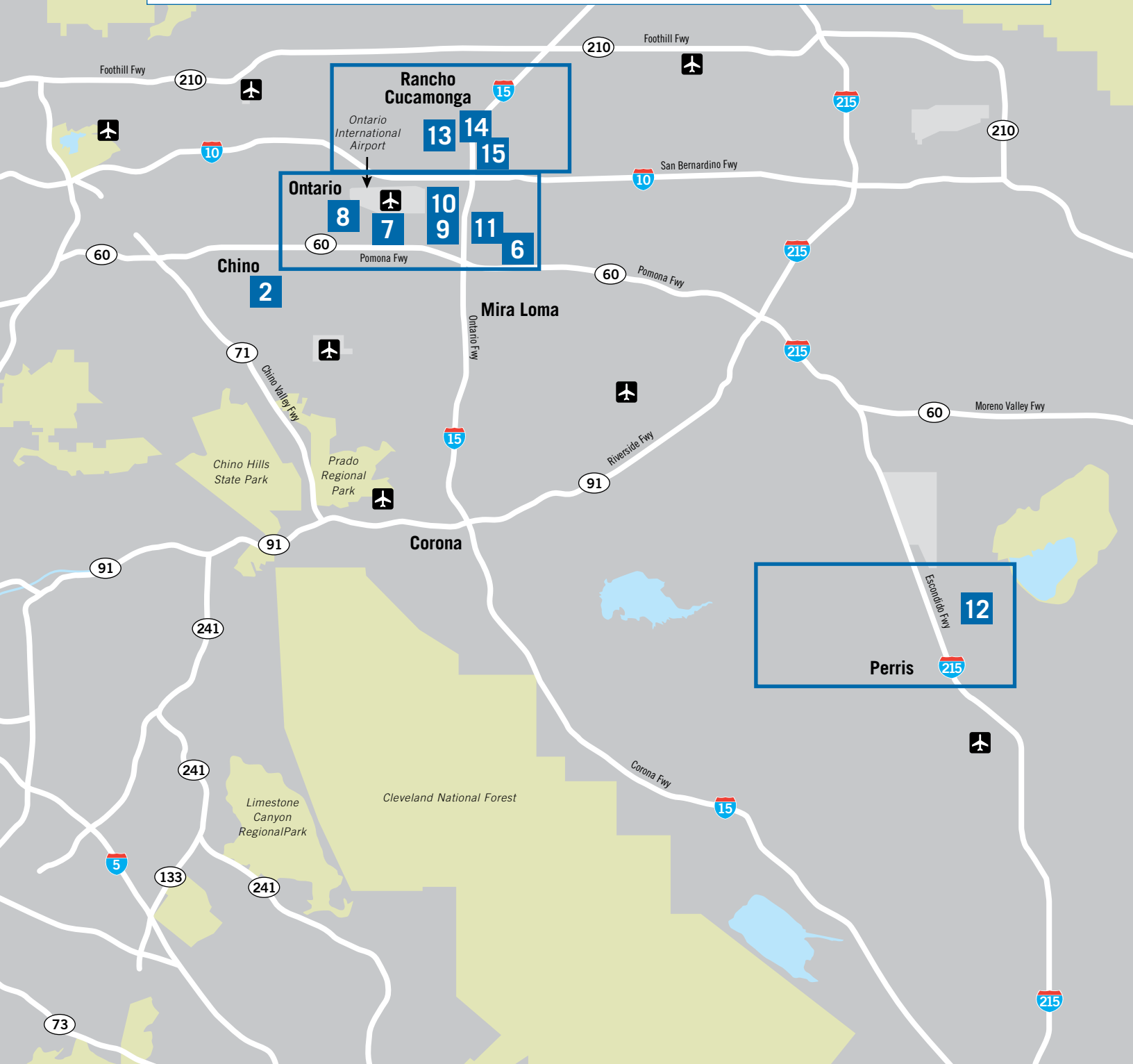


- 1** 6530 Altura Boulevard, Buena Park
- 2** 13602 12th Street, Chino
- 3** 3550 Tyburn Street &  
3332-3424 N San Fernando Road, Glendale
- 4** 14555 Alondra Boulevard, La Mirada
- 5** 14489 Industry Circle, La Mirada
- 6** 3590 De Forest Circle, Mira Loma
- 7** 1401 E Cedar Street, 1951 S Parco Street  
& 1450 E Francis Street, Ontario
- 8** Thoroughbred Business Park, 1621 E Francis Street, Ontario\*
- 9** 4190 Santa Ana Street, Ontario

- 10** 4200 Santa Ana Street, Ontario
- 11** 1777 S Vintage Avenue, Ontario
- 12** 3691 North Perris Boulevard, Perris
- 13** 9371 Buffalo Avenue, 9357 Richmond Place  
& 11653 6th Street, Rancho Cucamonga
- 14** 1200 Jersey Court, Rancho Cucamonga
- 15** 9545 Santa Anita Avenue, Rancho Cucamonga
- 16** 9210 San Fernando Road, Sun Valley
- 17** Dynamic Cooking Systems,  
5900 Skylab Road, Huntington Beach\*

\*Property not owned by DEXUS.

 Detailed map available on property pages



# DEXUS US OFFICE



DEXUS US office, 4200 Von Karman Avenue, Newport Beach, CA

DEXUS is one of the world's leading real estate groups with over \$11 billion of assets under management. We specialize in owning, managing and developing high quality office and industrial real estate, primarily in the United States and Australia. We offer investors access to a world-class real estate portfolio managed by our expert team of real estate and funds management professionals.

In the United States and Canada, DEXUS owns 98 industrial properties, totaling more than 25.7 million square feet in 17 industrial and logistics markets. Operating in the United States since 2004, our long-term objective is to build critical mass to become a market leader in industrial real estate on the west coast. Listed on the Australian Securities Exchange (ASX: DXS), DEXUS has demonstrable financial strength, a track record in prudent capital management and access to a wide range of capital sources.

On June 2, 2010 we announced the opening of our new US management office in Newport Beach, California and the expansion of the US management team.

DEXUS's US management team, led by Jane Lloyd, has been expanded with the appointment of Bruce McDonald as Managing Director, Development & Asset Management and Bryan Bentrott, as Managing Director, Acquisitions & Leasing, along with a team of six executives with expertise in property management, finance and operations. This team previously ran Master Development Corporation, an established Southern Californian real estate management company.

The appointments bring to DEXUS extensive US industrial real estate management, leasing and development expertise, together with established relationships with capital partners, particularly in our preferred west coast markets and supports the progressive internalization of the management of our west coast and Whirlpool properties.

DEXUS will internalize management of the Whirlpool properties by July 1, 2010 and the balance of the west coast properties by January 1, 2011. RREEF will continue to provide asset management services for the balance of our portfolio while we complete the repositioning and reinvestment into our preferred west coast markets. CBRE will continue to provide property management services.

The DEXUS US team of 12 personnel will be further expanded during the coming year. The team will operate out of a new DEXUS office in Newport Beach, California, centrally located in our core markets of Los Angeles/Riverside and the Inland Empire.

## DEXUS US Management team

### Jane Lloyd, Managing Director, US Investments

Jane is Managing Director, US Investments and is responsible for managing the Group's \$1.2 billion US industrial portfolio. Jane has over 19 years property and development management experience in the property industry, including eight years at DEXUS, most recently as Head of Retail.

Prior to joining DEXUS, Jane worked at Lend Lease for 11 years in a variety of roles across all asset classes from retail to industrial, office and residential, culminating in senior project management responsibilities for key developments. Jane has a Bachelor of Town Planning (Hons) from the University of New South Wales, a Masters of Business Administration (MBA) from the Australian Graduate School of Management and a Masters in Public Administration (MPA) from Harvard.

### Paul Say, Head of Corporate Development & International

Paul is Head of Corporate Development & International and is responsible for the DEXUS Property Group's international investments. Paul has over 25 years experience in property markets around the world primarily in the acquisition and divestment of commercial and residential property.

Prior to joining DEXUS, Paul spent 10 years with Lend Lease culminating as Head of Corporate Finance and 11 years with Jones Lang LaSalle. Paul is a qualified property valuer and a Fellow of both the Australian Property Institute and the Royal Institution of Chartered Surveyors.





L to R: Bryan Bentrott – Managing Director, Acquisitions & Leasing; Paul Say – Head of Corporate Development & International; Jane Lloyd – Managing Director, US Investments; Bruce McDonald – Managing Director, Development & Asset Management

### [Bruce McDonald, Managing Director, Development & Asset Management](#)

Bruce is Managing Director, Development & Asset Management and is responsible for overseeing the development, asset and property management activities in DEXUS's core US markets. He has extensive experience in negotiating major leases and build to suit transactions together with strong real estate management experience. During Bruce's 30 year career, he has focused on industrial developments throughout all southern California markets with extensive experience in forming institutional joint ventures and delivering full service development activities. Total developments over Bruce's career exceed 12 million square feet of commercial development with a \$1 billion valuation. Bruce is formerly the President and co-founder of Master Development Corporation (MDC) where he was responsible for overseeing joint venture equity, debt financing and development and construction activity.

Bruce graduated from Stanford University with a Bachelor of Science degree in Biological Science. He holds a Real Estate Broker license and was a founding member of NAIOP Inland Empire. He is currently on the Urban Land Institute mentorship program and a Director and President of the Emerald Bay Community Association.

### [Bryan Bentrott, Managing Director, Acquisitions & Leasing](#)

Bryan Bentrott is the Managing Director, Acquisitions & Leasing focusing on acquisitions, disposals and leasing in DEXUS's core US markets. Bryan is formerly the Executive Vice President of Master Development Corporation, where he focused on sourcing new business opportunities, forming joint ventures and overseeing the sales, leasing and asset management of MDC's properties.

Bryan has over 27 years property experience with previous roles in property leasing, management and sales at Golden West Equity Properties. When Golden West sold its industrial portfolio to Pacific Gulf Properties in 1994 in a successful REIT IPO, the opportunity was created to form MDC. Prior to joining Golden West, Bryan served as the Director of Acquisitions for Orange County and Inland Empire for the Koll Company.

Bryan graduated with a Bachelor of Arts degree in Political Science from Stanford University and is a licensed California Real Estate Broker and a Certified Property Manager (CPM).

# 3691 NORTH PERRIS BOULEVARD, PERRIS



This state of the art industrial distribution facility was purpose built for Whirlpool Corporation and spans more than 1.6 million square feet. The property is rectangular, except for a one acre parcel at the southwest corner of North Perris Boulevard and Morgan Street, and makes up an entire block along North Perris Boulevard, between East Dawes Street and East Morgan Street. Access to the site is possible from both North Perris Boulevard at the front of the property and Redlands Avenue at the rear.

## PROPERTY DETAILS

Building type	Warehouse
Title	Freehold
Metro area	Riverside
Zoning	Light Industrial (FTZ)
Site area (acres)	80
Site coverage (%)	48
Number of buildings	1
Lettable area ('000 ft <sup>2</sup> )	1,687
Number of units	1
Average unit size ('000 ft <sup>2</sup> )	1,687
Car parking spaces	300

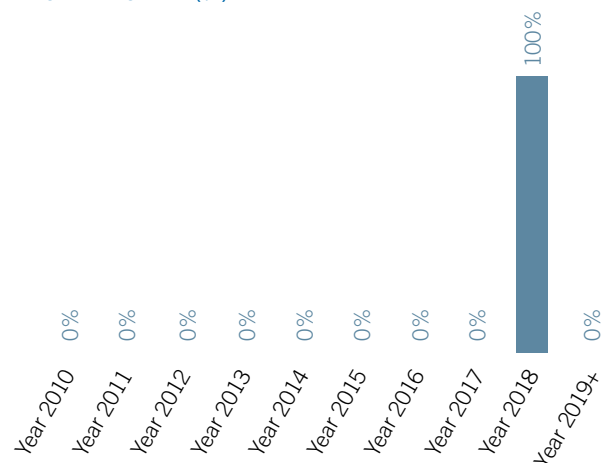
## MAJOR TENANT

Whirlpool Corporation	100%
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## KEY STATISTICS AT 31 DECEMBER 2009

Acquisition date	Jan 2008
Acquisition price plus additions (US\$m)	109.0
Independent valuation date	Dec 2009
Independent valuation (US\$m)	86.0
Book value (US\$m)	86.0
Market cap rate (%)	7.75
Initial yield (%)	10.14
Discount rate (%)	9.25
Average passing rent (US\$/ft <sup>2</sup> )	4.96
Average market rent (US\$/ft <sup>2</sup> )	2.88
Leased by area (%)	100
Weighted lease term by income (years)	8.1

## LEASE MATURITY (%)





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# 3590 DE FOREST CIRCLE, MIRA LOMA



The property is a single concrete tilt-up, single-tenant, warehouse building with a built-up tar roof system. The property is located northeast of the I-15 Ontario and I-60 Pomona Freeway interchange off Etiwanda Avenue.

## PROPERTY DETAILS

Building type	Distribution Center
Title	Freehold
Metro area	Riverside
Zoning	M2 – 1 Light Industrial
Site area (acres)	10.7
Site coverage (%)	54
Number of buildings	1
Lettable area ('000 ft <sup>2</sup> )	251
Number of units	1
Average unit size ('000 ft <sup>2</sup> )	251
Car parking spaces	150

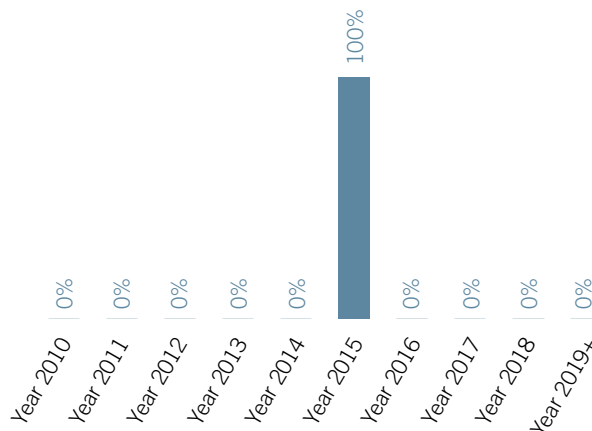
## MAJOR TENANT

Domtar Corporation	100%
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## KEY STATISTICS AS AT 31 DECEMBER 2009

Acquisition date	Sep 2004
Acquisition price plus additions (US\$m)	9.02
Independent valuation date	Dec 2009
Independent valuation (US\$m)	10.5
Book value (US\$m)	10.5
Market cap rate (%)	8.00
Initial yield (%)	3.81
Discount rate (%)	9.00
Average passing rent (US\$/ft <sup>2</sup> )	5.27
Average market rent (US\$/ft <sup>2</sup> )	3.72
Leased by area (%)	100
Weighted lease term by income (years)	5.4

## LEASE MATURITY (%)





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# 9371 BUFFALO AVENUE, 9357 RICHMOND PLACE & 11653 6TH STREET, RANCHO CUCAMONGA



11653 6th Street



Top: 9371 Buffalo Avenue; Bottom: 9357 Richmond Place

The three buildings are concrete tilt-up, multi-tenant, warehouse/flex buildings with built-up tar roof systems. The buildings are located northwest of the I-10 and I-15 interchange and provide more than 217,000 square feet of lettable area. The properties are also easily accessed via the Pomona (60) Freeway.

## PROPERTY DETAILS

Building type	Industrial Estate
Title	Freehold
Metro area	Riverside
Zoning	GI – General Industrial
Site area (acres)	13.7
Site coverage	36
Number of buildings	3
Lettable area ('000 ft <sup>2</sup> )	217
Number of units	13
Average unit size ('000 ft <sup>2</sup> )	16.7
Car parking spaces	348

## MAJOR TENANTS

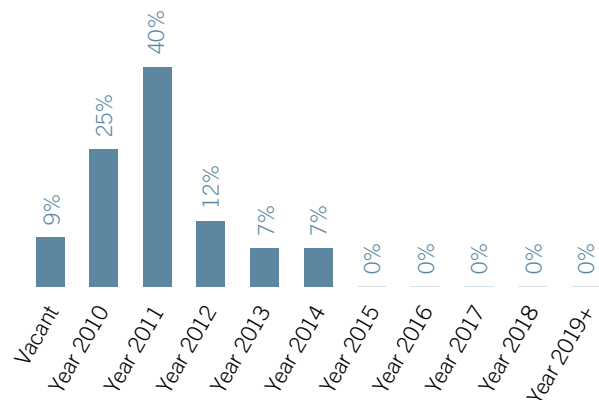
Amphastar Pharmaceuticals	33%
Bomark Acquisition Company	7%
Thyssenkrupp Logistics Inc	7%

## KEY STATISTICS AT 31 DECEMBER 2009

Acquisition date	Sep 2004
Acquisition price plus additions <sup>1</sup> (US\$m)	18.0
Independent valuation date	Dec 2009
Independent valuation (US\$m)	11.0
Book value (US\$m)	11.0
Market cap rate (%)	8.25
Initial yield (%)	7.50
Discount rate (%)	9.00
Average passing rent (US\$/ft <sup>2</sup> )	6.55
Average market rent (US\$/ft <sup>2</sup> )	6.24
Leased by area (%)	91
Weighted lease term by income (years)	1.8

<sup>1</sup> Original combined acquisition price for 9371 Buffalo Avenue, 9357 Richmond Place, 11653 6th Street & 9545 Santa Anita Avenue, Rancho Cucamonga.

## LEASE MATURITY (%)





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# 9545 SANTA ANITA AVENUE, RANCHO CUCAMONGA



The building is a concrete tilt-up, single tenant, warehouse building with built-up tar roof systems. It is located at the northeast of the I-10 and I-15 interchange and is easily accessible via the Pomona (60) freeway.

## PROPERTY DETAILS

Building type	Industrial Building
Title	Freehold
Metro area	Riverside
Zoning	M2 – 1 Light Industrial
Site area (acres)	9.54
Site coverage (%)	51
Number of buildings	1
Lettable area ('000 ft <sup>2</sup> )	212.3
Number of units:	1
Average unit size ('000 ft <sup>2</sup> )	212.3
Car parking spaces	106

## MAJOR TENANT<sup>2</sup>

Weber Distribution Warehouses (since vacated)

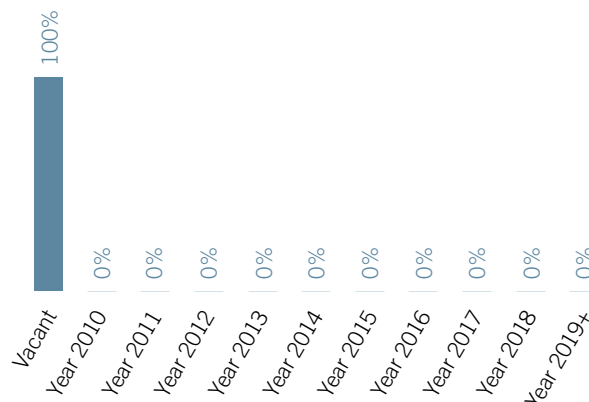
## KEY STATISTICS AT 31 DECEMBER 2009

Acquisition date	Sep 2004
Acquisition price plus additions <sup>1</sup> (US\$m)	20.99
Independent valuation date	Dec 2009
Independent valuation (US\$m)	8.7
Book value (US\$m)	8.7
Market cap rate (%)	8.25
Initial yield (%)	8.00
Discount rate (%)	9.00
Average passing rent (US\$/ft <sup>2</sup> )	3.78
Average market rent (US\$/ft <sup>2</sup> )	3.60
Leased by area (%) <sup>2</sup>	0

<sup>1</sup> Original combined acquisition price for 9371 Buffalo Avenue, 9357 Richmond Place, 11653 6th Street & 9545 Santa Anita Avenue, Rancho Cucamonga.

<sup>2</sup> Major tenant, leased by area and lease maturity are represented as at June 4, 2010 due to the property now being vacant.

## LEASE MATURITY (%)<sup>2</sup>







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# 1777 S VINTAGE AVENUE, ONTARIO



This property is a concrete tilt-up, single tenant, warehouse facility with built-up tar roof systems. It is located at the northeast end of Ontario and accessed via the San Bernardino (10), Pomona (60) and the Ontario (15) freeways.

## PROPERTY DETAILS

Building type	Industrial Estate
Title	Freehold
Metro area	Riverside
Zoning	Vintage Industrial, Overlay M – 31
Site area (acres)	12.4
Site coverage (%)	53
Number of buildings	1
Lettable area ('000 ft <sup>2</sup> )	284.6
Number of units	1
Average unit size ('000 ft <sup>2</sup> )	284.6
Car parking spaces	187

## MAJOR TENANT

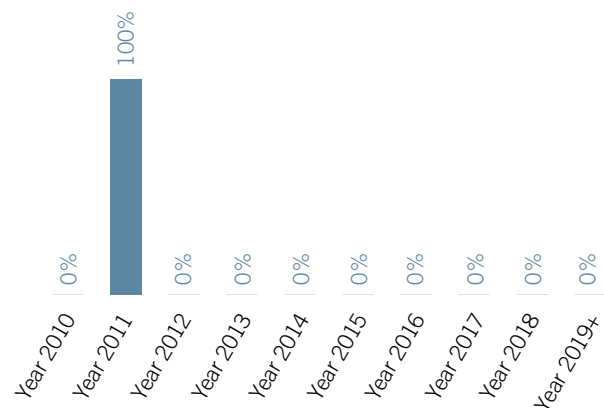
Skechers USA, Inc.	100%
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## KEY STATISTICS AT 31 DECEMBER 2009

Acquisition date	Sep 2004
Acquisition price plus additions <sup>1</sup> (US\$m)	24.6
Independent valuation date	Dec 2009
Independent valuation (US\$m)	11.5
Book value (US\$m)	11.5
Market cap rate (%)	8.25
Initial yield (%)	7.96
Discount rate (%)	9.25
Average passing rent (US\$/ft <sup>2</sup> )	4.32
Average market rent (US\$/ft <sup>2</sup> )	3.60
Leased by area (%)	100
Weighted lease term by income (years)	1.5

<sup>1</sup> Original combined acquisition price for 1777 S Vintage Avenue, 4200 Santa Ana Street, 1401 E Cedar Street, 1951 S Parco Street & 1450 E Francis Street, Ontario.

## LEASE EXPIRY GRAPH





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# 4190 SANTA ANA STREET, ONTARIO



The property is located southwest of the I-10 and I-15 interchange just north of Jurupa Street. The property is a single concrete tilt-up, multi-tenant, warehouse/flex building with built-up tar roof systems.

## PROPERTY DETAILS

Building type	Industrial Estate
Title	Freehold
Metro area	Riverside
Zoning	M2 – 1 Light Industrial
Site area (acres)	4.9
Site coverage (%)	46
Number of buildings	1
Lettable area ('000 ft <sup>2</sup> )	99
Number of units	1
Average unit size ('000 ft <sup>2</sup> )	99
Car parking spaces	142

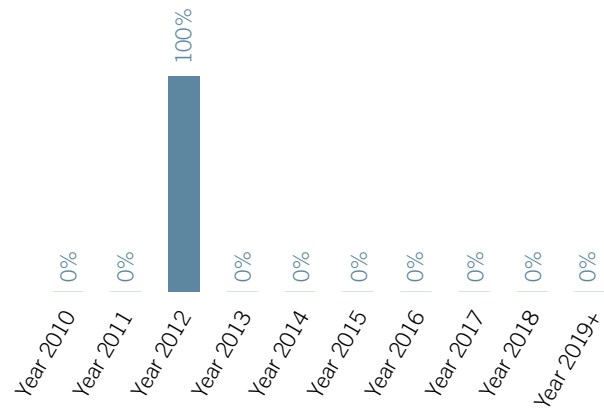
## MAJOR TENANT

Halsteel Inc.	100%
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## KEY STATISTICS AT 31 DECEMBER 2009

Acquisition date	Sep 2004
Acquisition price plus additions (US\$m)	4.1
Independent valuation date	Dec 2009
Independent valuation (US\$m)	5.0
Book value (US\$m)	5.0
Market cap rate (%)	8.00
Initial yield (%)	9.13
Discount rate (%)	9.00
Average passing rent (US\$/ft <sup>2</sup> )	5.65
Average market rent (US\$/ft <sup>2</sup> )	3.84
Leased by area (%)	100
Weighted lease term by income (years)	2.1

## LEASE EXPIRY GRAPH





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# 4200 SANTA ANA STREET, ONTARIO



This property is a concrete tilt-up, single tenant, warehouse facility with built-up tar roof systems. It is located at the northeast end of Ontario and accessed via the San Bernardino (10) and the Ontario (15) freeways.

## PROPERTY DETAILS

Building type	Industrial Building
Title	Freehold
Metro area	Riverside
Zoning	M2 – 1 Light Industrial
Site area (acres)	3.05
Site coverage (%)	47
Number of buildings	1
Lettable area ('000 ft <sup>2</sup> )	62.4
Number of units	1
Average unit size ('000 ft <sup>2</sup> )	62.4
Car parking spaces	98

## MAJOR TENANTS

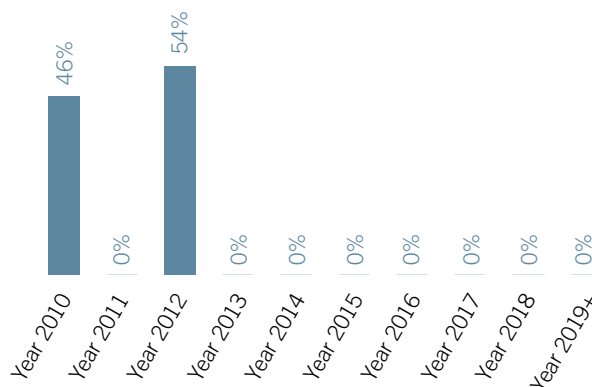
Tree Island Wire (USA) LLC	53.8%
Sigmatex	46.2%

## KEY STATISTICS AT 31 DECEMBER 2009

Acquisition date	Sep 2004
Acquisition price plus additions <sup>1</sup> (US\$m)	24.6
Independent valuation date	Dec 2009
Independent valuation (US\$m)	3.2
Book value (US\$m)	3.2
Market cap rate (%)	8.25
Initial yield (%)	8.83
Discount rate (%)	9.00
Average passing rent (US\$/ft <sup>2</sup> )	5.38
Average market rent (US\$/ft <sup>2</sup> )	4.20
Leased by area (%)	100
Weighted lease term by income (years)	1.4

<sup>1</sup> Original combined acquisition price for 1777 S Vintage Avenue, 4200 Santa Ana Street, 1401 E Cedar Street, 1951 S Parco Street & 1450 E Francis Street, Ontario.

## LEASE EXPIRY GRAPH





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# 1401 E CEDAR STREET, 1951 S PARCO STREET & 1450 E FRANCIS STREET, ONTARIO



1951 S Parco Street



Top: 1401 E Cedar Street; Bottom: 1450 E Francis Street

These properties are located at the northeast end of Ontario and accessed via the Pomona (60) Freeway. The properties are concrete tilt-up, multi-tenant, warehouse/flex buildings with built-up tar roof systems.

## PROPERTY DETAILS

Building type	Industrial Estate
Title	Freehold
Metro area	Riverside
Zoning	M2 – 1 Light Industrial
Site area (acres)	11.0
Site coverage (%)	46.8
Number of buildings	3
Lettable area ('000 ft <sup>2</sup> )	224.8
Number of units	12
Average unit size ('000 ft <sup>2</sup> )	18.7
Car parking spaces	361

## MAJOR TENANTS

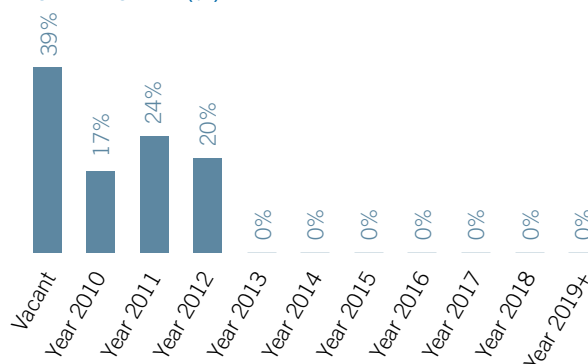
Mengdeli USA LLC	16.4%
Durofix	7.7%

## KEY STATISTICS AT 31 DECEMBER 2009

Acquisition date	Sep 2004
Acquisition price plus additions <sup>1</sup> (US\$m)	24.6
Independent valuation date	Dec 2009
Independent valuation (US\$m)	8.8
Book value (US\$m)	8.8
Market cap rate (%)	8.25
Initial yield (%)	3.50
Discount rate (%)	9.25
Average passing rent (US\$/ft <sup>2</sup> )	6.63
Average market rent (US\$/ft <sup>2</sup> )	5.52
Leased by area (%)	61
Weighted lease term by income (years)	1.4

<sup>1</sup> Original combined acquisition price for 1777 S Vintage Avenue, 4200 Santa Ana Street, 1401 E Cedar Street, 1951 S Parco Street & 1450 E Francis Street, Ontario.

## LEASE MATURITY (%)







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# CASE STUDY: THOROUGHbred BUSINESS PARK, 1621 E FRANCIS STREET, ONTARIO<sup>1</sup>



In 1994, Master Development Corporation developed the 105 acre master-planned industrial park known as Thoroughbred Business Park totaling two million square feet, making it one of the largest industrial parks in Inland Empire. Thoroughbred Business Park is a joint venture between MDC, the landowner (The Johnston Trust) and The State Teachers Retirement System of Ohio. All construction financing has been provided by Sanwa Bank (now Bank of the West).

**Phase I:** Located on Mission Boulevard directly south of the Ontario International Airport, Phase I was completed in September 1996. It features three dock-high warehouse buildings totaling 670,000 square feet. Phase I was 100% leased shortly after completion.

**Phase II:** Located in the center of the 100 acre site, Phase II was completed in December 1997. It features four dock-high warehouse buildings totaling 682,000 square feet, the buildings range in size from 84,500 to 269,000 square feet.

**Phase III:** The third and final phase of Thoroughbred Business Park was completed in December 1999. The project fronts Francis Street, a major east/west arterial which runs through the city. Phase III features four dock-high warehouse buildings totaling 653,000 square feet. The buildings range in size from 61,000 to 350,000 square feet.

## PROPERTY DETAILS

Building type	Warehouse & Distribution Center
Title	Freehold
Owners	Institutional Industrial Investors, LLC Ontario Two, LLC Ontario Three, LLC
Metro area	San Bernardino
Zoning	M2.5 – Light Industrial
Site area (acres)	105
Site coverage %	44
Lettable area ('000ft <sup>2</sup> )	2,000
Office space ('000ft <sup>2</sup> )	78
Number of units	16
Average unit size ('000ft <sup>2</sup> )	125
Car parking spaces	2,595

## MAJOR TENANTS

Coastal Pacific Food Distributors	21%
Paris Accessories	13%
Fresh Start Bakeries	9%

## KEY STATISTICS AT 31 DECEMBER 2009

Acquisition/construction dates	1996-1999
Average passing rent US\$/ft <sup>2</sup>	4.10
Average market rent US\$/ft <sup>2</sup>	3.60
Leased by area %	97
Weighted lease term by income (years)	8

<sup>1</sup> Property not owned by DEXUS.



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# APPENDICES

## SOUTHERN CALIFORNIA INDUSTRIAL SUBMARKET CONDITIONS

### San Fernando Valley

- (a) Inventory 140.4 million square feet
- (b) Availability rate 6.80%
- (c) Rent \$8.88/sf gross

### Downtown LA

- (a) Inventory 294.0 million square feet
- (b) Availability rate 6.20%
- (c) Rent \$5.52/sf gross

### South Bay

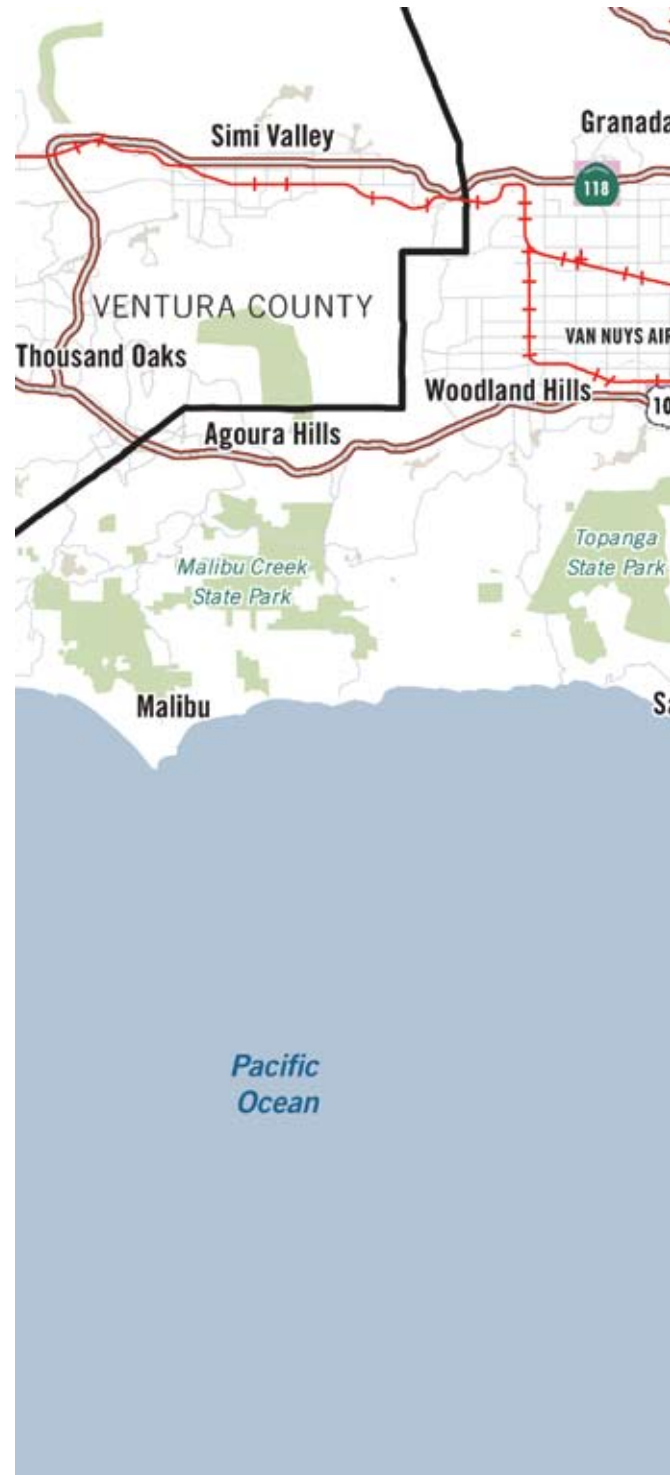
- (a) Inventory 227.3 million square feet
- (b) Availability rate 8.70%
- (c) Rent \$5.88/sf gross

### Mid Counties

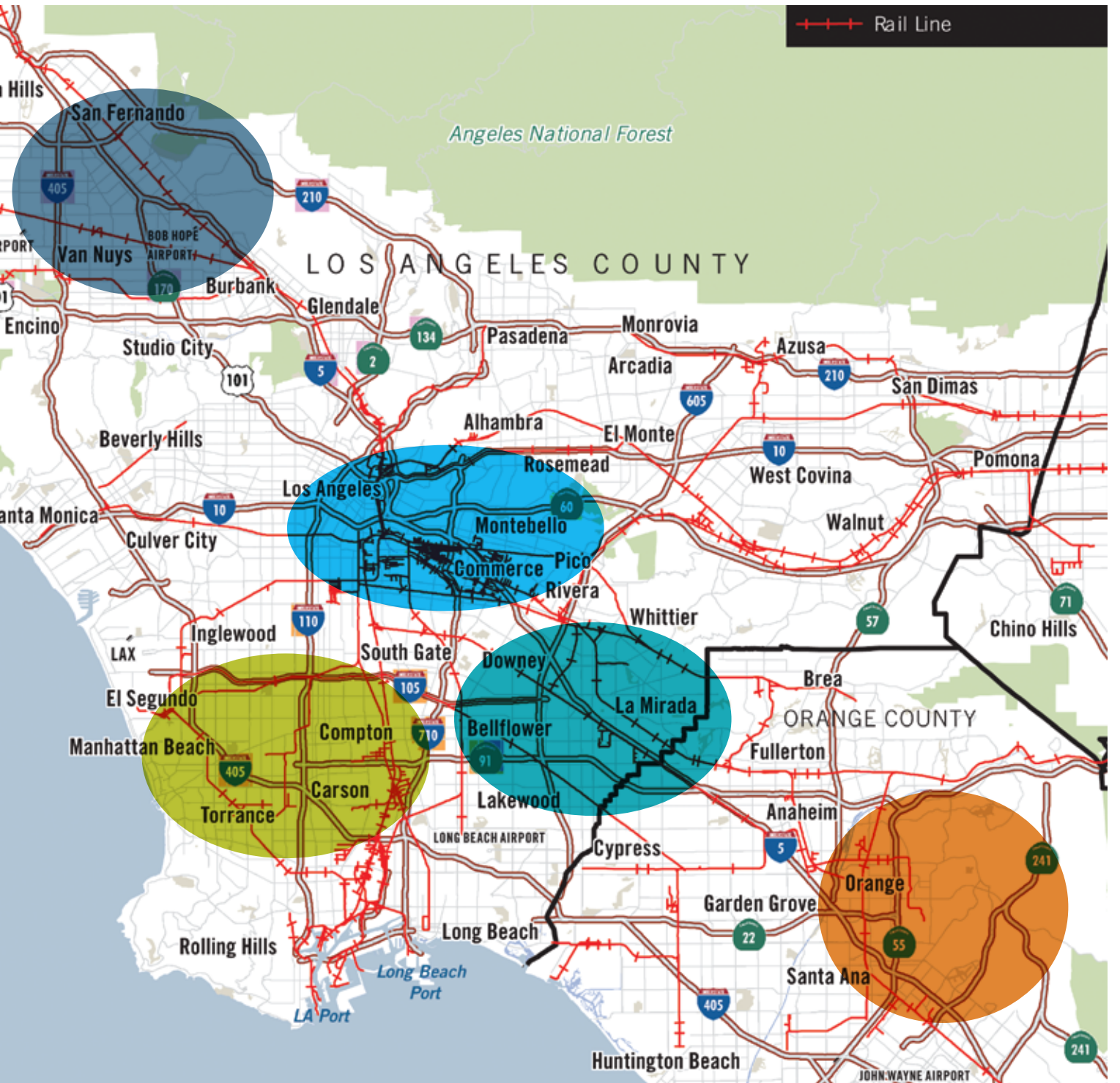
- (a) Inventory 103.8 million square feet
- (b) Availability rate 12.0%
- (c) Rent \$6.42/sf gross

### Orange County

- (a) Inventory 292.0 million square feet
- (b) Availability rate 11.6%
- (c) Rent \$9.13/sf gross



Source: CBRE Econometrics Advisory.

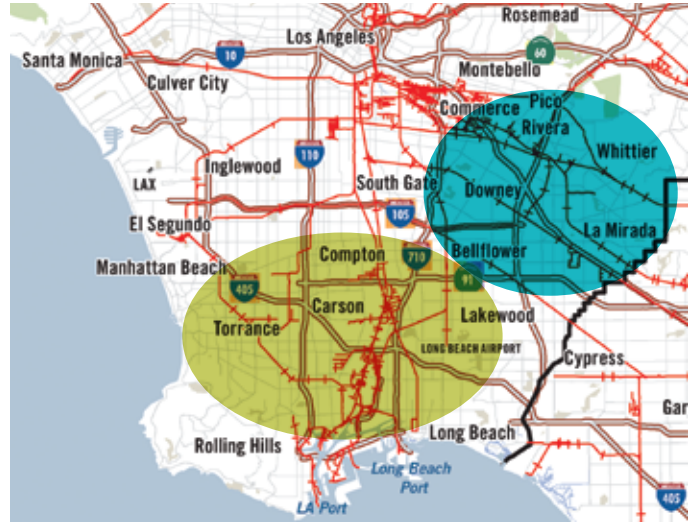


## LOS ANGELES, CALIFORNIA

Los Angeles County is the main economic center within the Southern California region, containing the largest industrial base in the nation of nearly one billion square feet. Much of its success is due to the significant trade, distribution and transportation facilities that directly benefit the entire southern California area. The area is served by six airports, two ports and an extensive freeway and rail network.

New supply in this market is constrained by the limited amount of undeveloped land. Stock tends to be smaller and older than newer markets such as Inland Empire. The two major submarkets are South Bay and Mid-Counties. These two markets are distribution focussed and are strategically located near LA/Long Beach ports, rail and major freeways.

These submarkets have been more resilient than many other industrial markets due to the diverse business and labor base, and proximity to the ports of Los Angeles and Long Beach.



Source: DEXUS Research, CBRE.

<b>Market size</b>	955 million square feet
<b>Forecast three year supply</b>	4 million square feet
<b>Major owners</b>	AMB, Majestic, Watson Land, ProLogis, ING
<b>Market drivers</b>	Main economic center for the West Coast Large population Significant trade, distribution and transportation facilities Supply constrained
<b>Challenges</b>	Functional obsolescence
<b>Major user groups</b>	Diverse tenant base and international distributors
<b>Infrastructure</b>	Serviced by six airports (including LAX), two ports (Los Angeles and Long Beach) and extensive freeway and rail network

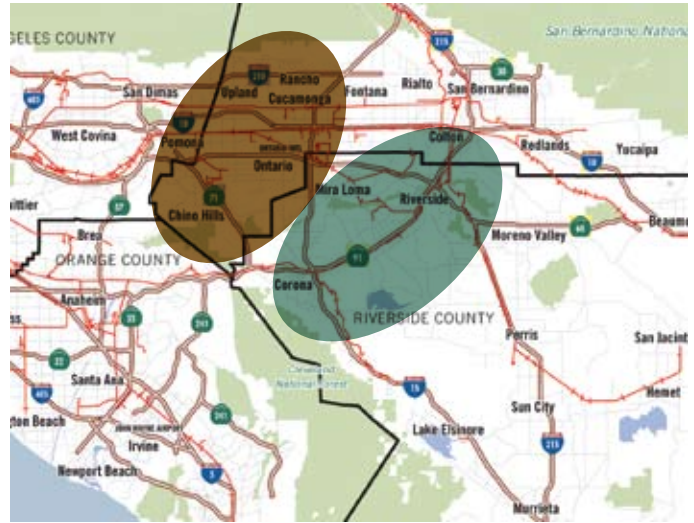
Submarket	Precinct
Mid-counties	Cerritos La Mirada Downey Norwalk Whittier
South Bay	Carson Gardena Torrance Rancho Dominguez Compton Long Beach Hawthorne El Segundo Los Angeles/South Bay Wilmington Lynwood Inglewood Signal Hill Redondo Beach Harbor City San Pedro

# RIVERSIDE AND INLAND EMPIRE WEST, CALIFORNIA

Riverside has continued to attract businesses which have sought to take advantage of the areas labor force, economic incentives, cost advantages, central geographic location, its extensive transportation infrastructure and have dealt with the land constraints in Los Angeles.

The industrial market caters to large corporate tenants such as Staples, Costco, LG Electronics, Target, Borders Group, Lowe's, Toyota and BMW. Many of these tenants have relocated from Los Angeles to consolidate into state of the art facilities and gain operational efficiencies. About 80% of the inventory in the Inland Empire is warehouse/distribution.

Tenants preferring to remain closer to the Los Angeles basin have opted for the Inland Empire West, where port related users have a more efficient turnover. As a result, higher rents are achieved in Inland Empire West compared to Inland Empire East.



Source: DEXUS Research, CBRE.

<b>Market size</b>	438 million square feet
<b>Forecast three year supply</b>	7.2 million square feet
<b>Major owners</b>	ProLogis, Majestic, Space Center
<b>Market drivers</b>	Cost advantage over Los Angeles and Orange County Strongest population growth of selected markets Inland Empire West greater access to ports over Inland Empire East
<b>Challenges</b>	Downturn impacted sectors so longer road to recovery.
<b>Major user groups</b>	Warehouse/distributors
<b>Infrastructure</b>	Access to Los Angeles Serviced by strong transport network

- Inland Empire West**
  - (a) Inventory 261.3 million square feet
  - (b) Availability rate 14.3%
  - (c) Rent \$5.19/sf gross
- Riverside**
  - (a) Inventory 113.8 million square feet
  - (b) Availability rate 17.7%
  - (c) Rent \$6.23/sf gross

Submarket	Precinct
Inland Empire West	Chino
	Fontana North
	Fontana South
	Mira Loma
	Ontario
	Rancho Cucamonga
	Rialto
Riverside	Riverside

## SAN FRANCISCO – OAKLAND, CALIFORNIA



Source: DEXUS Research, CBRE.

### INDUSTRIAL SUBMARKET CONDITIONS

<p> <b>San Francisco</b></p> <ul style="list-style-type: none"> <li>(a) Inventory 97.4 million square feet</li> <li>(b) Availability rate 10.5%</li> <li>(c) Rent \$10.80/sf gross</li> </ul>	<p> <b>Oakland</b></p> <ul style="list-style-type: none"> <li>(a) Inventory 280.1 million square feet</li> <li>(b) Availability rate 14.7%</li> <li>(c) Rent \$8.01/sf gross</li> </ul>
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The two primary markets in the San Francisco Bay area are East Bay and South Bay/Silicon Valley.

The San Francisco peninsula has a limited industrial base as land prices are high. Manufacturing businesses have slowly left these submarkets due to the expense of doing business. As a result, only distribution centers which require a local presence are located in these submarkets.

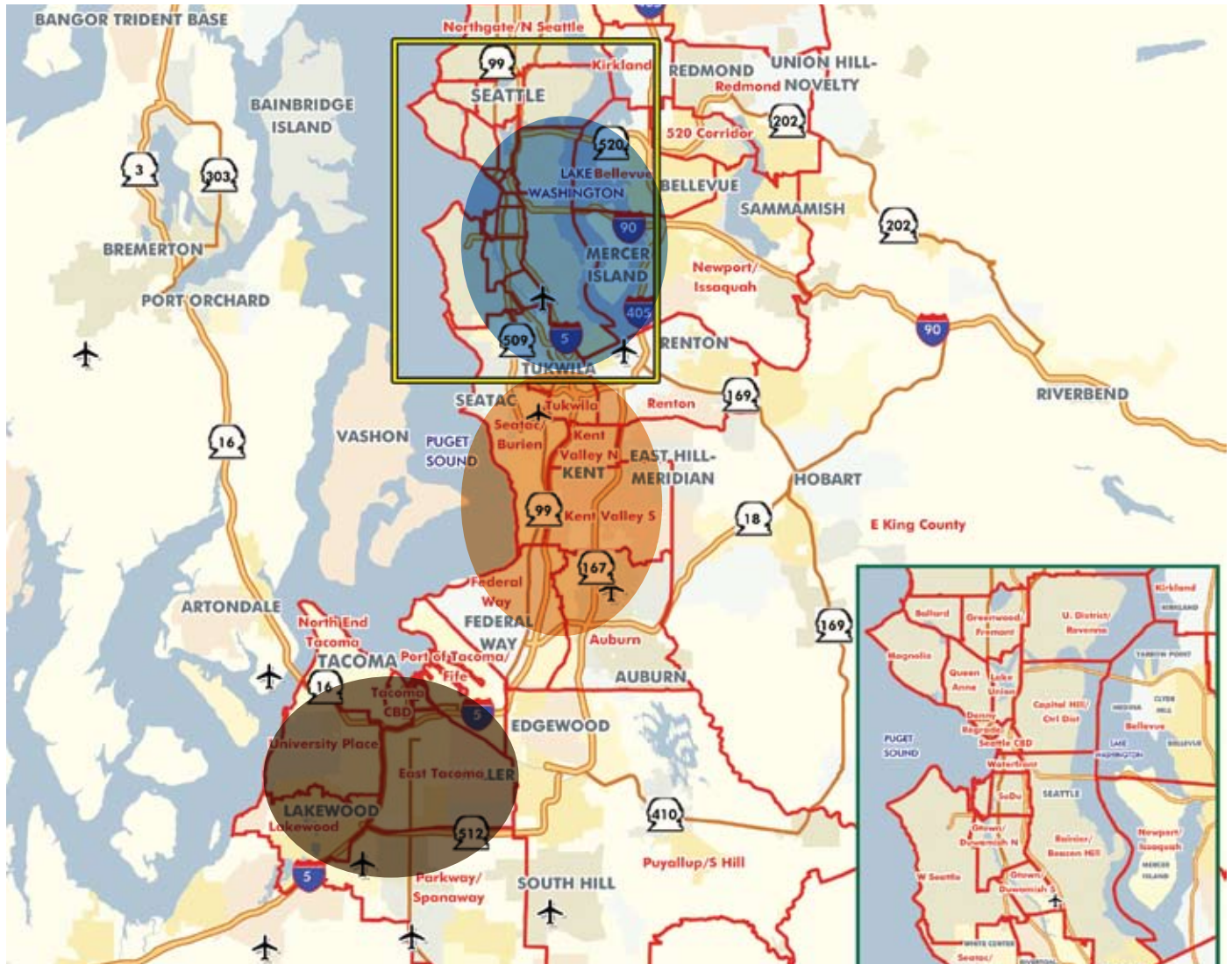
The East Bay industrial market is clustered along Interstates 80/880 and consists of Oakland, San Leandro, Hayward and Sunnyvale. The East Bay is considered the preferred location for industrial and distribution facilities offering a more affordable market for tenants, immediate port access to Oakland, lower labor costs and lower housing costs. Proximity is also available to major trucking lines such as Interstate 880 as well as east/west routes which lead to Interstate 5.

Demand drivers for tenancy include high tech, life sciences, internet, software, clean technology and financial services. Major organizations which have their headquarters or major operations in the Bay Area include Google, Apple, Oracle, Cisco, Genentech, Intel, Yahoo, Adobe and Hewlett Packard.

<b>Market size</b>	377 million square feet
<b>Forecast three year supply</b>	2.4 million square feet
<b>Major owners</b>	AMB, ProLogis, RREEF, Dividend Capital Trust and UBS
<b>Market drivers</b>	Location of larger distribution facilities which service the Port of Oakland More affordable operation costs Supply constrained Strong capital investment
<b>Challenges</b>	High development costs
<b>Major user groups</b>	Distributors and high tech, software and life science
<b>Infrastructure</b>	Good access to rail facilities and port facilities at the Port of Oakland
<b>Submarket</b>	<b>Precinct</b>
Oakland	80 Corridor 880 Corridor Oakland



# SEATTLE, WASHINGTON



Source: DEXUS Research, CBRE.

## INDUSTRIAL SUBMARKET CONDITIONS

<p><span style="display: inline-block; width: 15px; height: 15px; background-color: #4F81BD; margin-right: 5px;"></span> <b>Downtown</b></p> <ul style="list-style-type: none"> <li>(a) Inventory 60.3 million square feet</li> <li>(b) Availability rate 6.30%</li> <li>(c) Rent \$9.91/sf gross</li> </ul>	<p><span style="display: inline-block; width: 15px; height: 15px; background-color: #8B4513; margin-right: 5px;"></span> <b>Tacoma</b></p> <ul style="list-style-type: none"> <li>(a) Inventory 34.5 million square feet</li> <li>(b) Availability rate 9.90%</li> <li>(c) Rent \$4.33/sf gross</li> </ul>	<p><span style="display: inline-block; width: 15px; height: 15px; background-color: #C85A3D; margin-right: 5px;"></span> <b>Southend</b></p> <ul style="list-style-type: none"> <li>(a) Inventory 125.5 million square feet</li> <li>(b) Availability rate 12.90%</li> <li>(c) Rent \$7.02/sf gross</li> </ul>
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The overall size of the Seattle industrial market is approximately 280 million square feet of which 80 million square feet is owner occupied and primarily concentrated in Kent Valley.

Demand for industrial space in the Seattle market is driven by international trade, high technology, and manufacturing.

Seattle is serviced by the ports of Seattle and Tacoma which handle container cargo from the Pacific rim. The level of trade is expected to grow significantly over the next decade. Major infrastructure networks include the Ports, I-5 and Route 99.

Overall stock within the region is fairly dated however stock within the southern Kent Valley is more newly constructed. The Kent Valley industrial market is characterized by significant supply constraints due primarily to the geographical barriers.

<b>Market size</b>	280 million square feet
<b>Forecast three year supply</b>	2.8 million square feet
<b>Major owners</b>	AMB, Principal, RREEF, HRPT and TIAA
<b>Market drivers</b>	International trade High tech and manufacturing Robust local population growth prospects Supply constrained
<b>Challenges</b>	Kent Valley submarket at risk from Howard Hanson Dam flooding
<b>Major user groups</b>	Aerospace (Boeing and its suppliers), Software (Microsoft, suppliers and competitors)
<b>Infrastructure</b>	Ports of Seattle and Tacoma which are deep water ports and are two of only three west coast ports which handle Pacific Rim cargo. Two major rail lines and a regional airport

<b>Submarket</b>	<b>Precinct</b>
Downtown	Gtown/Duwamish N Gtown/Duwamish S Rainier/Beacon Hill SoDo
Southend (Kent Valley)	Federal Way Kent Valley N Kent Valley S Seatac/Burien Tukwila
Tacoma	E Tacoma North End Tacoma Port of Tacoma/Fife Tacoma CBD



## 3550 TYBURN STREET & 3332-3424 N SAN FERNANDO ROAD, GLENDALE



3424 N San Fernando Road (L) and 3550 Tyburn Street (R)



Top: 3550 Tyburn Street; Bottom: 3332-3424 N San Fernando Road

These properties are located between Glendale Boulevard and Fletcher Drive with regional access provided via I-5 at Glendale Boulevard or the Glendale (2) Freeway at N San Fernando Road. The two properties house eight concrete tilt-up, multi-tenant, warehouse buildings with built up tar roof systems.

### PROPERTY DETAILS

Building type	Industrial Estate
Title	Freehold with leasehold parcel
Metro area	Los Angeles
Zoning	LA MZ-1
Site area (acres)	20.7
Site coverage (%)	50
Number of buildings	8
Lettable area ('000 ft <sup>2</sup> )	451
Number of units	28
Average unit size ('000 ft <sup>2</sup> )	16
Car parking spaces	598

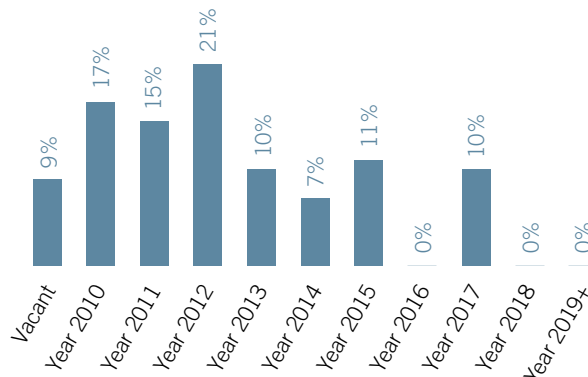
### MAJOR TENANTS

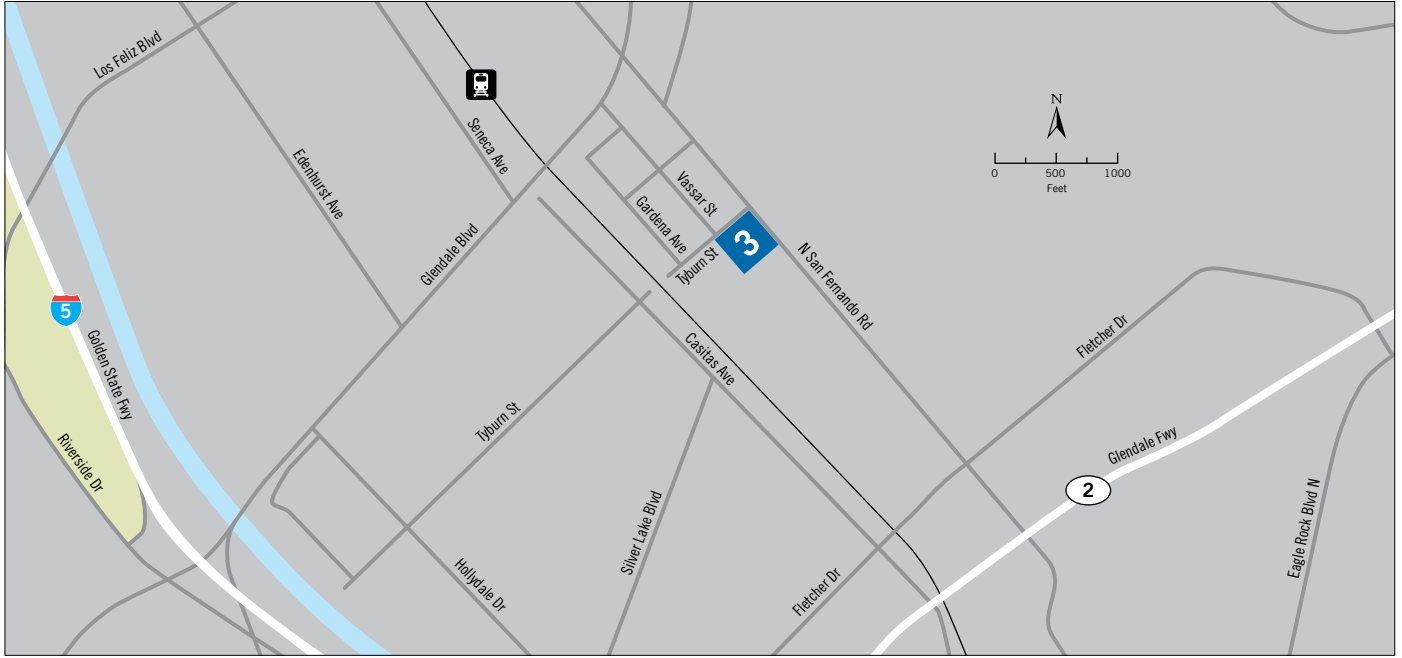
A & A Amalgamated Printing	15.8%
Staples Contract & Commercial	10.0%
Staples Contract	8.3%

### KEY STATISTICS AT 31 DECEMBER 2009

Acquisition date	Sep 2004
Acquisition price plus additions (US\$m)	43.51
Independent valuation date	Dec 2009
Independent valuation (US\$m)	49.1
Book value (US\$m)	49.1
Market cap rate (%)	8.00
Initial yield (%)	7.86
Discount rate (%)	8.50
Average passing rent (US\$/ft <sup>2</sup> )	9.86
Average market rent (US\$/ft <sup>2</sup> )	8.86
Leased by area (%)	90
Weighted lease term by income (years)	3.0

### LEASE MATURITY (%)





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## DEVELOPMENT CASE STUDY: DYNAMIC COOKING SYSTEMS, 5900 SKYLAB ROAD, HUNTINGTON BEACH



In December 1997, MDC completed construction of 165,000 square feet, build-to-suit for Dynamic Cooking Systems (“DCS”). DCS is a leading manufacturer of gas barbecues, cooktops, and ranges for residential and commercial uses. This development represented the only developer sale in the 75 acre Boeing Business Park.

The DCS building was developed on behalf of Meridian Industrial Trust, a New York Stock Exchange REIT, which retained MDC to design and construct the building. The total value of this transaction was approximately US\$9 million.

### DCS Phase II

In October 2000, MDC completed its second build-to-suit for DCS. This 140,000 square foot warehouse building sits next to the manufacturing building and involved careful site planning to integrate both uses. The building was developed on behalf of the individual owners of DCS.



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## ABOUT DEXUS

DEXUS is one of the world’s leading real estate groups with over \$11 billion of assets under management. DEXUS specializes in owning, managing and developing high quality office and industrial real estate, primarily in the United States and Australia. In the United States and Canada, DEXUS owns 98 industrial properties, totaling more than 25.7 million square feet in 17 industrial and logistics markets.

We are committed to the long-term integration of Corporate Responsibility & Sustainability (CR&S) practices throughout our business and strive to be a market leader in this important area. In the United States, we have actively designed and developed sustainable buildings in conjunction with the Leadership in Energy and Environmental Design (LEED) Green Building Rating System, such as Whirlpool Atlanta and Seattle (Gold), Summit Oaks (Silver) and Whirlpool Columbus (Certified).

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