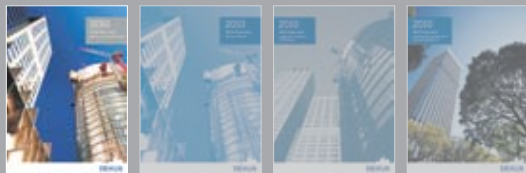




# 2010

DEXUS Property Group  
SECURITY HOLDER REVIEW

# WELCOME TO DEXUS PROPERTY GROUP'S 2010 SECURITY HOLDER REVIEW



This Security Holder Review forms part of DEXUS Property Group's (ASX: DXS) annual reporting suite which is explained in more detail on the inside back cover.

All amounts are A\$ unless otherwise specified.

Cover: Governor Phillip & Macquarie Tower Complex, 1 Farrer Place and 1 Bligh Street, Sydney, NSW

This page: Governor Phillip & Macquarie Tower Complex, 1 Farrer Place, Sydney, NSW





# OUR VISION

To be the market leading owner, manager, developer of superior quality properties, in office and industrial in Australia and industrial in the US west coast, providing world-class property solutions and optimal outcomes for our stakeholders.

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# OUR STRATEGY

## 2010 OBJECTIVES AND ACHIEVEMENTS

# OWN

WORLD-CLASS QUALITY PORTFOLIO

STRATEGIC LOCATIONS IN AUSTRALIA AND THE US

MARKET LEADER IN OFFICE AND INDUSTRIAL

FINANCIAL STRENGTH

ACTIVE CAPITAL MANAGEMENT

### 2010 objectives

- Continued focus on high quality Australian office assets
- Capitalise on recovery in demand in industrial
- Continue to reposition US portfolio
- Progress disposal of European portfolio

### 2010 achievements

- Sold remaining retail asset for \$256m to concentrate on leadership positions in office and industrial
- Enhanced quality of Australian industrial portfolio with key market acquisitions of \$71m and non-core property sales of \$69m
- Progressed repositioning of US portfolio from 21 to 17 markets – sold US\$208m of non-core properties
- European properties prepared for sale when markets recover

View from Governor Phillip Tower, 1 Farrer Place, Sydney, NSW



# MANAGE

FULLY INTEGRATED PROPERTY MANAGEMENT MODEL  
DELIVERING SERVICE EXCELLENCE TO OUR TENANTS  
AND INVESTORS  
MAXIMISING RETURNS

- Outperform domestic operational benchmarks with internalised management driving performance
- Build US operational platform
- Further strengthen balance sheet
- Maintain leadership position in Corporate Responsibility and Sustainability (CR&S)

- Achieved above market occupancy and like-for-like growth in Australian office and industrial
- Completed the Australian industrial management internalisation program
- Established US office
- Raised \$340m Medium Term Notes (MTN) and issued US\$300m in US public market debt
- Named for the second year running as one of the world's most sustainable corporations in the "Global 100" list (Davos World Economic Forum)
- Increased average NABERS Energy rating to 3.3 stars
- Granted \$3m by Green Building Fund

# DEVELOP

SELECTIVE DEVELOPMENTS CREATING VALUE  
SUSTAINABLE DESIGN  
HIGH QUALITY WORKSPACE

- Target 6 Star Green Star ratings for our major office developments
- Progress industrial development pipeline
- Commitment to sustainable design excellence

- 1 Bligh, Sydney, NSW
  - Awarded 6 Star Green Star rating and Sydney CBD's first high rise office tower to incorporate blackwater recycling technology
  - 55% leased at 30 June 2010
- 123 Albert, Brisbane, QLD
  - Awarded 6 Star Green Star rating
  - 80% leased at 30 June 2010
- Developing quality industrial facilities at:
  - Greystanes, NSW \$95m – three pre-commitments underway
  - Laverton North, VIC \$11m – one development underway

# ABOUT DEXUS

DEXUS is one of Australia's leading property groups specialising in world-class office, industrial and retail properties with total assets under management of \$13.3 billion.

In Australia, DEXUS is the largest listed owner/manager of office and one of the largest in industrial.

On behalf of third party clients, DEXUS is a leading manager and developer of shopping centres.

Operating in the United States since 2004, DEXUS owns 98 industrial properties totalling more than 24 million square feet in 17 industrial and logistics markets.

Listed on the ASX, DEXUS has a track record of financial strength and prudent capital management.

The Group has two areas of operation:

- A \$7.4 billion direct property portfolio – one of Australia's largest listed property trusts – which owns, manages and develops high quality office and industrial properties primarily in Australia and the US
- A \$5.9 billion property funds management business, one of the largest in Australia, which manages and develops office, industrial and retail properties on behalf of third party investors

## DEXUS Timeline

DDF, DIT, DOT, DXO are stapled to form DB RREEF Trust (DRT)

Acquired \$1bn US industrial property portfolio

Created \$1.6bn retail joint venture with Westfield

Launched RENTS with \$204m RENTS security issue

Completed 30 The Bond, Sydney, Australia's first 5 Star ABGR office building

First issue into the US private debt market

2004-2005

Entered Europe following industrial acquisitions in France and Germany

Secured Whirlpool investment program in North America

Obtained Standard & Poor's long-term corporate credit rating of BBB+

Achieved listing on FTSE4Good Index

Completed a \$250m and \$200m MTN issue into Australian debt capital market

Sold five retail properties to focus on office and industrial sectors

Acquired Calwest residual 20% interest in US industrial JV, facilitating the future repositioning of the portfolio

2006-2007

DB RREEF acquired Deutsche Bank's 50% interest and rebranded to DEXUS Property Group

Achieved listing on Australian SAM Sustainability Index

Commenced development of 6 Star Green Star office buildings at 123 Albert Street, Brisbane and 1 Bligh Street, Sydney

Secured refinancing of \$500m CMBS

Completed \$313m institutional and security holder purchase plan equity raising

2008

Created a joint venture partnership with Cbus Property who acquired a one-third interest in 1 Bligh Street

Recognised as one of the Global 100 Most Sustainable Corporations at Davos, Switzerland

Commenced non-core property sale program with \$96m of sales, consistent with strategy to focus on core high quality office and industrial properties in select markets

Completed capital raising of \$750m

Completed internalisation of property management in office portfolio

1H2009

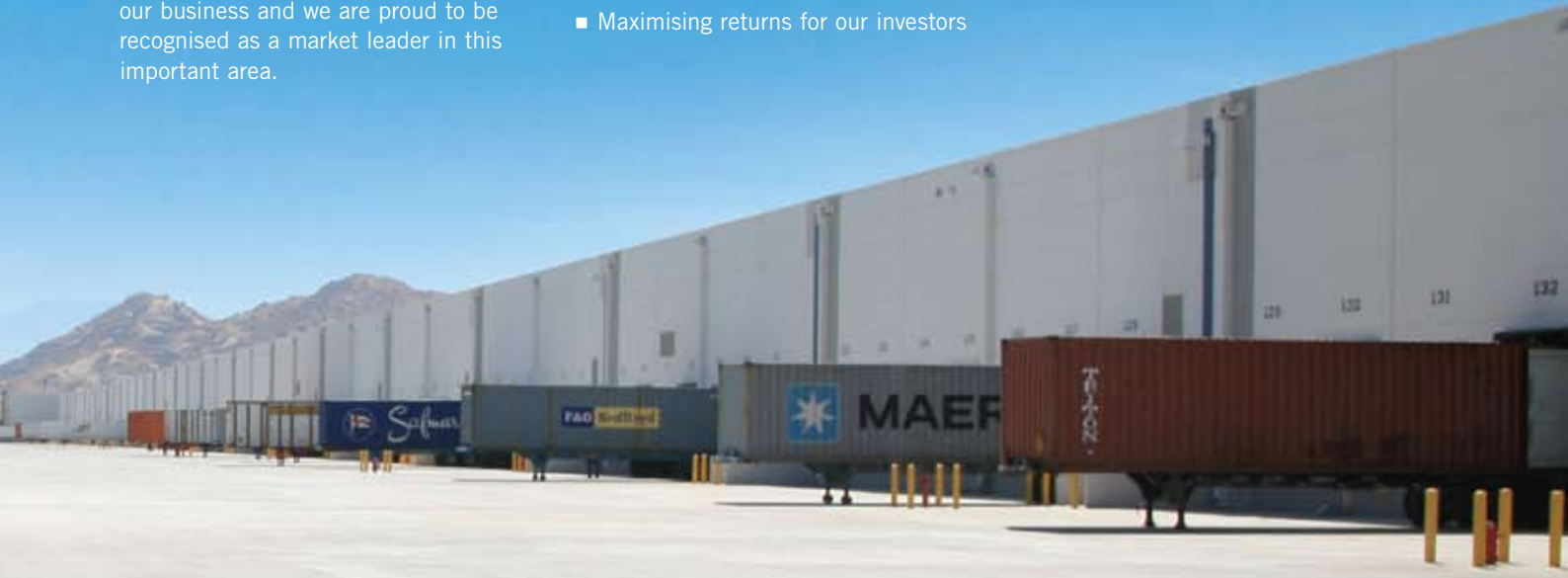


In Australia, this includes the DEXUS Wholesale Property Fund, two blue-chip private client mandates, a retail property syndicate and, in the US, industrial property mandates

DEXUS is committed to the long-term integration of Corporate Responsibility and Sustainability (CR&S) practices into our business and we are proud to be recognised as a market leader in this important area.

The Group's overall strategy is to deliver superior results for our stakeholders by:

- Offering world-class sustainable property solutions to our tenants
- Being a preferred employer
- Ensuring we have a positive impact on the environment and the communities in which we operate
- Maximising returns for our investors



## Financial Year 2010

**July:** Issued \$160m of MTN

**September:** Achieved listing on the Dow Jones Sustainability World Index for the second year

Achieved a Moody's long-term corporate credit rating of Baa1 (stable)

Completed inaugural 144A public debt issue of US\$300m in the US bond market



**December:** 123 Albert Street, Brisbane awarded a 6 Star Green Star rating

Development commenced at Greystanes, NSW with two new pre-lease commitments secured



Entered key industrial market of Port Botany, NSW with property acquisition in Matraville for \$46m

Sold 50% interest in Westfield Whitford City shopping centre for \$256.5m, completing our exit from retail in the listed portfolio

**January:** For the second consecutive year, DEXUS achieved listing as one of the world's most sustainable corporations in the annual "Global 100" list

**March:** 1 Bligh Street is awarded a 6 Star Green Star rating and becomes Sydney's first high rise office tower to incorporate blackwater technology



**April:** Issued \$180m MTN

**May:** Expanded presence in key industrial market of Silverwater, NSW with \$24m industrial estate acquisition



**June:** Opened US office in Newport Beach, California and expanded US team

2H2009

1H2010

3691 North Perris Boulevard, Perris, CA

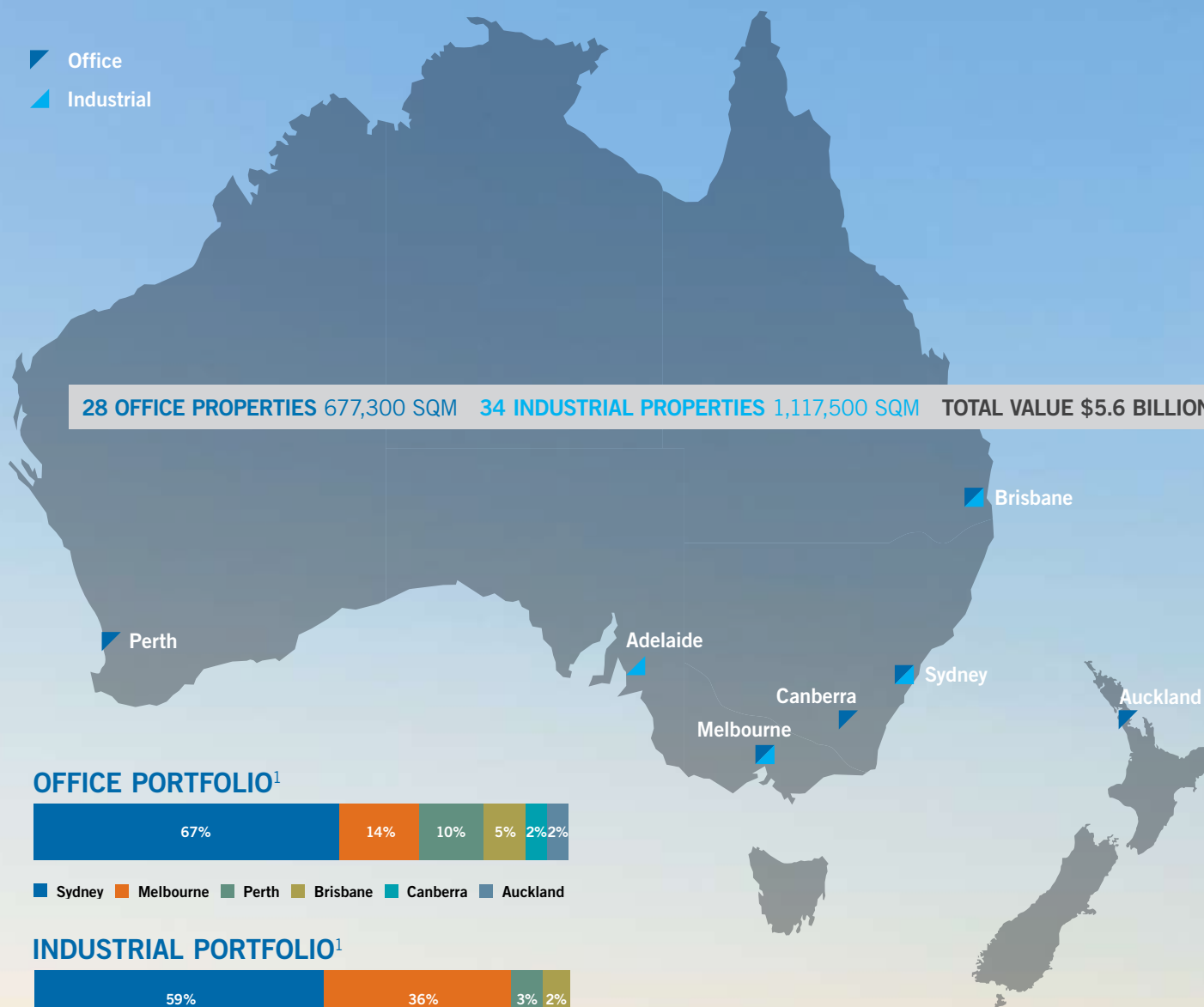
# OUR PORTFOLIO



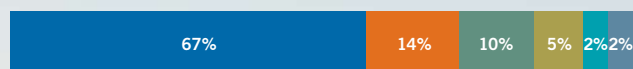
Leadership positions in Australia  
in office and industrial

- ▀ Office
- ▀ Industrial

**28 OFFICE PROPERTIES** 677,300 SQM **34 INDUSTRIAL PROPERTIES** 1,117,500 SQM **TOTAL VALUE \$5.6 BILLION**



## OFFICE PORTFOLIO<sup>1</sup>



■ Sydney ■ Melbourne ■ Perth ■ Brisbane ■ Canberra ■ Auckland

## INDUSTRIAL PORTFOLIO<sup>1</sup>



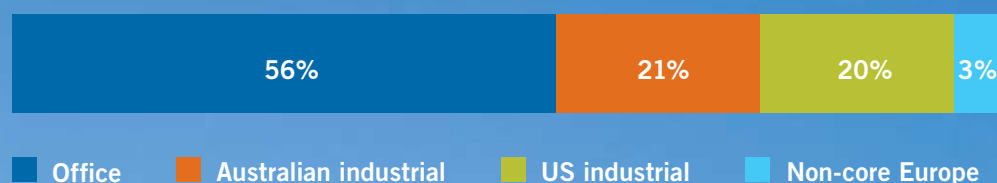
■ Sydney ■ Melbourne ■ Brisbane ■ Adelaide

View from Governor Phillip Tower, 1 Farrer Place, Sydney, NSW





## TOTAL PORTFOLIO<sup>1</sup>



Expanding management capabilities into the west coast United States

98 INDUSTRIAL PROPERTIES 24,778,200 SF TOTAL VALUE US\$1.2 BILLION



## US INDUSTRIAL PORTFOLIO<sup>1</sup>



■ West coast and Whirlpool ■ Central-east coast

<sup>1</sup> Portfolio % by book value.

# FINANCIAL HIGHLIGHTS

TOTAL ASSETS

\$7.9bn

OPERATING EBIT

\$461.3m

NET ASSET VALUE  
PER SECURITY

\$0.95



GEARING

29.8%



Solaris development at Quarry Industrial Estate, Reconciliation Road, Greystanes, NSW

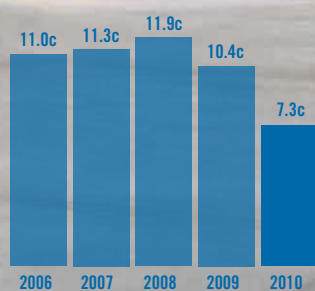


## DISTRIBUTION

# \$244.4m

### FUNDS FROM OPERATIONS PER SECURITY

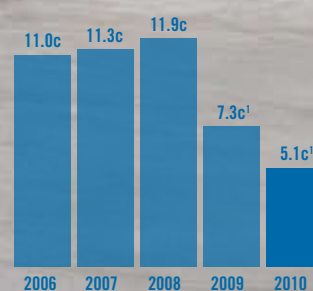
## 7.3c



### DISTRIBUTIONS PER SECURITY

## 5.1c

1 Reflects 70% payout ratio.



# LETTER FROM THE CHAIR

## Dear Investor

I am pleased to present the 2010 Security Holder Review and to report on the Group's performance during the year.

Operating earnings before interest and tax were \$461.3 million for the year. Net profit attributable to security holders was \$31.4 million, up significantly on the previous year's net loss of \$1.5 billion. The net profit reflected the recovery in property valuations during the second half of the year. In line with guidance provided to the market, Funds From Operations (FFO) totalled \$350 million or 7.3 cents per security and distributions for the year were 5.1 cents per security.

In challenging market conditions we continued to concentrate on delivering performance through leadership in office and industrial property ownership, management and development. In particular, we focused our activities on:

- Leveraging our fully integrated management platform, specialist leasing expertise and strong tenant relationships to achieve like-for-like income growth, above market occupancy and high weighted average lease duration in our Australian office and industrial portfolios
- Strengthening our management platform through:
  - the establishment of a new US management office and the appointment of an experienced industrial property team
  - restructuring the Group's executive management team to maximise reporting efficiencies and further align the team structure with our core operational functions of Property, Capital and Finance and Corporate Services
- Maintaining the Group's financial strength and strong balance sheet through proactive and prudent capital management initiatives

- Further enhancing the quality of our property portfolios through the:
  - repositioning of our Australian and US industrial portfolios through select acquisitions in key industrial markets and non-core property sales
  - development of our 6 Star Green Star premium office properties in Sydney and Brisbane
  - commencement of a number of high quality pre-committed industrial developments

The Group continued to drive sustainable performance during the year. We reduced resource consumption across our portfolio and drove operational and environmental efficiencies in our properties. DEXUS was again named one of the world's most sustainable corporations in the 2010 "Global 100" list at the Davos World Economic Forum, the only A REIT to achieve listing in two consecutive years.

During the year we achieved listing on the Dow Jones Sustainability World Index and maintained our listings on the Australian SAM Sustainability Index and the FTSE4Good Index.

Our annual Employee Opinion Survey reflected improved results across the board and continued strength in employee satisfaction and engagement. It is pleasing to report that DEXUS out-performed 18 of the top 19 categories of the Towers Watson Australian National Norm and in several categories of the Global High Performing Norm. Further information on our Employee Opinion Survey results and associated initiatives is provided on pages 36 to 37.

Board membership was unchanged during the financial year to June 2010. The Board comprises eight Directors, seven of whom are independent. Specific skills and experience the Directors bring to the Board include strategy, property investment, funds management, capital markets, financial and risk management.

During the year we reviewed the membership of Board Committees and rotated the chairs of each Committee to take full advantage of the Board's knowledge and expertise.

The Board is committed to the early adoption of ASX Corporate Governance Principles and Recommendations. As a result we have established new policies, such as a Diversity Policy and have reviewed and changed existing policies, where required, to meet new and revised principles and recommendations.

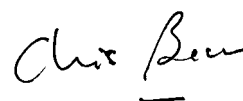
Further information on the Board of Directors and our corporate governance policies is provided in our 2010 Annual Report and at [www.dexus.com](http://www.dexus.com)

## Outlook

Looking forward, we expect property market conditions will continue to recover. The quality of our portfolio and strong management focus have positioned DEXUS well to provide consistent and secure income. Your Board and management team will remain focused on driving performance from our property portfolios to maximise returns for investors.

We are well positioned to capture the expected recovery in demand in office, create further value in our Australian industrial portfolio through developments and, over the medium-term, position our US portfolio to benefit from the expected cyclical upswing in the US industrial market.

On behalf of the Board, I would like to thank you for your support during the past year. I look forward to leading the Board again in 2011 and reporting our activities to you next year.



Christopher T Beare  
Chair

23 September 2010





L to R: Chair, Christopher Beare and CEO, Victor Hoog Antink

During the 2010 financial year we continued to concentrate our efforts on our core business of office and industrial property ownership, management and development. Despite difficult market conditions this resulted in a return to profitability for the 12 months to 30 June 2010.

Key performance highlights during the 2010 financial year included:

- The Australian and New Zealand office portfolio out-performed market benchmarks for occupancy, delivered below market incentive costs and achieved leasing success despite weaker tenant demand during the year
- The Australian industrial portfolio delivered steady like-for-like portfolio income growth in a challenging market. The quality of the portfolio was improved by the sale of 12 non-core properties and the reinvestment of proceeds into core markets. Several pre-lease commitments were secured at our two major industrial estates at Laverton, VIC and Greystanes, NSW

- In the US, significant progress was made on repositioning the portfolio. We also established a DEXUS management team with extensive local knowledge and a strong track record
- We continued to pursue prudent capital management measures which strengthened the Group's financial position and diversified and extended funding sources

## Key financial results

Operating Earnings Before Interest and Tax (Operating EBIT) was \$461.3 million (2009: \$514.5 million). The Australian portfolio produced positive like-for-like income growth which was offset by the US portfolio and the strengthening Australian dollar. Net profit attributable to security holders increased to \$31.4 million. This was a significant improvement on last year's net loss of \$1.5 billion, reflecting a recovery in unrealised property valuations in the second half of the financial year. This result also reflected improving market conditions and DEXUS's portfolio weighting to quality properties which out-performed secondary quality assets.

In line with our guidance, FFO was \$350 million (2009: \$423.8 million) or 7.3 cents per security (2009: 10.4 cents). In line with our distribution policy of paying out 70% of FFO, distributions for the year were 5.1 cents (2009: 7.3 cents) per security. The decline in FFO per security was attributable to the 2009 equity raisings, increased debt margin costs and a decrease in management income.

The Group's total assets decreased 5.7% over the period to \$7.9 billion at 30 June 2010, reflecting net property sales and property devaluations. Property values decreased in the first half of 2010 by 3.8% or \$286 million, but increased during the second half of the year by 0.7% or \$50 million, signifying an end to the property devaluation cycle. This resulted in NTA per security remaining constant at 95 cents since December 2009.

## Maintaining our capital strength

DEXUS continues to maintain a strong balance sheet and during the year improved the diversification of our funding sources and increased an average debt maturity to 3.2 years.

In September 2009, we issued debt in the US public bond market, securing a new source of funding in one of the world's largest bond markets. In total during the year, \$700 million of debt was issued in the Australian and US debt capital markets on competitive terms with a weighted average maturity of greater than five years.

Gearing at 30 June 2010 was 29.8% (2009: 31.2%), below our internal policy maximum level of 40%. We are well within all debt covenants and continue to maintain stable credit ratings of Standard & Poor's BBB+ and Moody's Baa1.

Our aim is to be conservative in the use of new equity and accordingly in June 2010, we discontinued the discount of 2% on the distribution reinvestment plan (DRP).



309-321 Kent Street and Governor Phillip Tower,  
1 Farrer Place, Sydney, NSW



Gateway, 1 Macquarie Place, Sydney, NSW  
surrounded by GPT, 1 Bligh and Australia Square



45 Clarence Street and Australia Square,  
264-278 George Street, Sydney, NSW

## Portfolio performance

Our strategy is to be the leading owner, manager and developer of superior quality office and industrial properties in select locations in Australia and the west coast of the US.

We are focused on delivering risk adjusted, sustainable core income and capital returns through building our leadership position in office and industrial and delivering operational excellence in active property, asset, portfolio and development management.

Our property revenue is mainly derived from rental income and represented 98% (2009: 91%) of total Operating EBIT of \$461.3 million for the year. This high proportion of rental income ensures the relative underlying stability of earnings.

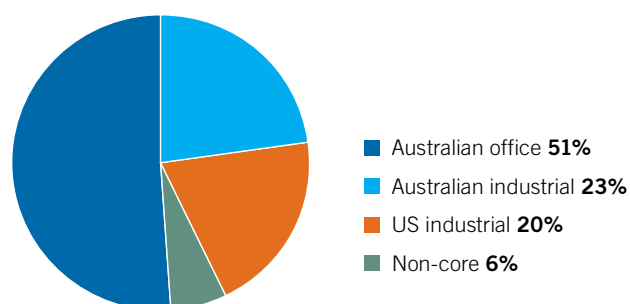
Our revenue composition is high quality from strong tenant covenants and long leases of an average of 5.1 years (2009: 4.8 years). Through a proactive approach to securing lease expiries ahead of time we have extended the expiry of 59% of rental income expiring in 2015 and beyond.

In addition, we continue to actively manage our tenant expiry profile to ensure diversity of income by tenant and industry, thus minimising our exposure to any one sector of the economy.

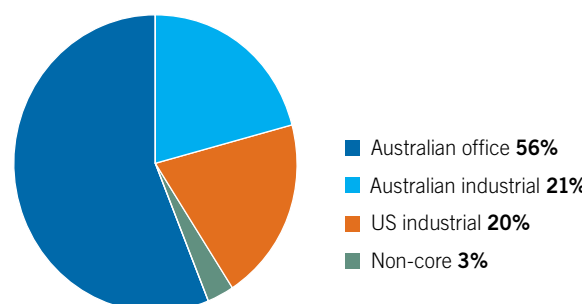
## Focus on Australia

In Australia we continued to build on our leadership position in office, where we are the largest listed owner/manager and in industrial, where we are a market leading provider of premium industrial facilities.

Net operating income by segment



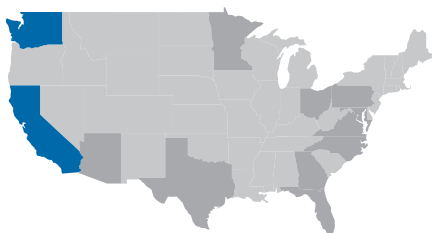
Portfolio by book value





## US portfolio repositioning

Internationally, our strategy is to concentrate our property portfolio on the west coast of the US where we can achieve scale, implement our fully integrated property model and thereby deliver a superior value proposition to our tenants and investors. Increasing scale in a smaller number of select locations will enable DEXUS to own, manage and develop a larger, higher quality portfolio, which will enhance overall performance and create greater value.



### ■ Core west coast markets

This repositioning will be completed in an orderly manner over the next two to three years, during which time we expect to capture the benefits of the US cyclical recovery, maintaining disciplined pricing of new acquisitions, while maximising selling prices through customised campaigns.

To facilitate the repositioning and internalisation of our US portfolio, in June 2010 we opened a DEXUS management office in southern California.

We now have a 12 person team in place with a track record of acquiring, managing and developing industrial properties on the west coast.

This team is currently managing our US\$300 million Whirlpool portfolio and \$300 million of new third party property mandates.

## Key portfolio statistics

	2010	2009	2008
Number of properties <sup>1</sup>	179	203	205
Occupancy by area (%)	89.9	91.5	93.7
Occupancy by income (%)	93.2	94.3	95.8
Lease duration by income (years)	5.1	4.8	4.8
Portfolio value (\$bn)	7.4	7.9	8.9
Average cap rate (%)	8.0	8.0	6.7

1 Excludes retail portfolio in 2009 and 2008.

After we assume direct management of all our west coast properties later in the 2011 financial year, we will be directly managing approximately US\$840 million of our US properties.

## Developments

Our office portfolio's 6 Star Green Star premium developments in Sydney and Brisbane have progressed well, are nearing completion and will be delivered into improving markets in 2011:

- 123 Albert Street, Brisbane, QLD which is scheduled for completion in January 2011, is 80% leased with good interest in the remaining five floors
- 1 Bligh Street, Sydney, NSW is scheduled for completion in May 2011 and is 55% leased. While market conditions and tenant decision making slowed during the second quarter of 2010, tenants continue to show good interest in the building

We also made significant progress on our industrial development pipeline during the year, securing strong tenant covenants on pre-committed developments at our Greystanes, NSW and Laverton, VIC industrial estates.

At Greystanes, we secured:

- Two pre-committed developments in December 2009 with Solaris Paper and Symbion Pharmacy Services, which are now nearing completion. Total development cost including land is \$54 million with forecast yield on completion of 8.7%
- In July 2010, an agreement with Fujitsu Australia to develop a three storey 17,025 square metre warehouse with an initial lease term of 15 years. Cost including land is \$32 million, reflecting a yield on total cost of 10.0% on completion in October 2011

At Laverton, we secured:

- A pre-leased development to Loscam for a 6,534 square metre warehouse facility with an initial term of 10 years, at a project cost including land of \$10 million, and a forecast yield on total cost of 8.9% on completion in June 2011



Axxess Corp Park, Cnr Ferntree Gully & Gilby roads, Mt Waverly, VIC



DEXUS Industrial Estate, Pound Road West, Dandenong, VIC

### Third Party Funds Management

Our \$5.9 billion third party platform is one of the largest in Australia primarily made up of the DEXUS Wholesale Property Fund (DWPF) \$2.9 billion and private client mandates of \$3.0 billion.

DWPF is a prime diversified fund with total assets of \$2.9 billion invested in Australian property. The fund's gearing is 19.7%, well within its maximum gearing policy of 30%.

DWPF was recently assigned an A (stable) credit rating by Standard & Poor's facilitating its plan to further diversify and increase duration of its funding sources.

DWPF has more than 50 wholesale investors and successfully attracted in excess of \$400 million of new equity from existing and new investors during the past nine months, satisfying all outstanding redemption requests.

Our two Australian mandates totalled approximately \$2.7 billion in gross assets at 30 June 2010. Since the establishment of our US team, we secured the management rights to \$300 million of third party funds invested in west coast assets on behalf of major investors including Ohio State Teachers and General Electric.

### Corporate Responsibility and Sustainability (CR&S)

At DEXUS we strive to be a market leader in CR&S as we recognise the importance of operating sustainably and with the highest levels of ethics, integrity and social responsibility.

DEXUS continued to drive sustainable performance during the year with ongoing improvements in energy efficiency and reductions in resource consumption. More than \$3 million of Green Building Fund grants were approved to support the cost of further sustainability upgrades in key properties.

We continued to progress our NABERS Energy 4.5 star rating program with our portfolio rating average increasing to 3.3 stars this year.

We place great importance on providing balanced and transparent reporting of our CR&S activities including the use of external benchmarks. In 2009 we produced an enhanced online reporting website to complement our printed reports and we were proud to win the Australasian Reporting Award for excellence in online reporting.

Our progress achieved further external recognition when DEXUS was again named one of the world's most sustainable corporations in the 2010 "Global 100" list at the Davos World Economic Forum, the only A-REIT to achieve listing in two consecutive years.

In addition, DEXUS achieved listing on the Dow Jones Sustainability World Index for the second year. DJSI World rates the performance of companies globally on economic, environmental and social criteria.

Despite challenging economic conditions we maintained our commitment to community engagement during the year. Through financial and in-kind contributions to registered charities and not-for-profit groups, we provided approximately \$553,000 up 2% on the prior year.

See pages 30 to 43 for further information on the Group's CR&S performance during the year.





9371 Buffalo Avenue, Rancho Cucamonga, CA

## Outlook and 2011 focus

We are confident that property markets will continue to recover in 2011. This combined with the flow on income from a successful year in leasing in 2010, will drive results in 2011.

The outlook and focus for our core areas of operation are as follows:

- The Australian office portfolio will continue to provide consistent and secure income returns. We will complete our current developments and look to identify value add opportunities including the next round of developments
- The Australian industrial portfolio will provide additional value creation opportunities as we further develop our two prime industrial land banks in Sydney and Melbourne, pursue limited land trading opportunities and accelerate land bank turnover

- The US industrial portfolio is expected to benefit from the cyclical recovery of the property market. We will assume operational management of our west coast portfolio, progressively sell assets from our non-core portfolio and reinvest funds into our preferred west coast markets
- We will seek to enhance our third party platform and provide further investment opportunities for third party investors through the acquisition and/or development of properties

In summary our high quality portfolio, focused strategy and experienced management will drive returns in 2011. This will be underpinned by recovering demand in office, value opportunities in industrial and an expected pickup in the US industrial market, which together will drive income and capital returns for the Group.

## Guidance

Barring adverse changes to operating conditions, DEXUS is positioned to deliver earnings (FFO) of at least 7.3 cents per security and distributions, being 70% of FFO, of at least 5.1 cents per security in the year ending 30 June 2011.

Victor P Hoog Antink  
Chief Executive Officer  
23 September 2010

# PORTFOLIO PERFORMANCE

## OFFICE – AUSTRALIA AND NEW ZEALAND

### SECTOR HIGHLIGHTS

#### PORTFOLIO VALUE

\$4.1 billion (2009: \$4.0 billion)

#### LIKE-FOR-LIKE INCOME GROWTH

0.4% (2009: 4.5%)

#### OCCUPANCY (BY AREA)

95.7% (2009: 97.6%)

#### LEASE DURATION (BY INCOME)

5.4 years (2009: 5.4 years)

### SUSTAINABILITY

- Achieved 6 Star Green Star ratings for 123 Albert Street, Brisbane, and 1 Bligh Street, Sydney
- Awarded \$3 million in grants from Green Building Fund to contribute to sustainability upgrades in key properties
- Improved average NABERS energy ratings to 3.3 stars
- 1 Bligh Street, Sydney awarded the first combined private network and retailer's blackwater recycling licence – Sydney CBD's first high rise office tower to incorporate this technology



Australia Square, 264-278 George Street, Sydney, NSW

### Actively managing our office portfolio

DEXUS is the largest listed owner and manager of office property in Australia. Our office portfolio is strategically weighted to the core Australian office markets of Sydney and Melbourne (representing 81%) and includes key properties in Brisbane and Perth.

Despite a challenging year, characterised by low levels of office demand and longer lead times to complete leasing deals, we achieved significant leasing success with over 100 lease transactions completed. The benefits of this activity will be felt in the 2011 financial year due to the lag between signing a new tenant lease and receiving first rental income (which in our portfolio is typically 4.9 months).

Our leasing success was driven by our strategy to actively manage our properties to deliver strong performance through our fully integrated property management model, building strong relationships with existing and prospective tenants and understanding their needs.

### Operating results

The DEXUS office portfolio withstood the Global Financial Crisis well, with occupancy continuing to be well above market benchmarks<sup>1</sup>. Following the sale of one of our non-core properties, the office portfolio Net Operating Income (NOI) decreased slightly during the year to \$245 million (2009: \$247 million). On a like-for-like basis NOI was 0.4%.

Occupancy by area remained strong at 95.7% (2009: 97.6%), well above the Australian market average<sup>1</sup> of 92% and the portfolio's average lease duration was stable at 5.4 years.

The majority of rental growth was achieved through fixed and ratcheted reviews of 3.5% across 87% of the portfolio and open market reviews accounted for 1%.

### Office portfolio performance

	2010	2009	2008
Number of properties (including car parks)	28	29	29
Total NLA (sqm)	677,300	686,300	682,000
NOI (\$m)	245.1	246.8	242.6
Like-for-like NOI growth (%)	0.4	4.5	4.4
Occupancy by area (%)	95.7	97.6	97.7
Occupancy by income (%)	96.2	97.6	97.9
Retention (%)	56	75	72
Lease duration by income (years)	5.4	5.4	5.7
Portfolio value (\$bn)	4.1	4.0	4.6
Average cap rate (%)	7.6	7.7	6.4

<sup>1</sup> JLL REIS database.



Governor Phillip Tower, 1 Farrer Place, Sydney, NSW



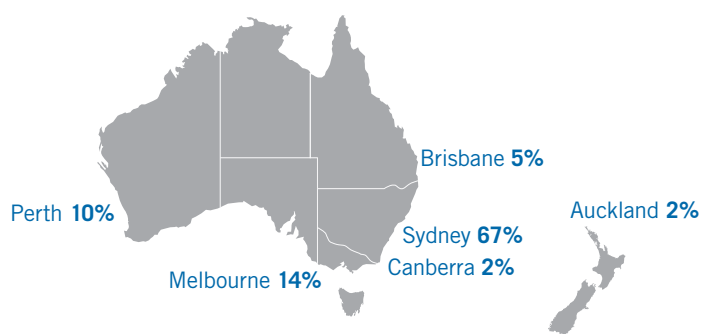
123 Albert Street, Brisbane, QLD



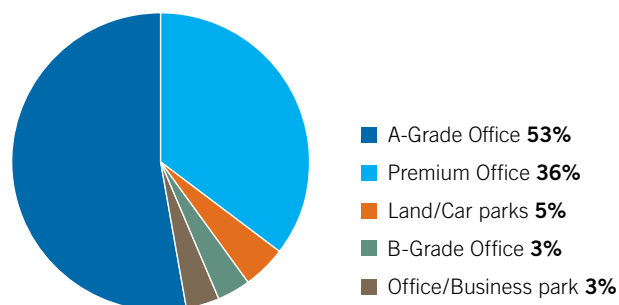
1 Bligh Street, Sydney, NSW

## Geographical diversification – Office

Total value \$4.1 billion



## Property type (by value)



## Progressing our developments

During the year, we made significant progress towards completing our two major office developments:

### 123 Albert Street, Brisbane

123 Albert Street is scheduled for completion in January 2011 and is 80% leased to our anchor tenant Rio Tinto and accounting firm Bentleys. Five floors remain to be leased and we have proposals out on these floors.

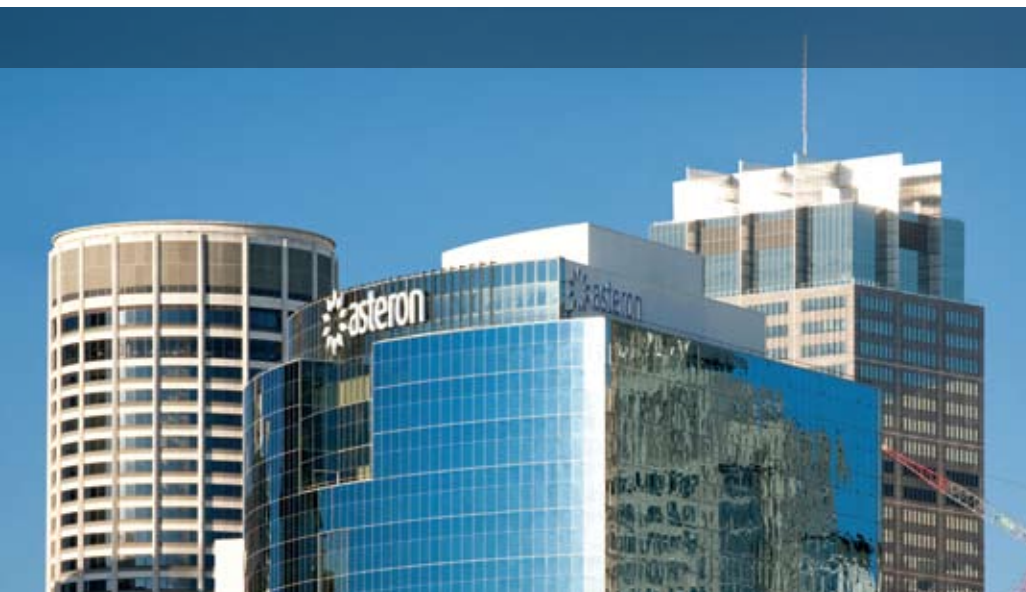
### 1 Bligh Street

1 Bligh Street is on schedule for completion in May 2011 and is currently 55% pre-leased to Clayton Utz, who are progressing the fit out of their premises. We have received good interest in the 12 floors which remain to be leased.

1 Bligh Street was awarded a 6 Star Green Star Office Design v2 Certified rating, the highest Green Star rating score achieved to date in NSW. The score includes the maximum possible points for innovation in categories such as environmental design and exceeding Green Star benchmarks.

1 Bligh Street was also the first Sydney CBD high rise office tower to obtain a combined private network and retailer's blackwater recycling licence from the NSW Government which will enable the property to save 100,000 litres of drinking water a day.





Australia Square, 309 Kent Street, Governor Phillip Tower, Sydney, NSW



Sydney CBD including Governor Phillip Tower, Australia Square and Gateway

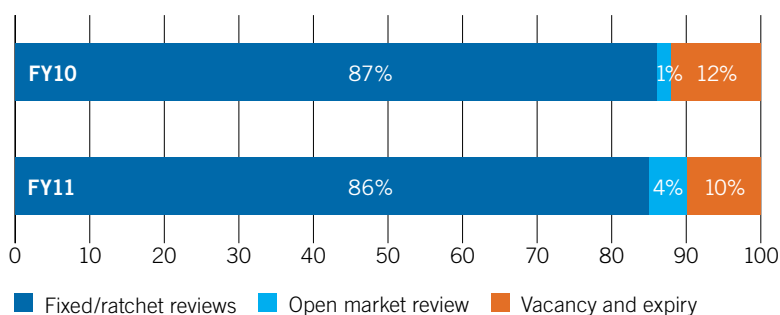
### Leasing outcomes driving growth in 2011

During the year, we completed more than 100 new leasing transactions covering approximately 74,000 square metres of space (including 5,000 square metres under development) resulting in an average rental increase of 6.1%.

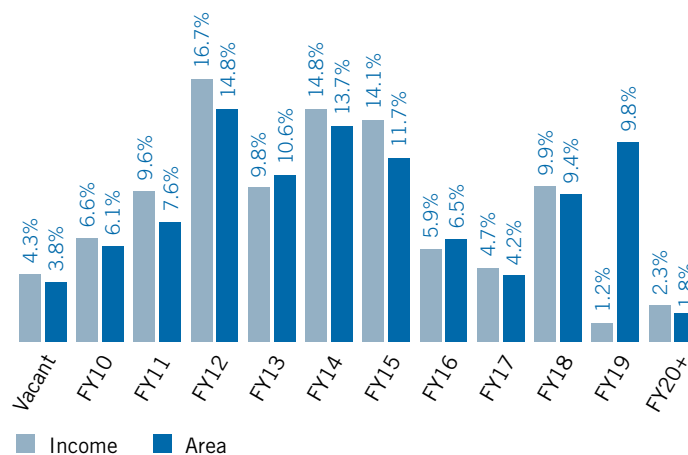
Major leases and renewals were completed in NSW with:

- George Weston Foods at 11 Talavera Road, Macquarie Park
- BAE Systems at 40 Talavera Road, Macquarie Park
- Grant Thornton and Intersystems at 383 Kent Street, Sydney
- International SOS at 45 Clarence Street, Sydney
- Alphapharm at 30 The Bond, Sydney
- Abi Group and others at The Zenith in Chatswood, where occupancy was increased from 85% to 98%, in a market where occupancy is currently 83%<sup>1</sup>

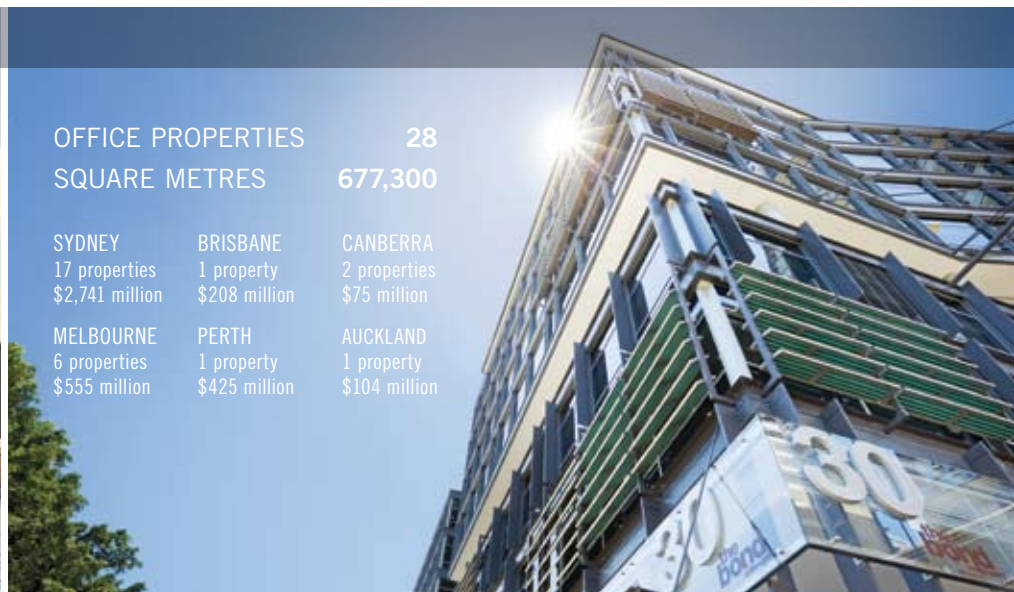
### Stable income profile



### Lease expiry profile



<sup>1</sup> PCA office market report 2010.



OFFICE PROPERTIES 28  
SQUARE METRES 677,300

SYDNEY 17 properties \$2,741 million	BRISBANE 1 property \$208 million	CANBERRA 2 properties \$75 million
MELBOURNE 6 properties \$555 million	PERTH 1 property \$425 million	AUCKLAND 1 property \$104 million

30 The Bond, Hickson Road, Sydney, NSW

## Rent reviews

In total, 88% of the office portfolio was subject to rent reviews resulting in an average rental increase of 3.7%.

Tenant incentives over new leases and renewals were 20.5% (June 2009: 17.6%) in a market averaging around 30%. This resulted in flat effective rent growth for new leases.

The average lease duration of the office portfolio remained strong at 5.4 years (2009: 5.4 years), providing regular and stable cash flows.

In 2011, we expect fixed and ratcheted increases of 3.7% over 86% of the portfolio, underpinning the security and stability of income returns from our office sector.

In 2011, 10% of the portfolio is expiring or vacant and consistent with our focus on proactive leasing, we have already agreed terms on approximately 25% of this space.

## Looking forward

We expect that the office leasing market will continue to be challenging in the short-term due to the impact of the global economy on local business confidence.

However, we expect conditions to improve in 2011 and beyond, with limited additional supply of space in the near-term, coupled with an expected increase in demand following forecast employment growth.

At 51% of the Group's earnings, the contribution of our high quality, Australian office portfolio underpins the consistent and secure returns of our business.

In 2011, we will enhance these returns for both DEXUS and our partners by delivering our premium developments, 123 Albert Street, Brisbane and 1 Bligh Street, Sydney.

We will also seek out growth and value opportunities by identifying our next round of value enhancing office developments, selectively redeveloping and acquiring assets to add value and strengthen our core portfolio in the Sydney and Melbourne office markets.

## INDUSTRIAL – AUSTRALIA

### SECTOR HIGHLIGHTS

#### PORTFOLIO VALUE

\$1.5 billion (2009: \$1.5 billion)

#### LIKE-FOR-LIKE NOI GROWTH

1.6% (2009: 4.1%)

#### OCCUPANCY (BY AREA)

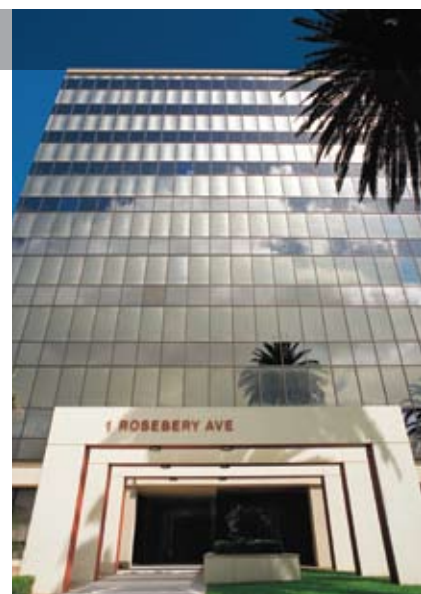
98.4% (2009: 96.9%)

#### LEASE DURATION (BY INCOME)

4.9 years (2009: 4.3 years)

### SUSTAINABILITY

- Environmentally sustainable design initiatives incorporated into developments at our new industrial estate: Quarry at Greystanes
- Water initiatives such as:
  - Drought resistant landscaping
  - Partnership with South East Water on a Fire Sprinkler Program at Dandenong in VIC, achieving a 92% water reduction; saving 1.95 million litres of water per year



5-15 Rosebery Avenue, Rosebery, NSW

### Capturing value through active management

Our Australian industrial portfolio is recognised as a market leader in high quality industrial facilities and is the third largest in Australia by value.

We specialise in premium business parks, logistics and distribution facilities and industrial estates totalling more than 1,117,500 square metres.

Our portfolio is weighted to key growth markets, with Sydney and Melbourne representing 95% of the total portfolio.

Our strategy is to deliver strong performance, through active management and to invest in quality properties in key locations to deliver quality property solutions to tenants.

During the year, the overall quality of the portfolio was enhanced by the sale of non-core properties and the reinvestment of proceeds into quality properties in core markets.

We out-performed the market in occupancy in our key markets and delivered \$110 million of NOI and positive like-for-like income growth of 1.6%.

#### Australian industrial portfolio statistics

	2010	2009	2008
Number of properties	34	37	38
Total NLA (sqm)	1,117,500	1,103,000	1,098,000
NOI (\$m)	109.9	109.2	105.7
Like-for-like NOI growth (%)	1.6	4.1	2.3
Occupancy by area (%)	98.4	96.9	98.6
Occupancy by income (%)	97.9	96.4	98.5
Retention (%)	80	75	78
Lease duration by income (years)	4.9	4.3	4.4
Portfolio value (\$bn)	1.5	1.5	1.6
Average cap rate (%)	8.8	8.8	7.5





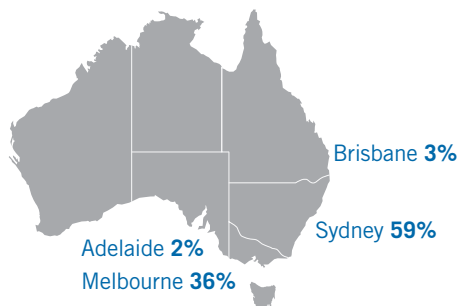
114-120 Old Pittwater Road, Brookvale, NSW



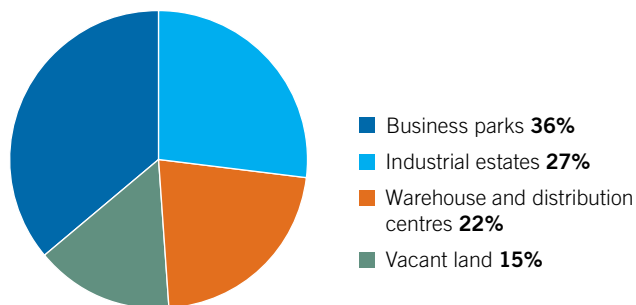
12-18 Distribution Drive, Laverton North, VIC

### Geographical diversification – Industrial

Total value \$1.5 billion



### Property type (by value)



### Strong activity in leasing

In an increasingly competitive leasing market we performed strongly, leasing 187,000 square metres of industrial space. More than 50% of this space was secured on terms of greater than five years and 32% to new pre-committing tenants.

Several pre-lease commitments were secured at our two major industrial estates at Laverton, VIC and Greystanes, NSW.

Major leasing deals were completed with Fujitsu, Symbion and Solaris at Greystanes pre-committing to over 52,000 square metres of new developments.

In addition, Fuji Film committed to 11,307 square metres at 114-120 Old Pittwater Road, Brookvale and Trimex Pty Limited leased 9,984 square metres at 1-15 Rosebery Avenue, Rosebery.

As a result of our leasing performance, occupancy increased 1.5% to 98.4%, the average lease duration strengthened to 4.9 years and tenant retention increased to 80%.

Consistent with our proactive approach to leasing, we have already secured 30% of our 2011 expiries and the portfolio has no individual expiries greater than 1% of portfolio income.



2-4 Military Road, Matraville, NSW



Solaris development, Quarry Industrial Estate, Reconciliation Road, Greystanes, NSW

### Rent reviews

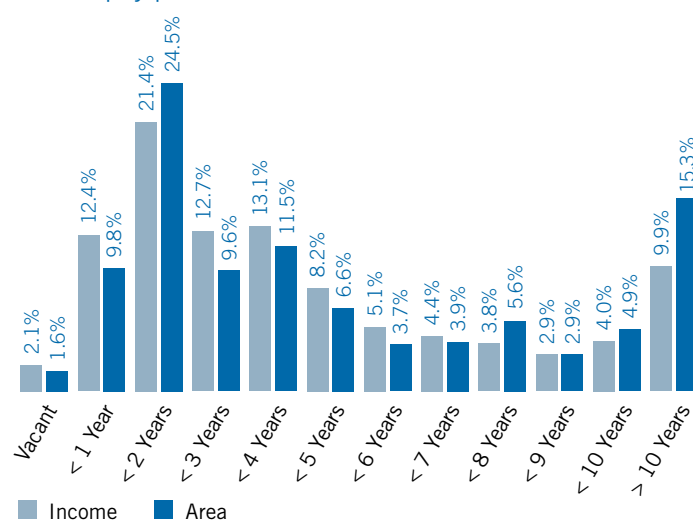
Rental growth was achieved through fixed rental increases of 3.4% across 65% of the portfolio and market or structured reviews of approximately 1.6% for 8% of the portfolio. These increases were offset by new lease rates that were 4% lower than expiring lease rental rates. Due to the competitive leasing market, incentives were provided on nearly 50% of new leases and averaged 6.1%.

### Property sales and acquisitions

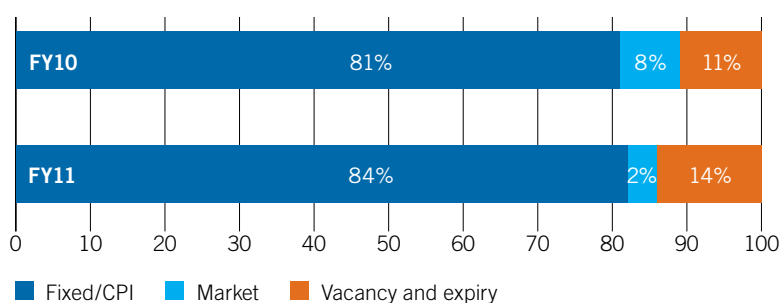
Since announcing the asset sale program, we have sold \$69 million of properties in non-core markets at a passing yield of 7.6% and re-invested the proceeds in \$71 million of acquisitions to increase our presence in key markets at a passing yield of 9.5%. This is consistent with our objective to enhance returns and overall portfolio quality and secure opportunities that will provide future value.

For example, we acquired an industrial property at Matraville, NSW for \$46.1 million. This quality property was purchased below replacement cost and has potential upside from leasing and repositioning in 2013.

### Lease expiry profile

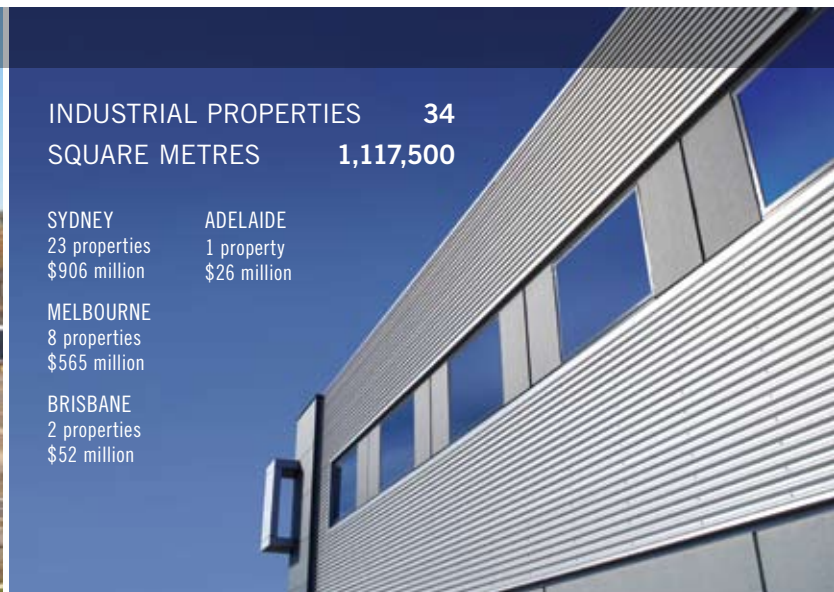


### Stable income profile





Symbion development, Quarry Industrial Estate, Reconciliation Road, Greystanes, NSW



DEXUS Industrial Estate, Boundary Road, Laverton North, VIC

## INDUSTRIAL PROPERTIES 34 SQUARE METRES 1,117,500

<b>SYDNEY</b> 23 properties \$906 million	<b>ADELAIDE</b> 1 property \$26 million
<b>MELBOURNE</b> 8 properties \$565 million	
<b>BRISBANE</b> 2 properties \$52 million	

In Silverwater, NSW we acquired a \$24.4 million property adjacent to our existing estate on a yield of nearly 10%. This consolidates our position in Sydney's inner west with significant frontage to Silverwater Road and an expanded tenant offer over 11 hectares.

In August 2010 we purchased a 7.6 hectare site at Erskine Park, NSW for \$15 million. The acquisition reflects a competitive land cost and the site is levelled and serviced with existing development approvals. It expands our offer in the west of Sydney and emerging markets in the outer west of the M7 motorway.

### Developments

Following strong leasing activity, we commenced two developments at Quarry Industrial Estate, Greystanes, NSW. Our 47 hectare site is 25% pre-committed with:

- Two pre-leased developments to Solaris Paper and Symbion Pharmacy Services which are nearing completion. Total development cost including land is \$54 million with forecast yield on completion of 8.7%

- In July 2010 an agreement was signed with Fujitsu Australia to develop a three storey 17,025 square metre warehouse with an initial lease term of 15 years. Cost including land is \$32 million, reflecting a yield on total cost of 10% on completion in October 2010

In total we have committed \$86 million to developments at Greystanes which will create nearly \$100 million of new investment stock on completion.

At Laverton in Victoria, we are continuing to develop the estate. Stage 1 is 45% pre-committed, including:

- A pre-leased development to Loscam for a 6,534 square metre warehouse facility with an initial term of 10 years. Total development cost including land is \$10 million with a forecast yield on total cost of 8.9% upon completion in June 2011

### In the year ahead

We expect stronger business investment, import growth and above average levels of population growth to translate to increased demand and modest rental growth in our industrial portfolio going forward.

We remain well positioned to respond to this demand, and our experienced team will continue to leverage our market leadership position and strong track record in active asset management, leasing and developments.

We also expect next year to provide opportunities to deliver enhanced returns through selective acquisitions and repositioning opportunities and to be able to take advantage of the market upswing to buy land and development sites at cyclically low prices. We expect to progress our development pipeline converting pre-lease enquiry at our major Greystanes and Laverton land banks.

We will continue to reposition the portfolio to enhance quality and performance through exiting non-core markets and increasing concentration in our key eastern seaboard target markets.

These initiatives, together with the growth built in to our income profile, we expect will deliver a strong total return for 2011.



## INDUSTRIAL – UNITED STATES

### SECTOR HIGHLIGHTS

#### PORTFOLIO VALUE

US\$1.2 billion OR A\$1.5 billion  
(2009: US\$1.4 billion OR A\$1.7 billion)

#### LIKE-FOR-LIKE NOI DOWN

12.3% (2009: (4.6)%)

#### OCCUPANCY (BY AREA)

86.4% (2009: 88.0%)

#### LEASE DURATION (BY INCOME)

4.9 years (2009: 4.3 years)

### SUSTAINABILITY

- › Resource consumption has reduced in the US portfolio during FY10 with:
  - 9% reduction in GHG emissions
  - 8% reduction in Energy
- › A sustainability strategy is under development for the US portfolio to include:
  - a LEED<sup>1</sup> rating program
  - community engagement strategy
  - climate change risk assessments



4190 Santa Ana Street, Ontario, CA

In the US and Canada, we own 98 industrial properties with 24,778,200 square feet of lettable area. These are located in 16 industrial and logistics markets in the US and one market in Canada. We have operated in the US since 2004 and our long-term objective is to build critical mass and become a market leader in industrial property on the west coast.

#### Building local capability

In June 2010, we established a head office in Newport Beach, California, providing a base in our key west coast market with 12 DEXUS employees. The new team gives DEXUS significant industrial experience and local expertise to support the portfolio repositioning. Information on our US portfolio and team can be found on our US website at [www.dexus.com/us](http://www.dexus.com/us)

#### Key results

NOI decreased to US\$87.3 million (2009: US\$97.5 million) with tenant bankruptcy accounting for about 2% of the decrease on a like-for-like basis. Like-for-like NOI fell 12.3%, resulting from leasing rates on new and renewing

#### US industrial portfolio statistics

	2010	2009	2008
Number of properties	98	117	118
Total NLA (sf)	24,778,200	24,944,000	24,748,000
Total NLA (sqm)	2,301,970	2,317,373	2,299,000
NOI (US\$m)	87.3	97.5	98.6
NOI (A\$m)	99.1	132.8	110.0
Like-for-like NOI growth (%)	(12.3)	(4.6)	7.2
Occupancy by area (%)	86.4	88.0	91.8
Occupancy by income (%)	84.3	86.7	89.5
Retention (%)	56	68	74
Lease duration by income (years)	4.9	4.3	3.9
Portfolio value (US\$bn)	1.2	1.4	1.8
Portfolio value (A\$bn)	1.5	1.7	1.9
Average cap rate (%)	8.4	8.2	6.9

leases averaging 11.6% less than expiring rental rates. Occupancy (by area) decreased to 86.4% as tenant retention remained low and tenants took longer to make leasing decisions and contracted their operations.

During the year the US team assumed management of the US\$300 million Whirlpool portfolio and \$300 million of new mandate properties. The team will assume direct management of the remaining west coast assets later this financial year.

<sup>1</sup> Leadership in Energy and Environment Design (LEED) green building rating system.



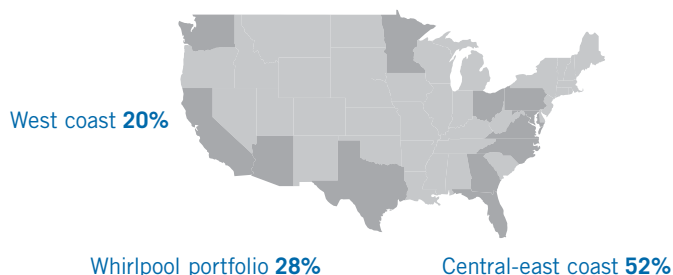
13602 12th Street, Chino, CA



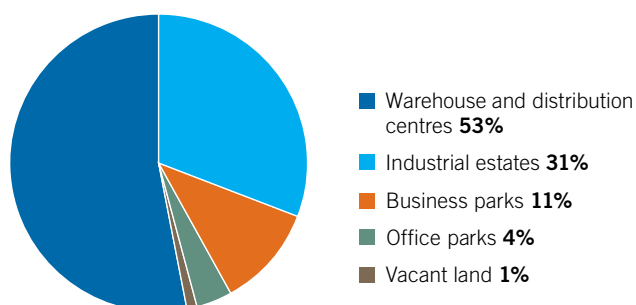
19700 38th Avenue East, Spanaway, WA

## Geographical diversification – Industrial

Total value US\$1.2 billion



## Property type (by value)



## Valuations

Each property in the portfolio was externally appraised during the year. In the first half the properties that were valued decreased by 9% and in the second half the properties that were valued increased by 2.9%, the first increase in more than two years. The uplift was largely generated by a 30 basis point firming in the average capitalisation rate to 8.4%. Our strongest performing markets were California, North Virginia and Dallas, all up by around 10%.

## Leasing

While market conditions were difficult and in general remain challenging, we have recently experienced an increase in tenant enquiry and activity. During the year more than 120 new lease transactions were completed, split equally between renewals and new leases over approximately 4 million square feet, or 15% of the portfolio. Tenant incentives remained stable at an average of 11%.

Major leasing deals were completed with Skechers taking 284,559 square feet in Ontario CA, Freeport Logistics, taking 163,200 square feet in Phoenix AZ, Medtronic taking 120,567 square feet in Minneapolis OH and Shaw Industries taking 86,390 square feet in Orlando FL. A significant achievement during the period was securing a major lease to Nestlé in Harrisburg PA for 185,000 square feet for a term of 3.5 years; this space had been vacant for two years with no enquiry.

Occupancy in our preferred markets in Southern California is improving and we are receiving good enquiry for our vacancies in this market. More challenging in 2011 will be our non-core markets of Dallas and Cincinnati where there are a number of larger lease expiries.

INDUSTRIAL PROPERTIES **98**SQUARE FEET **24,778,200**

3691 North Perris Boulevard, Perris, CA

ATLANTA 3 properties US\$72 million	DALLAS 16 properties US\$107 million	ORLANDO 3 properties US\$79 million	SEATTLE 4 properties US\$90 million
BALTIMORE 9 properties US\$86 million	HARRISBURG 1 properties US\$12 million	PHOENIX 9 properties US\$55 million	<b>CANADA</b>
CHARLOTTE 2 properties US\$19 million	LOS ANGELES 5 properties US\$129 million	RIVERSIDE 7 properties US\$166 million	TORONTO 1 property C\$56 million
CINCINNATI 9 properties US\$58 million	MINNEAPOLIS 7 properties US\$48 million	SAN ANTONIO 12 properties US\$63 million	
COLUMBUS 4 properties US\$95 million	NTH VIRGINIA 5 properties US\$99 million	SAN DIEGO 1 properties US\$8 million	

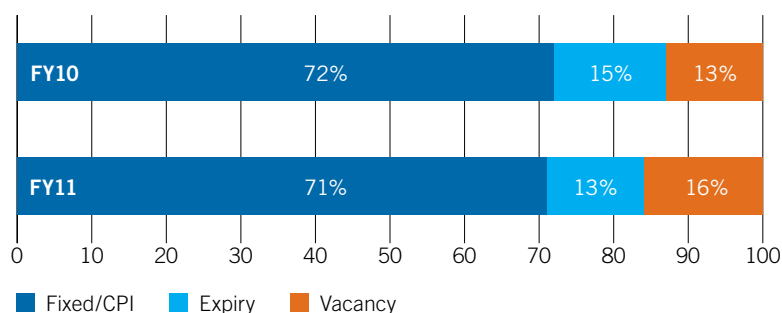
## Rent reviews

While conditions in US industrial markets remain challenging much of the decrease in market rents is reflected in current leasing with portfolio rents now approximating market rates. This compares with 12 months earlier when portfolio rents were 8% above market rents.

Tenant incentives were 11% on average and the portfolio's average lease duration improved to 4.9 years. During the second half of the year capitalisation rates firmed and improved total return expectations were reflected in bids, transactions and valuations.

The majority of rent reviews completed during 2010 were fixed in the range of 2% to 3% per annum. While 2011 is still anticipated to be challenging, we expect the portfolio to stabilise during the year and expect any further fall in rents from expiring leases to be largely mitigated by 2% to 3% fixed growth from existing leases and further leasing of vacant space.

## Stable income profile



## Property sales and acquisitions

During the year, we focused on repositioning our portfolio from non-core markets in an orderly and disciplined manner.

To date we have sold US\$208 million of property, reducing our US portfolio footprint to 17 markets from 21.

## 2011 focus

Our focus during 2011 will be to reposition the portfolio to capture the benefit of the expected cyclical rebound. We are currently marketing a number of properties for sale with a book value of US\$140 million and are seeking to acquire additional west coast properties during 2011. We will also seek to further build our management team.

These two aspects will position DEXUS for the value creation phase of the property cycle, where market focus and on-the-ground capability are particularly key to success.



## INDUSTRIAL – EUROPE



Über der Dingelstelle, Langenweddingen,  
Neidersachsen, Germany

### EUROPEAN INDUSTRIAL PORTFOLIO TOTAL VALUE €137 MILLION

INDUSTRIAL PROPERTIES **19**  
SQUARE METRES **368,300**

FRANCE	GERMANY		
LYON	BERLIN	FRIEDEWALD	UNNA
1 property €6 million	1 property €8 million	1 property €3 million	1 property €11 million
PARIS	DUISBURG	KNETZGAU	WORMS
5 properties €29 million	1 property €17 million	1 property €7 million	1 property €3 million
	DÜSSELDORF	LANGENFELD	
	1 property €12 million	2 properties €12 million	
	ELLHOFEN	LANGENWEDDINGEN	
	3 properties €25 million	1 property €4 million	



Theodorstraße, Düsseldorf, Nordrhein Westfalen, Germany

### Non-core property portfolios – European industrial

The European portfolio is valued at €137.4 million (2009: €138.7 million) and contributed €10.6 million (2009: €12.5 million) or 3.5% of the Group's NOI. Occupancy (by area) for the portfolio was 78.1% (2009: 87.8%).

As previously reported, these properties will be sold when liquidity and value returns to these markets, which we expect to occur in the next two years.



### European industrial portfolio statistics

	2010	2009	2008
Number of properties	<b>19</b>	20	20
Total NLA (sqm)	<b>368,300</b>	376,700	376,900
NOI (€m)	<b>10.6</b>	12.5	13.5
NOI (A\$m)	<b>16.9</b>	23.1	21.9
Like-for like NOI growth (%)	<b>(13.6)</b>	(6.4)	n/a
Occupancy by area (%)	<b>78.1</b>	87.8	85.1
Occupancy by income (%)	<b>82.8</b>	90.3	88.7
Lease duration by income (years)	<b>2.9</b>	3.1	3.6
Portfolio value (€m)	<b>137</b>	139	194
Portfolio value (A\$m)	<b>197</b>	241	314
Average cap rate (%)	<b>8.0</b>	8.1	7.4

# THIRD PARTY PROPERTY FUNDS MANAGEMENT

## SECTOR HIGHLIGHTS

### FUNDS UNDER MANAGEMENT

\$5.9 billion (2009: \$5.6 billion)

### PROPERTIES

20 Office 12 Industrial 18 Retail

**DWPF ACHIEVES STANDARD &  
POOR'S A CREDIT RATING**



Gateway, 1 Macquarie Place, Sydney, NSW

AT 30 JUNE 2010, DEXUS  
PROPERTY GROUP'S THIRD  
PARTY PROPERTY FUNDS  
UNDER MANAGEMENT TOTALLED  
\$5.9 BILLION (2009: \$5.6 BILLION).  
THE PLATFORM IS ONE OF THE  
LARGEST THIRD PARTY PROPERTY  
FUNDS MANAGEMENT PLATFORMS  
IN AUSTRALIA.

This business comprises the DEXUS  
Wholesale Property Fund (DWPF), a  
number of direct property mandates  
and one property syndicate.

#### Third party funds returns

	Funds	Benchmark <sup>1</sup>
1 year (%)	6.5	2.8
3 years (%)	1.4	1.1
5 years (%)	7.8	7.6

1 The Mercer/ IPD Pre Fee Gross Asset  
Weighted Index.

### DEXUS Wholesale Property Fund

DWPF is an open-ended, unlisted  
property fund with total gross assets  
of \$2.9 billion at 30 June 2010  
(2009: \$2.9 billion).

DWPF's objective is to provide exposure  
to a high quality diversified portfolio  
which provides direct property market  
style returns and the opportunity for  
enhanced earnings.

DWPF owns a high quality portfolio, 82%  
premium office buildings and regional  
retail centres, including properties such  
as Gateway in Sydney's Circular Quay,  
Westfield Miranda Shopping Centre,  
Miranda, NSW and 33% of 1 Bligh  
Street, Sydney.

During the year DWPF returned 6.53%,  
outperforming its benchmark, the  
Mercer/IPD Pre Fee Gross Asset Weighted  
Index, which returned 2.84%.

DWPF has gearing of 19.7%, well within  
its maximum gearing policy of 30% and  
has been assigned an A credit rating by  
Standard & Poor's.

DWPF has more than 50 wholesale  
investors and has successfully attracted  
more than \$400 million of new equity  
from existing and new investors during  
the past nine months, satisfying all  
outstanding redemption requests.

DWPF's development pipeline is estimated  
at approximately \$755 million over the  
next five years, which will improve the  
portfolio quality and enhance returns.

### Property mandates

As at 30 June 2010, our two  
Australian private client mandates  
comprised approximately \$2.7 billion  
(2009: \$2.9 billion) in gross assets  
across 35 properties. The property  
mandates are managed by DEXUS  
on behalf of SAS Trustee Corporation  
and the AXA Group.



324 Queen Street, Brisbane, QLD



360 Collins Street, Melbourne, VIC



Willows Shopping Centre, Townsville, QLD



QV1, 250 St Georges Terrace, Perth, WA

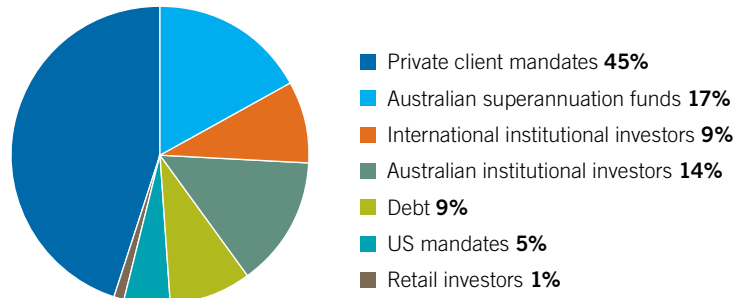
At the end of the financial year, DEXUS expanded its third party business by an additional \$300 million on the west coast of the US for key investors including Ohio State Teachers and General Electric.

### DEXUS property syndicate

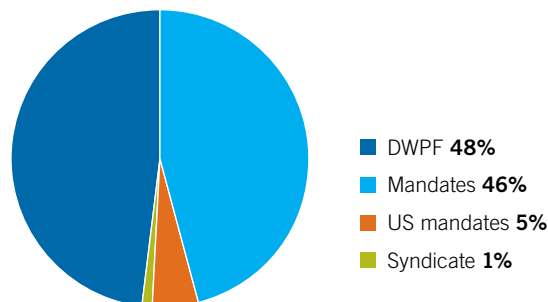
DEXUS manages one unlisted property syndicate valued at \$76.7 million at 30 June 2010 (2009: \$81 million).

The syndicate which owns the Gordon Centre and the Gordon Village Arcade, located in Gordon, NSW, is a closed-ended, fixed term trust which has expired and is due to be wound up in the next financial year.

### Sources of funds as at 30 June 2010



### Product types as at 30 June 2010





# CORPORATE RESPONSIBILITY AND SUSTAINABILITY HIGHLIGHTS

## CR&S PERFORMANCE SUMMARY

### DURING THE 2010 FINANCIAL YEAR WE PROGRESSED OUR SUSTAINABILITY INITIATIVES AND CONTINUED TO DRIVE PERFORMANCE IN CR&S.

This is consistent with our commitment to minimise our environmental footprint and deliver positive impacts for our key stakeholders: our investors, tenants, employees and the broader community.

We have made good progress against the majority of our commitments and targets this year. Notable achievements include being named for the second year as one of the Global 100 Most Sustainable Corporations and our flagship sustainable office developments 1 Bligh Street, Sydney and 123 Albert Street, Brisbane were awarded world's best practice 6 Star Green Star design ratings.

### Our CR&S approach






DEXUS is committed to embedding the principles of corporate responsibility and sustainability throughout our business. This enables us to build a business that better responds to the evolving needs of our stakeholders, ensuring we are managing and developing properties for the future and investing in our people to drive our performance and achieve our leadership goals.

We continued to make progress embedding sustainability practices within our business in 2010. This year, consistent with our commitment to continuous improvement, we reviewed our CR&S programs with respect to how we engage with and respond to our stakeholders.

We focused on:

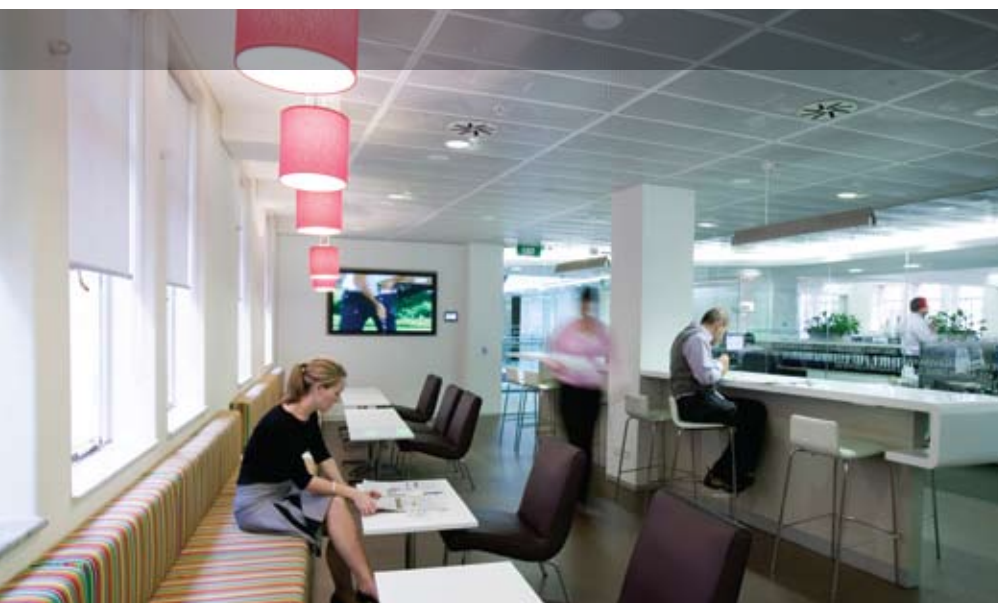
1. Analysing our approach to stakeholder engagement
2. Assessing which issues are most material to our stakeholders
3. Considering our approach to sustainability performance reporting
4. Reviewing our memberships and alignments

This year we have focused our CR&S report on the areas we consider most material and relevant to our stakeholders, including those matters identified through stakeholder consultation.

CORPORATE COMMITMENTS	OBJECTIVE	COMMENTS
	<input checked="" type="checkbox"/> Further improve the quality and transparency of our CR&S reporting and specifically: <ul style="list-style-type: none"> <li>■ Progress to assurance under the principles of AA1000</li> <li>■ Maintain our GRI rating of A+</li> </ul>	Reporting awards and achievements: <ul style="list-style-type: none"> <li>■ Second year listing on the "Global 100 Most Sustainable Corporations" list – assessed via independent review of publicly available information</li> <li>■ Preparation for AA1000 assurance underway</li> <li>■ CR&amp;S Report 2009 met GRI rating A+</li> </ul>
	<input checked="" type="checkbox"/> Review our CR&S membership strategy	Joined United Nations Principles for Responsible Investment and the Australian & New Zealand Investor Group on Climate Change  
	<input checked="" type="checkbox"/> Continue our proactive participation in sustainability ratings and indices including: <ul style="list-style-type: none"> <li>■ Carbon Disclosure Project</li> <li>■ FTSE4Good Index</li> <li>■ Dow Jones Sustainability Index</li> </ul>	We reported in the Carbon disclosure project for the fourth year We maintained listing on the FTSE4Good Index and the Australian SAM Sustainability Index and we achieved the SAM Sector Mover 2010 award We achieved listing on the 2009 and 2010 Dow Jones Sustainability World Index   
	<input checked="" type="checkbox"/> Ensure statutory compliance with NGERS and EEO	
	<input type="checkbox"/> Develop a CR&S and Service Excellence charter for our business and suppliers	Deferred to FY11 to incorporate into new stakeholder engagement program
	<input checked="" type="checkbox"/> Formalise our policy on participating in public policy development and lobbying	Policy developed and available on <a href="http://www.dexus.com">www.dexus.com</a>

KEY: ☒ Achieved ☐ Underway ☐ Not achieved

DEXUS produces a comprehensive CR&S report which is released in late October each year. Highlights of our performance are provided in this section. Our full 2010 CR&S report will be available at [www.dexus.com](http://www.dexus.com) or on request via [crs@dexus.com](mailto:crs@dexus.com)



DEXUS head office, 343 George Street, Sydney, NSW

## Stakeholder engagement

We recognise that stakeholder feedback is important to enable DEXUS to respond appropriately to those who are impacted by our business operations. Stakeholder feedback is a key input into our determination of material concerns and is a key input into our overall CR&S strategy to ensure it remains relevant.

We define our main stakeholders as:



In 2010 we undertook a review of the way we report on CR&S including an assessment of global trends and leading practices in this evolving area. Our analysis this year indicated we could further improve our processes by increasing stakeholder engagement. To this end, we conducted a review of our stakeholder interactions to ensure ongoing relevance and completeness.

We then incorporated the results into our broader materiality assessment and identified a number of areas where we could improve our reporting approach including:

- Articulating more clearly how we determine our CR&S focus
- Prioritising stakeholder feedback by materiality and relevance
- Seeking assurance under ASAE3000
- Considering AccountAbility's AA1000 principles of inclusivity, materiality and responsiveness

## Impact of our CR&S activities

We recognise the decisions we make and activities we undertake have an impact inside and outside our operations. By embedding our CR&S objectives into our broader business strategy, we reinforce the connection between our objectives, the industry, the market and the social context within which we operate. This also recognises the associated risks and opportunities we face, the key resources and relationships on which we depend, and the governance, reward and remuneration structures we put in place to support our objectives.

Through the review of our existing CR&S reporting, we identified that we could further communicate the benefits and impacts that our CR&S activities have on the community and other external stakeholders. In this year's CR&S report we have provided additional detail regarding how potential direct impacts (e.g. the reduction of costs) or indirect impacts (e.g. creating wealth in the community) affect our stakeholders.

### FY11 COMMITMENTS

## Corporate

### All operations

- Roll out Service Excellence Charters across business units
- Achieve ISO 14001 and ISO 18001 accreditation

### Industrial – US

- Develop CR&S strategy and program for our US business

# OUR STAKEHOLDERS

## Investors – financial performance

Despite challenging market conditions, we achieved a strong financial result during the year delivering operating earnings before income tax of \$461.3 million.

Property valuations started to recover during the second half and we believe we are now at the end of the Australian devaluation cycle.

We believe that economic recovery and improved business and investor sentiment have boosted the prospect of growth in rents and values in the coming year.

We are focused on creating investor value by delivering operational excellence through active property, asset and development management resulting in low risk sustainable returns.

In terms of economic sustainability, our approach is based on two principles:

### 1. Sustained financial performance

We are committed to delivering consistently strong financial performance for our investors which, in turn, enables us to invest in initiatives that deliver improved sustainability performance.

### 2. Sustainability adds value

We recognise the value that operating sustainably adds to our business and the enhanced performance and long-term contribution to the bottom-line that can be achieved through appropriate investment in sustainability.

## Our tenants

At DEXUS, we have more than 4,200 tenants in our office, industrial and retail properties. Our tenants consist mainly of major corporate and government organisations:

- Office – major corporate tenants such as Goldman Sachs, Woodside, Credit Suisse, Westpac, local, state and federal governments
- Industrial – some of the world's leading brands such as Whirlpool, FedEx, Visy Steel, Coles, Wesfarmers and IBM
- Retail – major retailers such as Myer, David Jones, Big W, Target, Kmart, Woolworths and Coles

This year, we had an average occupancy rate of 89.9% across our entire portfolio; which we attribute to our strong tenant relationships, focus on service excellence and high quality properties. By building and maintaining strong relationships with our tenants, we enhance portfolio performance through the delivery of high quality workspace that meet our tenant needs, now and in the future.

## Internalisation of property management

The internalisation of property management across our portfolio has provided us with greater connectivity with our tenants. Our goal is to achieve greater tenant satisfaction and retention, which we monitor through our tenant surveys and other performance benchmarking activities. In our new internalised structure, improving tenant satisfaction is a key performance indicator for our property managers.

## Suppliers

As part of our everyday operations, we engage with a large number of contractors who form part of our wider sustainability footprint. Some issues affecting suppliers are therefore also material to us. This is due to two factors; operations undertaken by suppliers on our behalf impact their employees and the environment, and their actions, though not directly within our control, reflect on our service delivery, brand and reputation.

## KEY EXTERNAL STAKEHOLDER COMMITMENTS

TENANTS
<div> <div></div> Continue to work with our anchor office tenants to tailor workspace design to their needs and DEXUS's vision of delivering the next generation of sustainable work space </div>
<div> <div></div> Engage an external provider to undertake office tenant surveys to enable the benchmarking of our office performance against industry standards </div>
<div> <div></div> Refine our tenant engagement strategy with tailored approaches in office, industrial and retail </div>
<div> <div></div> Continue to develop innovative ways to effectively collaborate with tenants to drive energy efficiency under lease and fit out guidelines </div>
SUPPLIERS AND PARTNERS
<div> <div></div> Integrate expanded sustainability key performance indicators into our procurement procedures and tender evaluations </div>
<div> <div></div> Work with our new and existing suppliers to agree key performance indicators relating to delivering service excellence and sustainability performance </div>
COMMUNITY
<div> <div></div> Investigate the introduction of a workplace giving program </div>
<div> <div></div> Develop a community charter for our retail centres </div>

KEY: ☒ Achieved ☐ Underway ☐ Not achieved





View of Sydney CBD, from Governor Phillip Tower, 1 Farrer Place, Sydney, NSW

In last year's report we committed to further consider and assess the CR&S position of our existing and prospective suppliers, as an important step toward addressing our indirect impacts. This area has been an important focus for us this year, with greater rigour around the processes for selection of suppliers and monitoring supplier performance against CR&S criteria.

We also sought opportunities to partner with our suppliers to achieve environmental benefits such as in the selection and purchase of construction materials and property maintenance supplies.

## Community

As one of the largest property groups in Australia, we have a responsibility to the communities located in and around our properties and developments. We recognise our social responsibility to invest in community initiatives and support bodies reliant on charitable donations. We use DEXUS values to guide our community engagement support. We value having an open and honest dialogue with the communities in which we operate and seek to engage

and inform our local communities in the management and operation of our properties.

- 91% of our staff believe DEXUS is socially responsible to the community (2008: 84%)
- 89% are proud of DEXUS's contribution to society and the community (2008: 77%)

New community engagement initiatives launched in 2010 include the establishment of our inaugural Workplace Giving Program which allows our people to contribute to a charity of their choice directly through their pre-tax salary.

We define our community involvement in the following areas:

- Employee engagement in community initiatives including volunteering
- Financial and in-kind contributions
- Community consultation and development

During the year we contributed \$553,000 through financial and in-kind support, an increase of 2% on the prior year, consistent with our commitment to maintain our support of charitable and not-for-profit groups.

## FY11 COMMITMENTS

# Stakeholders

## Investors

- ➔ Deliver at least 5.1 cents per security distribution in FY11
- ➔ Expand 2010 investor survey to capture feedback regarding our CR&S performance and reporting

## Tenants

### All operations – Australia

- ➔ Improve overall tenant satisfaction scores

## Community

### All operations

- ➔ Complete a DEXUS wide community engagement review to ensure alignment with our corporate and stakeholders objectives
- ➔ Achieve a 10% increase in employee volunteering

### All operations – Australia

- ➔ Engage with our corporate partners to leverage community engagement and achieve greater outcomes

## Suppliers

### All operations

- ➔ Roll out new CR&S supplier tender evaluation criteria to all divisions
- ➔ Incorporate sustainability requirements within standard consultancy agreements
- ➔ Measure the on-going CR&S performance of key suppliers



# OUR PEOPLE



Members of the DEXUS team at Gateway, 1 Macquarie Place, Sydney, NSW





## DEXUS TEAM SUMMARY

AT 30 JUNE 2010, DEXUS EMPLOYED 291 PEOPLE, LOCATED PREDOMINANTLY ON THE EASTERN SEABOARD OF AUSTRALIA, WITH 65% OF OUR EMPLOYEES LOCATED IN OUR HEAD OFFICE IN SYDNEY.

In June 2010 we expanded our operations in the US, establishing a management office in Newport Beach, California to oversee the management of our US assets. Our newly appointed team brings extensive US industrial real estate management, leasing and development expertise to DEXUS. The establishment of the team represents a key step in progressing the internalisation of the management of our properties in the US.

In July 2010, we streamlined our executive management structure to drive enhanced performance by aligning our executive structure with our three core operating platforms of Property, Capital and Finance, and Corporate Services. The CEO's direct reports were reduced to five from nine and the Group's Executive Committee was replaced by a smaller Group Management Committee.

### Diversity

At DEXUS we value our people for their expertise and ability to carry out their roles. We believe that decision making is enhanced through diversity and creates a business

environment that encourages a range of perspectives and fosters excellence in the creation of security holder value.

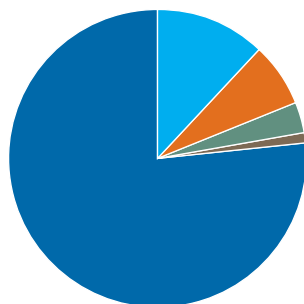
By diversity we mean an individual's race, colour, gender, age, creed, ethnicity, cultural background, economic circumstance, human capacity, sexual orientation and expression of thought.

We believe that diversity is a competitive advantage that creates real value for our security holders and we support and encourage diversity at all levels; in our Board of Directors, senior management team and throughout our organisation.

We have a socially and culturally diverse workplace which helps create a culture that is tolerant, flexible and adaptive to the changing needs of our environment. We also believe that an inclusive and diverse workforce will assist us to attract and retain the best people.

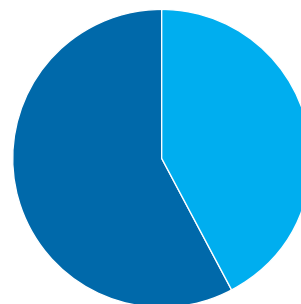
**Representation of women in executive management remained steady at 40%**

### Workforce by location



- New South Wales **77%**
- Queensland **12%**
- Victoria **7%**
- California **3%**
- Western Australia **1%**

### Workforce by gender



- Female **57%**
- Male **43%**

Note: 1% increase in female employees since 30 June 2009.



OUR PEOPLE COMMITMENTS

OBJECTIVE	COMMENTS
<input checked="" type="checkbox"/> Enhance employee engagement	Improved scores across most categories in our annual Employee Opinion Survey, exceeding the Australian National Norm <sup>1</sup> benchmark in 18 out of the 19 categories and 5 out of 17 categories of the Global High Performing Norm <sup>1</sup>
<input checked="" type="checkbox"/> Leverage our leadership capabilities by introducing a formal mentoring program	Introduced a formal mentoring program in May 2010 involving 30 employees
<input checked="" type="checkbox"/> Encourage further transfer of skills across departments	21 cross team transfers were completed
<input checked="" type="checkbox"/> Increase training and development programs for professional level employees	Training hours for professional level employees increased 70%
<input checked="" type="checkbox"/> Expand relationships with key community groups e.g. Oasis Work Ready Program	Appointed second Oasis Work placement

KEY: ☒ Achieved ☐ Underway ☐ Not achieved

1 External benchmark assessed by Towers Watson.

## Employee feedback

Our employees are a key focus of our stakeholder engagement activities. Each year we conduct an Employee Opinion Survey and the results are communicated to our employees and considered in the implementation of new policies and practices.

One of the key people initiatives we undertook this year was a direct response to an area of development raised in last year's survey: to launch a mentoring program. This program was launched in March 2010 and has already been successful in encouraging the transfer of knowledge between divisions and between different levels of experience.

## Employee opinion survey

For the second year, we partnered with Towers Watson to facilitate and analyse the results of our annual Employee Opinion Survey. This enables our results to be compared with an industry benchmark of Australian and Global High Performing companies. We are now able to present two years of benchmarked results.

It is pleasing to report that we again achieved a high level of employee engagement, with 91% of employees responding. For the second year running we have outperformed most categories in the Australian national benchmark, and several categories of the Global High Performing company benchmark.

While performing well against our industry and the market is an important measure of success, we are even more pleased to have improved on our 2009 results in all but two categories.

The survey is conducted in December each year and results are collated and presented to our employees in the following quarter, representing a calendar year of performance.

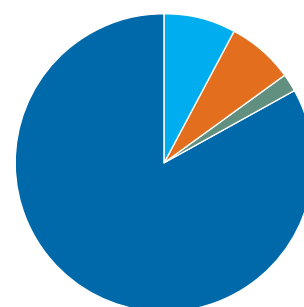
Results are also reviewed at annual divisional offsites and the senior management offsite held in late March, where action plans are identified to address key areas of improvement for the forthcoming year.

## Flexible working environment

To encourage diversity and employee wellbeing we offer flexible work arrangements to support work life balance. We believe that by providing a flexible working environment, our people are better placed to achieve their full potential and to strive for excellence in their work. 14% of our people maintain part-time working hours and 30% of people choose some form of flexible working arrangement, up 4% from 2008.

**87% of our people state that their manager is considerate of their life outside work (78% in 2008)**

## Workforce by employment type



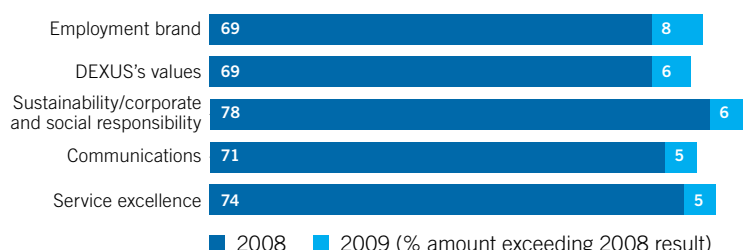
■ Permanent full-time **83%**  
■ Permanent part-time **8%**  
■ Contractor **7%**  
■ Casual **2%**



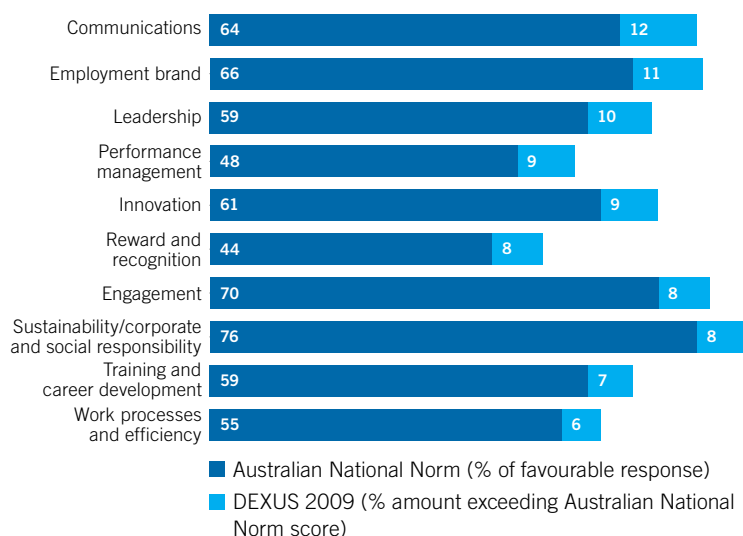
### Group Management Committee

(L to R): John Easy – General Counsel,  
Paul Say – Chief Investment Officer,  
Victor Hoog Antink – Chief Executive Officer,  
Craig Mitchell – Chief Financial Officer,  
Tanya Cox – Chief Operating Officer

### DEXUS EOS results 2009 vs 2008



### DEXUS EOS results 2009 vs Australian National Norm 2009



Note: Survey scores represent positive responses to a maximum 100% score.

### Key results from the 2009 survey:

- 94% are proud to be associated with DEXUS (2008: 92%)
- 85% would recommend DEXUS as a good place to work (2008: 82%)

While the survey highlighted many areas where we are performing well, it also highlighted areas for improvement such as cross-divisional and cross-team sharing and collaboration with 49% indicating that there was ineffective sharing of information between locations at DEXUS.

In response to these results, we have run additional business unit presentations at our Lunchtime Learning sessions. In addition, we expanded the rotation initiative which involves short, mid and long-term cross divisional work experience.

Through this improved sharing of information and experience across divisions, our people gain greater insight into our business and different departments which also enhances their ability to provide input and ideas regarding business solutions outside their traditional area of expertise.

## DEXUS BOARD OF DIRECTORS



DEXUS Funds Management Limited ("DXFM") Board of Directors (L to R): Stewart Ewen OAM, John Conde AO, Peter St George, Victor Hoog Antink, Chris Beare, Barry Brownjohn, Elizabeth Alexander AM, Brian Scullin

**Christopher T Beare**

**BSc, BE (Hons), MBA, PhD, FAICD**  
**Chair and Independent Director**  
**Age 60**

Chris Beare is the Chair and an Independent Director of DXFM (appointed 21 September 2004). He is also a member of the Board Nomination and Remuneration Committee and the Board Finance Committee.

Chris has significant experience in international business, technology, strategy, finance and management.

**Elizabeth A Alexander AM**

**BComm, FCA, FAICD, FCPA**  
**Independent Director**  
**Age 67**

Elizabeth Alexander is an Independent Director of DXFM (appointed 1 January 2005), Chair of DEXUS Wholesale Property Limited and a member of the Board Audit and Board Risk and Sustainability Committees.

Elizabeth brings to the Board extensive experience in accounting, finance, corporate governance and risk management. She was formerly a partner with PricewaterhouseCoopers.

**Barry R Brownjohn**

**BComm**  
**Independent Director**  
**Age 59**

Barry Brownjohn is an Independent Director of DXFM (appointed 1 January 2005), Chair of the Board Audit and Board Risk and Sustainability Committees and a member of the Board Finance Committee.

Barry has more than 20 years experience in Australia, Asia and North America in international banking.

**John C Conde AO**

**BSc, BE (Hons), MBA**  
**Independent Director**  
**Age 62**

John Conde is an Independent Director of DXFM (appointed 29 April 2009), Chair of the Board Nomination and Remuneration Committee and a member of the Board Compliance Committee.

John brings to the Board extensive experience across diverse sectors including commerce, industry and government.

**Stewart F Ewen OAM**

**Independent Director**  
**Age 61**

Stewart Ewen is an Independent Director of DXFM (appointed 21 September 2004) and a member of the Board Nomination and Remuneration Committee.

Stewart has extensive property sector experience and started his property career with the Hooker Corporation in 1966.

**Victor P Hoog Antink**

**BComm, MBA, FCA, FAPI, FRICS, MAICD**  
**Executive Director and Chief Executive Officer**  
**Age 57**

Victor Hoog Antink is CEO and an Executive Director of DXFM (appointed 1 October 2004).

Victor has more than 29 years of experience in property and finance. Victor is a director and immediate past President of the Property Council of Australia and is the National Chairman of the Property Industry Foundation.

**Brian E Scullin**

**BEC**  
**Independent Director**  
**Age 59**

Brian Scullin is an Independent Director of DXFM (appointed 1 January 2005), DEXUS Wholesale Property Limited and Chair of the Board Compliance Committee.

Brian brings to the Board extensive domestic and international funds management knowledge as well as finance, corporate governance and risk management experience.

**Peter B St George**

**CA(SA), MBA**  
**Independent Director**  
**Age 64**

Peter St George is an Independent Director of DXFM (appointed 29 April 2009), Chair of the Board Finance Committee and a member of the Board Audit and Board Risk and Sustainability Committees.

Peter has more than 20 years experience in senior corporate advisory and finance roles within NatWest Markets and Hill Samuel & Co in London.





Members of our Sydney industrial team at Quarry Industrial Estate, Reconciliation Road, Greystanes, NSW

## Maintaining our quality workforce

Employee turnover is an important area to track and manage. Turnover in 2009 was 24%, down 2% on the prior year (2008: 26%). While this improved retention may be partially as a result of continued uncertain economic conditions, our Employee Opinion Survey indicates that we are doing a better job of retaining our people: 62% of employees believed that DEXUS was doing a good job in retaining our most talented people, up 11% from the previous year.

## Employee management

At DEXUS we want our people to be engaged and enthusiastic about our business and their own development. We aim to achieve a motivated workforce by:

- Reviewing and rewarding achievements
- Hosting regular business updates
- Developing our people and
- Providing a friendly, safe and enjoyable space to work

## Employee development

By supporting learning and development, we are able to recruit and retain a talented workforce, which in turn ensures that we are better positioned to achieve our organisation-wide goals of providing world class properties and delivering service excellence. We are committed to providing a comprehensive range of learning and development programs which we believe will help our people meet their career development aspirations while assisting DEXUS to achieve its goals.

We also encourage our employees to take ownership of their own learning and development plans. We believe that our people, in partnership with their direct managers, are well placed to determine their own learning and development objectives. We encourage our people to participate in a range of internal and external training events each year, which are aligned with their individual performance objectives and development plans.

## FY11 COMMITMENTS

### Our people

#### All operations

- Extend use of Balanced Performance Scorecard
- Enhance our graduate and internship program
- Conduct 360 Degree Performance Reviews for managers every two years

#### All operations – Australia

- Improve our process and systems for capturing training and human resource data

# OUR ENVIRONMENT

## ENVIRONMENTAL STRATEGY

OUR ENVIRONMENTAL STRATEGY AIMS TO MINIMISE THE OVERALL ENVIRONMENTAL IMPACT OF OUR OPERATIONS, BOTH IN THE DEVELOPMENT OF NEW PROPERTIES AND THE MANAGEMENT AND OPERATION OF EXISTING PROPERTIES.

We recognise we have a responsibility to our investors, tenants, employees and the wider community to sustain and protect the environment during the ownership, management and development of our property portfolio. We also strive to ensure environmental obligations receive appropriate focus alongside our commercial obligations and objectives.

In this, our third year of collecting comprehensive environmental data, we decided to review our reporting methods and we have determined that intensity metrics are the most appropriate method to assess the performance of our property portfolio. Intensity metrics measure resource consumption on a per square metre basis and this year, a full analysis of resource consumption by square metre has been completed across the office, industrial and retail portfolios.

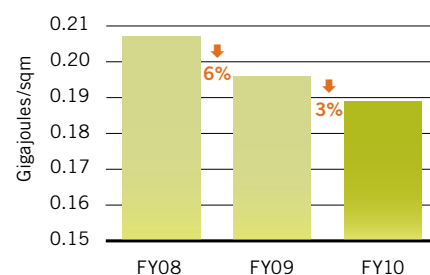
During a year in which we sold and acquired several properties and intend to continue this repositioning in 2011, monitoring our energy consumption on a square metre basis allows a more transparent comparison of our portfolio performance, irrespective of the growth or reduction in the number of properties under our operational control.

During the year, we continued to focus on reducing our overall consumption of energy, greenhouse gas (GHG) emissions and water usage. As a result of a number of focused initiatives and programs across the business, which are further detailed in our annual CR&S Report, we have achieved a 9% reduction in energy, 4% reduction in water and an 8% reduction in GHG emissions over two years to June 2010.

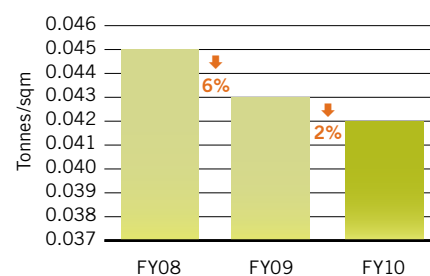
Critical to the success of our sustainability strategy is educating our employees. In addition to the property sustainability employee working groups we established in 2008, we run annual Risk and Sustainability roadshows which provide training to our property management teams on risk management and sustainability practices.

### Australian and US property portfolio performance

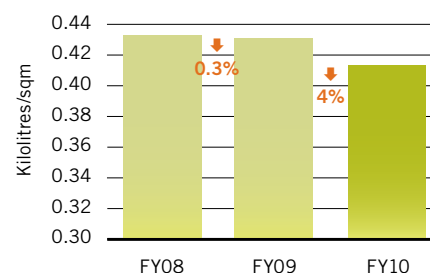
#### Total energy consumption



#### Total GHG emissions



#### Total water consumption



In 2009 88% of our people believed DEXUS is environmentally responsible (up from 81% in 2008)

### ENVIRONMENTAL COMMITMENTS

#### OBJECTIVES

☑	Complete three year resource consumption reduction program and achieve annual reductions in total energy, GHG emissions and water usage, commencing in 2007
☑	Complete NABERS Improvement Plans for office assets
🔄	Progress 4.5 star average energy rating program in our office portfolio by 2012
☑	Improve sustainability data capture and full auditing of data
🔄	Develop a climate change risk register and corresponding action plan for high risk properties
🔄	Enhance our Scope 3 emissions reporting

KEY: ☑ Achieved 🔄 Underway ☒ Not achieved

## Property performance initiatives

### Strategic Improvement Plans (SIPs)

We completed Strategic Improvement Plans in our office portfolio this year. These plans are a critical tool to maximise operational performance, reduce resource consumption and reach an average office portfolio NABERS Energy rating of 4.5 Stars.

Our SIPs cover four elements:

1. Strategic building review
2. Resource consumption performance
3. Energy and water improvement
4. Plant and equipment upgrades

Understanding these elements provides us with a comprehensive view of building performance. They enable us to plan and implement optimum plant and equipment upgrades to maximise energy efficiency and tenant comfort outcomes. The plans also incorporate best practice maintenance and serviceability such as the Property Council of Australia's quality grade considerations and potential future code compliance.

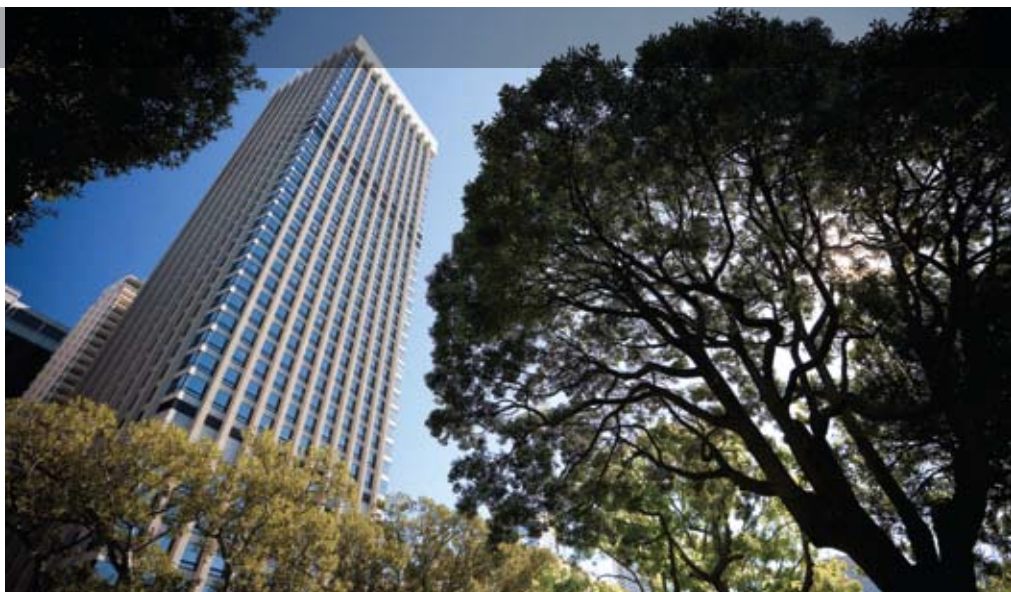
### NABERS ratings

#### Office energy

This year we achieved our commitment to complete a NABERS Improvement Plan in support of our 4.5 Star NABERS Energy rating goal for the Australian office portfolio. In order to implement the NABERS Improvement Plans, a three year capital expenditure budget was approved, commencing in 2010. Current progress indicates we are on track to complete the program in 2012.

#### Office water

NABERS Water ratings for office buildings were undertaken across our office portfolio.



201 Elizabeth Street, Sydney, NSW

#### Retail water and energy

We took part in a property industry study to develop NABERS Water and Energy retail rating tools and we will commence ratings of our eligible retail properties in this financial year.

#### US Industrial ratings

As part of a three year strategy, we are seeking LEED ratings for our core US properties, as well as the collation of energy and water data for our core properties in order to analyse environmental performance, which will then feed into improvement plans.

### Climate change and energy

Appropriate management of climate change risks must take account of both the immediate and longer term timeframes. At DEXUS we seek to reduce the carbon footprint of our properties during the development, refurbishment and ongoing property management stages.

We believe this demonstrates prudent risk management and is an important step in maintaining the attractiveness of our properties for an increasingly sustainability conscious tenant market. In the longer term, we are also conscious of the potential increased risk to our properties from the effects of climate change and the need to adequately address this where required.

In order to address the impact climate change may have on the DEXUS portfolio and the marketplace, we take a pro-active approach as part of our general property management and maintenance process and have introduced initiatives such as:

- Conducting a risk assessment workshop annually to identify business risks and risk mitigation practices including climate change risks
- Developing a climate change risk register and property action plans



We have determined that the risk to our business from climate change is relatively low as our properties are predominantly located in metropolitan areas with good infrastructure and services, and do not include land releases for residential development, green field developments, or coastal developments. Despite this low risk assessment, as part of our commitment to best practice management, we are currently undertaking an externally facilitated climate change risk assessment of our properties. This risk assessment includes building quality, services security and climate change impact.

#### Renewable energy purchases

We are committed to supporting the development of renewable energy, and have in place a two year contract to purchase GreenPower. However, our purchase of renewable energy is not part of our NABERS rating strategy as we believe owning a leading sustainable property portfolio requires us to take a more comprehensive and holistic approach to energy efficiency. Due to a combination of an increase in price of renewable energy and increased energy efficiency, our aggregate renewable energy purchase reduced this year compared to last.

#### Alternative energy initiatives

At 1 Bligh Street in Sydney a number of low carbon and renewable energy solutions are being incorporated including:

- Solar energy tubes located on the roof will provide energy for hot water
- A gas fired tri-generation system will provide energy, heating and, through the use of an absorption chiller, cooling for air-conditioning

Tri-generation systems offer far greater thermal and energy efficiency removing the inefficiency of traditional electricity supply that occurs through transmission losses.

Tri-generation is also being installed at 123 Albert Street in Brisbane and is designed to deliver 18.4% of the property's anticipated energy needs.

#### Water initiatives

As a nation with one of the lowest rainfalls on earth, all Australians understand the value of conserving water. At DEXUS we recognise that as a manager and developer of a large property portfolio we can minimise water use by implementing water saving initiatives and working with our tenants at our new developments and existing properties to drive water savings.

#### Waste

This year we completed a tender for waste services across our portfolio as part of our cleaning retender. Our new tender evaluation process included greater CR&S criteria. As a result, waste management and recycling will be standardised across our portfolio. Recycling opportunities outside this scope will be implemented on a project by project basis, identified by our project teams. For example:

#### Building and demolition materials

At our 123 Albert Street development site 96% of all materials removed from the site were recycled.

#### Fit out reuse

As part of the development of the Willows retail centre in Townsville, a tennis court was demolished. As the lights removed were still operational, they were provided to a local community group for reuse.

#### FUTURE COMMITMENTS FY11

### Environment

#### Office – Australia

- ➔ Progress 4.5 star average NABERS Energy rating program
- ➔ Achieve a minimum 3.5 star NABERS Water rating by 2012

#### Industrial – Australia

- ➔ Design and develop a 5 star development at our Quarry Industrial Estate in Greystanes, NSW

#### Retail – Australia

- ➔ Obtain NABERS shopping centre ratings for DEXUS managed centres

#### Industrial – US

- ➔ Develop a LEED rating plan for our US core properties

#### All developments

- ➔ Optimise the reuse or recycling of material removed from our developments and refurbishments

#### All operations – Australia

- ➔ Assess opportunities at existing properties and new developments to improve biodiversity
- ➔ Expand sub-metering performance monitoring programs for water, gas and electricity



1 Bligh Street, Sydney, NSW

## OUTLOOK



View of Sydney Harbour, from Governor Phillip Tower, 1 Farrer Place, Sydney, NSW

### Responding to regulatory changes

At DEXUS, our proactive approach to risk management and regulatory development is increasingly shaping our business. In Australia, there are a number of new or proposed reporting requirements which require close monitoring and a response plan. As the government's emissions trading scheme is not due to commence until 2013 at the earliest, the government's focus has shifted towards energy efficiency, with an almost immediate impact on the property sector through legislation requiring mandatory property disclosure of energy performance in sales and leasing material for every property, which comes into effect in November 2010. We are well placed to address this new building reporting requirement through our existing programs, which include completing building ratings for our owned and managed properties.

### US focus

In the US there are currently fewer market or regulatory environmental drivers. However, we always seek to operate beyond compliance and intend to embed similar sustainability priorities

and programs in the US, consistent with our practices in Australia. We see this as an opportunity to demonstrate market leadership and for it to become a point of differentiation for our US properties. Our new team is currently reviewing our US CR&S strategy to develop our 2011 program. This will become a key focus as we internalise management and reposition the portfolio to our core west coast markets.

### Stakeholder engagement

A priority in 2011 will be to put in place a new stakeholder engagement program to strengthen stakeholder input into our business decisions. Progress this year on our tender evaluation process has positioned us to drive further sustainable performance through our suppliers, but there is more work to be done here.

We plan to work closely with our tenants and suppliers to drive improved results which will complement our own energy efficiency reduction efforts.

### Resource consumption

Our next challenge is to continue to build on our environmental efficiency successes to date. Following more than a decade of

CR&S improvements, we have spent the past few years focusing on tailored property improvement plans to maximise operational performance and sustainability outcomes and we have seen the results through three consecutive years of resource consumption reductions.

As we embark on our 12th year of CR&S programs, the challenge will be to continue to drive higher reductions in resource consumption.

### Committed to market leadership

While our overarching CR&S principles and the priority of acting sustainably in our business have not changed, market expectation and industry innovation are constantly developing. We are committed to continually reviewing our programs to deliver improvements and remain an industry leader in CR&S in 2011 and beyond.

**DEXUS's 2010 CR&S Report will be available on [www.dexus.com](http://www.dexus.com) and on request via email at [crs@dexus.com](mailto:crs@dexus.com)**

# FINANCIAL SUMMARY

## Full year results financial commentary

DEXUS Property Group's Funds From Operations per security was 7.3 cents (2009: 10.43 cents) resulting in a distribution per security of 5.1 cents (2009: 7.3 cents), a decrease of 30.1% primarily as a result of the impact of equity raisings completed in December 2008 and May 2009 and a reduction in earnings from management company EBIT, the US industrial portfolio and non-core property sales.

Total assets decreased 5.7% over the period to \$7.9 billion at 30 June 2010.

Gearing (net of cash) was 29.8% at 30 June 2010 (2009: 31.2%).

Operating earnings before interest and tax was \$461 million (2009: \$515 million), down 10.3% as a result of:

- Australian and New Zealand office portfolio income which decreased by \$1.7 million to \$245.1 million. The reduction reflected primarily the sale of a \$55 million non-core property which was partially offset by a 0.4% increase in like-for-like property income. The increase in underlying income reflected the positive impact of fixed and market rental increases on the majority of the portfolio, offset by a 1.9% decrease in portfolio occupancy
- Australian industrial portfolio income increased \$0.7 million to \$109.9 million. This reflected a 1.6% increase in like-for-like income and contributions from new properties acquired in the latter part of the year for a total cost of \$70.5 million (excluding stamp duty). These increases were offset by the sale of \$69 million of properties, located in non-core sub-markets



Southgate Complex, 3 Southgate Avenue, Southbank, VIC

- US industrial portfolio income decreased \$33.7 million to \$99.1 million. The decrease was driven by a like-for-like decrease in income of 12%. Tenant delinquency accounted for about 2% of this drop, and despite occupancy by area remaining stable at 86%, market conditions dictated lower rents at renewal and with new leases.

Headline US earnings were also impacted by:

- Disposal of US\$208 million non-core properties
- Acquisition of three new assets in the Whirlpool program for US\$203 million
- Exchange rates
- Other non-core sectors (retail and Europe) where operating income decreased \$9.0 million to \$30.2 million. The decrease reflected primarily the sale of Whitford City Shopping Centre in March 2010 for \$256.5 million and a decline in income arising from the European portfolio which reflected like-for-like income declining by 13.6%

- Management company EBIT of \$6.1 million was \$14.9 million lower than the prior year as a result of a decrease in activity based fee income with lower levels of leasing and development activity across the funds and a decrease in the value of properties managed by DEXUS on which asset management fees are calculated

Specific movements in the Statements of Financial Position for the year ended 30 June 2010 include the:

- Impact of revaluations during the period and currency impact in respect of international properties, property sales partially offset by acquisitions and capital expenditure resulting in a decrease in total assets of 5.7% to \$7.9 billion (2009: \$8.4 billion)
- Net tangible assets per security were \$0.95 (2009: \$1.01), a decrease of 5.9% primarily as a result of revaluations in the first half of the year

The full financial accounts can be found in our Annual Report located at [www.dexus.com](http://www.dexus.com)



## Five year financial summary

	2006 \$'000	2007 \$'000	2008 \$'000	2009 \$'000	2010 \$'000
<b>Statements of Comprehensive Income</b>					
<b>Profit and loss</b>					
Property revenue	659,749	693,430	664,831	708,506	663,068
Management fees	–	–	26,760	63,663	51,588
Property revaluations	686,490	831,330	184,444	–	–
Reversal of previous impairment	–	–	–	–	13,307
Interest revenue and other income	90,083	19,168	12,829	5,739	10,144
<b>Total income</b>	<b>1,436,322</b>	<b>1,543,928</b>	<b>888,864</b>	<b>777,908</b>	<b>738,107</b>
Property expenses	(160,651)	(170,120)	(159,565)	(174,485)	(169,753)
Finance costs	(166,116)	(133,055)	(213,233)	(384,241)	(190,685)
Employee benefit expense	–	–	(23,340)	(59,282)	(58,978)
Contribution from equity accounted investments	26,911	52,715	2,467	31	(26,243)
Net gain/(loss) on sale of investment properties	1,490	3,355	2,297	(1,880)	(53,342)
Impairments and property devaluations	(3,287)	–	(61)	(1,685,733)	(209,367)
Other expenses	(39,161)	(53,559)	(44,266)	(47,970)	(28,132)
<b>Total expenses</b>	<b>(340,814)</b>	<b>(300,664)</b>	<b>(435,701)</b>	<b>(2,353,560)</b>	<b>(736,500)</b>
Profit/(loss) before tax	1,095,508	1,243,264	453,163	(1,575,652)	1,607
Income and withholding tax (expense)/benefit	(29,123)	(32,473)	(7,902)	120,236	29,983
<b>Net profit/(loss)</b>	<b>1,066,385</b>	<b>1,210,791</b>	<b>445,261</b>	<b>(1,455,416)</b>	<b>31,590</b>
Other non-controlling interests (including RENTS)	(56,043)	(41,972)	(6,984)	(3,695)	(170)
<b>Net profit/(loss) to stapled security holders</b>	<b>1,010,342</b>	<b>1,168,819</b>	<b>438,277</b>	<b>(1,459,111)</b>	<b>31,420</b>
Operating EBIT	n/a	n/a	485.9	514.5	461.3
Funds from operations (cents per security)	11.0	11.3	11.9	10.43	7.3
Distributions (cents per security)	11.0	11.3	11.9	7.3	5.1
<b>Statements of Financial Position</b>					
Cash and receivables	141,682	95,992	135,671	120,661	89,429
Property assets <sup>1</sup>	7,975,744	9,151,993	8,737,874	7,741,549	7,308,543
Other (including derivative financial instruments and intangibles)	170,112	238,851	475,442	488,900	473,056
<b>Total assets</b>	<b>8,287,538</b>	<b>9,486,836</b>	<b>9,348,987</b>	<b>8,351,110</b>	<b>7,871,028</b>
Payables and provisions	256,424	289,501	322,528	289,561	281,230
Interest bearing liabilities	3,195,047	3,353,327	3,006,919	2,509,012	2,240,082
Other (including financial instruments)	120,554	139,065	184,487	406,320	343,269
<b>Total liabilities</b>	<b>3,572,025</b>	<b>3,781,893</b>	<b>3,513,934</b>	<b>3,204,893</b>	<b>2,864,581</b>
Net assets	4,715,513	5,704,943	5,835,053	5,146,217	5,006,447
Minority interest	427,851	438,173	205,998	206,772	205,275
<b>Net assets (after non-controlling interest)</b>	<b>4,287,662</b>	<b>5,266,770</b>	<b>5,629,055</b>	<b>4,939,445</b>	<b>4,801,172</b>
NTA per security (\$)	1.53	1.82	1.77	1.01	0.95
Gearing ratio (%)	38.3	35.6	33.2	31.2	29.8
<b>Statements of Changes in Equity</b>					
Total equity at the beginning of the year	3,865,712	4,715,513	5,704,943	5,835,053	5,146,217
Net profit/(loss)	1,066,385	1,210,791	445,261	(1,455,416)	31,590
Other comprehensive income/(loss)	9,214	(27,136)	77,929	(53,478)	(7,034)
Contributions of equity, net of transaction costs	94,776	145,328	243,524	1,129,971	90,360
Distributions provided for or paid	(306,259)	(324,638)	(355,380)	(296,648)	(244,411)
Other transactions with equity holders	–	–	402	–	–
Other non-controlling interest movements during the year	(14,315)	(14,915)	(281,626)	(13,265)	(10,275)
<b>Total equity at the end of the year</b>	<b>4,715,513</b>	<b>5,704,943</b>	<b>5,835,053</b>	<b>5,146,217</b>	<b>5,006,447</b>
<b>Statements of Cash Flows</b>					
Net cash inflow from operating activities	328,025	319,735	374,445	359,577	340,174
Net cash (outflow)/inflow from investing activities	(455,225)	(537,912)	11,065	(212,459)	90,592
Net cash inflow/(outflow) from financing activities	163,476	174,366	(342,514)	(170,190)	(444,382)
Net increase/(decrease) in cash and cash equivalents	36,276	(43,811)	42,996	(23,072)	(13,616)
Cash and cash equivalents at the beginning of the year	68,959	106,428	59,603	99,214	84,845
Effects of exchange rate changes on cash and cash equivalents	1,193	(3,014)	(3,385)	8,703	(6,810)
<b>Cash and cash equivalents at the end of the year</b>	<b>106,428</b>	<b>59,603</b>	<b>99,214</b>	<b>84,845</b>	<b>64,419</b>

1 Property assets include investment properties, non-current asset classified as held for sale, non-current inventories, investments accounted for using the equity method, and property, plant and equipment.

## Director and Executive remuneration

The Directors met 13 times during the year. Ten Board meetings were main meetings, three meetings were held to consider specific business. While the Board continually considers strategy, in March 2010 the Board members met with the Executive and senior management team over three days to consider DEXUS's strategic plans.

	Main meetings held	Main meetings attended	Specific meetings held	Specific meetings attended
Christopher T Beare	10	10	3	3
Elizabeth A Alexander AM	10	10	3	3
Barry R Brownjohn	10	10	3	3
John C Conde AO	10	10	3	3
Stewart F Ewen OAM	10	10	3	3
Victor P Hoog Antink	10	10	3	3
Brian E Scullin	10	10	3	2
Peter B St George	10	9	3	3

Special meetings are held at a time to enable the maximum number of Directors to attend and are generally held to consider specific items that cannot be held over to the next scheduled main meeting.

The table below sets out the number of Board Committee meetings held during the year for the Committees in place at the end of the year and each Director's attendance at those meetings.

	Board Audit Committee		Board Risk and Sustainability Committee <sup>2</sup>		Board Compliance Committee		Board Nomination and Remuneration Committee		Board Finance Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Christopher T Beare	–	–	–	–	–	–	5	5	5	5
Elizabeth A Alexander AM	7	7	4	4	–	–	–	–	–	–
Barry R Brownjohn	7	7	4	4	–	–	–	–	5	5
John C Conde AO	–	–	–	–	4	4	5	5	–	–
Stewart F Ewen OAM	–	–	–	–	–	–	5	5	–	–
Victor P Hoog Antink	–	–	–	–	–	–	–	–	–	–
Brian E Scullin <sup>1</sup>	–	–	–	–	4	4	1	1	–	–
Peter B St George	7	7	4	4	–	–	–	–	5	5

1 Nomination and Remuneration Committee member from 1 July 2009 to 31 August 2009.

2 Name changed from Board Risk Committee on 2 June 2010.

## Remuneration of Key Management Personnel

The following is a summary of the structure and amounts of each remuneration component for DEXUS Executives for the years ending 30 June 2009 and 30 June 2010. For more information regarding the remuneration of DEXUS Executives please refer to the Remuneration Report contained in the Annual Report.

Name	Short-term employee benefits			Post-employment benefits	Other long-term benefits			Total
	Cash salary and fees	DEXUS performance payments	Other short-term benefits <sup>1</sup>	Pension and super benefits	DEXUS deferred performance payment allocations <sup>2</sup>	Movement in prior year deferred performance payment allocation values <sup>3</sup>	Other long-term benefits	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Victor P Hoog Antink</b>								
2010	1,252,539	1,100,000	–	47,461	1,200,000	363,957	–	3,963,957
2009	1,200,000	785,000	–	100,000	915,000	(416,600)	–	2,583,400
<b>Tanya L Cox</b>								
2010	385,539	180,000	–	14,461	180,000	62,533	–	822,533
2009	352,086	150,000	–	47,914	150,000	(80,773)	–	619,227
<b>Patricia A Daniels<sup>4</sup></b>								
2010	246,872	104,000	–	14,461	104,000	13,023	–	482,356
2009	247,589	90,000	–	13,745	90,000	(24,250)	–	417,084
<b>John C Easy</b>								
2010	360,539	187,000	–	14,461	188,000	47,437	–	797,437
2009	343,255	163,000	–	31,745	162,000	(57,688)	–	642,312
<b>Jane Lloyd</b>								
2010	355,455	162,000	123,107	14,461	163,000	10,012	–	828,035
2009	361,255	113,000	–	13,745	112,000	–	–	600,000
<b>Louise J Martin</b>								
2010	485,539	200,000	–	14,461	200,000	74,415	–	974,415
2009	405,000	175,000	–	95,000	175,000	(60,625)	–	789,375
<b>Craig D Mitchell</b>								
2010	535,539	400,000	–	14,461	400,000	40,528	–	1,390,528
2009	500,000	325,000	–	50,000	325,000	(60,625)	–	1,139,375
<b>Paul G Say</b>								
2010	485,539	250,000	–	14,461	250,000	30,565	–	1,030,565
2009	486,255	200,000	–	13,745	200,000	(60,625)	–	839,375
<b>Mark F Turner</b>								
2010	401,339	140,000	–	48,661	140,000	88,473	–	818,473
2009	400,015	135,000	–	49,985	135,000	(103,635)	–	616,365
<b>Andrew P Whiteside</b>								
2010	460,539	225,000	–	14,461	225,000	16,610	–	941,610
2009	461,255	135,000	–	13,745	135,000	(24,250)	–	720,750
<b>Total</b>								
2010	4,969,439	2,948,000	123,107	211,810	3,050,000	747,553	–	12,049,909
2009	4,756,710	2,271,000	–	429,624	2,399,000	(889,071)	–	8,967,263

1 Other short-term benefits include expatriate assignment benefits such as relocation and housing allowances, relocation consultant assistance, health insurance premiums and associated taxes on these benefits.

2 This is the DDPP allocation for the current year which is deferred for three years as described on pages 5, 18 and 23 of the 2010 DEXUS Property Group's Annual Report.

3 This is the notional change in value of all unvested DDPP allocations from prior year.

4 Patricia A Daniels' actual remuneration received is for a four day week.



## INVESTOR INFORMATION

### FREQUENTLY ASKED QUESTIONS

#### How do I invest in the DEXUS Property Group?

DEXUS Property Group securities are listed on the Australian Securities Exchange (ASX). The ASX code is DXS. Security holders will need to use the services of a stockbroker or an online broking facility to trade DEXUS Property Group (DXS) securities.

#### How can I find out information about DEXUS?

Information relating to DEXUS Property Group can be found at [www.dexus.com](http://www.dexus.com). The website contains information on our property portfolio and operations. The site also provides access to your investment details and other Group information including:

- ASX announcements
- Property portfolio
- Reports
- Presentations
- Distributions and the Distribution Reinvestment Plan
- Tax information
- Corporate Responsibility and Sustainability
- Corporate governance
- Research

#### How do I get information that will assist me to administer my DEXUS holding?

DEXUS Property Group provides a significant amount of current and historical information in our Investor Centre at [www.dexus.com/Investor-Centre/DXS](http://www.dexus.com/Investor-Centre/DXS) including:

- Distributions and taxation information
- Security issue price
- Apportionment percentages for DEXUS Property Group since stapling
- Capital gains tax information

#### What is the distribution policy?

The DEXUS Property Group's distribution policy is to distribute 70% of Funds From Operations (FFO). Distributions are paid for the six months to December and June each year.

Security holders can receive their distributions by either direct credit into a nominated bank account or can elect to reinvest their income through the Distribution Reinvestment Plan (see below).

#### How can I reinvest my distribution?

Holders may reinvest part or all of their periodic distributions into DEXUS Property Group.

The Distribution Reinvestment Plan (DRP) is available to Australian and New Zealand security holders. The amount to be reinvested will be applied to acquire securities in DEXUS Property Group. Where the amount to be reinvested does not equal a whole multiple of the issue price, the residual amount will be carried forward and added to the next reinvestment amount. The DRP will operate in accordance with the DRP's Terms and Conditions which can be found on the website at [www.dexus.com/Investor-Centre/DXS](http://www.dexus.com/Investor-Centre/DXS)

DEXUS will advise the ASX each half year if the DRP for that distribution is operational and also details about calculating DRP issue price. Please refer to our website at [www.dexus.com](http://www.dexus.com) or alternatively these announcements can be obtained after a 20 minute delay from the ASX website at [www.asx.com](http://www.asx.com)

If you wish to make a DRP election or change your existing DRP election you should contact the DEXUS Infoline on 1800 819 675.

#### How do I get the distribution information required by non-resident holders or their custodians?

The notice required by non-resident security holders and custodians of non-resident investors for the purposes of section 12-395 of Schedule 1 to the *Tax Administration Act 1953* is published on our website at [www.dexus.com/Investor-Centre/DXS](http://www.dexus.com/Investor-Centre/DXS) prior to the payment of each distribution.

#### What do I do if I have unclaimed distributions?

If you believe you have unpresented cheques or unclaimed distributions, please contact the DEXUS Infoline on 1800 819 675.

For monies that have been outstanding for more than seven years, you should contact the NSW Office of State Revenue on 1300 366 016 or go to their website at [www.osr.nsw.gov.au](http://www.osr.nsw.gov.au) and use their unclaimed monies search facility.

#### Do I need to give you my tax file number?

You are not required by law to provide us with your Tax File Number, Australian Business Number (ABN) or Exemption.

However, if you do not provide your TFN, ABN or Exemption, withholding tax at the highest marginal rate, may be deducted from your distributions. If you have not supplied this information and wish to do so, please contact the DEXUS Infoline on 1800 819 675 or your sponsoring broker.

### How do I complete my annual taxation return for the distributions I receive from DEXUS?

At the end of each financial year, we will provide an Annual Taxation Statement to security holders who have received a distribution during the financial year. This statement summarises the distributions paid to you during the year and includes information required to complete your tax return.

### Does DEXUS Property Group have any other listed trusts?

DEXUS Property Group has a hybrid security called DEXUS RENTS Trust, Real-estate perpetual Exchangeable Step-up Securities listed on the Australian Stock Exchange (ASX code: DXRPA ).

Further information on DEXUS RENTS Trust can be found in our Investor Centre at [www.dexus.com](http://www.dexus.com) or at [www.asx.com](http://www.asx.com). All trading for DEXUS RENTS Trust is conducted via a stockbroker or an online broking facility.

### How do I make a complaint?

Any security holder wishing to lodge a complaint should do so in writing and forward it to DEXUS Funds Management Limited at the address shown in the Directory. DEXUS Funds Management Limited is a member of the Financial Ombudsman Service (FOS), an independent dispute resolution scheme which may be contacted at:

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001

Phone: 1300 780 808  
Fax: +61 3 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)  
Website: [www.fos.org.au](http://www.fos.org.au)

## Key dates for the 2011 financial year

Anticipated date	Reporting timetable
23 September 2010	2010 Annual Report available
25 October 2010	2010 CR&S Report
27 October 2010	2010 Annual General Meeting
20 December 2010	December 2010 distribution and DRP details announcement
16 February 2011	December 2010 half year results announcement
21 June 2011	June 2011 distribution and DRP details announcement
17 August 2011	2011 annual results announcement
Distribution timetable	
24 December 2010	Ex-distribution date for December 2010 distribution
31 December 2010	Record date for December 2010 distribution
26 February 2011	Payment date for December 2010 distribution
24 June 2011	Ex-distribution date for June 2011 distribution
30 June 2011	Record date for June 2011 distribution
26 August 2011	Payment date for June 2011 distribution

Please note that these dates are indicative and are subject to change without prior notice.

## INVESTOR INFORMATION

### KEY ASX ANNOUNCEMENTS

During the year DEXUS provides information to the ASX concerning the operations and financial business of the Group. Listed below is a summary of the announcements made during the 2010 financial year. Each of these announcements are available on our website at [www.dexus.com](http://www.dexus.com)

9 June 2010	DEXUS DRP pricing discount reduces to zero
2 June 2010	DEXUS opens west coast US office and expands team
10 May 2010	DEXUS acquires 108-120 Silverwater Road, Silverwater, NSW
5 May 2010	DEXUS portfolio update at 31 March 2010
5 May 2010	DEXUS Sydney industrial tour book
15 April 2010	DEXUS completes Medium Term Note buy-back and re-issue
26 March 2010	DEXUS 2009 Half Year Report
23 March 2010	DEXUS – 1 Bligh Street achieves world leadership 6 Star Green Star and the highest rating score in Sydney
17 March 2010	DEXUS – 1 Bligh Street – Sydney's first high rise office tower to incorporate blackwater technology
23 January 2010	DEXUS named in World's Top 100 Most Sustainable List
30 December 2009	DEXUS sells 50% interest in Westfield Whitford City shopping centre
24 December 2009	DEXUS announces US property sales of US\$177 million
17 December 2009	DEXUS secures three new leases at The Zenith, Chatswood, NSW
10 December 2009	DEXUS announces acquisition of 2-4 Military Road, Matraville, NSW
9 December 2009	DEXUS – 123 Albert Street, Brisbane receives 6 Star Green Star certification rating
9 December 2009	DEXUS announces two pre-lease commitments at Greystanes
1 December 2009	DEXUS announces expansion of IR team
1 December 2009	DEXUS receives development approval for major industrial estate
29 September 2009	DEXUS announces US\$300 million notes issue
29 September 2009	DEXUS announces its 2009 Security Holder Review and the Annual Report
29 September 2009	DEXUS announces its Notice of Meeting and Proxy Form
18 September 2009	DEXUS announces rating of Baa1 by Moody's
18 August 2009	DEXUS announces the 2009 annual results release and presentation
18 August 2009	DEXUS announces the Appendix 4E and financials
18 August 2009	DEXUS 2009 Property Synopsis
21 July 2009	DEXUS completes A\$160 million MTN issue
17 July 2009	DEXUS announces Asset Sale Program update
3 July 2009	DEXUS portfolio update



# GLOSSARY

<b>ABGR</b>	Australian Building Greenhouse Rating (now NABERS Energy Rating)	<b>FL</b>	State of Florida, USA
<b>AM</b>	Member of the Order of Australia	<b>FOS</b>	Financial Ombudsman Service, an independent dispute resolution scheme
<b>AO</b>	Office of the Order of Australia	<b>FRICS</b>	Fellow of the Royal Institute of Chartered Surveyors
<b>ASX</b>	Australian Securities Exchange Limited	<b>FTSE4Good Index</b>	FTSE Index, which measures performance of companies that meet globally, recognised corporate responsibility standards
<b>AuSSI</b>	Australia SAM Sustainability Index	<b>GFC</b>	Global Financial Crisis of 2009
<b>BComm</b>	Bachelor of Commerce	<b>GHG</b>	Greenhouse Gas Emissions
<b>BEc</b>	Bachelor of Economics	<b>GRI</b>	Global Reporting Initiative
<b>BE (Hons)</b>	Bachelor of Economics (Honours)	<b>KMP</b>	Key Management Personnel
<b>BSc</b>	Bachelor of Science	<b>MAICD</b>	Member of the Australian Institute of Company Directors
<b>CA</b>	State of California, USA	<b>MBA</b>	Master of Business Administration
<b>CA(SA)</b>	Chartered Accountant (South Australia)	<b>MTN</b>	Medium term notes
<b>CMBS</b>	Commercial Mortgage Backed Securities	<b>NABERS</b>	National Australian Built Environmental Rating Systems
<b>CPA</b>	Certified Public Accountant	<b>NGERS</b>	National Greenhouse and Energy Reporting System
<b>DRP</b>	Distribution Reinvestment Plan	<b>NTA</b>	Net tangible assets
<b>DXFM</b>	DEXUS Funds Management Limited, the Responsibility Entity for each of the four Trusts that comprise DEXUS Property Group	<b>OAM</b>	Medal of the Order of Australia
<b>DEXUS Property Group, DEXUS or the Trusts</b>	Means DEXUS Funds Management Limited (ACN 060 920 783) as the Responsible Entity of each of the four Trusts that comprise DEXUS Property Group	<b>OH</b>	State of Ohio, USA
<b>CR&amp;S</b>	Corporate Responsibility and Sustainability	<b>PA</b>	State of Pennsylvania, USA
<b>DJSI World</b>	Dow Jones Sustainability World Index	<b>PhD</b>	Doctor of Philosophy
<b>EEO</b>	Equal Employment Opportunity	<b>REIT</b>	Real Estate Investment Trust
<b>FAICD</b>	Fellow of the Australian Institute of Company Directors	<b>RENTS</b>	DEXUS RENTS Trust – Real-estate perpetual Exchangeable Step-up Securities (ASX code: DXRPA)
<b>FAPI</b>	Fellow of the Australian Property Institute	<b>S&amp;P</b>	Standard & Poor's rating agency
<b>FCA</b>	Fellow of the Institute of Chartered Accountants	<b>WALE</b>	Weighted average lease expiry
<b>FFO</b>	Funds From Operations is often used as a measure of real estate operating performance after finance costs and taxes. It represents AIFRS profit after tax attributable to stapled security holders adjusted for property revaluations, impairments, derivative and foreign currency mark to market movements, amortisation of certain tenant incentives, profit and loss on sale of assets, straight line rent adjustments, deferred tax expense and DEXUS RENTS Trust capital distribution		

DEXUS Diversified Trust  
ARSN 089 324 541

DEXUS Industrial Trust  
ARSN 090 879 137

DEXUS Office Trust  
ARSN 090 768 531

DEXUS Operations Trust  
ARSN 110 521 223

## Responsible Entity

DEXUS Funds Management Limited  
ABN 24 060 920 783

## Registered office of the Responsible Entity

Level 9, 343 George Street  
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PO Box R1822  
Royal Exchange  
Sydney NSW 1225

Phone: +61 2 9017 1100  
Fax: +61 2 9017 1101  
Email: [ir@dexus.com](mailto:ir@dexus.com)  
[www.dexus.com](http://www.dexus.com)

## DEXUS US Office

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Newport Beach CA 92660

Phone: +1 949 783 2801  
Fax: +1 949 433 9124  
Email: [ir@dexus.com](mailto:ir@dexus.com)  
[www.dexus.com/us](http://www.dexus.com/us)

## Directors of the Responsible Entity

Christopher T Beare, Chair  
Elizabeth A Alexander AM  
Barry R Brownjohn  
John C Conde AO  
Stewart F Ewen OAM  
Victor P Hoog Antink, CEO  
Brian E Scullin  
Peter B St George

## Secretaries of the Responsible Entity

Tanya L Cox  
John C Easy

## Auditors

PricewaterhouseCoopers  
Chartered Accountants  
201 Sussex Street  
Sydney NSW 2000

## Investor enquiries

Registry Infoline: 1800 819 675  
or +61 2 8280 7126  
Investor Relations: +61 2 9017 1330  
Email: [ir@dexus.com](mailto:ir@dexus.com)  
Website: [www.dexus.com](http://www.dexus.com)

## Security registry

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

Locked Bag A14  
Sydney South NSW 1235

Registry Infoline: 1800 819 675  
or +61 2 8280 7126  
Fax: +61 2 9287 0303  
Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)  
Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Monday to Friday between 8.30am and 5.30pm (Sydney time).

For enquiries regarding your holding you can contact the security registry, or access your holding details at [www.dexus.com](http://www.dexus.com) using the Investor login link.

## Australian Securities Exchange

ASX Code: DXS

# REPORTING STRUCTURE



## DEXUS Annual Reporting Structure

DEXUS reports to investors across several documents:

1. This report, the DEXUS Property Group 2010 Security Holder Review, contains an overview of the Group's operations for the year ending 30 June 2010.
2. The DEXUS Property Group 2010 Annual Report contains the Group's consolidated Financial Statements, Corporate Governance Statement and information about DEXUS's Board of Directors. This document should be read in conjunction with the 2010 Security Holder Review.
3. The DEXUS Property Group 2010 Combined Financial Statements provide the financial statements of DEXUS Industrial Trust, DEXUS Office Trust and DEXUS Operations Trust on an individual basis. This document should be read in conjunction with the DEXUS Property Group 2010 Annual Report which contains the Group's consolidated Financial Statements. In accordance with statutory reporting, DEXUS Diversified Trust has been chosen as the "deemed acquirer" of these three Trusts.
4. The 2010 Corporate Responsibility and Sustainability (CR&S) Report will be available online or as a printed report from late October 2010. This report may be viewed or downloaded online at [www.dexus.com](http://www.dexus.com). We have provided a summary of the CR&S Report in this Security Holder Review.

The above reports will be available as part of our 2010 online suite of reports at [www.dexus.com](http://www.dexus.com)

In addition, the PDF of each report will be located at [www.dexus.com/Investor-Centre/DXS/Reports](http://www.dexus.com/Investor-Centre/DXS/Reports)

DEXUS's Annual General Meeting Notice of Meeting will also be available in the online reporting suite and in the Investor Centre.



Consistent with DEXUS's commitment to sustainability, this report is printed on an FSC Mixed Sources Certified paper, which ensures that all virgin pulp is derived from well-managed forests and controlled sources. It contains elemental chlorine free (ECF) bleached pulp and is manufactured by an ISO 14001 certified mill. The mill operates a three step, waste water and recycling treatment system. These steps involve chemical treatment; micro-organism treatment; and penton treatment. The mill utilises steam for energy sourced from its own cogeneration plant and has recently concluded a Voluntary Agreement for energy conservation. The printer of this report has Forest Stewardship Council (FSC), Chain of Custody Certification.



**2010 DEXUS Property Group**  
SECURITY HOLDER REVIEW

