



dexus

**Performance
Pack
2017**



2017 Performance Pack

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2017 Performance Pack

Material issues

Understanding our key issues

We continuously seek to improve the information we report on, including reviewing material issues to ensure relevance.

Periodically, we formally re-assess our material issues through an extensive process, facilitated by an independent specialist. In the intervening years, including 2017, we conduct an annual management review of our materiality matrix in line with reporting disclosure.

Dexus's materiality matrix

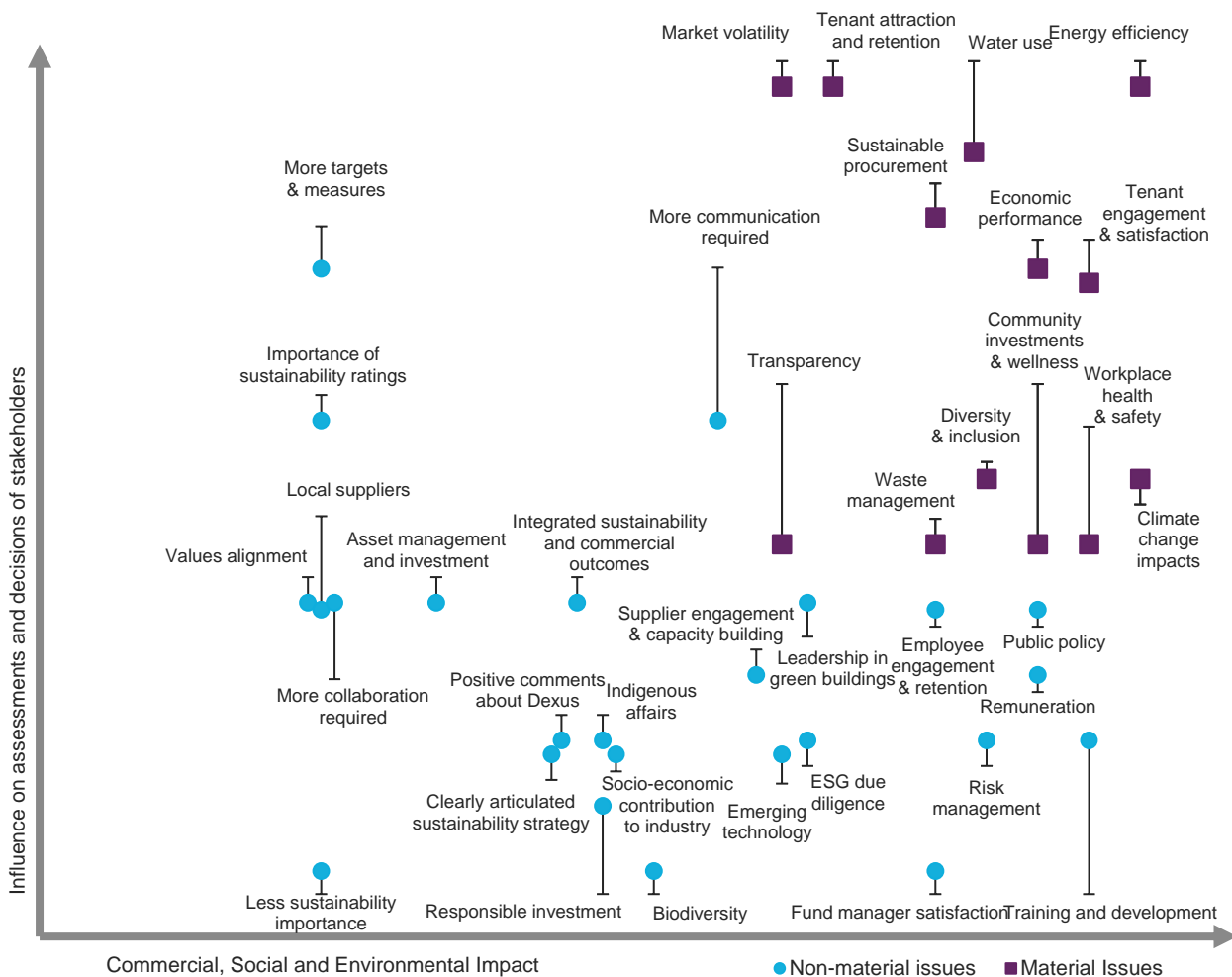
The issues identified by Dexus and its stakeholders are visually correlated to highlight the influence on

stakeholders and their importance to Dexus and the property sector.

We have created a matrix to assist in prioritising the most material issues as the basis for ongoing disclosure. These material issues are a major consideration in the development of our evolving [Sustainability Approach](#).

The material issues align to the key objectives of our sustainability approach and have informed our [FY17](#) and future commitments.

The materiality matrix also informed the material topics that have been included within Dexus's 2017 [GRI Index](#).





2017 GRI Standards material issues index

Dexus's Top 10 material issues reflect priorities for Dexus and its stakeholders, and align with GRI Standards requirements and our sustainability approach.

The material issues are not prioritised, but organised under the key sustainability objectives.

Relating Dexus's material issues to the United Nations Sustainable Development Goals

In September 2015, the United Nations member nations voted to adopt a 2030 agenda for sustainable

development; a plan of action to transform our world by 2030 for the benefit of people, the planet and prosperity.

The United Nations has outlined 17 [Sustainable Development Goals](#), or SDGs, that seek to resolve the most pressing issues facing society including extreme poverty, hunger, climate change, with the goal to heal and secure our planet.

We acknowledge that we are part of this collective journey and have mapped our material issues against the broader SDGs to identify those that are most relevant to our activities as an organisation and geographical area of operation.

Material Issue arranged by Sustainability objective	Topic explanation	Related Sustainable Development Goals	Topic boundary
Sustained value			
Financial performance	Maintaining strong financial performance over the long term through delivering on strategy	8. Decent work and economic growth	Dexus portfolio owned and managed by DXS security holders
Transparency	Promoting open communication with investors, supporting Dexus's strong governance principles	16. Peace, justice and strong institutions	Dexus platform
Market volatility	Adopting active leasing and asset management strategies to proactively address variable market conditions	11. Sustainable cities and communities	All properties within the Dexus group portfolio
Future enabled customers			
Tenant attraction and retention	Enhancing tenant engagement and satisfaction and utilising leasing capabilities to attract and retain tenants to improve portfolio occupancy	8. Decent work and economic growth 9. Industry, innovation and infrastructure 11. Sustainable cities and communities	Tenants occupying properties within the Dexus group portfolio
Thriving people			
Talent attraction and retention	Attracting, retaining and developing employees to deliver high performance in a diverse and inclusive workplace	3. Good health and wellbeing 4. Quality education 5. Gender equality	All Dexus employees
Workplace health and safety	Ensuring the safety of employees, customers and suppliers at Dexus properties	3. Good health and wellbeing	All persons occupying or visiting Dexus managed properties
Leading cities			
Community contribution	Engaging with the community through corporate social responsibility programs and providing spaces servicing the wider community	3. Good health and wellbeing 15. Life on land	All properties within the Dexus group portfolio
Strong communities			
Sustainable procurement	Effectively managing supply chain risks in relation to environmental, social and governance issues and identifying opportunities to create value in partnership with suppliers	12. Responsible consumption and production 17. Partnerships for the goals	Suppliers to Dexus across all properties within the Dexus group portfolio
Enriched environment			
Climate change impacts	Assessing the impact and adopting measures to address the effect of climate change on the property portfolio	13. Climate action	All properties within the Dexus group portfolio
Resource efficiency and waste	Improving energy and water efficiency and waste management to enhance environmental outcomes, demonstrated through sustainability ratings	6. Clean water and sanitation 7. Affordable and clean energy 12. Responsible consumption and production	All properties within the Dexus group portfolio



Managing risk

A prudent and robust approach to risk management is an essential part of Dexus's ongoing success. There are various risks that could impact the execution of Dexus's strategy and outlook, and the nature and potential impact of these risks can change over time.

Dexus actively reviews and manages risks faced by the group over the short, medium and long term, overseen by the Board Risk Committee.

For further information on Dexus's risk management framework refer to the [Operating and Financial Review](#), the [Corporate Governance Statement](#) and the [2017 Annual Report](#).

Setting business targets and commitments

Corporate responsibility and sustainability are an integral part of our daily business operations. Dexus delivers these responsibilities through measurable actions and within [Board](#) and [Corporate](#) policies.

Dexus sets measurable performance commitments and targets for each objective within our Sustainability Approach based on these material issues.

Dexus reports progress and results relating to each stakeholder group within the [2017 Annual Report](#) supported by non-financial and operational data supplied in this 2017 Performance Pack.

Materiality assessment timeline and process



Dexus's materiality assessment encompasses an assessment or management review using a four-stage process:

Review type	1. Identify & align	2. Engage	3. Prioritise	4. Disclose
Materiality Assessment (every 3 to 5 years)	Research existing and emerging material issues relevant to our business, as identified by: <ul style="list-style-type: none"> – Local and international best practice peers – Investment bodies – Sustainability benchmarking tools – Industry associations 	Engage with key stakeholders to identify issues that they considered important to the group. Issues relating to GRI Standards topics as well as other stakeholder issues	Engaging topic experts across Dexus to assign an appropriate level of insight on priority of the issues, prioritising them based on their significance and likely impact to Dexus and our stakeholders	Dexus has aligned with the GRI Standards to ensure the structure and content of annual results reporting adequately disclosed materiality issues and performance
Annual Management Review (intervening years)	Align material issues with Dexus strategic risks and risk management activities, operations, and project initiatives	Review issues arising from engagement (meetings, surveys with customers, investors, and employees). Review issues arising from industry collaboration and sustainability surveys and benchmarks such as CDP, GRESB, and RobecoSAM	Review and update the priority rating Dexus has assigned to issues and the updated matrix forms the basis of Dexus's material issues	Dexus has aligned with GRI Standards to ensure the structure and content of annual results reporting adequately disclosed materiality issues and performance

Boundary terms

In this 2017 Performance Pack:

- 'Dexus', 'the group', 'Dexus group portfolio', 'we', 'us' and 'our' refer to Dexus comprising the ASX listed entity (DXS) and the Third Party Funds Management business, unless otherwise stated
- 'Dexus portfolio' relates specifically to the portfolio of properties in the ASX listed entity
- 'Funds management portfolio' relates to properties managed by Dexus on behalf of third party clients

Any reference in this report to a 'year' relates to the financial year ended 30 June 2017. All dollar figures are expressed in Australian dollars unless otherwise stated.

Independent assurance

In addition to auditing the Financial Statements, PricewaterhouseCoopers (PwC) provides limited assurance over select environmental and social data metrics within the 2017 Dexus Annual Reporting Suite.

Limited assurance has been obtained for the 12 months to 30 June 2017. The Assurance Statement, and associated reporting criteria documents are available within Dexus's online [CR&S document library](#).



2017 Performance Pack

Sustained value

Our sustainability approach is aligned with Dexus’s strategy through the overarching goal of delivering sustained value for our stakeholders

Integrating sustainability

Dexus’s sustainability approach incorporates the UNPRI ‘six principles’ relating to responsible investment and active property management, and is aligned with our corporate strategy through its overarching goal to create sustained value.

Sustainability is also a key enabler that supports our strategy.

This framework incorporates five objectives which describe the stakeholders for whom we implement sustainability initiatives, while the three themes are a frame of reference for initiatives and programs.

Key themes:

Connectivity - using technology to enable connectivity between people and places and smart operations of Dexus’s business and buildings

Liveability - creating vibrant, inspiring and flexible work places which enhance productivity and foster the well-being of employees and customers

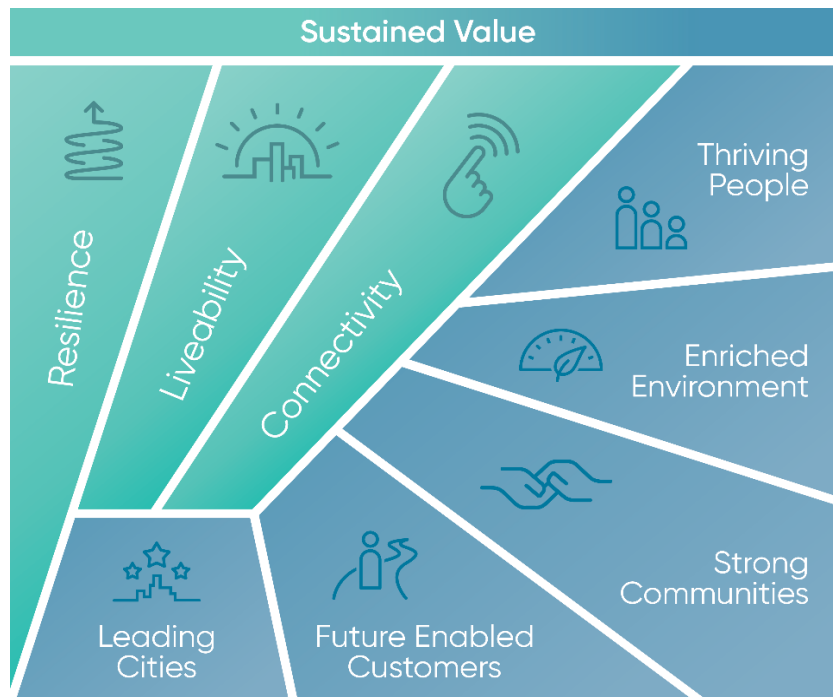
Resilience - increasing resilience so that buildings and spaces are adaptive and customers and Dexus can prosper long term

Together, the three key themes and five key objectives, form the basis from which sustainability commitments and targets are formed, and how achievement is measured.

Our approach evolves

In 2017 our sustainability approach took on new life as part of our corporate rebranding. Our new brand speaks to who we are – an innovative company that is redefining the workplace through our customer offering.

We are working alongside our customers to understand their needs, making things simple and easy, and providing products and services that genuinely add value.



Engaging with investors

Over the course of the year we have seen an increasing number of new and existing investors engage with us on our sustainability strategy, operational management and performance outcomes.

This reflects a broader shift we observe as a member of the Investor Group on Climate Change (IGCC). Since the signing of the Paris Climate Agreement, the climate change debate is rapidly evolving away from justifying the science, towards understanding the physical, social and financial impacts.

Future-focused investors seek greater transparency of sustainability risks and opportunities, and are placing greater emphasis on performance measurement tools like the Global Real Estate Sustainability Benchmark.

With our established strategy, we are focused on continuous improvement. While we work towards meeting our medium term targets, we are thinking ahead to the workplace of the future in a low carbon economy.



Delivering FY17 'sustained value' commitments

☑ = Achieved, ☒ = Not achieved, ⇔ = Underway

Commitment	Status	FY17 achievements
Investors		
Deliver 3.5%-4.5% (previously 3.0-3.5%) growth in Underlying FFO per security	☑	Delivered 4.2% growth in Underlying FFO per security in line with our target and 4.5% growth in distribution per security at the top end of our guidance range
Office and Industrial		
Target Office like-for-like growth of 2.5-3% (previously 2-3%) and Industrial 3-4% like-for-like income growth in Dexus's industrial portfolio	☑	Achieved 2.6% like-for-like growth in the office portfolio and 3.6% like-for-like growth in the industrial portfolio
Reduce FY19 office lease expiries to 12% by end of FY17	☑	Implemented forward leasing strategies to reduce FY19 office lease expiries to 12% at 30 June 2017 from 14.2% at 30 June 2016.
Third Party Funds Management		
Deliver on third party clients' investment objectives, leverage transaction capabilities and seek new development and enhanced return opportunities to satisfy investment strategies	☑	All funds delivered strong performance with DWPF outperforming its benchmark over one, three, five, seven and ten years. Dexus Office Partnership delivered a one year unlevered total property return of 14.7% and an annualised unlevered total property return of 14.6% since inception.
Development		
Seek new development and enhanced return opportunities to satisfy investment strategies	☑	Dexus progressed its \$4.3 billion development pipeline through the year with 100 Mount Street North Sydney and 105 Phillip Street Parramatta reaching key milestones. Seven industrial developments were activated. A new healthcare property fund was also launched seeded with the Calvary Adelaide Hospital which is currently under construction.
Trading		
Target FY17 trading profits of circa \$45-50 million (post tax) and progress priority projects	☑	Delivered \$47.2 million in trading profits net of tax in FY17 including the sale of 105 Phillip Street, Parramatta which also secured approximately 60% of FY18 trading profits.
Capital Management		
Maintain strong balance sheet and target a weighted average cost of debt of circa. 4.2% (previously 4.6%)	☑	Maintained strong balance sheet with 26.7% ¹ gearing and reduced cost of debt to 4.1% (FY16: 4.8%)

For more financial information refer to the [2017 Dexus Annual Report](#).

Sustained value – Performance data

Financial highlights

Key metrics	FY13	FY14	FY15	FY16	FY17
Net profit after tax (\$m)	514.5	406.6	618.7	1,259.8	1,264.2
Funds From Operations (\$m)	365.4	446.6	544.5	610.8	617.7
Funds From Operations (cents per security)	7.75	8.34	59.52	63.1	63.8
Distribution (cents per security)	6.00	6.26	41.04 ¹	43.51	45.47
NTA per security (\$)	1.05	1.06	6.682 ¹	7.53	8.45
Gearing (%) ²	29.0	33.7	28.5	30.7 ³	26.7% ⁴
Total security holder return (%)	22.1	9.9	15.8	30.3%	10.1%

- Dexus completed a one-for-six Security Consolidation in November 2014.
- Adjusted for cash and for debt in equity accounted investments. Refer to 2017 Dexus Annual Report for gearing definition.
- Gearing was expected to reduce to circa 27% post the receipt from recent divestments. This includes the sale of 57-65 Templar Road, Erskine Park (trading property); The Zenith, Chatswood; 108 North Terrace, Adelaide; the first 50% tranche of Southgate Complex, Melbourne; and 79-99 St Hilliers Road, Auburn (trading property).
- Pro forma gearing is adjusted for the acquisitions of MLC Centre, Sydney, 100 Harris Street, Pyrmont, 90 Mills Road, Braeside and the sales of 30-68 Taras Avenue, Altona North and 46 Colin Street, West Perth, including the impact of transactions costs. Actual gearing (look-through) is 22.1% at 30 June 2017.



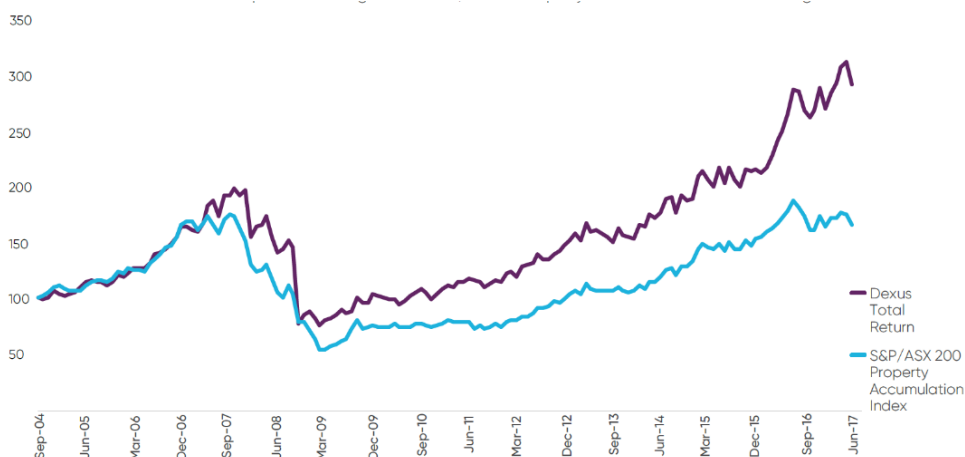
Dexus portfolio snapshot

Key metrics		FY13	FY14 (pre CPA)	FY14 (post CPA)	FY15	FY16	FY17
Portfolio value (\$A)	Dexus portfolio	\$7.4bn	\$7.3bn	\$9.1bn	\$9.5bn	\$11.0bn	\$12.2bn
	Office	\$5.9bn	\$5.7bn	\$7.7bn	\$7.8bn	\$9.2bn	\$10.2bn
	Industrial	\$1.4bn	\$1.6bn	\$1.4bn	\$1.7bn	\$1.8bn	\$2.0bn
	Industrial US (US\$)	\$549.5m	-	-	-	-	-
Net lettable area (sqm)	Dexus portfolio	1,724,800	1,775,4871	1,993,729	2,697,990	2,842,797	2,866,358
	Office	951,380	682,207	1,490,070	1,403,255	1,566,111	1,581,646
	Industrial	1,251,152	1,254,588	1,254,588	1,294,735	1,276,685	1,284,712
Funds From Operations ¹	Office	-	-	\$455.4m	\$533.3m	\$567.2m	\$567.4m
	Industrial	-	-	\$122.8m	\$112.3m	\$106.1m	\$114.8m
Like-for-like income growth	Office	3.6%	1.8%	-	0.2%	1.0%	2.6%
	Industrial	1.5%	1.1%	1.5%	0.7%	(7.1%)	3.6%
Occupancy (by income)	Dexus portfolio	94.7%	94.9%	-	-	-	-
	Office	95.2%	94.6%	94.6%	95.3%	96.3%	97.2%
	Industrial	93.0%	96.1%	93.0%	92.4%	90.4%	96.5%
Occupancy (by area)	Dexus portfolio	94.1%	95.3%	-	-	-	-
	Office	94.7%	94.4%	94.3%	95.5%	96.3%	97.0%
	Industrial	93.1%	95.9%	93.1%	91.7%	89.3%	96.6%
Lease duration (by income)	Dexus portfolio	4.7 years	4.8 years	-	-	-	-
	Office	4.9 years	5.0 years	4.7 years	4.3 years	4.7 years	4.8 years
	Industrial	4.0 years	4.1 years	4.0 years	4.0 years	4.1 years	5.1 years
Weighted average capitalisation rate	Dexus portfolio	7.13%	7.47%	-	6.88%	6.33%	5.95%
	Office	6.87%	7.17%	-	6.71%	6.16%	5.78%
	Industrial	8.32%	8.55%	8.32%	7.77%	7.38%	6.88%
1 year total return	Office	9.2%	10.6%	-	9.6%	16.0%	14.1%
	Industrial	9.0%	8.8%	9.0%	11.3%	16.0%	12.6%

1. On 1 July 2014, the group adopted the Property Council of Australia definition of FFO. The Directors consider FFO to be a measure that reflects the underlying performance of the group. FFO comprises net profit/loss after tax attributable to stapled security holders calculated in accordance with Australian Accounting Standards and adjusted for: property revaluations, impairments, derivative and FX mark-to-market impacts, fair value movements of interest bearing liabilities, amortisation of tenant incentives, gain/loss on sale of certain assets, straight line rent adjustments, deferred tax expense/benefit, rental guarantees, coupon income and distribution income net of funding costs.

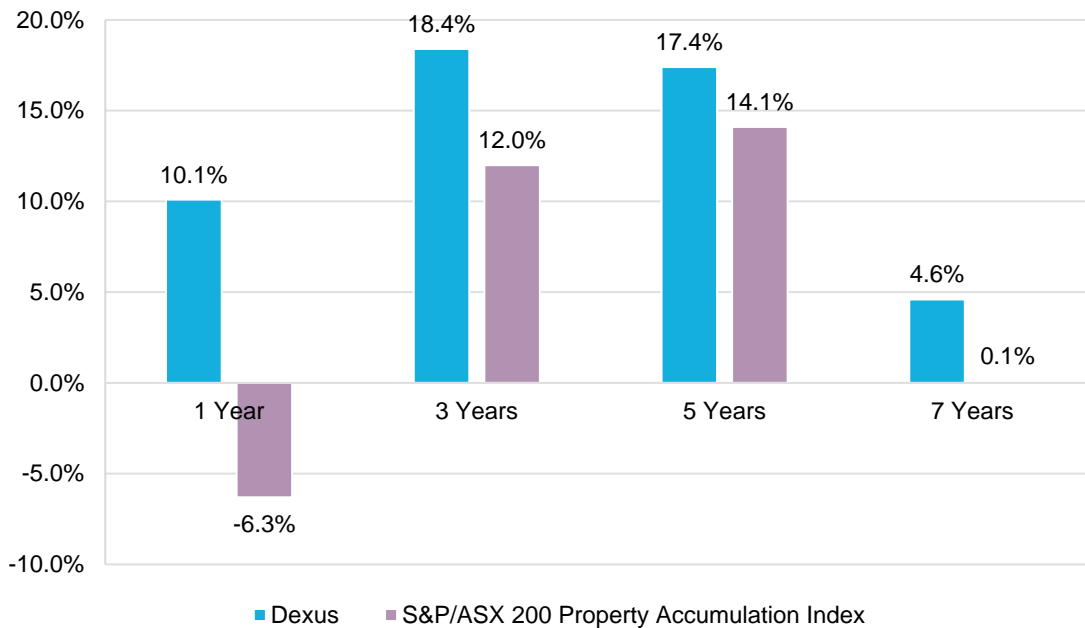
Total return of Dexus securities

The chart below illustrates Dexus's performance against the S&P/ASX 200 Property Accumulation Index since listing in 2004.





Dexus performance against A-REIT index



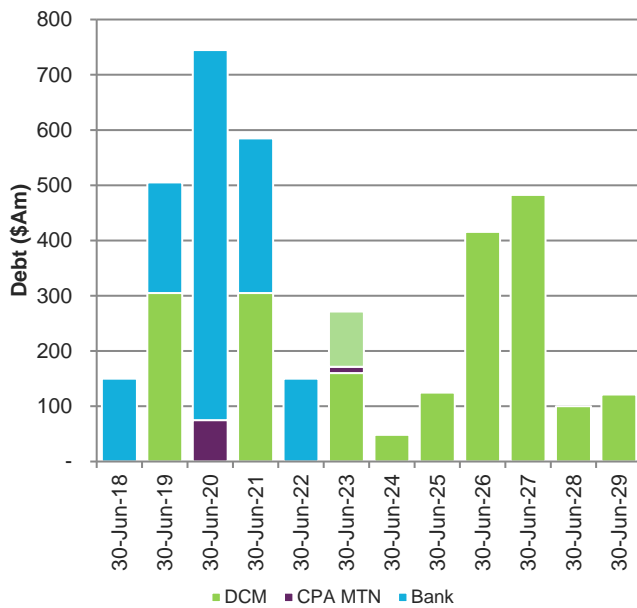
Capital management

Key metrics	FY13	FY14	FY15	FY16	FY17
Cost of debt ¹	5.9%	5.4%	5.2%	4.8%	4.1%
Duration of debt	5.4 years	5.2 years	5.7 years	5.5 years	5.6 years ²
Hedged debt ³	64%	60%	69%	64%	65%
Gearing	29.0%	33.7%	28.5%	30.7% ⁴	26.7% ⁵
Headroom (approximately) ⁶	\$0.3bn	\$0.5bn	\$0.8bn	\$0.4bn	\$1.1bn
S&P/Moody's credit rating	BBB+/Baa1	A-/A3	A-/A3	A-/A3	A-/A3

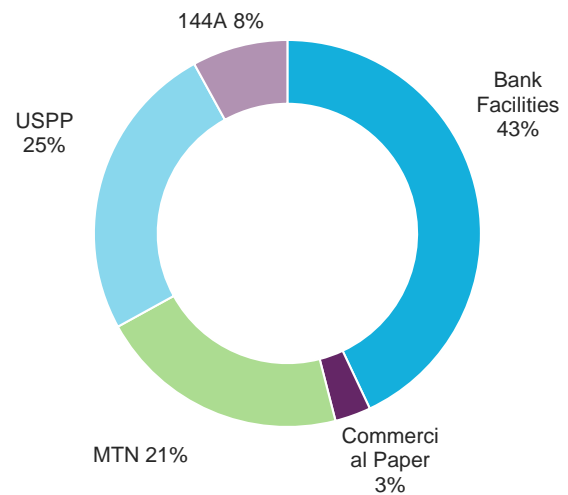
1. Weighted average across the period, inclusive of fees and margins on a drawn basis.
2. Includes \$60 million of Medium Term Notes issued in July 2017 and three bank facilities for \$325 million that commenced in July 2017.
3. Average for the year (excluding caps). Average for the year (including caps) was 71%
4. Gearing was expected to reduce to circa 27% post the receipt from recent divestments. This includes the sale of 57-65 Templar Road, Erskine Park (trading property); The Zenith, Chatswood; 108 North Terrace, Adelaide; the first 50% tranche of Southgate Complex, Melbourne; and 79-99 St Hilliers Road, Auburn (trading property).
5. Pro forma gearing is adjusted for the acquisitions of MLC Centre, Sydney, 100 Harris Street, Pyrmont, 90 Mills Road, Braeside and the sales of 30-68 Taras Avenue, Altona North and 46 Colin Street, West Perth, including the impact of transactions costs. Actual gearing (look-through) is 22.1% at 30 June 2017.
6. Undrawn facilities plus cash. Excluding forward start commitments.



Debt maturity profile¹

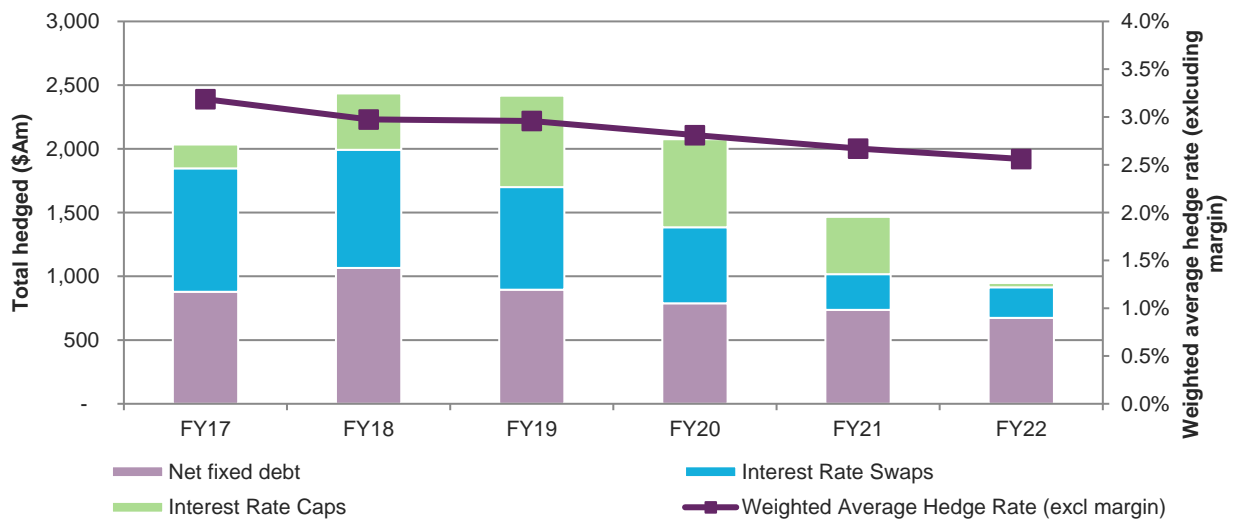


Diversified mix of debt



1. Includes \$60 million Medium Term Notes issued in July 2017 and three bank facilities for \$325 million that commenced in July 2017.

Interest rate hedging maturity profile¹



	June 17	June 18	June 19	June 20	June 21	June 22
A\$ net fixed debt ²	879	1,066	895	789	736	674
A\$ interest rate swaps	969	927	805	596	280	240
A\$ interest rate caps	187	442	717	692	450	33
Total Hedged \$Am	2,034	2,435	2,417	2,076	1,467	947
Weighted average hedge rate (excluding margin) ³	3.19%	2.97%	2.96%	2.81%	2.67%	2.56%

1. Average amount hedged for the period (including caps) was 65%. Average for the full year ended 30 June 2016 (including caps) was 71%.
2. Gross fixed coupon less the amount converted to floating rate basis via coupon matched swaps.
3. Weighted average rate of fixed debt, swaps and caps for the period. Caps included at a rate equal to the lower of cap strike and forecast floating rate for the applicable period.



Debt facilities¹

	Facility limit A\$m	Drawn A\$m	Maturity dates	Currency
Bilateral bank debt	150.0	-	Jan-18	A\$
	50.0	-	Aug-18	A\$
	150.0	-	Jan-19	A\$
	150.0	-	Nov-19	A\$
	520.0	186.0	Jan-20 - Jun-20	A\$
	280.0	220.0	May-21	A\$
	100.0	-	Nov-21 - Dec-21	A\$
	50.0	50.0	Jun-22	A\$
	100.0	100.0	Aug-22	A\$
	100.0	-	Jun-24	A\$
	100.0	100.0	Sep-18	A\$
Commercial paper ²	205.0	205.0	Sep-18	A\$
Medium term notes	100.0	100.0	Nov-22	A\$
	185.0	185.0	Nov-25	A\$
	130.0	130.0	May-27	A\$
US senior notes (144A) ³	304.9	304.9	Mar-21	US\$
US senior notes (USPP) ³	290.9	290.9	Jul-23 - Jul-28	US\$
	225.0	225.0	Feb-24 - Feb-27	US\$
	285.9	285.9	Dec-24 - Dec-26	US\$
	100.0	100.0	Jun-28	A\$
Subtotal	3,576.7	2,482.7		
Currency translation and fair value adjustments	225.4	225.4		
Deferred borrowing costs	(10.3)	(10.3)		
Total interest bearing liabilities	3,791.8	2,697.8		
Bank Guarantee utilised		(33.5)		
Cash		21.4		
Headroom including cash		1,081.9		

1. Debt facilities do not include Medium Term Notes included in an equity accounted investment: A\$74.8m December 2019, A\$11.5m December 2022.
2. Maturity date of commercial paper standby facility.
3. 144A and USPP amount shown at the cross-currency swap contract rate.

2017 Performance Pack



Leading cities

Helping shape Australia's cities for competitiveness and as desirable places to work and live

We pride ourselves on taking an active role in shaping the cities in which we operate. Our goal is to create better experiences and outcomes for our customers and the wider community through enhancing the productivity and vibrancy of precincts.

In FY17 Dexus continued to create sustained value in leading Australian cities by:

- Activating precincts and providing open public spaces servicing the community
- Collaborating with industry, our peers and local governments to build and promote sustainability initiatives and projects
- Celebrating our cities as cultural destinations through local events and festivals

This year we successfully hosted local community events and completed precinct redevelopments, connecting city spaces and showcasing cultural destinations.

We experienced the environmental and social effects from major incidents during the year including high winds and flooding resulting from Cyclone Debbie, and the tragic event that transpired at Bourke Street in Melbourne.

We have worked closely with local councils, the Police

and others to manage incidents and maintain safety at our centres.

Conversely, we have celebrated major successes and milestones, including:

- 50th birthday of Australia Square – designed by the renowned architect Harry Seidler
- Awards for 5 Martin Place, Sydney and 480 Queen Street, Brisbane recognising their innovative design and construction, and contribution to sustainable cities
- Acknowledgement of our sustainability achievements by the Global Real Estate Sustainability Benchmark (GRESB) and CDP
- Launch of our Childspace offering which assists customer employees' returning to work through the provision of priority access to childcare spaces
- Progressed and completed new dining and entertainment precincts at Tweed City Shopping Centre and Willows Shopping Centre, and added or upgraded end-of-trip facilities across several buildings including 360 Collins Street, Melbourne to improve building amenity

Delivering FY17 'leading cities' commitments

☑ = Achieved, ☒ = Not achieved, ⇨ = Underway

Commitment	Status	FY17 achievements
Build collaborative relationships with government at local and state levels to shape Australia's cities for competitiveness and as desirable places to work and live	☑	Successfully strengthened relationships with local and state governments through the planning and delivery of developments and placemaking projects in City of Sydney, North Sydney, Parramatta, Melbourne and Brisbane.
Continue a three-year program completing in 2018 to improve the permeability and vibrancy of CBD precincts through the redevelopment of nine city retail spaces in and around the ground floor plane of Dexus's CBD office properties, including lobbies and laneways	⇨	Progress made towards 2018 target with 8 of the 9 properties now complete including: 5 Martin Place, Sydney; King Square, Perth; 480 Queen Street, Brisbane; Australia Square Retail, Sydney; Gateway Retail, Sydney; and Grosvenor Place, Sydney. The remaining retail space at 105 Phillip Street is expected to be completed in FY18.
Complete the addition of 5,000 square metres of public space through the completion of Dexus office developments in Sydney in FY17	☑	Completed over 5,000 square metres of public space through developments at Gateway Retail, Sydney, 480 Queen Street, Brisbane and King Square, Perth.
Identify childcare eligible space within the Dexus portfolio to expand the availability of childcare centres in the CBD, providing working parents with more flexibility when managing career and family obligations	☑	Launched a partnership with Guardian Early Learning Group in October 2016 providing priority access to childcare spaces for Dexus customers.



Creating vibrant cities

Activating precincts

Across CBD markets, we take an active approach in creating leading cities through activating the ground floor planes of our properties, connecting our office properties within inspiring precincts, and attracting visitors through retail and dining experiences.

During the year we completed city retail developments at Gateway and Grosvenor Place in Sydney and 360 Collins Street in Melbourne.

Other developments at 100 Mount Street North Sydney and 105 Phillip Street Parramatta are underway and will positively contribute to these growing office markets.

We progressed and completed new dining and entertainment precincts for our managed shopping centres at Tweed City in Tweed Heads, Willows Shopping Centre in Townsville and Smithfield Shopping Centre in Cairns.

Celebrating our cities and communities

Dexus participates in city and local events and festivals, and activates our precincts and lobby spaces for our customers and the broader community.

Once again, Dexus collaborated with Destination NSW to celebrate this year's Sydney Vivid festival of light. We hosted several events held within our properties, including Dexus Place at Governor Macquarie Tower and 1 Bligh Street, showcasing our vibrant, innovative, connected spaces.

Gateway also actively participated in Vivid delivering its busiest week ever with over 72,000 people movements through the dining precinct in the first week of the festival.

Creating an integrated office, retail and leisure offering at Gateway

This year we successfully partnered with local government to complete a \$80 million ground floor retail redevelopment at Gateway, within Sydney's Circular Quay precinct.

Upon completion, Gateway's retail space doubled to 4,385 square metres and now offers 28 diverse food and dining experiences.

The redevelopment had seen activation of Gateway's precinct to the streetscape, via laneways and atria, redefining this premium tower as a dynamic food hub and lifestyle destination. Our new offering supports the growth of a vibrant, safe and diverse day-to-night economy.

During the re-development we engaged with the local council to enhance Jessie Street Gardens, providing valuable open green space in the heart of the CBD.

With proximity to Sydney Harbour and its many attractions – including the Sydney Opera House and Museum of Contemporary Art – Gateway enhances Sydney's standing as a global city, making it a safe and inviting place to live, work and play for the office tower's occupants and Sydney's 9.2 million visitors annually.

Planning for our communities' future: Willows Shopping Centre, Townsville

Willows Shopping Centre is located in Townsville's rapid growth corridor and owned by Dexus Wholesale Property Fund.

Dexus identified a need to meet growing community demand for an enhanced retail and fresh food experience.

In May 2015, Dexus commenced a transformational \$82 million development incorporating a mix of new local and national retail brands.

Construction of Stage 1 was completed in November 2016, delivering a new Woolworths, a new fresh food Market Court experience and an additional 250 undercover car spaces.

Construction of Stage 2 is underway and includes a new fashion mall with 20 new speciality retailers, a large format Cotton On store and the introduction of Harris Scarfe.

The development is on track for completion by the end of 2017 and is set to deliver a relaxed, modern lifestyle destination for the Townsville community, while providing an economic boost to the region through the creation of an estimated 150 construction jobs and additional retail employment opportunities.

This year we celebrated Australia Square's 50th birthday, a key milestone for one of Sydney's iconic buildings. Demonstrating its longevity, Australia Square was recently named by the Urban Development Institute of Australia as one of the top five developments built in NSW over the past 50 years. During the celebration, a lobby activation showcased the building's innovative design and construction.

In October, 480 Queen Street in Brisbane opened its doors to the public as part of Brisbane Open House - a free public festival that celebrates Brisbane's architecture and offers behind-the-scenes access to buildings across the city. The day was very popular, with a large number of visitors throughout the event.

Recognising our contribution to sustainable cities

Awards for building design and architecture

In May, 5 Martin Place Sydney or, as it is commonly known, the Money Box building, received three awards including 'Development of the Year' at the 2017 Property Council Innovation & Excellence Awards.

Originally built in 1913 the building was extensively restored 100 years later by Dexus and Cbus Property and a new office tower was cantilevered above.

The magnificent restored banking chamber houses a high quality range of retailers, many first to the Australian market.

By breathing new life into the streetscape below and investing in public art, the building has enhanced one of the most important gathering places in the heart of Sydney's CBD.



Recognising our sustainability leadership

Each year Dexus responds to global sustainability benchmarks to connect with sustainability-focused investors, benchmark strategy and performance and identify potential improvements.

Dexus is a signatory to the United Nations Principles of Responsible Investment (PRI), and we maintain our commitment to invest responsibly and raise awareness of responsible investment with our stakeholders.

2017 marked ten years of climate change disclosure to CDP. We maintained our position on the CDP Climate A List for the fourth consecutive year, highlighting our ongoing commitment to climate change initiatives.

Once again Dexus responded to the Global Real Estate Sustainability Benchmark (GRESB), which assesses the sustainability performance of real estate entities globally.

In our 2016 GRESB response, Dexus Office Trust rated 5th globally amongst over 700 participants, achieving 1st place in its Australian Listed Office peer group.

Collaborating to create value

Childspace

Childspace is an industry-first initiative that offers priority of access to childcare spaces for Dexus customers at over 90 Guardian Early Learning Centres nationally.

Dexus and Guardian Early Learning Group partnered to create Childspace as part of our commitment to better customer solutions. This initiative will help our building community alleviate the stress of dealing with lengthy waitlists.

Since its launch in October 2016, over 30 customers have received offers of enrolment, and many customers have been given waitlist priority. Within our partnership we are also assessing the feasibility for new centres.

Building city partnerships

Dexus helps shape the cities in which we operate by active engaging with local government and business groups.

Kevin George, Executive General Manager Office and Industrial is a board member for the Committee for Sydney; a collaboration between business, universities, government and not-for-profits to champion for the whole of Sydney, providing thought leadership to enhance of the economic, social, cultural and environmental conditions that make Sydney a competitive and liveable global city.

We also maintained active involvement with similar groups nationwide with Dexus team members contributing to the Committee for Perth, Melbourne Chamber of Commerce, Brisbane Marketing, and the Tweed Heads Chamber of Commerce.

Dexus is a founding member of the Sydney-based Better Buildings Partnership that brings together property managers to collaborate on improving environmental performance and value chain relationships.

During the year Paul Wall, Head of Sustainability and Energy, took over as Chair of the BBP Leadership Group which forms the strategy for the BBP initiatives.

Through our involvement in BBP working groups, we helped develop and adopt BBP group initiatives including the roll out of BBP's operational waste guidelines and the BBP Leasing Standard.

In line with our 2020 commitments, we also commenced integrating BBP's 'strip out' waste guidelines within our tenancy de-fit projects.

During the year we celebrated a number of successful projects as we enhanced our internal expertise and developed downstream materials receiving networks.

Across our regional shopping centres, management teams worked closely with local councils, the Police and emergency services to maintain safety standards.

This was particularly evident during the extreme weather brought by Cyclone Debbie across Queensland and northern NSW in March, as well as the tragic incident that unfolded at Bourke Street in Melbourne.

Continued communication and check-ins with authorities enables us to foster vibrant, stable and safe communities, and provide support to those in times of need.

Shaping the cities of the future: Waterfront Precinct

The Waterfront Precinct has the potential to be the best riverfront precinct in Queensland.

With ownership in five assets across a 3.4 hectare footprint, together with our capital partners Dexus has a unique opportunity to consolidate and connect the riverfront precinct to the CBD.

Our idea is to create a vibrant commercial and lifestyle hub on the banks of the Brisbane River that would energise and transform Brisbane into a thriving world-class city.

For our office customers, we promoted events which raise awareness and are products for change for future sustainability. This activity included City Switch, and other programs such as the 2017 Earth Hour campaign.

Dexus participated in the trial for a whole building NABERS rating, by concurrently preparing NABERS Energy ratings for Dexus's base building operations as well as assessing the performance of individual tenancies, an innovative way to collaborate on sustainability.

44 Market Street Sydney hosted a launch event for the outcomes of the whole building NABERS rating. The building was one of the properties which participated in the trial to understand the feasibility of combined ratings as a value-add service our customers. Over 30 of our customers were involved in the trial.



Industry advocacy

In FY17 Dexus participated in 30 forums across property and non-property industries. In addition, Dexus was represented across 42 industry committees.






Dexus also actively engaged with the Green Building Council of Australia (GBCA) and the Property Council of Australia (PCA) through group initiatives and regular advocacy. We have 31 Dexus team members participating in PCA committees, roundtables and working groups.

We adopted the GBCA's Green Star Performance rating tool across our office and retail properties, enabling us to benchmark and develop initiatives to improve our results.

During FY17, Dexus management and thought leaders spoke publicly at many industry events and conferences, providing thoughts and insights on investment and market trends, property investment management issues, ESG issues including climate change, and other responsible investment and property management topics.

The Dexus in-house Research team analyses key 'megatrends' that affect the property sector, and during the year continued to publish market commentary and our regular Office Demand Barometer.

Leading Cities – Performance data

Sustainability benchmark	FY17 Performance summary
<p>Signatory of:</p> 	<p>In 2017, PRI awarded Dexus:</p> <ul style="list-style-type: none"> - 'A+' perfect score for our strategy and governance - A rating for our approach to responsible investment across our Direct Property portfolio
	<ul style="list-style-type: none"> - Dexus Office Trust achieved 5th globally amongst over 700 participants, achieving 1st place in its Australian Listed Office peer group - Dexus Wholesale Property Fund (DWPF) achieved 1st place within its Australia-Diversified (Office/Retail) peer group - Both entities maintained their Green Star status recognising our success at both management and policy, and implementation
	<ul style="list-style-type: none"> - Dexus celebrated ten years of climate change disclosure - Dexus was awarded 'A-Leadership' status, recognising best practice - Dexus maintained its position on the CDP Climate A List for our fourth consecutive year - Dexus was one of six ASX-listed companies included in the global Climate 'A-list' recognising the top 9% of respondents - Dexus was included as a finalist in the CDP 2016 Australian Climate Leadership Awards for the largest relative carbon reduction
<p>MEMBER OF</p>  <p>In Collaboration with RobecoSAM </p>	<ul style="list-style-type: none"> - Dexus retained its position in the 2016 DJSI World, Asia Pacific and Australian indices - Dexus was awarded a Bronze Class Sustainability Award in the RobecoSAM 2017 Sustainability Yearbook

2017 Performance Pack



Future enabled customers

Preparing our customers for the future through enabling flexibility, productivity and growth

Enabling our customers

We continue to refine our offerings for our customers and building occupants, to provide superior products and services.

This year we launched an experience which we call Workspace Dexus that is designed to provide flexibility and make working simple and easy for our customers.

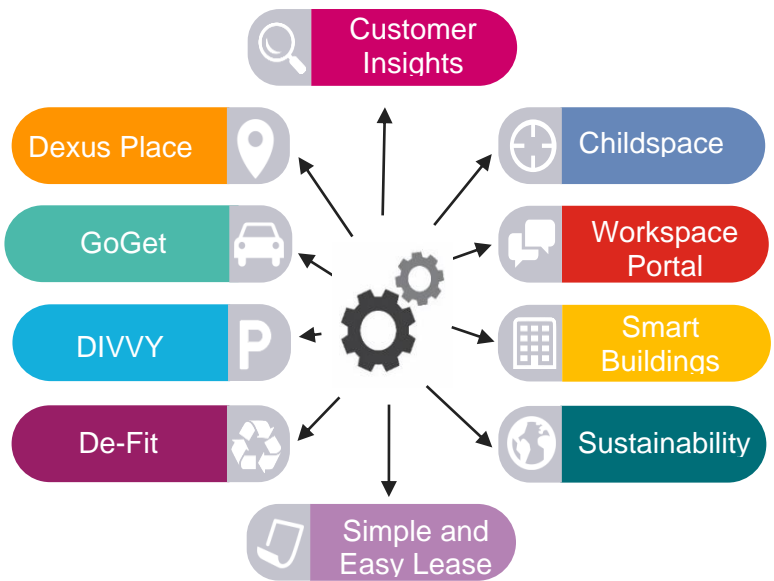
Workspace Dexus has been developed following extensive customer engagement and will continue to evolve into the future.

In addition, we opened Dexus Place at 1 Farrer Place in Sydney, expanding our customer offering for flexible, on-demand meeting, training and event facilities

We launched Childspace to assist customers access childcare, and grew our car parking and sharing solutions

We strengthened our engagement with customer through online customer portals and launched our new online thought leadership hub [Prism](#).

Workspace Dexus eco-system



Delivering FY17 'future enabled customer' commitments

☑ = Achieved, ☒ = Not achieved, ⇔ = Underway

Commitment	Status	FY17 achievements
Expand Dexus's online tenant portal to all Dexus managed office properties, creating a virtual eco-system for networking and commerce	☑	Implemented 35 Workspace portals across the platform, growing our Dexus community to more than 25,000 active users. Launched Prism thought leadership website, bringing multiple perspectives together to help our customers shape their workspace now and in the future.
Introduce a fourth Dexus Place to meet the demand for state-of-the-art premium meeting, training and conference amenity and enable flexibility, creativity and productivity for our customers	☑	Opened a fourth Dexus Place at 1 Farrer Place in Sydney in October 2016 expanding our Dexus Place offering to four facilities.
Deliver an endorsed digital engagement strategy across our retail websites and social media platforms, focused on creating meaningful content that drives community participation and engagement	☑	Delivered 12 new retail centre websites creating a more engaging online experience for our communities. Utilising social media platforms to connect with local communities daily, driving greater participation and conversations.
Provide greater flexibility for our customers through a package of options including shorter term leases, expanded suites strategy for larger occupiers, and wider adoption of the short form lease across the Office and Industrial portfolio	☑	Embedded flexible options as part of our leasing approach including shorter lease terms and the short form lease. Continued to build suites across the portfolio.



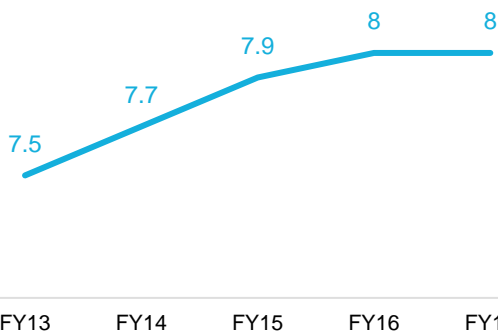
Customer insights

We value our customers' opinions and actively engage to assess customer satisfaction levels, gather feedback on our performance, and gain insights to drive innovation.

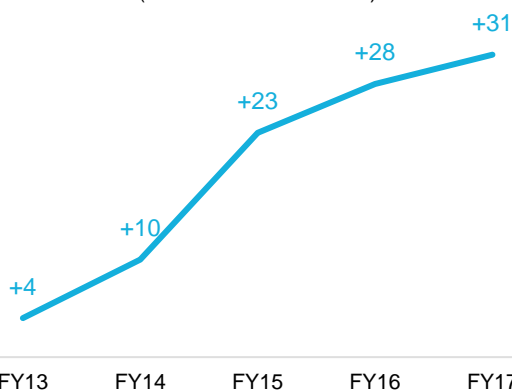
Our FY17 customer satisfaction survey was conducted online with approximately 1,917 customers invited to respond. The overall satisfaction score remained consistent at 8.0 out of 10 across 790 respondents and 40% of respondents were classed as highly satisfied (rating a 9 or 10).

Industrial property satisfaction scores improved by +0.5 to 8.1 among industrial customers. The overall Net Promoter Score (NPS) has also seen an improvement (+28 to +31).

Customer satisfaction
(scale from 1 to 10)



Net Promoter Score (NPS)
(scale from -100 to +100)



Workspace Dexus

Dexus works closely with customers and other stakeholders to improve customers' sustainability performance and awareness as well as delivering new products and services to improve customer experience and wellbeing.

During the year we streamlined our suite of customer service solutions, which genuinely add value to our customers, into Workspace Dexus.

Keeping our customers up to date on workspace insights

Thought leadership is a key element of Dexus's brand and an important way for the group to differentiate ourselves.

In May 2017 Dexus launched Prism, an online hub providing insights and information as a resource for Dexus customers.

Located on Dexus's website (www.dexus.com/prism) Prism contains links to articles, research and videos on a wide array of topics.

Customers are encouraged to use this information resource on a regular basis and invited to subscribe to updates.

Five weeks following the launch Prism had acquired:

- 5,605 users over 7,188 sessions
- 251 subscribers to regular updates from the site

Workspace Dexus provides access to:

- Five-star concierge service
- flexible meeting and training facilities and event space (Dexus Place)
- Car parking and sharing solutions
- Technology, health and wellbeing
- Childspace
- Intelligent sustainable buildings

Over the course of the year, we rolled out 35 new online customer portals "Workspace Dexus", connecting 25,000 of our customers and occupants within building communities, with exclusive access to services, retail offers, building specific information and opportunities for networking events and activities, creating strong vibrant communities.

We introduced the new role of the Community Manager to our buildings, complementing the role of the concierge as part of our commitment to deliver five-star service.

These staff activate and engage with the community in and around our office properties, enhancing the way people connect with each other and the places and spaces around them to make life at work more convenient, enjoyable and connected for building occupants.

Dexus has engaged these communities to promote our office de-fit recycling initiative, offering used furniture recovered from tenancy de-fits to customers via the Workspace portals, delivering environmental and cost benefits.

In October we opened our fourth Dexus Place at 1 Farrer Place, Sydney, boosting our existing locations in Sydney, Brisbane and Melbourne, to provide our customers with flexible, purpose-built, contemporary meeting, training and conference facilities across the eastern seaboard.

Dexus Place supports our customers to be agile, by providing flexible space on demand with access to state-of-the-art technology, "an extension of your office".



Our partnership with GoGet continues to grow. During the year, vehicles have been added to 480 Queen Street, Brisbane and 1 Farrer Place, Sydney.

GoGet now has 28 cars available for Dexus customers across Sydney, Melbourne and Brisbane. Dexus customers benefit via discount memberships with access to cheaper, highly convenient transportation solution.

Connecting customers and community at Tweed City

Tweed City is a shopping destination for Northern NSW and is owned by the Australian Mandate.

In September 2015 Dexus commenced a \$32 million development incorporating a new dining and entertainment precinct for the Tweed region to meet the identified gap in the market for alfresco dining.

In October 2016 Dexus opened The Cove, providing a diverse array of family friendly dining options on offer throughout the day and night, open seven days a week, a play area for children and an open community performance space.

In addition, a new Harris Scarfe and a refurbished JB Hi-Fi store opened their doors, enhancing the fashion, homewares, technology and leisure offering at Tweed City.

Retail customer initiatives

Across our managed retail portfolio, Dexus has established strong partnership opportunities for new customers.

A number of retail developments were completed and launched within their local trade areas, including; Tweed City Tweed Heads, Gateway Sydney and Willows Townsville.

Across each Centre we welcomed new retailers to these new precincts, where they enjoy a range of partnering opportunities from digital content placement, targeted advertising and in-centre activation showcase moments.

The partnership model allows for new customers to be successfully launched into the communities they operate within, resulting in a sustainable ongoing trading environment for our customers and vibrant precincts for shoppers.

Green Leasing and the Simple and Easy Lease

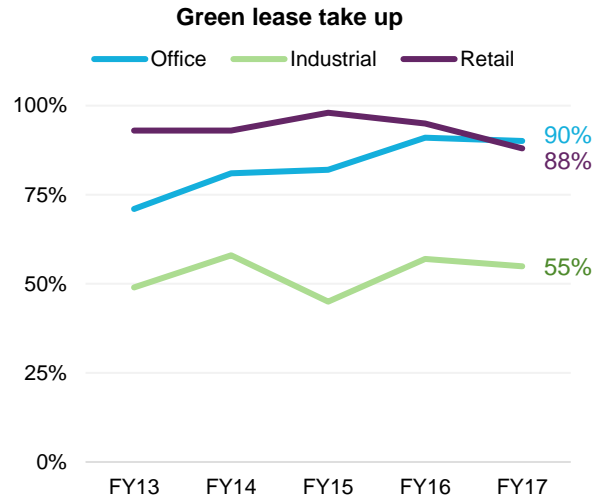
Dexus takes an active approach to leasing to drive portfolio performance and reduce our forward lease expiry profile.

We take a portfolio view on forward leasing, providing flexibility to accommodate customers' needs within our group portfolio.

This approach assists in customer retention and minimises downtime between leases.

Our 'simple and easy' lease simplifies negotiations and adopts a common-sense approach centred on creating a partnership rather than a confrontational contract.

We have embedded 'green leasing' within our new precedent lease and encourage customers to collaborate with Dexus on integrating sustainability within their buildings.



BETTER BUILDINGS PARTNERSHIP

'Simple and easy' lease achieves Gold BBP rating

Dexus has played a prominent role in developing the Better Building Partnership's BBP Leasing Standard, which defines a best practice approach for building owners and occupants to collaborate on sustainability initiatives, encourages information sharing and cooperation and removes barriers to implementing mutually agreed building improvements.

The BBP Leasing Standard is a world-first, aimed at helping building owners and occupants benchmark lease agreements' sustainability and collaboration against others.

Dexus's 'simple and easy' lease has achieved the highest possible Gold score under the BBP Leasing Standard.

Our lease facilitates an active partnership between us and our customers and seeks to deliver better environmental outcomes and reduce outgoings.

Further information on is available within the [2017 Dexus Annual Report](#) and our [Customers and Community Disclosure of Management Approach](#).



Future enabled customers – Performance data

Dexus occupancy and retention

	FY13	FY14	FY15	FY16	FY17
Occupancy by area (%)					
Office	94.4	94.3	95.5	96.3	97.0
Industrial	95.9	93.1	91.7	89.3	96.6
Occupancy by income (%)					
Office	94.6	94.6	95.3	96.3	97.2
Industrial	96.1	93.0	92.4	90.4	96.5
Retention (%)					
Office	72	61 ¹	61	62	46
Industrial	70	41	53	32	74

1. Excludes CPA properties.

Customer satisfaction

	FY13	FY14	FY15	FY16	FY17
Surveyed satisfaction (score out of 10)					
Office	7.8	8.0	8.0	8.1	8.0
Industrial	6.8	7.0	7.4	7.6	8.1
Retail	-	-	-	-	-
Total (average)	7.5	7.7	7.9	8.0	8.0
Target	8.0	8.0	8.0	8.0	8.0
Survey participation rate (%)					
Office	27	19	33	41	45
Industrial	21	14	15	28	27
Retail	-	-	-	-	-
Total (average)	24	18	28	37	41

Green leases

Take-up of green leases within new lease agreements (%)	FY13	FY14	FY15	FY16	FY17
Office	71	81	82	91	90
Industrial	49	58	45	57	55
Retail	93	93	98	95	88
Total portfolio	75	87	77	88	84

Methodology

Dexus has incorporated a standard green lease clause into new leases across the portfolio and monitors the take-up of this clause by customers across each portfolio.

2017 Performance Pack



Strong communities

Nurturing well-connected, prosperous and supported communities in and around our buildings

Building strong communities

We continue to invest in the communities in which we operate. In FY17 we contributed a total of \$726,501 in community investment through employee volunteering programs, in-kind support and corporate donations.

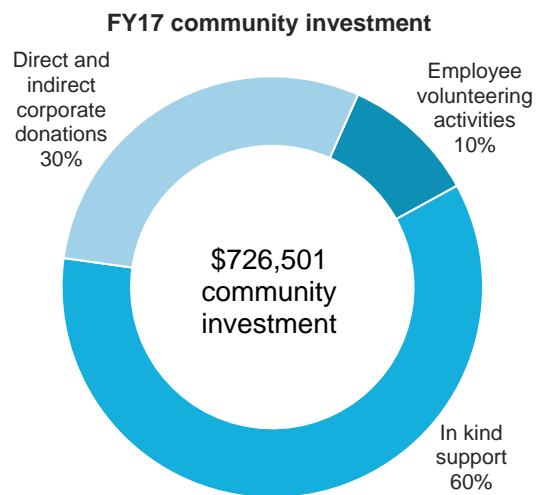
This year we continued our support for the Sydney Children’s Hospital Foundation through Dexus Diamond Week, along with other community charities.

We are proud to support these and other charitable organisations that focus on the health and wellbeing of our communities.

Our products and services suppliers form another important community for Dexus. In FY17 we reviewed our strategic procurement strategy, and moving forward we aim to better leverage our size and scale to procure smarter with a long term view.

We commenced an assessment of our supply chain risks to understand the inherent upstream environmental, social and governance ‘hot spot’ supply commodities within our property life cycle.

We will progress the findings of this assessment in FY18, with the aim of providing greater engagement with suppliers and transparency to Dexus via enhancements to tendering, contracting and supply chain monitoring.



Delivering FY17 ‘strong communities’ commitments

☑ = Achieved, ☒ = Not achieved, ⇄ = Underway

Commitment	Status	FY17 achievements
Introduce a coordinated approach to community related services across the Dexus office platform through the appointment of Community Managers across the Group’s office portfolio and the development of a community engagement strategy	☑	Appointed 23 Community Managers who facilitated the development and execution of a range of engagement initiatives that align to our Workspace Dexus experience including health and wellness classes, building events and activities.
Position Dexus retail centres to be the ‘hub of the community’ through engagement with local community organisations and embedding community partnerships into key promotional activities	☑	Over \$500,000 was invested across the retail portfolio connecting to local communities, through volunteering, in-kind spaces, donations, sponsorships, events and activations. Placing the community at the heart of what we do.
Improve the entertainment and leisure facilities at three Dexus managed shopping centres to reaffirm their position as community hubs	☑	Enhancements were made at number of retail hubs including Tweed City, Smithfield Shopping Centre and Southgate Melbourne.
Implement a group procurement strategy and review supply chain risks to create shared value with key suppliers	☑	Completed a strategic review of procurement including supply chain risks. Implemented a global best practice model with key suppliers including scoping, contracting, sourcing and reporting to ensure performance, efficiency and governance.



Supporting our local communities

During the year we supported a range of not-for-profit charities and community groups through in-kind volunteering and monetary donations.

Once again we supported our main charity, the Sydney Children's Hospital Foundation by hosting our annual Dexus Diamond Week. In addition to our direct donation:

- We activated our Sydney CBD lobbies to raise funds for the hospital and raise awareness of their main Emergency Room fundraising event
- Our volunteers cooked and served up a BBQ for the 300 hospital staff, visitors, patients and families
- Teams cooked meals for families and children staying at Ronald McDonald House Randwick

Dexus is a member of the Property Industry Foundation and supported the 'Tour de PIF' cycling events in Sydney and Melbourne to raise funds to address the serious and persistent problem of youth homelessness.

We donated use of our building foyer space to charity fundraising events including Oxfam, Salvation Army Red Shield Appeal, the Cancer Council's Daffodil Day and the RSPCA.

Across our managed retail centres, we sponsored local community groups including local PCYCs, Rotary, surf lifesaving clubs, and other sports associations. Through our redevelopment activities we facilitated construction jobs and boosted retail employment through new retailers opening on site.

In March, Cyclone Debbie hit the Queensland coast, bringing damaging winds and floodwaters, and affecting communities around Beenleigh Marketplace and Tweed City Shopping Centre.

Connecting with community to reuse and recycle office de-fit waste

Waste from office de-fits predominantly ends up in landfill, creating emissions harmful to the environment and high disposal costs.

To reduce the harmful effects of waste to landfill on the environment and drive down costs, Dexus rolled out waste management strategies across our portfolio, setting an 80% diversion from landfill target for de-fit projects by 2020

Dexus collaborated with charities and other users to repurpose de-fit and increased the diversion rate from landfill across eight projects in FY17

Dexus donated items from office de-fits at 12 Creek Street, Brisbane to local and international not-for-profit organisations including:

- Furniture donated to AID Vanuatu for re-use across their medical facilities in Vanuatu
- Computer equipment donated to Be A Hero, for re-use in schools in Cambodia, Indonesia and the Philippines
- Carpet tiles donated to Point Lookout Surf Lifesaving Club, Stradbroke Island

Boosting local employment within our communities

We continue to evolve and transform our retail destinations, so they remain relevant and engaging to the local communities for future generations. In doing so, our activity assists local communities by providing locals with job opportunities.

Throughout FY17 Dexus progressed significant retail developments including:

- Tweed City's \$30 million dining and entertainment precinct
- Willows \$77 million expansion to deliver a modern relaxed lifestyle destination for the people of Townsville
- Delivery of Gateway Sydney an \$80 million project showcasing a new dining experience for Sydney
- Smithfield's \$29 million cinema and casual dining story in Cairns

Each retail development presents a local employment boost throughout the construction period.

Upon project completion many retail employment opportunities are also created, supporting the communities' local economy and future prosperity.

Key outcomes include:

- Delivering stronger locally engaged communities
- Improving unemployment in each local region. Strong focus on supporting youth unemployment
- Local retail centre job boards across websites showcasing retail job opportunities and providing information on how to apply
- Local media coverage management, creating awareness in each community of the increased job opportunities available
- Partnering with key customers to support and link community members directly to new retailers
- Estimated over 500 construction related jobs
- Estimated over 300 retail job placements as result of investing into each local community

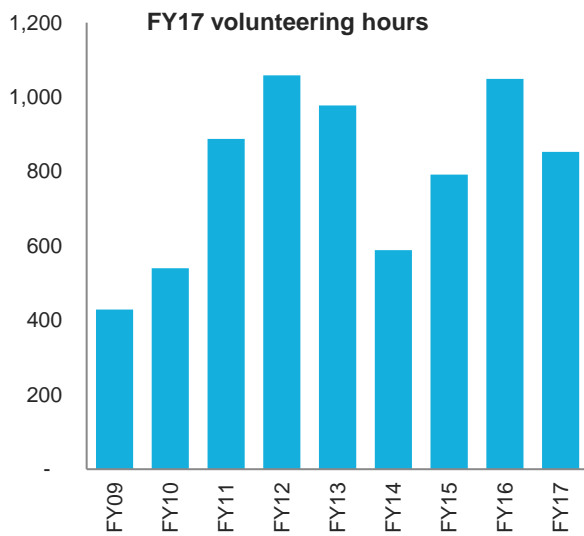
Beenleigh Marketplace and Tweed City proudly supported the community with a Flood Donation Drive. Shoppers dropped off non-perishable food items so food support boxes could be donated to those in need in the local community.

Hundreds of boxes were donated to the community during this time of hardship.

Volunteering

Each year we enable our people to contribute to the community through the provision of one day's paid volunteering leave.

In FY17 Dexus volunteered a total of 853 hours with 199 of our employees taking part in a volunteering event.



In Sydney, Dexus employees volunteered to assist preparing and serving lunches at The Station, a refuge in the Sydney CBD that provides a range of services for people who are having difficulty attaining and sustaining adequate and secure accommodation, improving their health, personal autonomy and dignity.

Members of our Melbourne team put their DIY skills to the test for the Lighthouse Foundation, helping to upkeep the foundation's residential homes.

In Brisbane, our team participated in the Mater Hospital's 'climb for cancer', powering their way up 810 stairs to raise funds for ovarian and prostate cancer research.

The retail team at Smithfield, Cairns supported environmental initiatives, volunteering for Tangaroa Blue; a not-for-profit organisation dedicated to the removal and prevention of marine debris. The team at QV Melbourne helped out in the garden at the Collingwood Children's Farm, a working farm providing educational, interactive farm experience for children.

For further information on our community investment program refer to Dexus's disclosures on management approach for [Customers and Community](#).

Supply chain management

Dexus adopts a long term approach to managing and maintaining supplier relationships through a robust set of business procedures which guide supplier screening, selection and engagement. A suite of policies, principles and performance standards underpin the ethical and supply chain approach.

Sustainable procurement

We completed a number of key procurement activities in FY17.

We renegotiated our major electricity contract to secure forward supply. We aggregated our portfolio to maximise

market leverage and will reduce ongoing administration by consolidating our suppliers. We locked in energy rates in prior to the 2016/17 summer, avoiding the highly volatile peak electricity prices seen thus far in 2017. We have also streamlined the administration of our transient, vacant tenancy accounts.

During the year we consolidated our Building Maintenance Unit (BMU) service providers across Queensland and Victoria. In addition to saving \$28,000 against FY17 budget, we enhanced services and increased provider management and transparency, while reducing administration costs and establishing consistent service delivery across portfolios.

We have also re-contracted for fixed telephone line services, leveraging our scale and capitalising on market movement to renegotiate improved pricing, while instituting a readily scalable arrangement to accommodate future property acquisitions.

As 480 Queen Street Brisbane was handed over to Dexus from the builder post development, we finalised service agreements for ongoing mechanical and lift maintenance, and handyman services, integrating the property within our service platform.

Focusing on occupant comfort and wellbeing, we contracted for NABERS Indoor Environment ratings and indoor air quality services nationally. This agreement leverages synergies with our existing indoor air quality services, providing cost efficiencies, consistent practice and service delivery.

Moving forward we will:

- a. Increase customer assurance via enhanced monitoring of indoor building environment
- b. Facilitate benchmarking of asset indoor environment performance across our portfolio

During FY17 we sourced landscaping services for our NSW Industrial portfolio, rationalising services with a single provider to increase service consistency and provide greater value for money.

The successful service provider demonstrated their alignment with Dexus's sustainability requirements regarding implementing 'green' maintenance methods including reduced water and energy use, improved management and recycling of waste, safe and efficient use of toxic and harmful chemicals, and implementing safe work methods to maintain safety for their staff and building occupants.

Supplier screening

We screen suppliers on their sustainability track record and management systems during the procurement process. We informally collect data from external sources to assist with validating suppliers' credentials with regard to impact on the environment, society and how it manages its staff. At present we do not apply formal criteria or screening tool to assist with this process.

During FY17 we reviewed our preferred supplier panel, resulting in minor adjustments.



Enhancing procurement and supply chain management processes

As a signatory to the United Nations Principles of Responsible Investment, we are committed to managing our supply chain in a responsible way which takes into consideration human rights, as well as environmental, social and economic factors in our purchasing decisions.

In FY17 we commenced implementing enhancements to our procurement strategy developed during the prior year. This strategy enables us to leverage scale, and take a medium to long term view for procuring services. Enhancements include tools and systems to improve productivity, transparency and decision making, as well as further integration of corporate responsibility and sustainability drivers in procurement and supply chain monitoring activities.

During the year we updated our view of supply chain sustainability risks to refresh our understanding of the supply categories that present the most critical environmental and social risk to Dexus. With our new perspective, we can embed tailored sustainability criteria within future tenders and contracts, and work with our suppliers to improve monitoring and reporting. We have committed to implementing actions during FY18.

Engaging with suppliers

During the year we continued to engage with suppliers via regular meetings, reporting and inspections/spot checks to review service delivery, monitor performance against contract deliverables and key performance indicators.

Through our 2017 supply chain engagement survey, we engaged with our preferred supplier panel members to understand their approaches to the issues to evaluate the effectiveness of our sustainable procurement policies and supplier relationship management practices.

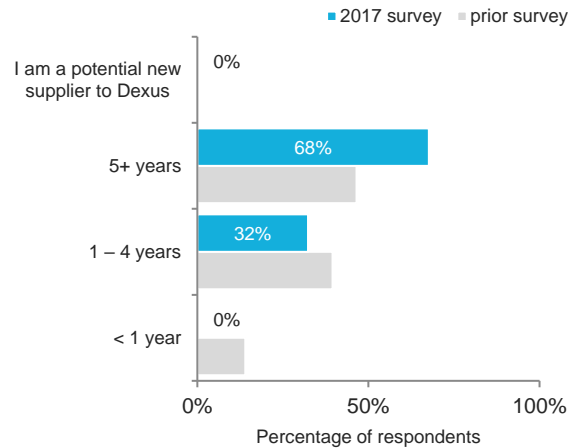
We surveyed 30 key suppliers representing approximately 14% of Dexus's supply chain spend, to gain a comprehensive insight into their relationship with Dexus through 360 degree feedback, their key risks and mitigation measures, how they manage their most significant suppliers, and potential new opportunities of collaboration.

From the survey responses, 68% of suppliers indicated a relationship with Dexus of five years or more with a further 32% maintaining a relationship of between one and four years. Compared with our prior survey, we are embedding deeper, longer term relationships with suppliers.

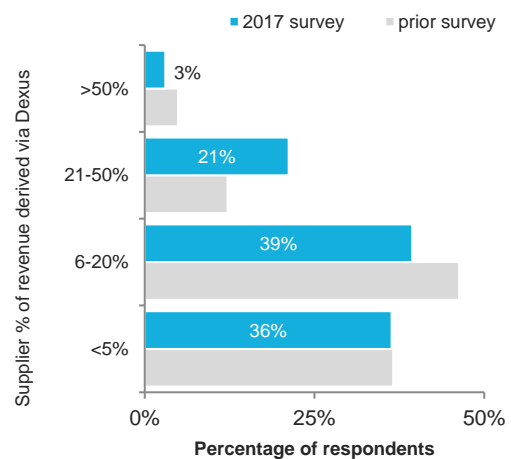
With regards to the relationship, 63% of suppliers were very satisfied with their relationship with Dexus, up from 50% from the prior survey.

Suppliers also indicated the financial criticality of their relationship with Dexus, with 36% stating that their services to Dexus contributed less than 5% of total revenue. In 75% of cases, suppliers relied on Dexus for less than 20% of their revenue.

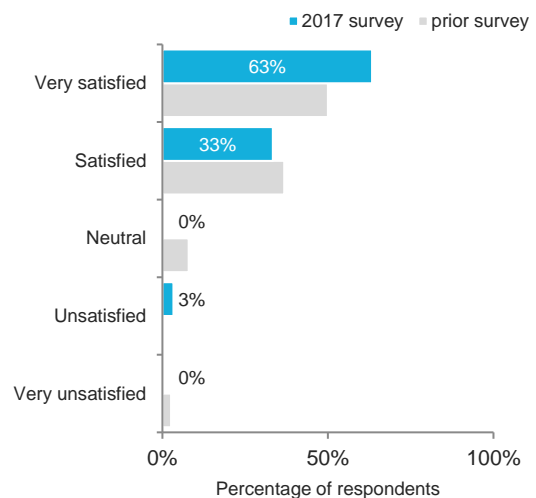
Length of supplier relationship with Dexus



Supplier financial dependence on Dexus



Supplier satisfaction rating of our relationship





Supply chain risk profiling

Within our engagement survey, we asked suppliers to nominate their key economic, social and environmental risks and describe their mitigation actions. The chart below maps the top risks identified by suppliers in terms of risk severity and likelihood. The size of the bubble indicates the frequency that the risk is mentioned.

Insight into our suppliers' key risks allow Dexus to:

- Understand upstream risks that may affect the continuity or quality of services provided
- Analyse and evaluate our inherent risk and identify potential risk mitigation strategies
- Include the assessment of key risks into procurement and supply chain monitoring
- Gain insight into the risk management capabilities of the group's diverse range of suppliers

Economic related risks are most prevalent with suppliers concerned about their competitors and maintaining their business continuity.

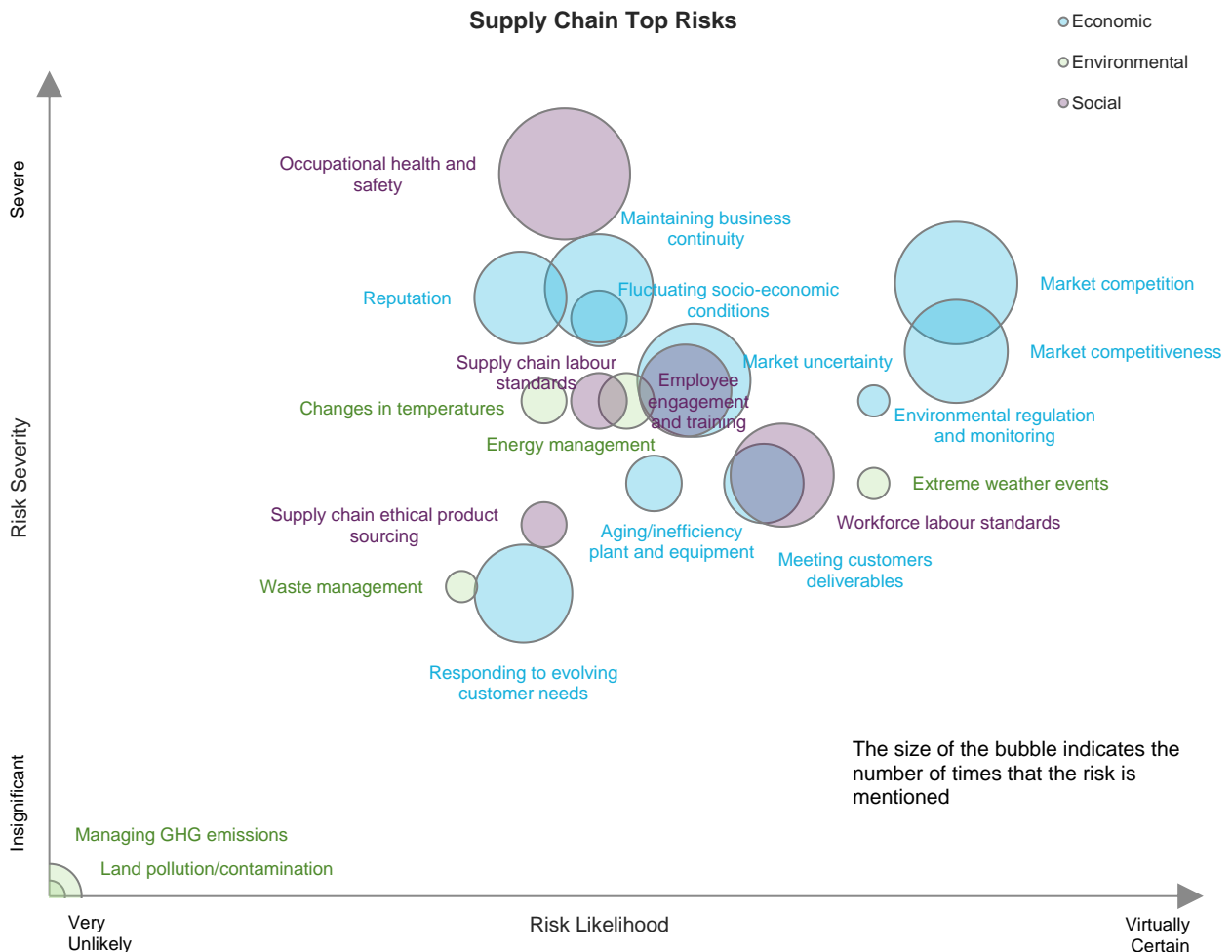
Health and safety continues to be a key risk while workforce labour standards has emerged as a common issue since our previous survey.

Environmental risks have emerged since our previous survey, with climate change and risks from extreme weather events featuring. These risks align with Dexus's own strategic risks.

To mitigate these risks our supply chain partners are focusing on:

- Client satisfaction and performance to meet our needs
- Cost and quality management to maintain continuity and competitiveness
- Working smarter by using technology to assist field personnel
- Investing in their staff to develop and retain them
- Effective communication
- Implementing certified systems for workplace safety, environmental management, risk management

For further information refer to Dexus's [Supply Chain Disclosure of Management Approach \(DMA\)](#).





Strong communities – Performance data

Volunteering and donations

	FY13	FY14	FY15	FY16	FY17
Equivalent funds donated or raised					
Corporate donations (\$)	123,366	139,344	241,053	180,842	214,052
Employee volunteering activities (\$)	80,623	50,044	65,806	89,779	75,191
In-kind support (\$)	573,777	470,055	712,295	532,646	437,258
Total (\$)	777,765	659,444	1,019,154	803,268	726,501
Hours volunteered					
Dexus volunteering program (hours)	978	589	792	1,049	853

Commentary and methodology

Charitable donations: Activities comprise:

- Financial contributions to nominated charities
- Direct financial contributions to nominated charities and not-for-profit organisations plus proceeds from through fundraising events held by charitable organisations within Dexus-managed buildings and shopping centres
- Community sponsorships, advertising and promotions
- A dollar-for-dollar matching program
- The value of goods purchased for charity events and appeals

In-kind support: Dexus offers in-kind support to not-for-profit organisations or community groups to support their cause/fundraising activities and includes:

- The provision of goods or services
- The value of space provided in the building at no charge

Volunteering: Employee volunteering activities include:

- Volunteering leave taken in company time by Dexus employees to undertake community work
- Participation on charity committees/boards where the individual is acting in the capacity as a Dexus employee

Volunteer hours are calculated as the total full time equivalent hours worked by employees in nominated community and charitable activities

2017 Performance Pack



Thrivng people

Enhancing the wellbeing of our people and those in our properties

We recognise the relationship between the capability of our people and the success of our business, and we continue to invest in our people.

We continued to move our organisation towards a customer focus, creating a high performing, agile team within a collaborative culture.

This year we celebrated several key achievements as we journey towards creating a flexible, diverse and inclusive workplace, including:

- Achieved gender pay equity in like for like roles
- Continuing to champion gender equality, with our CEO actively involved in the Property Male Champions of Change program
- Embedding wellbeing into our culture, driven by our Wellbeing Communities
- Highlighting the key issue of domestic violence through the launch of our Domestic Violence Leave Policy

“As a founding member of Property Male Champions of Change, I'm personally committed alongside other property CEO's in our industry-wide initiative to drive gender equality and improve female representation at senior levels.”

Darren Steinberg
CEO

Delivering FY17 'thriving people' commitments

☑ = Achieved, ☒ = Not achieved, ⇨ = Underway

Commitment	Status	FY17 achievements
Build an inclusive and diverse culture through leadership, learning and diversity targets	☑	Of our total workforce, 54% are female and during the year we achieved our initial target of 33% female representation for Senior Managers and above ¹ . We have strong diversity at the Board level with 43% female non-executive directors. Dexus also initiated a diversity and inclusion training program for executives, managers and staff.
Invest in the capability of leaders and managers to create a high performance culture	☑	During the year a leadership assessment and development program was completed for all executives and key talent.
Deliver a comprehensive approach to improve the health and wellbeing of employees, including an improved workplace environment and experience	☑	Implemented wellbeing strategies including education programs, fitness campaigns, mental health training and improvements to the physical environment.
Support employees to enable a constructive, collaborative and supportive work environment through employee development programs, employee engagement initiatives, leadership development and culture building activities	☑	Implemented culture building programs including coaching, mentoring and development programs for staff. Re-launched our internal communications strategy to better align and engage the workforce.

¹ Female representation for Senior Managers was 32% as at 30 June 2017



Fostering a high performing culture

Developing our people

Led by our People and Communities team, we delivered on our training strategy, implementing a diverse range of formal training programs that cater to all roles across the business.

Through our Leadership Academy and Management Essentials programs, we are investing in our future leaders, while our Smart Work program is lowering workplace stress and boosting productivity.

In addition to formal training, we thrive on knowledge sharing via cross-team learning sessions covering professional and personal development topics. Wellbeing topics featured in FY17.

We have continued our 'check-in' performance review culture, shifting away from annual performance appraisals, which allows us to adapt to customer and business needs.

Employer of choice

In line with our goal to be an employer of choice, during the year we rolled out a leading remuneration, rewards and benefits framework to our employees to enhance how we reward and engage our staff.

We offer our employees 5 Dexus Days in addition to their existing leave, plus a monthly wellbeing financial allowance that employees can put towards a wellbeing initiative of their choice.

Diversity and pay parity

We have championed gender diversity since 2010 when we formalised our Diversity Policy. In 2011 we set our initial target to achieve at least 33% female participation in senior management and the Board by 2017.

During the year we achieved our gender representation target across both the Board and senior managers, and we are broadening our perspective beyond gender to identify other areas of diversity across the organisation.

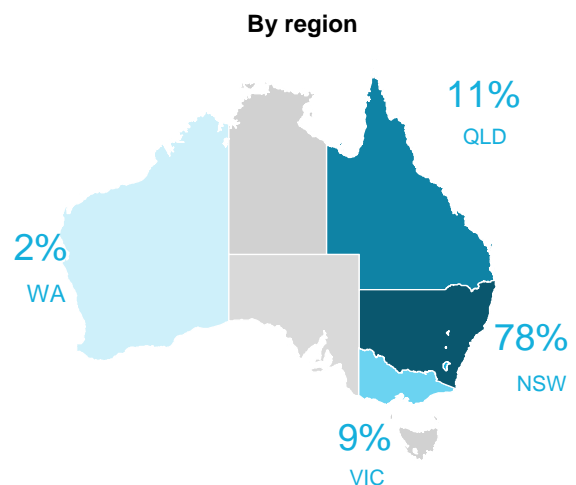
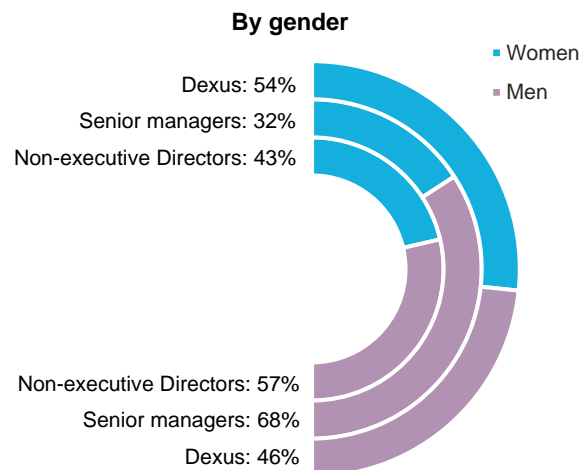
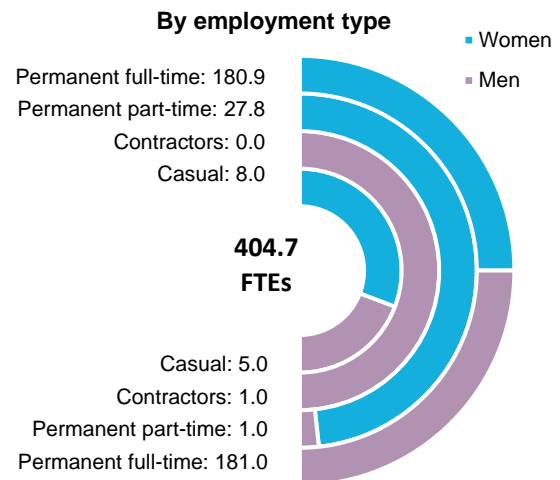
Throughout FY17 our CEO and other Dexus senior leaders have advocated for gender equality within the property industry at speaking engagements including the Women in Property Leadership Summit.

Closing the gender pay gap is another key issue for Dexus, and in FY17 we achieved pay parity between male and female employees in like-for-like roles.

We published our achievements through our annual [Workplace Gender Equality Agency \(WGEA\)](#) report and WEGA recognised us as a Pay Equity Ambassador.

This represents not only best practice but a great step forward on our journey to becoming truly diverse and inclusive.

Dexus workforce





Supporting our people

Health and safety

Workplace health and safety (WHS) remains a core priority to Dexus and we target a 'no harm', safe work environment, with zero fatalities.

Led by our Work Health, Safety and Environment Committee members, we maintained our WHS management system, which was re-certified under OHSAS 18001.

Sadly, during the year we were impacted by the tragic event that transpired at Bourke Street in Melbourne, with the Melbourne team directly involved. Dexus rallied around those physically and mentally affected and we continue to support their recovery.

Wellbeing

We spend a significant amount of their working time indoors. In addition, our mental state, access to quality water and nutritious food, and how we maintain movement and exercise can have profound impacts on our health, happiness, productivity and wellbeing. We value our employees and recognises the importance of their health and wellbeing to drive performance.

We have established six wellbeing communities responsible for researching, deciding and implementing ongoing wellbeing programs.

This year the wellbeing communities coordinated several initiatives including Fitbit challenges and educational speakers. In May, we held Wellbeing Month to connect with employees on health and wellness issues, and to promote new initiatives.

Focusing on our people: Wellbeing Month

Following the success of Wellbeing Week in 2016 and feedback from our employees, we expanded this year's event across a whole month, showcasing Dexus's health and wellness initiatives.

Led by our Wellbeing Communities in May, Wellbeing Month comprised 15 events including 'lunch and learn' presentations on diverse topics such as:

- How technology can make your work life easier and more productive
- Successful flexible working stories
- Nutrition masterclasses
- Employee health and wellbeing benefits

Powered by our new wearables, we hosted a DexFit walking challenge with 136 employees participating, encouraging an active lifestyle.

Take Heart Australia hosted an instructive session on how to properly administer CPR and life saving tools that could save a person from cardiac arrest.

The social BBQs and activities around the country including in Brisbane where team members completed the mammoth Climb for Cancer.

Flexible working

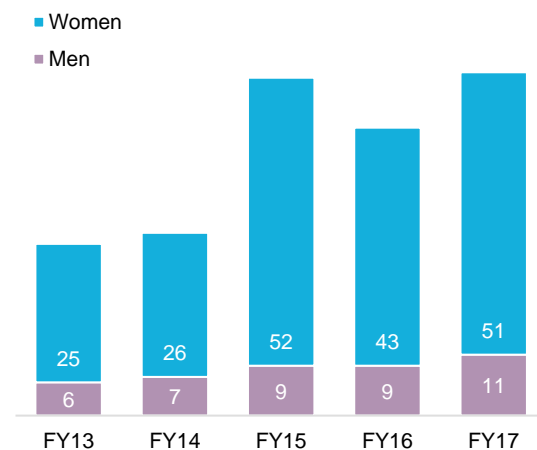
We strive to create a work environment which encourages work-life balance and offers flexible working hours, improving productivity and talent retention.

We see flexible working is key enabler of diversity and inclusion. Changes in technology are changing our work habits and breaking down physical workplace barriers.

This year we introduced a Flexible Work Policy, enabling employees to arrange flexible working arrangements with their manger. We view this policy as a key differentiator, assisting us to attract and retain our talent.

In FY17 the number of flexible work arrangements increased to 62, up from 52 the previous year, as we focus on seeking to improve personal wellbeing and engagement, team performance and motivation of our employees.

Employees in flexible working roles



We are also recognised as a finalist for 'Employer of Choice 100-999 employees' and 'Best Workplace Flexibility Program' in the 2017 HR Awards program.

Acting on domestic violence

Dexus promotes awareness of domestic violence and the impacts on health and safety, wellbeing and productivity.

In FY17 we introduced a Domestic Violence Leave Policy providing Domestic Violence leave and employee assistance to our employees who need help to break from these patterns of behaviour.

We also supported domestic violence awareness activities including White Ribbon Day and the International Day for the Elimination of Violence against Women.

For further information on Dexus's employees refer to the [2017 Dexus Annual Report](#) and Dexus's [People and Culture Disclosure of Management Approach](#).



Thriving people – Performance data

Workforce statistics

	FY13		FY14		FY15		FY16		FY17	
	M	F	M	F	M	F	M	F	M	F
By employment type (FTEs)										
Permanent full-time	111.0	88.0	135.0	107.8	148.4	124.2	175.0	172.3	181.0	180.9
Permanent part-time	0.8	16.0	0.8	18.3	0.0	23.9	0.7	26.2	1.0	27.8
Contractor	3.0	8.0	3.0	2.0	11.2	14.4	7.0	5.8	1.0	0.0
Casual	0.8	6.4	3.7	5.4	3.0	8.9	4.8	7.4	5.0	8.0
Total workforce by gender	115.6	118.4	142.5	133.5	162.6	171.4	187.5	211.7	188.0	216.7
Total workforce	234.0		276.0		334.0		399.2		404.7	
Workforce by location (%)										
NSW	43	38	43	32	41	37	39	40	38	40
QLD	5	10	5	10	3	7	4	6	4	7
VIC	1	3	4	6	4	7	4	7	3	6
WA	0	0	0	0	1	0	1	1	1	1
Flexible working (FTEs)										
No. of flexible work arrangements	6	25	7	26	9	52	9	43	11	51

Gender diversity

Gender diversity in the workforce	FY13	FY14	FY15	FY16	FY17
Dexus workforce by gender (FTEs)					
Number of female employees	118.4	133.5	171.4	211.7	216.7
Number of male employees	115.6	142.5	162.6	187.5	188.0
Total number of employees	234.0	276.0	334.0	399.2	404.7
Percentage of women in workforce	51%	48%	51%	53%	54%
Percentage of men in workforce	49%	52%	49%	47%	46%
Gender diversity in our senior leadership team					
Females in Senior Management team	22.5	24.0	27.7	31.9	35.2
Males in Senior Management team	61.0	68.0	79.2	78.0	76.0
Total employees in Senior Management team	83.5	92.0	106.9	109.9	111.2
Percentage of females in Senior Management team	27%	26%	26%	29%	32%
Percentage of males in Senior Management team	73%	74%	74%	71%	68%
Board gender diversity					
Percentage of female Non-Executive Directors	25%	43%	43%	50%	43%
Percentage of male Non-Executive Directors	75%	57%	57%	50%	57%



Commentary and methodology

'Senior Management team' includes executive management and senior management positions within the Group, specifically positions with a corporate title of Executive Director, Executive General Manager, Group General Manager, Regional General Manager, General Manager and Senior Manager. This is consistent with the Workplace Gender Equality Agency (WGEA) definition.

'Non-Executive Directors' are Independent Directors of DXFM and does not include the CEO who is counted in the Senior Management team for the purposes of workforce reporting.

All relevant headcount data is taken from each year's headcount report as at 30 June 2017, produced by Dexus People & Culture. Headcount data for these statistics is based on Full Time Equivalent (FTE) employees, representing the active Dexus workforce.

Engagement and leave

	FY13	FY14	FY15	FY16	FY17
Employee engagement rate (%)					
Survey participation rate ¹	88	83	83	70	70
Engagement rate ¹	78	87	87	84	84
Leave days taken (days)					
Annual leave	3,839	4,351	4,696	5,594	6,679
Long service leave	16	81	98	133	165
Parental leave unpaid	1,614	721	1,396	789	1,012
Parental leave paid	466	234	355	383	632
Sick and carers' leave	725	818	1,135	1,194	1,234
Leave without pay	172	171	325	353	391
Other leave	547	491	521	732	710
Absenteeism					
Absentee Rate (sick days lost per FTE)	3.1	3.0	3.4	3.0	3.0

1. From FY14, Dexus conducts an Employee Opinion Surveys once every two years.

Commentary and methodology

Engagement information is sourced directly from the Employee Opinion Survey for the respective reporting year. Employee Opinion Surveys are managed externally by Towers Watson via an online, confidential survey. Dexus conducts Employee Opinion Surveys and Culture Surveys in alternate years.

Leave data is gathered for each reporting period from payroll system records. The data is consolidated into the categories displayed in the report as follows:

- Annual leave: Annual leave only
- Long service leave: Long service leave only
- Parental leave unpaid: Parental leave unpaid only
- Parental leave paid: Primary and non-primary paid parental leave
- Sick and carers' leave: Sick leave, carers' leave only
- Leave without pay: Leave without pay only
- Other leave: Study leave, volunteer leave, jury duty, special bereavement or compassionate leave, and purchased leave

Definitions

Absentee Rate (AR) – the number of personal leave days per full time equivalent workers employed is calculated as follows:

$$AR = \frac{\text{number of Sick and Carer Leave days}}{\text{number of workers}}$$



Work Health & Safety, and Discrimination

	FY13	FY14	FY15	FY16	FY17
Employee WH&S incidents					
Workplace injuries (No lost-time injuries/diseases)	5	6	0	7	8
Lost-time injuries/diseases	-	-	1	3	3
Occupational diseases	-	-	0	0	0
Fatalities	0	0	0	0	0
Lost Time Injury Incidence Rate (LTIIR)	n/a	n/a	0.30	0.75	0.74
Lost Time Injury Frequency Rate (LTIFR)	n/a	n/a	1.64	4.12	4.06
Occupational disease rate (occurrences per million hours worked)	n/a	n/a	0	0	0
Lost day rate (days lost per million hours worked)	n/a	n/a	3.28	39.83	181.53
Employee relations matters					
Resolved by year end	1	3	2	6	0
Outstanding at year end	0	0	0	0	0

Commentary and methodology

Work health and safety (WH&S) incidents account for all recorded incidents pertaining to Dexus employees and includes contractors employed directly by Dexus. All reported incidents in FY17 related to personal injury.

The system of rules applied in recording and reporting accident statistics include *Australian Standard 1885.1 1990*, Workplace injury and disease recording standard as well as definitions within disclosure 403-2 from *GRI 403: Occupational Health and Safety 2016*, from the Global Reporting Initiative (GRI) Standards.

Definitions

No lost-time injuries/diseases – Those occurrences which were not lost-time injuries/diseases and for which first aid and/or medical treatment was administered

Lost-time injuries/diseases – Those occurrences that resulted in a fatality, permanent disability or time lost from work of one day/shift or more and is recorded via a WorkCover claim

Occupational disease – A disease arising from the work situation or activity (such as stress or regular exposure to harmful chemicals), or from a work-related injury

Fatalities – Fatalities that occur as a result of an injury or disease occurrence

Lost Time Injury Incidence Rate (LTIIR) – The number of occurrences of injury/disease for each one hundred full time equivalent workers employed is calculated as follows:

$$LTIIR = \frac{\text{number of lost time injuries/diseases}}{\text{number of workers}} \times 100$$

Lost Time Injury Frequency Rate (LTIFR) – The number of occurrences of injury or disease for each one million hours worked is calculated as follows:

$$LTIFR = \frac{\text{number of lost time injuries/diseases}}{\text{number of hours worked}} \times 1,000,000$$

Occupational disease rate (ODR) – The number of occurrences of occupational diseases for each one million hours worked is calculated as follows:

$$ODR = \frac{\text{number of occurrences of occupational diseases}}{\text{number of hours worked}} \times 1,000,000$$



Lost day rate (LDR) – The number of days lost to injuries/diseases for each one million hours worked is calculated as follows:

$$LDR = \frac{\text{days lost due to injuries/diseases}}{\text{number of hours worked}} \times 1,000,000$$

Where:

Number of hours worked in the period – Refers to the total scheduled number of hours worked by all Dexus employees as recorded at 30 June of each year. Dexus offers employees flexible work arrangements and staff are employed under individual contracts that stipulate 1824 hours per annum (equal to 240 days x 7.6 hours) for each full-time employee. As Dexus does not track employee working hours and staff do not engage in overtime or shift work, Dexus has defined the ‘number of hours worked’ as 1824 hours per annum per full-time employee.

Number of workers – Is defined as the number of workers who worked in the reporting period as recorded at 30 June each year. Persons who were absent from work on paid or extended leave as recorded at 30 June each year are excluded from this calculation.

Recruitment and retention

	FY13		FY14		FY15		FY16		FY17	
	M	F	M	F	M	F	M	F	M	F
Recruitment										
Total number of new hires	30	41	42	45	49	72	54	104	47	67
Flexible working (FTEs)										
No. of flexible work arrangements	6	25	7	26	9	52	9	43	11	51
Voluntary turnover rate (%)										
Executive management	0	0	0	0	10	0	0	0	8	0
Senior management	8	33	11	8	6	4	8	17	3	3
Middle management	6	14	10	5	10	8	12	14	22	19
Professional/technical	15	13	4	3	18	11	15	12	11	2
Administration/operations	10	15	11	22	17	15	20	14	40	32
Total by gender	9	15	9	11	10	10	11	14	13	12
Total	12		10		10		12		12	
Parental leave and retention (FTEs) and retention rates (%)										
Employees entitled to take parental leave	-	-	-	-	-	-	187.5	211.7	188.0	216.7
Employees that took parental leave in FY17	-	-	-	-	-	-	3.0	4.0	6.0	8.6
Returned to work in FY17 after parental leave	-	6.0	-	5.0	-	8.0	12.0	10/0	6.0	6.4
Return to work rate (%)	-	-	-	-	-	-	100%	91%	100%	94%
Employees that returned from parental leave still employed after 12 months	-	-	-	-	-	-	12.0	10.0	6.0	7.0
Parental leave retention rate (%)	-	-	-	-	-	-	100%	91%	100%	88%

Commentary and methodology

The turnover calculation is a count of voluntary departures divided by the count of employees as at 30 June in each year. All relevant headcount data is taken from the headcount reports produced by Dexus People & Culture at 30 June each year.

The employee count reflects the total number of people employed by Dexus and accounts for circumstances such as flexible work arrangements and inactive employees on parental leave that are counted in full as departures.



Training and development

	FY13		FY14		FY15		FY16		FY17	
	M	F	M	F	M	F	M	F	M	F
Training hours by work category										
Executive management	274	103	614	144	1,154	174	235	95	380	77
Senior management	918	248	2,553	740	3,119	1,362	1,558	822	1,499	970
Middle management	837	420	713	720	1,217	2,195	1,297	1,245	513	340
Professional/technical	478	634	543	750	907	1,431	824	1,921	1,397	3,020
Administration/operations	422	1,026	167	536	208	883	218	613	246	755
Total	2,929	2,431	4,590	2,890	6,604	6,045	4,132	4,696	4,035	5,162

	FY13	FY14	FY15	FY16	FY17
Hours of internal & external training					
Internal	2,966	1,354	4,261	4,577	6,588
External	2,403	4,572	4,761	1,155	2,609
Hours of compliance training	1,369	1,554	3,626	3,097	2,736
Average training hours by work category					
Executive management	42	69	102	12	4
Senior management	39	42	47	12	5
Middle management	28	20	38	11	5
Professional/technical	19	24	27	9	5
Administration/operations	14	10	17	6	5

Commentary and methodology

Training data is taken from the training database at the end of each reporting year. Data is categorised and consolidated to provide training hours completed for each category. Data includes compliance training covering Human Rights issues as well as the Dexus Code of Conduct which addresses victimisation, harassment and bullying.

Remuneration

	FY13		FY14		FY15		FY16		FY17	
	M	F	M	F	M	F	M	F	M	F
Ratio of basic salary by employee category										
Executive management	1.0	1.0	1.1	1.0	1.3	1.0	1.3	1.0	1.0	1.0
Senior management	1.0	1.0	1.1	1.0	1.1	1.0	1.2	1.0	1.2	1.0
Middle management	1.0	1.0	1.1	1.0	1.1	1.0	1.0	1.0	1.0	1.0
Professional/technical	1.0	1.0	1.2	1.0	1.1	1.0	1.2	1.0	1.2	1.0
Administration/operations	1.0	1.0	1.2	1.0	0.9	1.0	1.0	1.0	1.0	1.0
Performance reviews										
Performance reviews performed (%)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



	FY13	FY14	FY15	FY16	FY17
Multiple of all employees' salaries to CEO salary	8.09	8.76	9.15	10.00	10.30
Multiple of all employees' salaries, excluding Group Management Committee members, to CEO salary	8.89	9.20	9.58	10.90	11.20
Multiple of all employees' salaries, excluding all Senior Management, to CEO salary	12.80	13.41	13.55	14.20	14.30

Commentary and methodology

Salary represents an employee's package including fixed cash and superannuation.

Category ratios are calculated by taking the average male salary and comparing it to the average female salary.

Location ratios are calculated by taking the average male salary and comparing it to the average female salary, where number of employees is 10 or more, according to the employee's physical work location.

CEO salary as a multiple of worker salary is calculated by taking the CEO's salary and dividing it by the group's average salary excluding the CEO. The group's average salary is then recalculated in the subsequent reporting item to exclude members of the Group Management Committee, and then recalculated again to exclude all senior management for the final reporting item.

2017 Performance Pack



Enriched environment

Optimising the environmental performance and resilience of our buildings

Enriching our environment

As Australia continues its search for secure, affordable, and environmentally conscious energy, we are transitioning to a low carbon future.

This year we made progress towards our 2020 environmental targets, and improved engagement across the business to further integrate resource efficiency considerations into strategic decisions.

FY17 was a significant year with regards to waste and recycling, including the implementation of key initiatives such as the Better Buildings Partnership's (BBP) operational waste management guidelines, and engaging with customers to improve waste recycling.

We also made positive steps to improve resource recovery rates from vacant tenancy de-fits in line with our 2020 commitment. We completed several trials and partnered with customers and community groups to recycle office furniture and carpet.

We installed cloud-based building analytics platforms as part of our 'virtual engineer' program to optimise energy

and water performance, and initial results confirm our investment decision. To date, we have rolled out the virtual engineering program across 44 office properties, centralising 240,000 data points into a single platform.

Dexus continues to be recognised for environmental performance by CDP, which ranks companies globally on their strategies and performance for managing greenhouse gas emissions and climate change. Dexus was included on the CDP Climate Change 'A List' for the fourth consecutive year, and was recognised as one of the top 9% of respondents.

We maintained our commitment to Australia's Carbon Neutral Program by certifying our corporate operations carbon neutral for the seventh straight year. We also collaborated through the Property Council of Australia to shape policy, aiming to drive efficiency and guide an orderly transition to more responsible energy sources.

We have commenced planning the next goals beyond our 2020 targets to develop a net-zero emissions pathway.

Delivering FY17 'enriched environment' commitments

☑ = Achieved, ☒ = Not achieved, ⇨ = Underway

Commitment	Status	FY17 achievements
Deliver 1,000,000sqm of office property to a minimum 5 Star NABERS Energy rating and 4 star NABERS Water rating by 2020	⇨	On track with over 600,000sqm at 5 star NABERS Energy rating and 4 star NABERS Water rating at 30 June 2017.
Reduce energy consumption and emissions across the Group by a further 10% by 2020 using the FY15 baseline including exploring opportunities for renewables	⇨	Dexus made progress towards its 2020 target achieving a 4.9% reduction in energy consumption and a 7.1% reduction in Scope 1 and Scope 2 greenhouse gas emissions against FY15 like-for-like baseline.
Consistently demonstrate a resource recovery rate of 80% from de-fitting vacant space by 2020, actively identifying charities and markets for re-use and increasing waste diversion from landfill	⇨	Adopted the Better Building Partnerships strip-out waste guidelines to minimise fit-out waste to landfill with eight de-fit projects in New South Wales and Queensland diverting all the furniture and computer appliances bound for landfill and donated them to charity and aid organisation. Local donations have also occurred.
Expand the "Virtual Engineer" program by applying 24/7 computer analytics to predict and react to Heating Ventilation and Air Conditioning (HVAC) events in real time	☑	44 sites have been included in the central platform with implementation of analytics and/or smart metering up to June 17.
Review design briefs across all asset classes to develop an in-house suite of best practice sustainable development practices	☑	Design briefs reviewed and updated across the Office and Industrial portfolios to include best practice sustainable design focusing on environmental performance and wellbeing



Climate and energy

2017 saw the national climate change and energy debate take another shift with the Finkel Review of Australia's energy supply in response to recent supply security issues and sustained increases in electricity and natural gas prices.

During the year, we renegotiated our near term electricity contract to secure forward supply. Dexus locked in energy rates prior to the 2016/17 summer, avoiding the highly volatile peak electricity prices seen thus far in 2017. However, we recognise that prices are unlikely to return to prior levels in the medium term.

We support Australia's decision to ratify the Global Climate Agreement that was signed in Paris at the Marrakech Climate Change Conference, and await clearer national direction regarding energy and climate change domestic policies.

Despite uncertainty at a federal level, state governments and cities are leading the way, setting bold visions for a low carbon future consistent with current climate science.

In March, Cyclone Debbie inundated Australia's east coast with rain, threatening to impact Dexus retail centres at Beenleigh Marketplace and Tweed City in Tweed Heads. Although our centres were not materially affected, storms such as this are forecast to increase in frequency in a climate change affected world.

Decarbonising our energy supply

Recognising our need to adapt to a low carbon economy, our focus on investment in renewable energy continues to grow. We are looking beyond our 2020 targets to identify pathways towards net-zero emissions.

We are seeing increasing interest from our customers to partner on alternative energy to hedge electricity price risk and take action on reducing carbon emissions.

In FY17 we partnered with Toshiba to install solar photovoltaics (PV) for their new industrial development at Greystanes. Together with other sustainability inclusions, the development achieved a 5 star Green Star As Built – Industrial v1 rating.

New Toshiba development - investing for the future

When Toshiba Australia made the decision to move to a new national distribution centre with office facilities, it knew the premises had to stand out from the crowd, and partnered with Dexus to develop a state of the art industrial facility at Quarry at Greystanes.

In developing its new facility, Toshiba's goal was to outperform its corporate peers on measures of sustainability and technological innovation, while building a facility that would make it attractive to staff.

The facility was developed in a short time frame of just over 12 months, with Dexus working with Toshiba Australia to simplify the process while delivering the desired product.

The facility's design incorporates environmental features aimed to create a 5 Star Green Star building, technological innovation to improve operational efficiency and staff amenity that supports the wellbeing of the workforce.

Optimising performance at 1 Farrer Place

1 Farrer Place, Sydney recently achieved a 4.0 star NABERS Energy performance rating.

This is a whole star improvement from the previous year's rating that recognises the full impact of the upgrade works carried out on the air conditioning system and building management control system (BMCS)

The energy, emissions and cost benefits are coming to fruition - and with the added benefit of the building operation system analytics platform - 1 Farrer Place is destined to become one of Dexus's most efficient properties.

Additionally, the 1 Farrer Place team are working on improving their recycling infrastructure, doing their bit to divert waste from landfill.

An example of this is the recent purchase of Method Recycling bins which they are in the process of implementing throughout the two towers, driving a collective effort towards achieving sustainability goals.

A set of three bins - Mixed Recycling, Paper and Landfill - is being supplied to each of their 80+ tenants. The feedback from the tenants that have already received the bins has been extremely positive.

We are assessing the feasibility of on-site electricity generation at a number of industrial and managed retail centres to fully quantify the financial sensitivities and identify the optimal implementation approach to partnering with technology providers and customers.

In addition to onsite generation, we purchased accredited, emission-free GreenPower to reduce our carbon footprint. In FY17, the group generated 274MWh of electricity from solar PV and 1,616 MWh from gas-powered cogeneration plants. We also sourced 2,143 MWh of the group's purchased electricity from GreenPower.

From these activities we have abated an estimated 2,805 tonnes of greenhouse gas emissions, which represents 1.5% of total Scope 1, 2 and 3 emissions across the group portfolio.

Optimising resource efficiency

Our 2020 environmental targets drive Dexus daily to optimise our resource use.

As at June 2017 like-for-like energy consumption reduced by 4.9%. Emissions reduced by 7.1% against the baseline year. With these results, we are on track to meet our group 10% energy and emission reduction targets.

Energy and emissions intensity improved across the group's office portfolio due to:

1. The installation of cloud-based building analytics platforms was completed as part of our 'virtual engineer' program. FY17 was the first full year of commissioning with ongoing improvements in issue identification and implementation workflow to rectify them. Dexus will continue to add properties to the platform in FY18
2. Progress or completion of strategic improvement plans comprising energy and water efficiency projects such as chiller upgrades and lighting replacements



GHG emissions intensity (kg CO₂-e/sqm | Energy intensity (MJ/sqm) | Water intensity (litres/sqm)



3. A milder Autumn, with reduced heat loads saw energy use drop for most Sydney and Brisbane properties

A standout performer was 1 Farrer Place, Sydney which comprises the Premium grade Governor Phillip and Governor Macquarie Towers.

Energy consumption reduced by over 7,000 GJ or 17% as the benefits of a long term strategic improvement plan were realised, with further reductions targeted.

Water intensity has increased across the group's office portfolio by 2.2% against the prior year, yet remains unchanged across like-for-like properties.

With group average water intensity of 668 litres per square metre, the Dexus portfolio has met the BBP's 2030 target to achieve 700 litres per square metre across Sydney office properties.

The introduction of analytics has increased the detail and frequency by which we monitor water, and has identified water leaks that could not be detected easily using prior methods.

Across our managed retail centres, energy and emissions have increased over the last two years in line with portfolio

growth including a higher proportion of CBD and city retail properties with their higher energy demand.

In centres across the country, older inefficient lighting is being progressively upgraded to the latest LED technology. We are reviewing feasibility for on-site renewables to expand our solar energy generation beyond our existing installation at Deepwater Plaza.

Industrial energy and emissions intensity has reduced significantly since 2008 due to:

1. Retrofitting industrial lighting systems to replace inefficient high bays with LED fixtures, including successful projects at Regents Park, 4 Inglis Road Ingleburn and Military Road Matraville. In addition to energy savings, we have generated Energy Savings Certificates that improve the payback further
2. Energy efficiency incorporated into design of new industrial properties at Quarry in Sydney and Laverton North in Melbourne
3. Divestment of industrial properties with high energy intensity at Rosebery in Sydney and Donkin Street in Brisbane



Strategic improvement plans

We continued to identify and implement opportunities to improve energy and water consumption, capturing these within our Strategic Improvement Plans (SIPs).

In July 2016 Dexus and CBRE completed Level 1 Energy Audits and these featured in our annual asset planning for FY18, as we prioritise capital and operating expenditure to optimise performance our 2020 NABERS portfolio rating and energy/emissions reduction targets.

We also saw further benefits arising from completed strategic improvement plans. At 12 Creek Street in Brisbane, we progressed a multi-year strategic improvement plan to retrofit controls and variable air volume (VAV) boxes across each floor.

The property's NABERS rating continues to improve, increasing by a whole star since 2012, and we are forecasting further gains.

In conjunction with the expansion of Willows Shopping Centre, we adopted a holistic view to reimagine the central cooling plant, installing a central chilled water system. We worked with anchor tenants to connect them to the system, improving system efficiency.

Waste management

In FY17 we commenced implementing recommendations from the BBP operational waste management guidelines. This follows our collaboration with other property owners and the BBP to develop the best practice guidelines.

We continued our push with waste contractors to improve the coverage and accuracy of our waste and recycling data, expanding use of direct weight based measurement using scales, and trialling bar coded bin tracking. In FY17 we recorded waste and recycling across 98% of our office and retail space.

Across several NSW offices, we continued our engagement with customers on their waste practices via the NSW Environment Protection Authority's (EPA) 'Bin Trim' program. We also accessed NSW EPA funding to assist with introducing waste segregation within several tenancies.

We partnered with MRI and other partners to establish regular electronic waste collection, providing customers with a convenient value added service. In FY17 we diverted 44 tonnes of e-waste from landfill.

During the year we established an office de-fit program in response to our commitment to achieve 80% diversion from landfill for office tenancy de-fit projects.

We continue to develop our capability in this area, improving our project management systems, capturing data for de-fit materials inventories, and developing downstream materials receiving networks.

In a key step this year, we now include de-fit recycling requirements within agreements with demolition contractors. We are also moving towards single sourcing arrangements for precincts which will strengthen working relationships in this area.

Reducing waste from landfill

Office de-fits and electronic waste predominantly end up in landfill, creating emissions harmful to the environment and high disposal costs. To reduce the harmful effects of waste to landfill on the environment and drive down costs, Dexus rolled out waste management strategies across our portfolio, setting an 80% diversion from landfill target for de-fit projects by 2020

Office de-fit program

Dexus collaborated with charities and other users to repurpose de-fit and increased the diversion rate from landfill across eight projects in FY17.

Dexus donated items from office de-fits at 12 Creek Street, Brisbane to local and international not-for-profit organisations including:

- Furniture donated to AID Vanuatu for re-use across their medical facilities in Vanuatu
- Computer equipment donated to Be A Hero, for re-use in schools in Cambodia, Indonesia and the Philippines
- Carpet tiles donated to Point Lookout Surf Lifesaving Club, Stradbroke Island

Recycling e-waste

Dexus partnered with a specialist e-waste recycler to provide customers across our portfolio with e-waste collection services.

Provided a structured and seamless collections process and innovative methods of disassembly resulting in:

- Collection of 44 tonnes of e-waste across 30 properties
- Diversion of 98% (by weight) e-waste from landfill

Working with our customers to reduce waste

Australia generates 48 million tonnes of waste per year, placing it as one of the highest waste producers in the world.

As a manager of more than 130 office and industrial properties across Australia, Dexus investigated recycling opportunities to promote awareness and reduce waste across its portfolio.

Dexus supported the NSW Environment Protection Authority Bin Trim program to encourage businesses to increase recycling and reduce waste costs and embarked on a tenancy Bin Trim waste assessment at over 14 sites in NSW.

- At Gateway in Sydney, Dexus upgraded bin infrastructure on all 47 floors utilising a funding grant to help pay for an additional 215 yellow mixed recycling bins
- At 56 Pitt Street in Sydney, Dexus provided customers with free mixed recycling bins and installed a centralised three bin system in each tenancy
- At 141 Walker Street in North Sydney, Dexus graded all customer tenancies to a centralised three bin system and eliminated under the desk bins



Performance certifications

NABERS

Dexus properties are rated annually using the National Australian Built Environment Rating System (NABERS) to maintain our legal obligations and to benchmark operational performance across the portfolio.

As at 30 June 2017 Dexus achieved the following NABERS Energy and Water portfolio averages:

Portfolio	NABERS portfolio average	
	Energy	Water
Group Office portfolio	4.8	3.6
Dexus portfolio	4.8	3.6
Dexus Office Partnership	4.9	3.9
Third Party Funds portfolio	4.9	3.7
Dexus Wholesale Property Fund	4.8	3.3
Group Retail portfolio¹	3.3	3.5
Dexus Wholesale Property Fund ¹	3.1	3.2
Third Party Funds portfolio ¹	3.3	3.5

¹Dexus managed properties only

Key highlights for the year include:

- Dexus and DWPF's co-owned development at Kings Square 2, Perth achieved an inaugural 5.5 NABERS Energy rating, exceeding its 5 star NABERS commitment agreement
- Governor Phillip Tower, Sydney improved its NABERS Energy performance rating by a whole star to achieve 4 stars
- A further nine properties achieved 0.5 star improvements to their NABERS Energy performance rating, including Melbourne properties at 385 Bourke Street, 360 Collins Street and Riverside Plaza

Green Star

Dexus continues to adopt Green Star for new developments. In FY17, we achieved 5 star As Built ratings for developments at Kings Square 2 in Perth, Kathmandu's distribution centre in Laverton North, 480 Queen Street Brisbane and Toshiba's new facility at Quarry in Greystanes, Sydney.

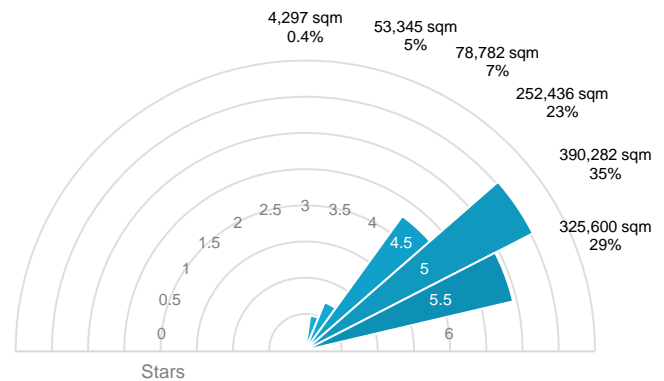
Dexus maintained Green Star Performance ratings across 73 office and retail properties, enabling us to benchmark and develop initiatives to improve our results.

Carbon neutral program

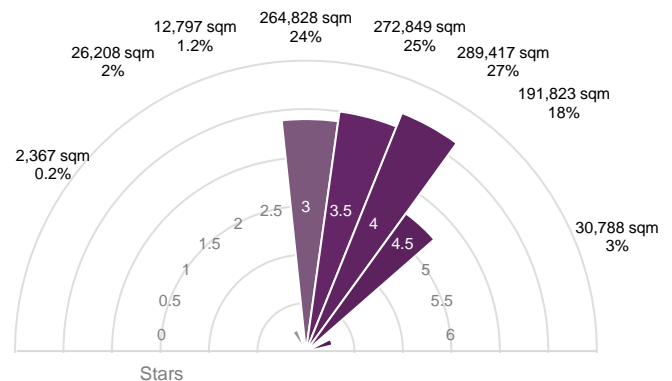
Dexus is a signatory to the Australian Carbon Neutral program and our corporate head office has been certified as carbon neutral since 2011. We are currently finalising our certification for 2017, through the offsetting direct and indirect emissions from our corporate operations.

For further information on our environmental management practices, refer to Dexus's [Environment Disclosure of Management Approach](#).

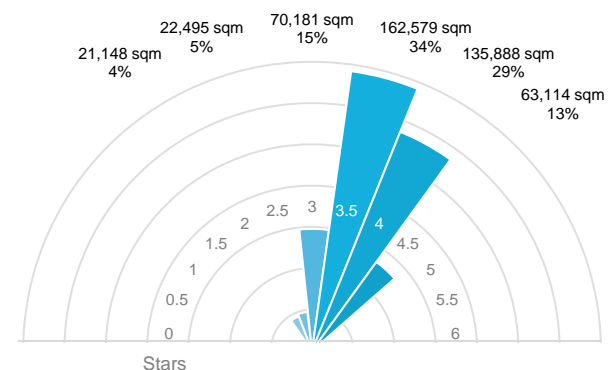
NABERS Energy – Group Office



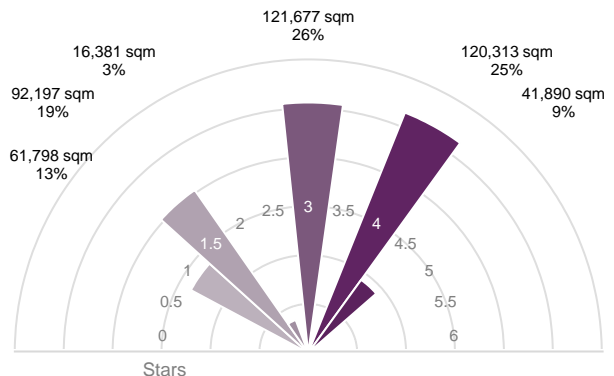
NABERS Water – Group Office



NABERS Energy – Managed Retail



NABERS Water – Managed Retail





Enriched environment – Performance data

Definitions

NABERS – National Australian Built Environment Rating System

GBCA – Green Building Council of Australia

Green Star – An environmental rating tool for commercial design and construction, which evaluates a building's impact against eight environmental impact categories

SIPs – Strategic Improvement Plans

'Dexus', 'the group', 'Dexus group portfolio' - Dexus comprising the ASX listed entity (DXS) and the Third Party Funds Management business, unless otherwise stated

'Dexus portfolio' – refers specifically to the portfolio of properties in the ASX listed entity

'Funds management portfolio' – refers to properties managed by Dexus on behalf of third party clients including the Australian mandate, three capital partnerships and DWPF

DWPF – Dexus Wholesale Property Fund

Resource consumption methodology

The resource consumption data is derived from office, industrial and retail properties under the operational control of Dexus for part or all of the 12 months ending 30 June 2017 with the inclusion of Dexus corporate tenancies.

Dexus has applied the principles contained within the National Greenhouse and Energy Reporting Act 2007 and its associated guidelines to determine the operational control of its properties across Australia and New Zealand.

Dexus also included water usage from 11 current and seven previously managed industrial properties where water is purchased by Dexus and consumed by customers and Dexus for property maintenance, e.g. landscaping.

The following joint venture partner controlled properties and those under development are omitted where Dexus does not maintain operational control:

- Westfield Miranda, Miranda, NSW
- Westfield Plenty Valley, South Morang, VIC
- Westfield North Lakes, Mango Hill, QLD
- Westfield West Lakes Shopping Centre, West Lakes, SA
- Westfield Hurstville, Hurstville, NSW
- Westfield Mount Druitt, Mt Druitt, NSW
- Knox City Shopping Centre, Wantirna South, VIC
- 324 Queen Street, Brisbane, QLD

Refer to the Dexus 2017 Assurance Criteria for further details including the list of consumption and emission sources, and references for factors that have been applied. The 2017 Assurance Criteria is available in the [CR&S library](#) on the Dexus website.

Like-for-like data has been based on a portfolio whereby operational control and data for energy and water was available for the full like-for-like period.

Dexus has reviewed our environmental dataset to fully align with NGER by adding minor source items and confirming calculation methods and factors. Non-material historical figures have been applied to all years since the 2008 base year and have been restated for consistency. Prior years' data has been updated to reflect current information where applicable resulting in minor restatements. Repetition only occurs when there is an overlap of reporting periods. There may be small discrepancies in the totals in some tables due to rounding.

Dexus's FY17 disclosure includes a restatement of energy and emissions figures for 480 Queen Street Brisbane and 5 Martin Place Sydney following receipt of additional billing information which has added 15,342 GJ to the FY16 energy footprint.

For further information refer to Dexus's [Environment Disclosure of Management Approach](#).



Dexus Group Portfolio - environmental inventory

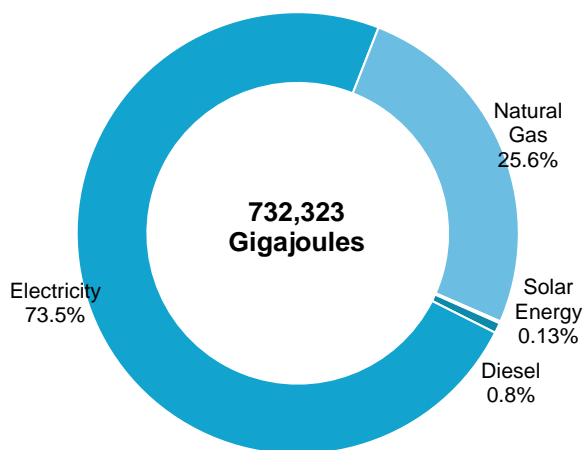
Metric	FY08 ¹	FY13	FY14	FY15	FY16	FY17
Greenhouse gas emissions (tCO ₂ -e) – Property portfolio & corporate tenancies						
Scope 1	6,226	9,267	11,050	15,881	17,679	19,856
Scope 2	151,951	103,927	117,422	137,784	136,748	129,154
Subtotal Scope 1 & 2	158,176	113,194	128,472	153,666	154,427	149,010
Scope 3 – property portfolio	26,304	24,661	29,753	30,153	30,850	31,034
Scope 3 – corporate operations	-	1,292	1,361	1,452	1,906	1,869
Total Scopes 1,2 & 3	184,481	139,146	159,586	185,271	187,183	181,913
Energy and water consumption						
Total net energy consumption (GJ)	735,723	519,758	595,032	730,062	755,602	732,323
Water consumption (kL)	1,499,044	1,223,170	1,442,015	1,704,936	1,763,566	1,818,568
Waste and recycling						
Waste to Landfill (tonnes)	-	4,475	6,441	8,143	8,143	9,563
Recycling (tonnes)	-	4,118	6,035	7,141	6,593	6,955
Total Waste (tonnes) ²	-	8,593	12,476	15,284	14,737	16,518
Waste data coverage across portfolio ³	-	74%	84%	92%	95%	98%

1. FY08 represents the group's base year.

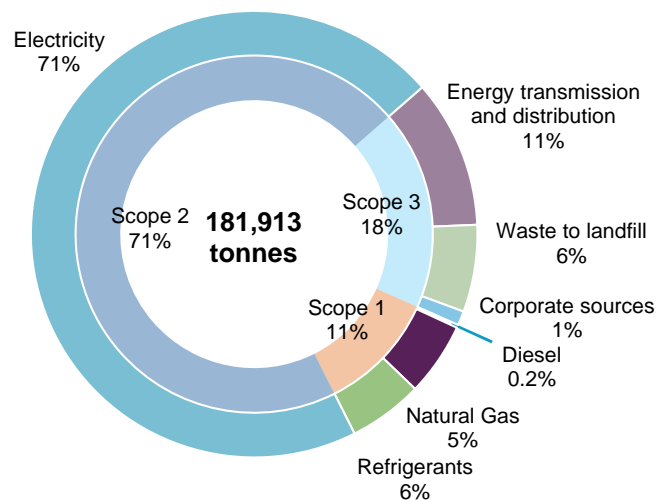
2. Excludes secure paper

3. Coverage by net lettable area across office and retail portfolio, excludes industrial properties as Dexus does not manage waste.

FY17 Primary energy use by source (GJ)



FY17 Greenhouse gas emissions by source (t.CO₂-e)





Group portfolio - consumption/emissions on an intensity basis

	Metric	FY08 ¹	FY13	FY14	FY15	FY16	FY17	Base year to FY17	12 month change
Group Office portfolio	Energy consumption (MJ/sqm)	597.4	402.2	386.2	370.4	365.7	345.2	-42.2%	-5.6%
	Water consumption (L/sqm)	892.9	665.7	678.9	653.1	665.3	680.0	-23.8%	2.2%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	130.9	88.9	84.9	79.6	76.3	72.7	-44.4%	-4.7%
	Waste diversion from landfill (%)		57%	59%	55%	51%	48%	-5.5%	-5.1%
Group Retail portfolio	Energy consumption (MJ/sqm)	489.1	490.8	478.9	475.8	530.7	562.0	14.9%	5.9%
	Water consumption (L/sqm)	1,267.2	1,312.7	1,321.8	1,230.7	1,337.1	1,350.3	6.6%	1.0%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	93.5	97.9	93.3	90.7	98.5	100.4	7.4%	1.9%
	Waste diversion from landfill (%)		31%	29%	32%	33%	32%	6.7%	-3.9%
Group Industrial portfolio	Energy consumption (MJ/sqm)	33.4	22.2	21.2	18.9	13.5	11.8	-64.6%	-12.0%
	Water consumption (L/sqm)	311.7	276.4	292.6	292.6	279.5	300.2	-3.7%	7.4%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	8.4	5.4	5.1	4.4	2.9	2.5	-70.3%	-14.7%

1. FY08 represents the group's base year for energy, water and greenhouse gas emissions. FY12 represents the group's base year for waste diversion from landfill.

GHG emissions intensity (kg CO₂-e/sqm | Energy intensity (MJ/sqm) | Water intensity (litres/sqm)





NABERS ratings – office portfolio

NABERS portfolio average ²	Like-for-like basis ¹				Absolute basis ¹			
	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Dexus listed portfolio								
NABERS Energy	3.2	3.6	3.9	4.7	4.6	4.7	4.8	4.8
NABERS Energy performance	2.8	3	3.5	4.2	4.4	4.4	4.5	4.5
NABERS Water	2.6	3.1	3.3	3.5	3.5	3.8	3.7	3.6
Dexus Office Partnership								
NABERS Energy						4.8	4.8	4.9
NABERS Energy performance						4.7	4.7	4.7
NABERS Water						3.9	3.9	3.9
Third Party Funds Management portfolio								
NABERS Energy	3.3	3.9	4	4.1	4.5	4.7	4.8	4.9
NABERS Energy performance	2.8	3.3	3.7	3.7	4.2	4.4	4.4	4.6
NABERS Water	2.5	2.7	3	3.2	3.3	3.6	3.6	3.7
Dexus Wholesale Property Fund								
NABERS Energy	2.6	3.3	3.9	3.8	4.2	4.5	4.6	4.8
NABERS Energy performance	2	2.9	3.6	3.4	4	4.1	4.2	4.5
NABERS Water	2	1.9	3	3	3	3.2	3.3	3.3
Dexus group office portfolio								
NABERS Energy	3.3	3.7	3.9	4.5	4.6	4.7	4.8	4.8
NABERS Energy performance	2.8	3.1	3.5	4	4.3	4.4	4.5	4.6
NABERS Water	2.4	3	3.2	3.4	3.5	3.7	3.7	3.6

1. Dexus commenced reporting our NABERS portfolio on an absolute basis from FY14
2. As at 30 June each year

NABERS ratings – retail portfolio

NABERS portfolio average	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Dexus Wholesale Property Fund – managed portfolio								
NABERS Energy	n/a	2	2.5	2.5	3.5	3.9	3.4	3.1
NABERS Water	n/a	3.5	4	4	4.2	4.1	4.2	3.2
Third Party Funds Management – managed portfolio								
NABERS Energy	n/a	3.1	3.9	3.9	3.7	3.9	3.6	3.3
NABERS Water	n/a	3.2	3.7	4.4	4.1	4.1	4.1	3.5



Progress against commitments and performance targets

Progress: Group's FY20 5 star NABERS commitment

In FY15, Dexus committed to deliver by 2020:

- 1,000,000 square metres of office space rated at least 5 Star NABERS Energy rating
- 1,000,000 square metres of office space rated at least 4 star NABERS Water rating

The table below reports on performance against the five year target, which is reported in absolute terms on a like-for-like basis against the FY15 baseline.

NABERS metrics	FY15	FY16	FY17 Change against FY15 baseline	
Rated at 5 star NABERS energy or higher (sqm)	597,320	707,432	634,594	37,275
Progress against NABERS energy target (%)	60%	71%	63%	+4%
Rated at 4 star NABERS water or higher (sqm)	770,270	706,963	615,884	-154,386
Progress against NABERS water target (%)	77%	71%	62%	-15%

Progress: Group's FY20 10% energy reduction commitment

In FY15, Dexus committed to reduce energy consumption and emissions across the group by a further 10% by 2020 using the FY15 baseline including exploring opportunities for renewables.

The table below reports on performance against the five year target, which is reported in absolute terms on a like-for-like basis against the FY15 baseline.

Metric	FY15	FY16	FY17 Change against FY15 baseline	
Energy consumption (GJ)	665,037	661,645	632,666	-4.9%
Scope 1 and 2 greenhouse gas emissions (t. CO ₂ -e)	140,150	136,303	130,183	-7.1%



Dexus corporate operations - Voluntary greenhouse gas abatement

Dexus is a signatory to Australia's Carbon Neutral Program which is administered by the federal Department of the Environment. Each year we develop an emissions inventory in line with the program's National Carbon Offset Standard (NCOS) across our Corporate Operations.

In 2011 Dexus was the first real estate investment trust in Australia to achieve a carbon neutral certification for our head office. Since then, we have expanded the reporting boundary across our entire Corporate Operations, including:

- Dexus office tenancies for Sydney, Brisbane and Melbourne, and proportion of base building services attributable to those tenancies
- Corporate travel and employee commuting for all staff employed directly by Dexus nationally

The group has offset:

- direct emissions from refrigeration and electricity usage
- indirect tenancy-related emissions including waste to landfill, office paper use and stationary, water/wastewater use, telecommunications, IT equipment and data warehousing, and catering
- indirect employee-related emissions including corporate air travel, car mileage claimed for national employees, taxi travel, hire cars and employee commuting



Metric	FY11	FY12	FY13 ¹	FY14 ²	FY15 ³ (new baseline)	FY16	FY17
Greenhouse gas emissions (tCO ₂ -e)							
Scope 1	2	2	2	1	1	1	1
Scope 2	403	332	270	233	284	248	266
Scope 3 comprising the following:	1,841	1,970	1,685	1,762	2,330	2,312	2,246
<i>tenancies and base building energy/refrigerants</i>	604	587	444	348	431	390	365
<i>office paper use and waste</i>	35	10	221	58	25	24	18
<i>corporate travel</i>	1,202	1,373	1,021	1,009	1,040	927	898
<i>employee commuting</i>	n/a	n/a	n/a	347	420	501	507
<i>IT, catering, accommodation, water use</i>	n/a	n/a	n/a	n/a	414	471	456
Avoided emissions from renewable energy purchased by Dexus	-81	-66	-28	0	-16	0	0
Total emissions (scopes 1, 2 & 3)	2,165	2,238	1,929	1,995	2,599	2,561	2,513
Voluntary carbon abatement (tCO ₂ -e)							
Carbon offsets purchased and retired by Dexus	2,200	2,300	2,000	2,200	2,700	2,700	3,000

1. 2013: Boundary expanded to include Melbourne Office.
2. 2014: Employee commuting included.
3. 2015: Boundary expanded to include Brisbane Office and additional scope 3 sources



Dexus Group Portfolio - environmental metrics

Voluntary greenhouse gas abatement

Metric	FY12	FY13	FY14	FY15	FY16	FY17
Low carbon energy (MWh)						
Volume of GreenPower procured/committed	13,000	13,000	12,125	11,688	7,222	2,143
Electricity generated from solar energy	13	76	115	106	183	274
Electricity generated from cogeneration	506	1,110	1,434	2,027	2,008	1,616
Electricity from renewable & low carbon sources (MWh)	13,519	14,187	13,674	13,822	9,413	4,034
Emissions abatement from renewable sources (t.CO ₂ -e)						
GreenPower purchases (Scope 2 only)	12,109	12,098	11,281	10,761	6,702	1,889
Electricity from solar energy (Scope 2 & 3)	14	82	122	105	169	239
Emissions abatement from low carbon sources (t.CO ₂ -e)						
Avoided grid-purchased electricity emissions (Scope 2 & 3)	660	1,812	2,152	2,840	2,704	2,434
Natural gas emissions for generation (Scope 2 & 3)	-312	-1,249	-1,473	-1,870	-1,781	-1,757
Net abatement (Scope 2 & 3)	348	563	679	970	923	677
Total emissions abatement from use of electricity from renewable & low carbon sources (t.CO₂-e)	12,472	12,743	12,082	11,836	7,794	2,805
% of group emissions that have been abated	7.7%	8.4%	7.0%	6.0%	4.0%	1.5%

Strategic Improvement Plans (SIPs)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Cumulative number of SIPs developed								
Office and Industrial	19	30	27	32	33	36	61	68
Retail	n/a	5	5	5	5	5	12	14

Energy Savings Scheme

Energy Savings Certificates (ESCs)	FY12	FY13	FY14	FY15	FY16	FY17
ESCs created ¹	8,608	17,004	42,814	22,303	33,796	4,599
ESCs traded ¹	0	0	32,446	58,093	15,934	18,052

1. Includes 25,389 ESCs transferred to Dexus for properties acquired within the Dexus Office Partnership in April 2014.

Dexus participates in the NSW Energy Savings Scheme, and generates Energy Savings Certificates (ESCs) based on demonstration of electricity reductions due to energy efficiency projects. These certificates are traded to realise extra funds for repaying projection implementation capital costs and for use in further building works.

Each ESC is equivalent to 1 tonne of carbon dioxide equivalent (tCO₂-e).



Energy consumption and production by source

Energy	FY08 ¹	FY13	FY14	FY15	FY16	FY17
Energy consumption (GJ)						
Diesel	957	4,456	5,285	3,117	5,452	5,574
Electricity	614,987	407,335	468,260	546,906	558,747	538,486
Natural Gas	119,779	107,693	121,072	179,656	190,746	187,278
Solar Energy	0	275	415	383	657	985
Electricity consumed from on-site thermal and solar generation	383	6,054	7,692	8,927	10,067	9,034
Total energy consumption	736,106	525,812	602,724	738,989	765,669	741,357
Energy production (GJ)						
Electricity produced from thermal and solar generation for on-site use	383	6,054	7,692	8,927	10,067	9,034
Electricity generated and exported off site	0	0	0	0	0	0
Total energy production	383	6,054	7,692	8,927	10,067	9,034
Net energy consumption (GJ)						
Total net energy consumption	735,723	519,758	595,032	730,062	755,602	732,323

1. FY08 represents the group's base year

Net energy consumption comprises energy that is consumed within properties as measured at the property boundary and excludes energy produced or consumed within a property through energy transformations such as cogeneration.

Net energy consumption excludes energy that is purchased by Dexus and on-sold to customers.

Dexus does not consume or export heating or cooling from/to district thermal sources.

Water consumption by source

Water consumption	FY08 ¹	FY13	FY14	FY15	FY16	FY17
Office	839,884	648,480	807,424	980,018	1,072,263	1,086,800
Industrial	288,931	298,940	326,717	327,047	302,350	324,020
Retail	370,229	275,749	307,047	394,002	378,664	399,677
Total potable water consumption (kL)	1,499,044	1,223,170	1,441,188	1,701,067	1,753,278	1,810,497
Recycled water recovery		0	827	3,869	10,288	8,070
Total water consumption including recycled water (kL)	1,499,044	1,223,170	1,442,015	1,704,936	1,763,566	1,818,568

1. FY08 represents the group's base year.

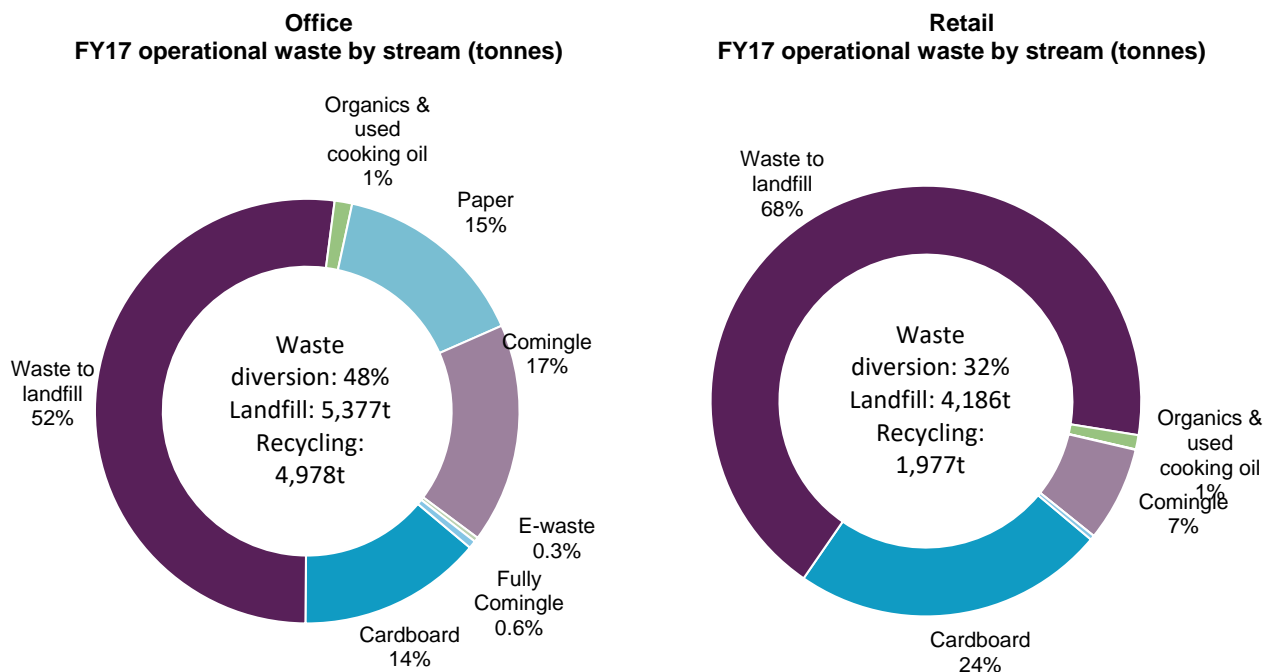
Reported water consumption comprises potable water purchased from local water utilities, plus on-site water treatment to recycle water at 1 Bligh Street Sydney, 123 Albert Street Brisbane and 145 Ann Street Brisbane, in which grey water is collected from the building's showers and hand basins and recycled in a treatment plant for reuse in within the building and for irrigation.



Waste and recycling from property operations by stream

FY17 waste stream (tonnes)	Office	Retail	
Dexus managed waste collection			
Cardboard	1,452	1,449	Sent to EPA licensed receiving facilities for recycling into raw materials for new products or packaging.
Paper	1,555	2	
Comingle	1,736	439	
Fully comingle	61	21	
Organics and used cooking oil	138	66	Sent to EarthPower or similar receiving facility for conversion to green energy and nutrient-rich fertiliser. Energy is produced through the burning of bio gasses that are produced by the bacteria that digest the organic waste. The digested organic component can then be processed into a fertiliser pellet.
E-waste	36	0	
			Collected by MRI and sent to their handling facilities for structured disassembly with recovery rate of over 96%
Waste to landfill	5,377	4,186	Sent directly to landfill or to receiving stations that may process the waste within a bio-reactor to produce energy.
Total waste & recycling (tonnes)	10,355	6,163	
Tenant managed waste collection			
Secure paper	248	0	

In FY17 there were no significant spills of waste or hazardous materials. There was no solid or liquid waste (deemed hazardous under the Basel Convention Annex) transported locally from one location for treatment.





Emissions of ozone depleting substances

	FY08	FY13	FY14	FY15	FY16	FY17
Emissions of ozone depleting substances (t.CFC-11e)	n/a	n/a	0.1	0.9	0.2	1.2

Dexus does not produce CFCs, HCFCs, halon or methyl bromide. Minor amounts of gases are used in air conditioning units across properties under management. Ozone-depleting substances are being phased out as required.

Greenhouse gas emissions by gas type

	FY08	FY13	FY14	FY15	FY16	FY17
Direct greenhouse gas emissions (tCO ₂ -e)						
Carbon Dioxide (CO ₂)	6,207	5,822	6,565	9,414	10,185	10,016
Methane (CH ₄)	12	11	13	18	20	19
Nitrous Oxide (N ₂ O)	7	4	5	6	7	7
Hydrofluorocarbons (HFCs)		3,429	4,468	6,443	7,467	9,814
Sulphur Hexafluoride (SF ₆)		0	0	0	0	0
Perfluorocarbon (PFC)		0	0	0	0	0
Scope 1 GHG emissions (tCO₂-e)	6,226	9,267	11,050	15,881	17,679	19,856
Indirect greenhouse gas emissions (tCO ₂ -e)						
Scope 2 GHG emissions (tCO₂-e)	151,951	103,927	117,422	137,784	136,748	129,154
Scope 3 GHG emissions (tCO₂-e)	26,304	25,953	31,114	31,605	32,756	32,903

Dexus has determined its emissions resulting from the common greenhouse gases reported under the Kyoto Protocol, being carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆).

Emissions are aggregated into carbon dioxide equivalents (CO₂-e) using factors called global warming potentials (GWPs).

Greenhouse gas emissions by source

	FY08 ¹	FY13	FY14	FY15	FY16	FY17
Scope 1 & 2 greenhouse gas emissions (tCO ₂ -e)						
Diesel	67	310	367	217	383	391
Natural Gas	6,159	5,528	6,215	9,222	9,829	9,650
Refrigerants	0	3,429	4,468	6,443	7,467	9,814
Electricity	151,951	103,927	117,422	137,784	136,748	129,154
Scope 1 & 2 GHG emissions (tCO₂-e)	158,176	113,194	128,472	153,666	154,427	149,010
Scope 3 greenhouse gas emissions (tCO ₂ -e)						
Energy transmission and distribution losses	26,304	19,738	22,668	21,195	20,264	19,559
Waste to landfill	-	4,922	7,085	8,958	10,586	11,475
Corporate sources	-	1,292	1,361	1,452	1,906	1,869
Scope 3 GHG emissions (tCO₂-e)	26,304	25,953	31,114	31,605	32,756	32,903

1. FY08 represents the group's base year

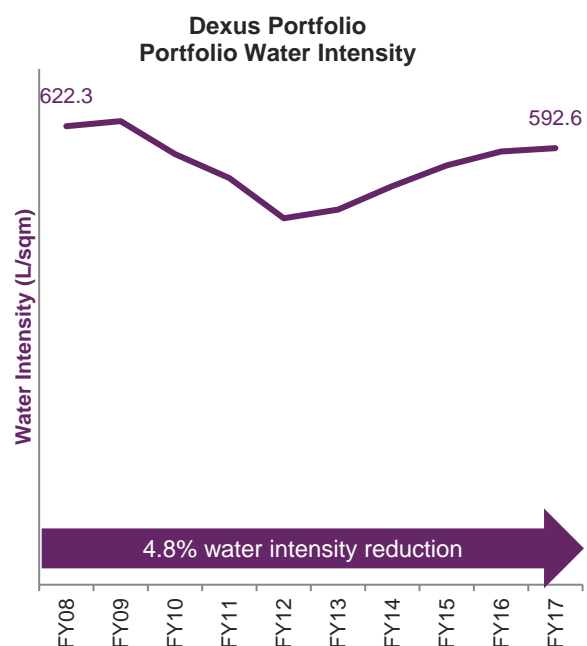
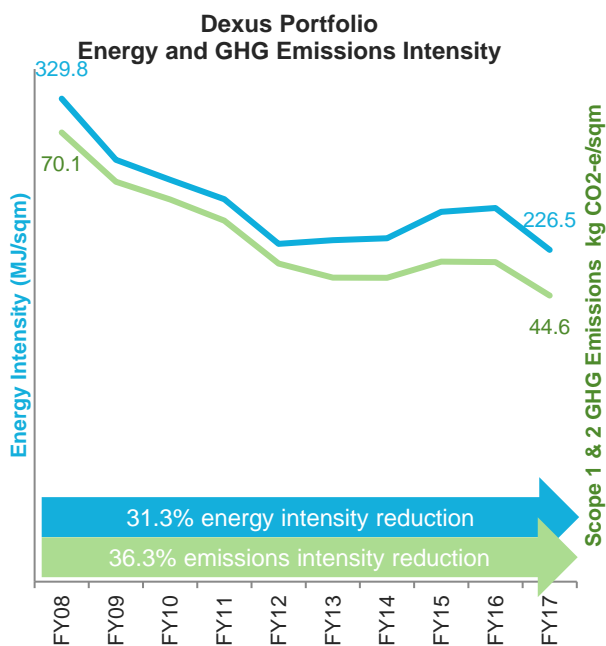


Portfolio environmental summaries

Environmental summary – Dexus portfolio

Metric	FY08 ¹	FY13	FY14	FY15	FY16	FY17
Greenhouse gas emissions (tCO₂-e)						
Scope 1	4,335	6,200	6,919	8,947	9,609	8,882
Scope 2	78,702	55,889	59,579	65,686	65,794	55,850
Total Scope 1 & 2	83,037	62,088	66,498	74,633	75,403	64,731
Scope 3	13,877	11,936	14,402	13,751	14,114	12,421
Total Scope 1, 2 & 3	96,914	74,024	80,900	88,384	89,517	77,152
Energy and water consumption						
Total net energy consumption (GJ)	390,649	305,094	328,750	377,165	385,725	328,406
Water consumption (kL)	737,147	666,369	759,130	852,355	892,830	862,014
Waste and recycling						
Waste to landfill (tonnes)	-	1,350	2,755	3,278	3,364	3,294
Recycling (tonnes)	-	1,931	2,916	3,118	2,867	2,669
Total waste (tonnes)	-	3,280	5,671	6,396	6,231	5,964
Waste data coverage across portfolio	-	68%	80%	93%	96%	98%
Energy productivity						
Total operating segment revenue (\$m)	702.2	683.7	824.9	1,056.4	1,072.2	1,119.2
Energy productivity (\$ Segment Revenue / Net energy Consumed (GJ))	1,797.5	2,241.0	2,509.2	2,800.9	2,779.7	3,408.0

1. FY08 represents the group's base year.

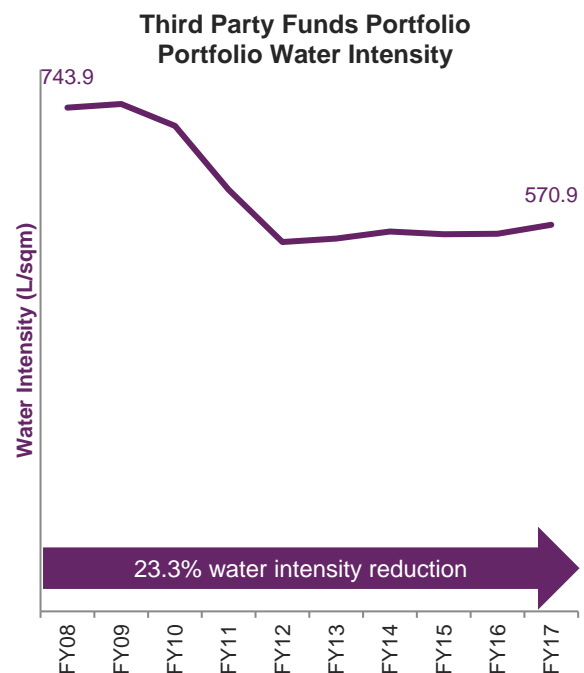
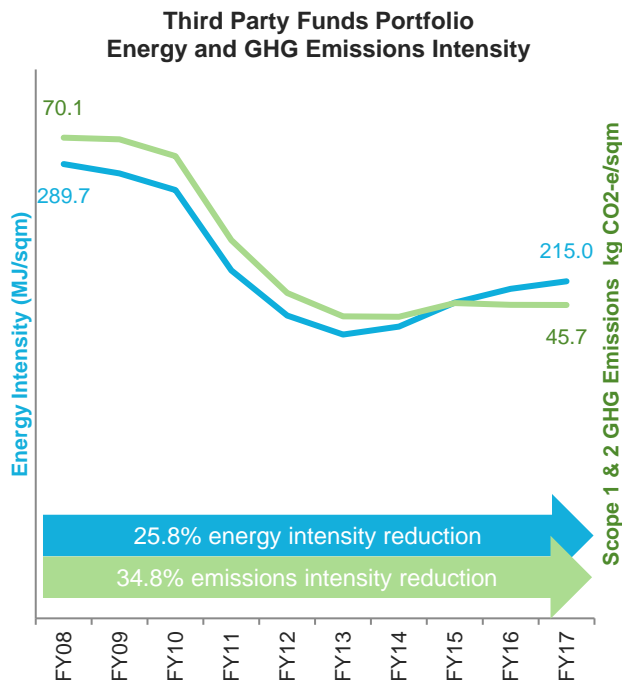




Environmental summary – Third Party Funds portfolio

Metric	FY08 ¹	FY13	FY14	FY15	FY16	FY17
Greenhouse gas emissions (tCO₂-e)						
Scope 1	908	2,051	2,645	4,557	5,318	6,294
Scope 2	42,298	33,138	37,110	49,853	49,122	49,976
Total Scope 1 & 2	43,205	35,189	39,755	54,410	54,439	56,270
Scope 3	6,789	8,864	9,876	11,737	12,012	13,467
Total Scope 1, 2 & 3	49,994	44,053	49,631	66,147	66,451	69,737
Energy and water consumption						
Total net energy consumption (GJ)	178,648	144,652	168,242	238,349	250,318	264,785
Water consumption (kL)	458,758	440,029	507,665	661,174	667,468	705,964
Waste and recycling						
Waste to landfill (tonnes)	-	2,646	2,821	3,724	3,598	4,584
Recycling (tonnes)	-	1,491	1,972	2,699	2,529	2,803
Total waste (tonnes)	-	4,137	4,793	6,423	6,127	7,387
Waste data coverage across portfolio	-	68%	80%	93%	96%	98%

1. FY08 represents the group's base year.

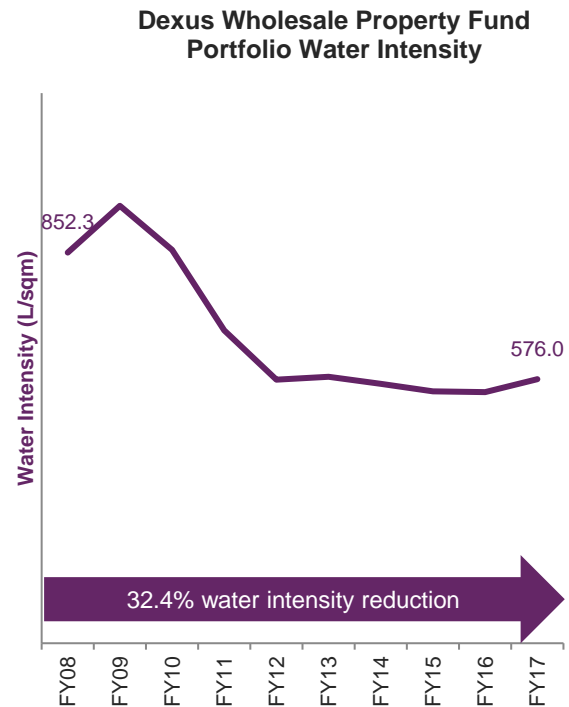
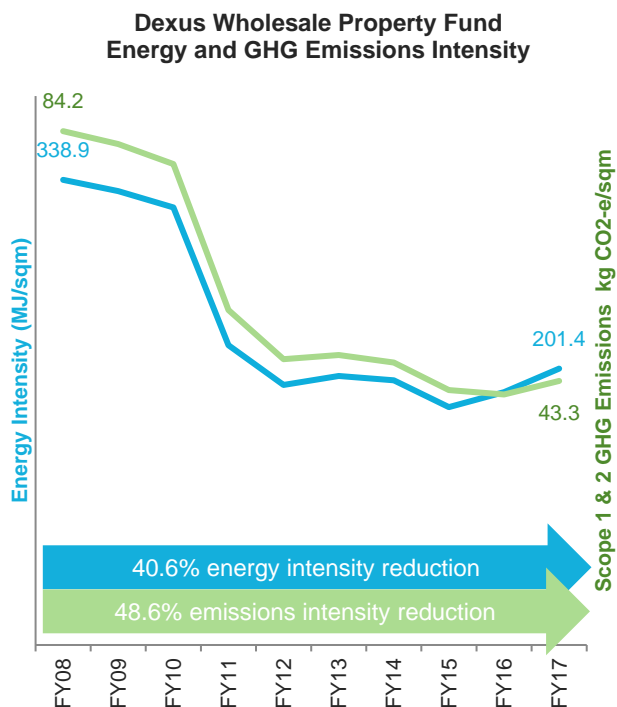




Environmental summary – Dexus Wholesale Property Fund

Metric	FY08 ¹	FY13	FY14	FY15	FY16	FY17
Greenhouse gas emissions (tCO₂-e)						
Scope 1	624	1,479	1,609	1,706	2,130	2,829
Scope 2	20,901	20,185	22,044	23,877	25,372	27,535
Total Scope 1 & 2	21,526	21,664	23,653	25,583	27,502	30,363
Scope 3	3,124	4,480	4,955	5,127	5,754	7,486
Total Scope 1, 2 & 3	24,650	26,144	28,608	30,710	33,256	37,849
Energy and water consumption						
Total net energy consumption (GJ)	86,602	89,320	98,518	106,073	123,394	141,194
Water consumption (kL)	217,760	264,772	289,073	336,229	370,019	406,451
Waste and recycling						
Waste to landfill (tonnes)	-	1,006	1,074	1,398	1,523	2,444
Recycling (tonnes)	-	612	831	1,044	1,002	1,276
Total waste (tonnes)	-	1,617	1,905	2,442	2,525	3,720
Waste data coverage across portfolio	-	68%	80%	93%	96%	98%

1. FY08 represents the group's base year.





Environmental summary – Dexus Office Trust

Metric	FY08 ¹	FY13	FY14	FY15	FY16	FY17
Greenhouse gas emissions (tCO₂-e)						
Scope 1	3,096	4,154	4,888	6,914	7,359	6,967
Scope 2	48,686	37,843	42,147	49,584	50,907	42,439
Total Scope 1 & 2	51,782	41,997	47,034	56,497	58,266	49,407
Scope 3	8,151	7,697	10,354	10,655	11,190	9,741
Total Scope 1, 2 & 3	59,933	49,694	57,388	67,152	69,456	59,148
Energy and water consumption						
Total net energy consumption (GJ)	248,867	201,990	228,350	280,186	293,033	247,019
Water consumption (kL)	387,939	354,167	408,041	493,244	559,448	505,570
Waste and recycling						
Waste to landfill (tonnes)	-	883	2,350	2,880	2,922	2,796
Recycling (tonnes)	-	1,349	2,365	2,623	2,391	2,237
Total waste (tonnes)	-	2,232	4,715	5,503	5,312	5,033
Waste data coverage across portfolio	-	57%	79%	92%	95%	98%

1. FY08 represents the group's base year.

