

2011 DEXUS ANNUAL REVIEW



WELCOME TO DEXUS PROPERTY GROUP'S 2011 ANNUAL REVIEW

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2011 Annual Reporting suite

DEXUS Property Group (DXS) reports financial and non-financial performance across three reports:

1. The 2011 Annual Review, an integrated report summarising our financial, operational and Corporate Responsibility and Sustainability (CR&S) performance for the year ending 30 June 2011. Further CR&S information can be found on our website at www.dexus.com/crs
2. The 2011 Annual Report containing DXS's consolidated Financial Statements, Corporate Governance Statement and information about our Board of Directors. This document should be read in conjunction with the 2011 Annual Review.
3. The 2011 Combined Financial Statements providing 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 2011 Annual Report and Annual Review.

These reports are provided in print and online at www.dexus.com/dxs/reports along with our Annual General Meeting Notice of Meeting to security holders.





The DEXUS Property Group 2011 Annual Review provides an overview of our operations, including financial and non-financial performance, for the year ending 30 June 2011.

This report and its scope

In response to global reporting trends and in line with our commitment to best practice stakeholder communications we have changed our reporting approach to combine content previously contained in the Security Holder Review and the Corporate Responsibility and Sustainability Report, into one Annual Review. We believe this move to integrated reporting will enable us to better demonstrate how we manage our business holistically, how our financial and non-financial objectives and performance interact, and how we consider both financial and non-financial factors in our decision making including stakeholder impacts. The Annual Review covers our financial performance at all locations, including Australia, New Zealand, the United States and Europe. Environmental data includes only properties under our operational control as defined under the National Greenhouse and Energy Reporting System (NGERS). All figures contained in this Annual Review are as at 30 June 2011 and all \$ amounts are in Australian dollars, unless otherwise specified. All resource graphs display consumption on an intensity (per sqm) basis which enables like-for-like comparisons. Absolute consumption and additional information is provided in the Performance Pack in our online annual reporting suite at www.dexus.com/dxs/reports, available mid October 2011.

ABOUT DEXUS

Our vision is to be the leading property owner, manager and developer of superior quality office and industrial properties in Australia and industrial properties in the US west coast markets and, on behalf of third party investors, to be a leading manager and developer of office, industrial and retail properties.

DEXUS specialises in owning, managing and developing world class office, industrial and retail properties with total funds under management (FUM) of \$13.7 billion primarily in Australia and the US.

All our properties either form part of our \$7.5 billion direct property portfolio, one of the largest listed Australian Real Estate Investment Trusts (REITs) (ASX: DXS), or our \$6.2 billion third party investment management business including DEXUS Wholesale Property Fund (DWPF) which invests in office, industrial and retail properties on behalf of third party investors. In Australia, DEXUS is a market leader in office and industrial properties and a leading manager and developer of shopping centres. Operating in the US since 2004, we specialise in owning, managing and developing high quality industrial properties focused on the west coast.

Core competencies

DEXUS has a proven track record spanning over 25 years in commercial property investment and management.

We are committed to delivering sustainable property solutions in partnership with our tenants and building enduring value for our investors and the wider community.

Our corporate values are Respect, Excellence, Service, Integrity, Teamwork and Empowerment.

We have three core activities; property ownership, portfolio and property management and select property development. Our key principles for each of these activities are provided below.

OWN

We invest in superior quality property in strategic locations in Australia and the US. We build financial strength through active capital management and informed investment decisions.

MANAGE

Through our fully integrated property management model we provide superior service to our tenants, investors and partners. We are committed to engaging with and responding to our key stakeholders to achieve leading property and environmental performance.

DEVELOP

We undertake selective development to create value for investors and deliver the highest quality workspaces incorporating leading sustainable design principles.

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



DEXUS is one of Australia’s leading property groups specialising in superior quality office, industrial and retail properties with total funds under management of \$13.7 billion.

DEXUS Group structure

\$13.7bn FUM | 240 properties | 5.9m sqm net lettable area (NLA)

DEXUS Property Group (DXS) \$7.5bn ¹		Third Party Investment Management \$6.2bn		
DXS Australia \$6.1bn		DXS United States \$1.2bn		
OFFICE \$4.5bn		INDUSTRIAL \$1.2bn		
INDUSTRIAL \$1.6bn				
		DWPF \$3.4bn	AXA & STC Mandates \$2.6bn	US Mandate \$223m
		OFFICE \$1.1bn	OFFICE \$943m	INDUSTRIAL \$223m
		INDUSTRIAL \$354m	INDUSTRIAL \$381m	
		RETAIL \$1.9bn	RETAIL \$1.2bn	

About DXS
In 2004 DXS completed a consolidation of its operations by stapling four of its trusts into one security forming DEXUS Property Group (ASX code: DXS). A DXS stapled security consists of a unit from each of DEXUS Diversified Trust (DDF), DEXUS Industrial Trust (DIT), DEXUS Office Trust (DOT) and DEXUS Operations Trust (DXO).

1 Includes European properties and other including cash.

LETTER FROM THE CHAIR



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

I am pleased to present the 2011 Annual Review, an integrated report presenting an overview of our operations, including financial and non-financial performance for the year ending 30 June 2011.

Year in review

In 2010/11 we delivered a net profit to security holders of \$553 million, representing an increase of \$521.6 million on the previous year. The profit reflects the result of Funds From Operations (FFO) of \$358 million for the year and the revaluation of real estate, up \$182 million.

In recovering market conditions we continued to concentrate on achieving outperformance through leadership in office and industrial property ownership, management and development.

In particular, our core office portfolio and active industrial business benefited from a combination of improving market conditions and a business platform well positioned to capitalise on those improvements.

While operating conditions in the United States continue to be mixed, the value of our US portfolio increased significantly reflecting a recovery in property valuations. Our balance sheet remained strong with gearing of 28.4%, access to multiple debt markets and limited short term debt expiries. We remain well positioned to respond to changing conditions and opportunities that may arise.

In line with guidance provided to the market, FFO totalled \$358 million or 7.4 cents per security and distributions paid were 5.2 cents per security for the year.

During the year we focused on further building our distinctive capabilities to deliver strong performance and strengthening our leadership positions in the office and industrial sectors. We achieved this by focusing on the value drivers that we believe contribute to outperformance mainly:

- Focusing investment in core markets with high barriers to entry allowing us to create further scale and market power
- Leveraging our concentrated scale to build and maintain local relationships

- Utilising our experienced in-house research team in acquisition, disposal and leasing transaction strategy
- Selectively engaging in value add developments

As a result of this focus DEXUS outperformed the S&P/ASX200 Property Accumulation Index in 2011 and has exceeded this benchmark on a rolling three year basis each year since inception in October 2004.

Stakeholder objectives

In 2011 we continued to drive performance and embed sustainability practices across our business in line with our corporate commitments to deliver positive outcomes for our key stakeholders by:

- Maximising returns for our investors
- Offering world class sustainable property solutions to our tenants
- Actively managing our purchasing and partnering decisions to ensure a positive impact and create shared value
- Being a preferred employer in the property industry to attract and retain the most talented team

- Ensuring we have a positive impact through engagement with the communities in which we operate
- Reducing resource consumption within our buildings including working with our tenants to minimise their resource consumption

Board and governance

At the date of this report the Board comprises nine Directors, eight of whom are independent. On 24 August 2011, Tonia Dwyer joined our Board and her appointment will be proposed at the upcoming Annual General Meeting of security holders. Specific skills and experience the Directors bring to the Board include strategy, property investment, investment management, capital markets, financial and risk management.

During the year we established a new Board membership policy, outlining our approach to Directors servicing multiple boards, to guard against Directors over committing their time. The policy also reflects our commitment to review and refresh Board and Committee membership to ensure appropriate experience and insight.

In 2010 we formalised our diversity policy to reflect our belief that diversity is a competitive advantage for our investors. In June 2011, we agreed objectives and one of these was to achieve at least 33% female participation in senior management and the Board by June 2015.

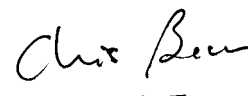
I am pleased to report that we currently sit at 31% female participation. This represents the top 30% of our workforce, including the Board, and is one of the highest in the ASX 100. We continue to support and encourage diversity at all levels – the Board of Directors, the senior management team and throughout our organisation. The Board and Management oversee progress towards the achievement of our diversity objectives, including regular monitoring of key workforce demographics.

The delivery of our strategy is guided by a governance framework including an investment strategy which incorporates the United Nations Principles of Responsible Investment (UNPRI). Our commitment to UNPRI further reflects the importance we place on Corporate Responsibility and Sustainability across the Group.

We continue to enhance our performance through the delivery of social, ethical and environmental objectives. For further detail on our governance approach and our policies see our Governance section on page 46 and www.dexus.com/corporategovernance

Your Board and management team will remain focused on driving performance from our properties and the third party portfolios we manage to maximise returns for investors.

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 2012 and reporting our activities to you next year.



Christopher T Beare
Chair

26 September 2011

We welcome your feedback on this report via the feedback function in our online report at www.dexus.com/dxs/reports or via email crs@dexus.com

30 The Bond, Hickson Road, Sydney, NSW



CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to present our 2011 operating results, a year where we focused on leveraging our market scale, strengthening our capital platform and driving sustainable performance across our portfolio.

In 2011 we focused on a clear investment strategy, refining employee key performance indicators in line with our focus on property leasing and asset management and pursuing select value add opportunities to enhance returns.

Operational performance

We are focused on delivering risk adjusted, sustainable core income and capital returns through building on our leadership position in office and industrial and delivering operational excellence in active property, portfolio and development management. Our revenue is high quality from strong tenant covenants and long leases averaging 5.0 years (2010: 5.1 years).

Our office team focused on leveraging our market scale and stronger market conditions particularly for CBD A-grade space where we were willing to risk losing existing tenants in order to re-lease space at higher rents and with lower incentives. In industrial, the benefits of our strong capital platform and strengthened team enabled us to be one of the most active participants in the market in terms of acquisitions and developments.

Key financial results

Funds From Operations increased to \$358 million (2010: \$350 million). The increase in FFO per security to 7.4 cents resulted from solid operational performance in our Australian and core US portfolios, with like-for-like Net Operating Income (NOI) increasing 1.9% across the Group.

Net Tangible Assets (NTA) increased 6 cents per security to \$1.01 as at 30 June 2011 which included 4 cents from property revaluations, with average capitalisation rates tightening by 30 basis points to 7.7% and a 2 cent contribution from retained earnings.

We concentrated our efforts on our core business of office and industrial property ownership, management and development.

Key performance highlights included:

- The Australian core office portfolio provided a total return of 9.0% driven by 3.3% growth in like-for-like NOI and capitalisation rates tightening by 25 basis points
- The Australian industrial portfolio provided a 9.4% total return and delivered steady like-for-like income growth
- The US industrial portfolio provided a 14.3% total return. While operating conditions remained challenging, property values increased significantly following an 80 basis points tightening in capitalisation rates
- The European portfolio is valued at €129 million (2010: €137 million). 50% of the portfolio is currently under negotiation for sale with the remainder being marketed for sale
- Overall DEXUS Property Group outperformed the market over the past 1, 3 and 5 years with a total shareholder return in FY11 of 21.3%, 15.5% above peers

Total shareholder return	1 year %	3 years %	5 years %
DEXUS Property Group ¹	21.3	-6.0	-2.3
S&P/ASX200 (GICS)			
Prop Acc. Index	5.8	-9.7	-10.0

¹ Accumulation performance, source UBS.

- Our wholesale investment platform had another good year with all funds outperforming their benchmarks and DWPF being the best performing diversified wholesale property fund in 2011. During the year, DWPF increased its portfolio weighting to industrial through the acquisition of properties totalling \$256 million. DWPF raised \$313 million in new equity with another \$100 million raised after 30 June 2011 and has satisfied over \$500 million of transfer requests since early 2010

CR&S commitment

This year we commenced the integration of the United Nations Principles for Responsible Investment (UNPRI) into our investment framework, focused on issues material to our key stakeholders and enhanced our CR&S strategy through the development of our six pillar framework (see page 8).

Driving environmental performance

DEXUS continues to drive sustainable performance with reductions in resource consumption across the portfolio. We have achieved a 15.3% reduction in energy usage over the last three years and continue to lead the market in sustainable property design. We have further enhanced the quality of our office portfolio under our 4.5-star NABERS Energy rating program.

We have completed our two 6 Star Green Star office developments at 1 Bligh Street, Sydney and 123 Albert Street, Brisbane.

In the US we are partnering with Whirlpool to undertake the largest rooftop solar panel installation in the country. This will also be the first US solar power rooftop generation system with 100% of the electricity generated being transferred directly to the neighbouring SCE energy grid.

Across our industrial business, we also advanced our team's expertise in sustainability by increasing the number of in-house accredited Green Star professionals in Australia and LEED accreditations for our US industrial team. As these tools in the industrial sector evolve we will continue to implement innovative and leading edge solutions to ensure we continue to offer the most sustainable workplaces for our tenants and drive value for our stakeholders through design efficiency.

Engaging and developing our people

Our annual Employee Opinion Survey reflected further improved results across the business and continuing strength in employee satisfaction and engagement. Our employee engagement rate rose to 83% up from 78% in the previous year. Overall we outperformed 18 of the top 19 categories of the Towers Watson Australian National Norm and in several categories of the Global High Performing Norm.



1 Bligh opening by the Prime Minister, The Hon Julia Gillard MP with CEO, Victor Hoog Antink



Sydney CBD including Governor Phillip Tower, 1 Bligh Street, Gateway and Australia Square

Further information on our Employee Opinion Survey results and associated initiatives are provided on page 40.

A key focus this year has been to continue to deliver outperformance by further strengthening our high performing culture. In the second half of FY11 we implemented a new quarterly business performance system which measures performance against key performance indicators (KPIs) across key business units.

These KPIs are aligned to our Group objectives to achieve top quartile investment performance, earnings per share growth and further build our leadership position.

Contributing to our community

Contributing to our community is an integral part of the DEXUS culture. As one of Australia's largest property companies, we have aligned our corporate community approach to focus on projects which contribute to the provision of housing and other property solutions for those in need, overseen by our People and Community Committee (see policies and procedures section www.dexus.com/corporategovernance).

During 2011 we supported many causes through financial donations, in-kind support and employee volunteering. We are proud to announce that our overall financial and in-kind contributions increased by 68% to \$931,479. We also sought to increase engagement with our corporate partners to leverage community engagement and achieve greater outcomes (see pages 20 and 26).

Outlook and guidance

We expect that property markets will continue to recover in 2012. This recovery combined with the flow of income from a successful year in leasing in 2011, our high quality portfolio, focused strategy and experienced management will drive returns in 2012.

Barring adverse changes to operating conditions, DEXUS Property Group is positioned to deliver FFO earnings of at least 7.65 cents per security and distributions, being 70% of FFO, of at least 5.35 cents per security in the year ending 30 June 2012.

Victor P Hoog Antink
Chief Executive Officer

26 September 2011

OUR INTEGRATED APPROACH

OUR CR&S PRINCIPLES

› Holistic approach

Taking a holistic view of every aspect of our operations and incorporating CR&S initiatives throughout our business

› Alignment

Aligning our CR&S initiatives with stakeholder expectations, corporate objectives and values

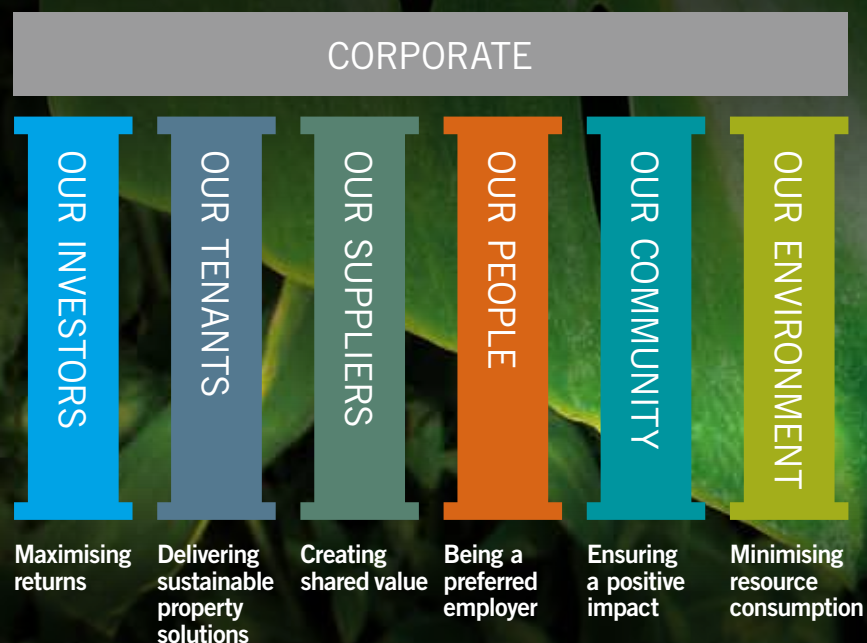
› Transparency

Providing transparent reporting of our CR&S activities and progress

› Leadership

Demonstrating leadership in CR&S by maintaining the highest standards of corporate governance, ethics, environmental and social responsibility

Our strategic focus is on achieving success in six key stakeholder areas; our investors, tenants, suppliers, employees, community and environment. These six pillars encapsulate the key aspects of our approach to CR&S. Our long term investor objectives and full performance update are detailed on pages 10-35. Page 36 summarises our performance against other key stakeholder objectives and our FY12 commitments are on page 44.



FY11 TIMELINE

Our corporate history is available on our website at www.dexus.com



DEXUS announced a streamlined Executive structure to drive enhanced performance and further strengthen the Group's leadership position as the leading owner, manager and developer of high quality office and industrial properties in Australia.

JUL 2010

DXS announced FFO for the year to 30 June 2010 of \$350m and a net profit after tax attributable to security holders of \$31.4m.

Acquired Erskine Park into the DXS industrial portfolio.

AUG 2010

New Head of Corporate Responsibility and Sustainability appointed to lead the Group's strategic programs.

SEP 2010

DEXUS Wholesale Property Fund acquired an industrial portfolio comprising 13 properties for \$232m, diversifying and increasing its portfolio weighting to industrial.

Acquired Archerfield into the DXS industrial portfolio.

NOV 2010

DXS acquired two properties in Los Angeles for US\$40.7m and sold five properties for US\$47.3m in non-core markets.

First property group in Australia to achieve NABERS Energy and Water ratings on all eligible properties in our DEXUS managed retail portfolio.

JAN 2011

DXS announced improved first half performance with net profit of \$294.4m, favourable property revaluations resulting in a 3% increase in NTA per security. Strong capital management resulted in conservative gearing of 29.1%. Upgraded earnings guidance – FFO per security from 7.3 cents to 7.4 cents.

New Head of Capital appointed with responsibility for managing and growing the Group's third party investment management platform.

FEB 2011

DEXUS became a founding member of the City of Sydney's Better Building Partnership – which aims to improve the sustainability performance of existing commercial and public sector buildings across inner Sydney.

DXS priced its second US\$250m debt issue in the United States 144A bond market at historically low rates.

MAR 2011

DXS sold its only Canadian property for C\$78.7m, representing a 13% premium on the December 2010 book value and a 10% premium to the original cost price.

Chief Operating Officer joins the Board of Low Carbon Australia (formerly the Carbon Trust).

Secured an additional \$1.8m in the final round of the Australian Government's Green Building Fund in 2011, taking total funding from this initiative to over \$5.8m across nine office and three retail properties.

JUN 2011

DEXUS became the first Australian-based founding member of the Greenprint Foundation and DEXUS's CEO joins Greenprint's Board of Directors.

DXS acquired a 27,128 sqm industrial property in La Palma, California.

1 Bligh Street and 123 Albert Street reach practical completion.

JUL 2011

GROUP PERFORMANCE

Financial sustainability

Our approach to economic sustainability is based on two main principles outlined below. These are also supported through our commitment to, and signatory of, the UNPRI.

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.

We conduct regular strategic property assessments, including the forecast impact of sustainability initiatives to assess each property's long term value. One consideration in our assessment of the financial sustainability of our properties is that they continue to deliver against both revenue and carbon emission targets, minimise outgoings and grow in capital value.

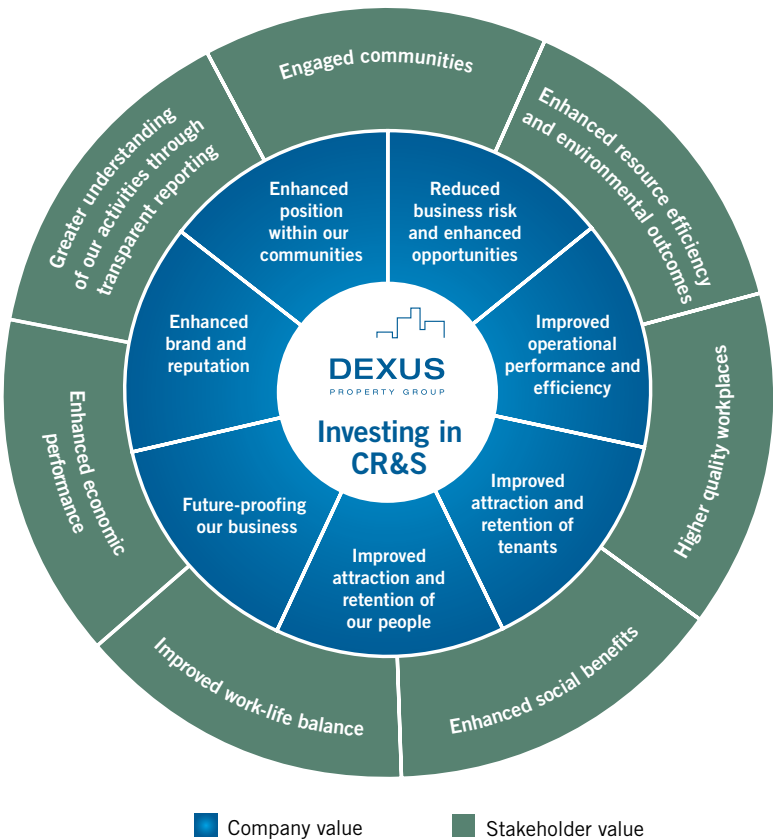
2. Sustainability adds value

We believe that operating sustainably adds to our business by enhancing performance and providing long term value creation.

We have established the following business objectives to help guide the development of our sustainability practices and initiatives and these have been incorporated into our investment decisions:

- To achieve high performance environmental standards in our existing property portfolio
- To develop properties that are sustainable and minimise resource consumption
- To increase stakeholder awareness of the benefits of investing in sustainability and improved building performance

Assessing the impact and benefits of investing in CR&S we believe adds stakeholder value as demonstrated in the diagram below.



INVESTORS

PROPERTY OFFICE

INDUSTRIAL

INDUSTRIAL US

RETAIL

THIRD PARTY INVESTMENT MANAGEMENT

FUNDING AND BUSINESS RISK

CAPITAL

KEY: ☒ Achieved ☐ Underway ☒ Not achieved

Strategic focus	Long term objectives	Status	FY11 achievements
<ul style="list-style-type: none"> Invest in prime quality properties in major CBD markets Enhance operational excellence, repositioning and recycling properties and progressing developments Improve energy and water efficiency ratings to reduce resources consumed and future proof portfolio 	<ul style="list-style-type: none"> Achieve through the cycle total returns >9% on core portfolio (>85% of FUM) Achieve return on developments and value add opportunities of >15% DXS 4.5-star NABERS Energy and 3.5-star NABERS Water program completed by 2012 	<ul style="list-style-type: none"> ✓ ➡ ➡ ➡ ➡ 	<ul style="list-style-type: none"> Total return 9% (core portfolio) Completed developments at 1 Bligh Street and 123 Albert Street and submitted planning permits for 172-189 Flinders Street and 360 Collins Street (DWPF) NABERS improvement program progressed with 12 additional projects underway DXS NABERS Energy rating portfolio average improved from 3.2 to 3.6-star DXS NABERS Water rating portfolio average is stable at 3.1-star
<ul style="list-style-type: none"> Maintain stable core portfolio in key markets Increase value add opportunities through property, development and recycling 	<ul style="list-style-type: none"> Achieve through the cycle total returns >10% on core portfolio (>80% of FUM) Achieve >15% returns on development and value add opportunities Increase value add (up to 20% of FUM) 	<ul style="list-style-type: none"> ➡ ➡ ✓ 	<ul style="list-style-type: none"> Total return 9.4% (core portfolio) \$61 million development completed, \$71 million development underway, development pipeline of \$390 million Currently we hold \$230 million value add assets (14.1%)
<ul style="list-style-type: none"> Drive portfolio performance to capture emerging growth and value recovery Continue disciplined transition to key west coast markets leveraging local team expertise Develop US CR&S strategy 	<ul style="list-style-type: none"> Increase occupancy to 91% by 2013 Target through the cycle core returns >8.5% Complete transition to core markets in the next two years Redefine the reporting boundary and baseline data for energy consumption across the portfolio Develop a LEED rating plan for our US core properties 	<ul style="list-style-type: none"> ➡ ✓ ➡ ✓ ➡ 	<ul style="list-style-type: none"> Occupancy 84.4% by area, 87.9% by income Total return 14.3% Exited two markets achieving optimal prices (remain in 15 markets) Energy consumption data redefined and assured across the portfolio Our entire US team achieved LEED accreditation. LEED rating plan in development
<ul style="list-style-type: none"> Enhance operational excellence, repositioning and recycling properties and progressing developments Improve energy efficiency ratings to reduce energy consumption 	<ul style="list-style-type: none"> Occupancy to be >98% Obtain NABERS Energy ratings on all eligible internally managed centres 	<ul style="list-style-type: none"> ✓ ✓ 	<ul style="list-style-type: none"> Occupancy 98.8% Achieved – first group in Australia to achieve NABERS ratings on internally managed retail portfolio
<ul style="list-style-type: none"> Leverage DXS management platform to deliver enhanced returns Grow the platform through new like-minded capital partners and investors and support DWPF strategic growth aspirations 	<ul style="list-style-type: none"> Continue to outperform industry benchmarks Introduce new capital partners and investors 	<ul style="list-style-type: none"> ✓ ✓ 	<ul style="list-style-type: none"> DWPF continued to outperform benchmarks (pre fees) over one and three year periods 1.66% and 1.25% respectively DWPF exceeded equity raising target with \$313 million of new equity (including new investors) and over \$500 million transferred to meet liquidity requirements
<ul style="list-style-type: none"> Maintain a strong and transparent balance sheet Maintain gearing under 40% and diversity of debt sources and lengthen duration 	<ul style="list-style-type: none"> Maintain BBB+/Baa1 rating and outlook Extend debt duration Continue to access capital markets 	<ul style="list-style-type: none"> ✓ ✓ ✓ 	<ul style="list-style-type: none"> BBB+/Baa1 rating and outlook maintained Increased debt duration 4.2 years (FY11 target was 4 years) Re-tapped US 144a and US mortgage markets



Quarry Industrial Estate, Reconciliation Road, Greystanes, NSW

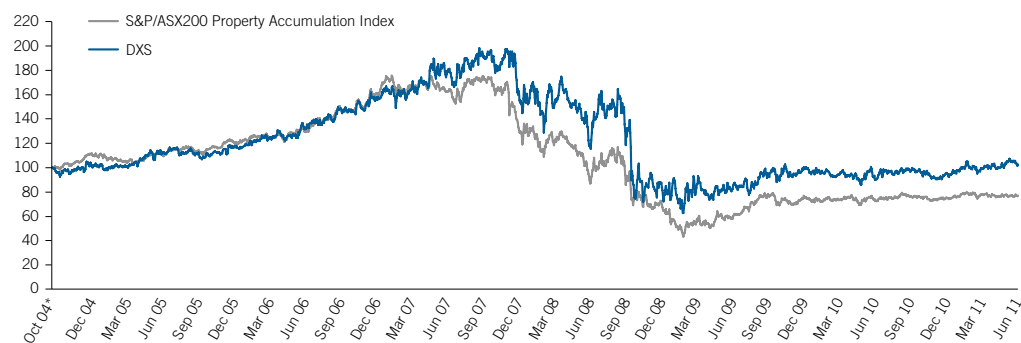
DXS HIGHLIGHTS

DEXUS Property Group (ASX: DXS) is one of the largest real estate investment trusts listed on the ASX. Specialising in owning, managing and developing office and industrial properties with \$7.5 billion of properties.

FINANCIAL HIGHLIGHTS

	2010	2011	change
Net profit after tax	\$31.4m	\$553.0m	↑ \$521.6m
Operating EBIT	\$461.3m	\$437.2m	↓ 5.2%
Total shareholder return	9.2%	21.3%	↑ 12.1%
Gearing	29.8%	28.4%	↓ 1.4%
Occupancy by area	89.9%	88.7%	↓ 1.2%

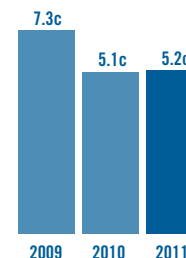
SHARE PRICE PERFORMANCE



* 6 October 2004 to 30 June 2011. Source: IRESS/DEXUS.

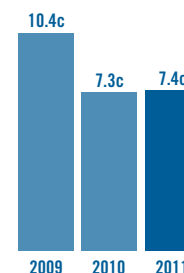
DISTRIBUTIONS PER SECURITY

5.2c



FUNDS FROM OPERATIONS PER SECURITY

7.4c



NET TANGIBLE ASSETS PER SECURITY

\$1.01

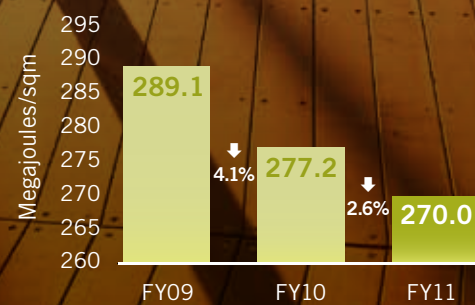


Rooftop terrace, 1 Bligh Street, Sydney, NSW

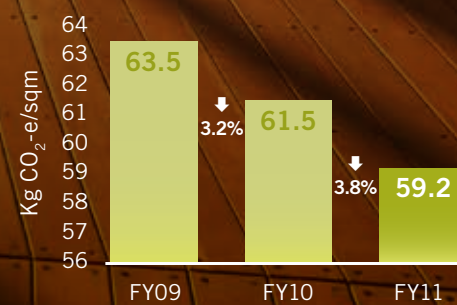
SUSTAINABILITY HIGHLIGHTS

Achieved further reductions in resource consumption in line with our three year targets:

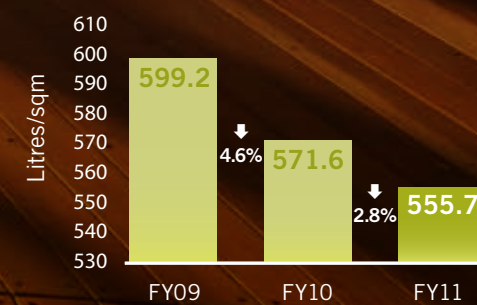
Total DXS energy intensity



Total DXS GHG intensity



Total DXS water intensity



DXS PORTFOLIO

Office
Industrial

28 OFFICE PROPERTIES 558,000 SQM 35 INDUSTRIAL PROPERTIES 1,125,300 SQM TOTAL VALUE \$6.1 BILLION

AU/NZ OFFICE PORTFOLIO¹



Sydney Melbourne Perth Brisbane Canberra Auckland

AU INDUSTRIAL PORTFOLIO¹

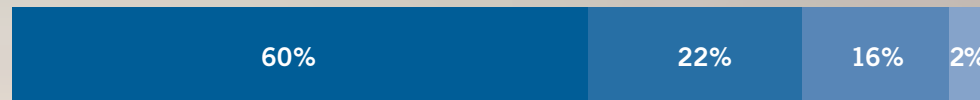


Sydney Melbourne Brisbane Adelaide

¹ By book value.

View from Governor Phillip Tower, Sydney, looking west

TOTAL PORTFOLIO¹



■ Office ■ Australian industrial ■ US industrial ■ Non-core Europe/other

TOTAL PROPERTIES 175

TOTAL VALUE \$7.5bn

TOTAL NLA (sqm) 4.2m

OCCUPANCY BY AREA 88.7%

LEASE DURATION 5.0 years



94 INDUSTRIAL PROPERTIES 23.7 MILLION SF TOTAL VALUE US\$1.3 BILLION

US INDUSTRIAL PORTFOLIO¹



■ West coast ■ Whirlpool² ■ Central and east coast portfolio

¹ By book value.

² Whirlpool excludes west coast properties.



DXS PORTFOLIO PERFORMANCE

OFFICE

AUSTRALIA AND NEW ZEALAND

SECTOR HIGHLIGHTS

PORTFOLIO VALUE	\$4.5bn (2010: \$4.1bn)
NET LETTABLE AREA	558,000 sqm (2010: 542,400 sqm)
NOI	\$255.2m (2010: \$245.1m)
LIKE-FOR-LIKE INCOME GROWTH	3.3% (2010: 0.4%)
OCCUPANCY (BY AREA)	96.2% (2010: 95.7%)
OCCUPANCY (BY INCOME)	95.3% (2010: 96.2%)
LEASE DURATION (BY INCOME)	5.3 years (2010: 5.4 years)
AVERAGE CAPITALISATION RATE	7.4% (2010: 7.6%)
1 YEAR TOTAL RETURN	9.0% (2010: 6.9%)
TENANT RETENTION RATE	53% (2010: 56%)
TENANT SATISFACTION SCORES	73% (2010: 73%)

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

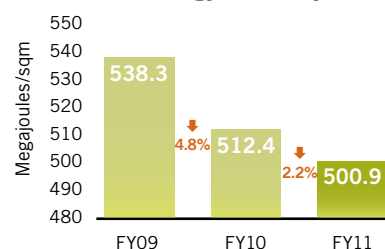
SUSTAINABILITY HIGHLIGHTS

AVERAGE NABERS ENERGY RATING: 3.6-star (2010: 3.2-star)

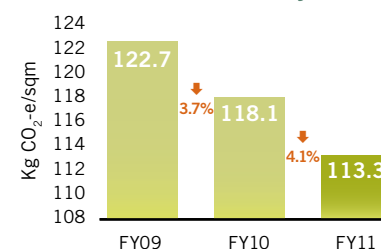
AVERAGE NABERS WATER RATING: 3.1-star (2010: 2.6-star)

DEVELOPMENTS: 1 Bligh Street and 123 Albert Street
completed July 2011

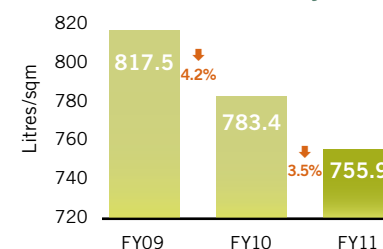
DXS office energy intensity



DXS office GHG intensity



DXS office water intensity



DEXUS Property Group is a leading owner, manager and developer of office properties in Australia and New Zealand. Our strategy is to leverage our leadership position in Premium and A-grade office space in strategic locations and be the partner of choice for our tenants.

Our portfolio is strategically weighted to the core Australian markets of Sydney and Melbourne (79%) and key properties in Brisbane and Perth, chosen for their growth and performance potential. We continue to drive performance through active leasing and property management resulting in like-for-like income growth of 3.3% and NOI up 4.1%.

The office portfolio delivered total returns in line with the IPD three year benchmark and a one year total return of 9.0%. NOI increased 4.1% to \$255.2 million due primarily to like-for-like income growth.

This growth is primarily as a result of fixed and market rent reviews across the portfolio and leasing of space vacant in the prior period at Victoria Cross, 45 Clarence Street and 1 Farrer Place in Sydney, The Zenith in Chatswood and Southgate in Melbourne.

Leasing

The Australian office market has experienced 12 months of above average demand across all major markets driven by a strong domestic economy and robust employment growth. National vacancy rates continued a downward trend with CBD vacancy hitting 7.6%. Vacancy is expected to remain relatively steady with below average supply coming online over the next two years. We have seen increases in tenant enquiry over the year, particularly in Perth.

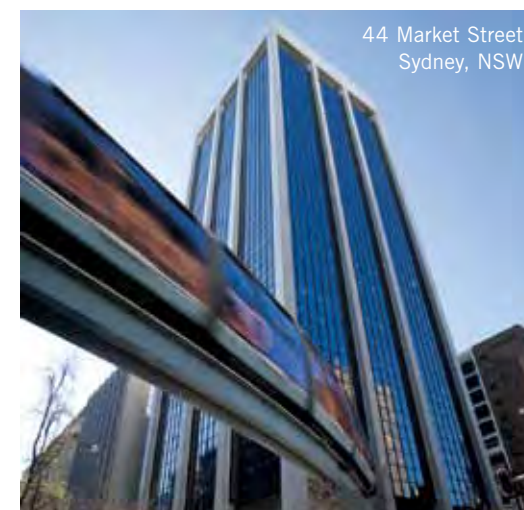
In Sydney, international tenants, who make up a large proportion of the financial services and investment banking presence in the CBD, remain cautious and are continuing to delay relocation decisions – due to continued uncertainty in the global economic markets.

The office team completed 113 leasing transactions covering approximately 74,240 square metres of space during the year, providing increases in average rental income of 4.6% and a stable average lease duration of 5.3 years.

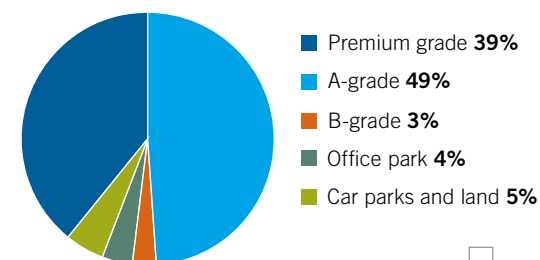
While significant leasing activity has been undertaken and occupancy increased to 96.2%, tenant retention declined to 53% (2010: 56%) due to more proactive lease management and our commitment to achieve the highest possible rental outcomes.

This year we completed a standard DEXUS green lease schedule and have commenced the rollout of green leases.

In the competitive Sydney western corridor market, where DEXUS has a strong presence, we have continued to achieve leasing success and outperform the market with occupancy increasing from 95% to 98% at 30 June 2011. For example, we secured a new anchor tenant at 44 Market Street, a recently refurbished A-grade property in a prominent CBD corner location, despite surrounding competitors offering significantly higher incentives for competing buildings. We secured the tenant with 4% annual fixed increases and at rents 7% higher than previously achieved.



Property type (by value)



Transactions at 44 Market Street totalled 13,718 square metres and achieved terms 13% better than our market based budget on a net present value basis. The team also successfully led the market with incentive levels 4% below market and achieved an FY11 total return of 11.3%.

At Southgate in Melbourne, we actively negotiated with a number of prospective tenants for three levels in the HWT Tower, again standing firm on our net rents and tenant incentive positions. As a result, we leased the three available floors to three tenants on lower than market incentives while achieving average rental increases of 10% above previous passing rents.

We were also able to retain an existing tenant after negotiating with them to exercise their five year option in the IBM Tower resulting in a premium to current market rents for that space and no incentive. By leveraging our relationship with one of our Southgate tenants we were able to secure them as a new tenant at 60 Miller Street, North Sydney for 1,673 square metres, again achieving significant uplift in the rents.

Significant leasing deals include:

- Australian Bureau of Statistics at 44 Market Street, Sydney for 4,986 square metres for 10 years
- Ericsson Australia Pty Ltd at 11 Talavera Road, Macquarie Park for 4,109 square metres for two years
- Slater & Gordon at 44 Market Street for 2,488 square metres for a term of 10 years
- Woodside Energy Ltd at 240 St Georges Terrace, Perth for 2,142 square metres

In 2011, 63% of the office portfolio was subject to fixed or CPI rent reviews resulting in an average increase of 3.7%, while completed market reviews accounted for 6% and achieved an average 0.7% increase. Market reviews to be finalised account for 11% of the review profile and are forecasting an average rental increase of 6.0%. Tenant incentives continue to decrease with the portfolio providing average tenant incentives of 16.4% (2010: 20.5%) over new leases and renewals, well below the current benchmark average of 20%.

In 2012 we expect fixed/CPI rent reviews of 4% over 69% of the portfolio. Consistent with our approach to proactively manage forward lease expiries, as at 30 July we have secured, or are in final negotiations for, 25% of our FY12 rent at risk.



Sydney CBD including Governor Phillip Tower, 1 Bligh Street, Gateway and Australia Square

Valuations

In June 2011, the office portfolio was revalued to \$4.5 billion, up from \$4.1 billion as of June 2010. This is primarily due to firming capitalisation rates in Sydney, Melbourne and Perth and effective market rental growth in Melbourne and Sydney, together with the completion of 1 Bligh and 123 Albert Street developments. The weighted average capitalisation rate for the portfolio now stands at 7.4% (June 2010: 7.6%).

Developments

1 Bligh Street

The development of 1 Bligh Street, Sydney reached practical completion on 7 July 2011 and was officially opened on 30 August 2011 by the Prime Minister of Australia, The Hon Julia Gillard MP.

In June we welcomed our major tenant Clayton Utz to 1 Bligh Street, who occupy the lower 15 floors of the building, and our new café operator Janus.

1 Bligh has already garnered wide-spread attention for its sustainability features. This includes Sydney CBD's first black water recycling plant and the installation of a unique green wall, which is the largest vertical garden in the Southern Hemisphere and includes 11,000 native and exotic plants.

The \$667 million development (DXS share \$227 million) is forecast to deliver a fully leased yield on cost of 7%. 1 Bligh Street is 55% leased with marketing continuing over the remaining space and numerous inspections completed with prospective tenants. A number of lease proposals have been issued and negotiations are well underway on multiple floors, single floors and part-floors ranging from approximately 4,900 square metres to below 1,000 square metres.

123 Albert Street in Brisbane was also completed in July 2011 (see page 21).



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



Woodside Plaza, 240 St George's Terrace, Perth, WA

OFFICE PROPERTIES		28
SQUARE METRES		558,000
SYDNEY	BRISBANE	PERTH
17 properties	1 property	1 property
\$2,935 million	\$359 million	\$441 million
MELBOURNE	CANBERRA	AUCKLAND
6 properties	2 properties	1 property
\$616 million	\$64 million	\$95 million

30 The Bond, Hickson Road, Sydney, NSW



Engaging with the community at Southgate

Southgate hosted a series of family entertainment and event activities across the 2011 five-day Easter weekend to engage with the local community. The key event was a Mad Hatter's Tea Party – a free public performance held on the city promenade for local children and their families.

Post-event research found that over 84% of attendees felt Southgate should hold more events, with over 62% confirming the experience had made them more likely to return to Southgate for dining and shopping in the future.

Melbourne developments

Flinders Gate complex, Melbourne

Consistent with our objective to increase our office presence in Melbourne, we have lodged a planning permit for a proposed 18,500 square metre office building with seven levels of car parking at our property at Flinders Gate. This property currently comprises two B/C-grade boutique office buildings and a 12 level car park. The project will be designed to achieve a 5 Star Green Star and a 5-star NABERS Energy rating with the start date dependent on tenant pre-commitment.

We are currently investigating other development opportunities in Melbourne and expect to lodge one further planning permit in the first half of FY12. On behalf of DWPF we lodged a planning permit to build a new annexe at 360 Collins Street which was approved in mid September.

Southgate

Southgate retail, part of the \$385 million Southgate complex, is undergoing a \$26 million redevelopment which will enhance its position as a vibrant dining, retail and entertainment destination at the heart of the local Melbourne arts precinct at Southbank. The development has attracted new major tenants to the portfolio including Lindt, kikki.K and Wagamama and is due to be completed in November 2011.

Resource efficiency improvements

As part of our commitment to achieve a portfolio average of 4.5-star NABERS Energy rating in 2012 (considered best Australian practice), a further 12 upgrade projects commenced this year in the DXS portfolio. Strategic Improvement Plans (SIPs) have been developed for each office property within the Group and this year works were completed on five projects with upgrade commissioning and fine tuning in progress.

The results of our energy efficiency focus over the last two years are encouraging, as demonstrated by overall decreases in energy consumption of 7.0% and an increase in the average NABERS Energy rating of the portfolio from 3.2-star in 2010 to 3.6-star in 2011.

45 Clarence Street, Sydney underwent an upgrade this year which was partially funded through the Australian Government's Green Building Fund, and was designed to bring the building's NABERS Energy rating to 4.5-star (excluding GreenPower). Electricity usage at 45 Clarence Street dropped by 297,000 kilowatts, and gas by over 1 million megajoules in the last quarter of FY11, representing a cost saving of 25% on the corresponding FY10 quarter's cost.

As the average lead time per project is approximately 18 months we expect our NABERS ratings to improve further in the next reporting period as more properties are upgraded and able to be assessed.

We have now implemented a web-based energy, gas and water sub-metering system in our office portfolio which allows us to access the majority of performance data real time. As a result, building resource consumption is now managed live across the majority of the portfolio, greatly assisting our ability to respond quickly to any unusual usage. The use of this management tool has contributed significantly to the overall downward trend in resource consumption, enabling us to fine tune the performance of our buildings and maximise the value of our investment in the NABERS rating upgrade program.

In the final round of the Australian Government's Green Building Fund, we achieved an additional grant for 14 Moore Street, Canberra. Our total funding for this initiative in our DXS office portfolio is now \$3.5 million across seven properties.

Maintaining tenant satisfaction

Our tenant performance overall has remained strong through a sustained focus from our management team with tenant satisfaction scores in line with the prior year of 73%.

Streamlining our supply chain

The consolidation of our cleaning and security supplier undertaken last year reduced the number of providers from 60 to four, greatly improving the efficiency with which we manage these suppliers and the cost of these services to our office and industrial tenants. This year we extended the new contracts to mechanical services.

In addition to the cost saving benefits, these new contracts have been instrumental in assisting us to achieve environmental and social objectives by embedding labour, health and safety requirements, as well as environmental reporting and performance requirements. During the year, we were able to work with this smaller group of suppliers to set and monitor specific CR&S KPIs, including the setting of waste targets.

Outlook

We will continue to execute our office strategy of owning and managing high quality properties in select major Australian markets. We are focused on continuing to deliver a core/core plus style return and strive to deliver superior returns to the IPD benchmark.

We are on track to achieve our targets of 4.5-star NABERS Energy and 3.5-star NABERS Water ratings by the end of December 2012. Reductions in energy and water consumption have already been achieved and, with the final contracts now in place, completion of the capital works over the balance of 2011 will result in further significant savings across the portfolio. Details of current NABERS ratings and forecasts can be viewed in our online Performance Pack at www.dexus.com/crs

Supporting the community with our supplier partners

DEXUS supports local community groups and charities in our office portfolio by providing space free of charge for groups to fundraise and promote their causes. This is often in conjunction with our tenants, for example, the United Nations High Commissioner for Refugees photography exhibition held at 83 Clarence Street, Sydney.

Working closely with CBRE, our main supplier of facilities and operational management and leasing for many of our Australian and US properties, DEXUS was the principal sponsor and active participant in the Walk for a Wish event in May 2011. On the day, 40 of DEXUS's Sydney team volunteered to walk 10 kilometres, raising \$50,000 for the Starlight and Make-A-Wish Foundations. In total the event raised \$130,000.



L to R: CEO, Victor Hoog Antink; CBRE Chairman and CEO Asia Pacific, Rob Blain; CBRE President and CEO Australia, Tom Southern

"DEXUS is delighted to again partner with CBRE in Walk for a Wish, as part of our commitment to building and supporting our communities and helping to raise much needed funds for these fantastic charities."

Victor Hoog Antink, Chief Executive Officer
DEXUS Property Group

123 ALBERT STREET, BRISBANE – TIMELINE

123 Albert Street is a Premium grade high rise that encompasses 26 levels of office space, a broad light-filled ground floor reception, vibrant retail space and eight levels of car parking. In February 2008, Rio Tinto signed a pre-commitment lease for 66% of the building and has since increased this to 80%. A design and construction contract was signed with Laing O'Rourke and demolition of the original building commenced in March 2008.

The building was awarded a 6 Star Green Star (Office Design v2) Certified rating from the Green Building Council of Australia in November 2009. In February 2010, we secured accounting firm Bentleys for 5.6% (1.5 floors) and commissioned renowned Australian artist Dale Frank in September 2010 to produce artwork for the ground floor.

In January 2011, the Queensland floods caused damage to the lower ground floor plant and equipment facilities. The plant and equipment were replaced and moved to level 3 above the podium to ensure no further disruption for the development and building in the future. All the flood repair costs, other than capitalised interest costs associated with the delay, were covered by the construction and insurance contracts. The total cost including capitalised interest, is expected to be \$382 million. 123 Albert Street is forecast to deliver a 6.7% yield on cost. 123 Albert Street is currently 90% leased with strong interest in the remaining space. The development was completed on 28 July 2011 and our major tenants have commenced their relocation into the building.



Jan 2010



Jun 2010



Dec 2010



INDUSTRIAL

AUSTRALIA

SECTOR HIGHLIGHTS

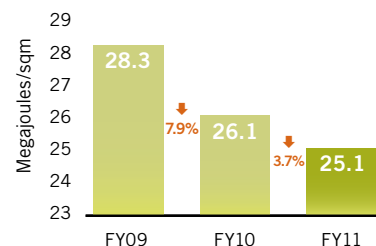
PORTFOLIO VALUE	\$1.6bn (2010: \$1.5bn)
NET LETTABLE AREA	1,125,300 sqm (2010: 1,175,200 sqm)
LIKE-FOR-LIKE INCOME GROWTH	1.1% (2010: 1.6%)
NOI	\$116.4m (2010: \$109.9m)
OCCUPANCY (BY AREA)	96.2% (2010: 98.4%)
OCCUPANCY (BY INCOME)	95.1% (2010: 97.9%)
LEASE DURATION (BY INCOME)	4.7 years (2010: 4.9 years)
AVERAGE CAPITALISATION RATE	8.6% (2010: 8.8%)
TENANT RETENTION RATE	61% (2010: 80%)
1 YEAR TOTAL RETURN	9.4% (2010: 7.9%)

SUSTAINABILITY HIGHLIGHTS

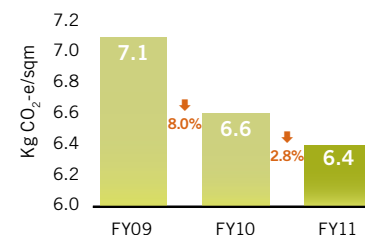
TENANT SATISFACTION SCORES

74% (2010: 66%)

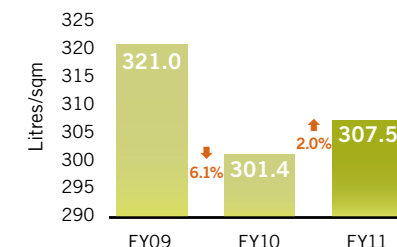
DXS industrial energy intensity



DXS industrial GHG intensity



DXS industrial water intensity



Our Australian industrial portfolio is the second largest in the country, providing high quality industrial facilities specialising in business parks, multi-unit estates, logistics and distribution facilities. The portfolio is strategically weighted to key growth markets with Sydney and Melbourne representing approximately 94% of the total portfolio.

Our investment discipline is to deliver consistent property returns to our investors via the active management of our listed and unlisted portfolios, leveraging our industrial leadership position to be the partner of choice for our customers delivering quality property solutions.

We seek to manufacture core investment stock via the development of land and contribute to active earnings through the completion of projects for disposal.

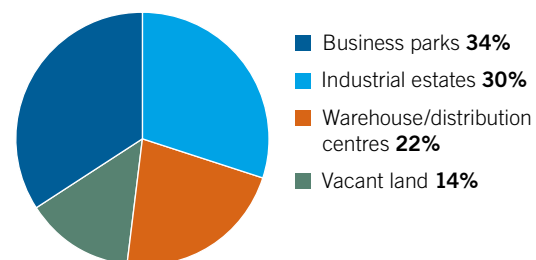
Our objective is to maintain a core portfolio representing 80% of FUM and deliver consistent returns greater than 10% IRR through the cycle.

We have continued to drive performance through active leasing, management and development opportunities resulting in like-for-like income growth of 1.1% and NOI up 5.9% to \$116.4 million.

The industrial core portfolio provided a one year total return of 9.4% and outperformed the IPD three year benchmark by 1.2%.

We also aim to continue to build our development and trading activity up to 20% of FUM with a target total return of greater than 15%.

Property type (by value)



During the year we completed three projects totalling 42,400 square metres and started construction on three new projects totalling 55,300 square metres at our key sites in western Sydney and Melbourne.

Industrial market metrics

Demand has been focused in Sydney and Melbourne with gross take-up primarily driven by activity in existing stock. In the last half of 2010 we observed an improvement in the pre-lease market with businesses expanding and, in many cases, resuming long term relocation and consolidation programs.

Overall market research backed this up with an estimated 1.75 million square metres of tenant movement recorded nationally in 2010, the majority of which was concentrated in Melbourne and Sydney.

The supply pipeline is relatively subdued with stock under construction estimated at just over one million square metres nationally. Sydney has currently over half of this, with almost 580,000 square metres of industrial space under construction.

Industrial property rents have increased in every state. Notable improvements occurred in outer western Sydney, south Sydney, south east Melbourne and south Brisbane.

Yields for prime assets across the major markets have tightened over the past 12 months by around 0.25%.

Leasing

Against a background of increased market activity we secured strong leasing interest completing 109 transactions covering 160,602 square metres. Occupancy is above benchmark at 96.2% (by area) and the average lease duration softened to 4.7 years. During the year 57 tenants occupying approximately 125,600 square metres were retained, resulting in a tenant retention of 61%.

The outer western Sydney portfolio had the strongest performance with 93% retention achieved for all expired leases during the period.

Key leasing deals include:

- Target, Altona, VIC – 41,447 square metres five year lease renewal, achieving a base rental of 14% above benchmark NOI
- Dandenong South, VIC – 21,401 square metres three year new lease, achieving a base rental in line with forecasted NOI



Spec warehouse, 94-106 Lenore Drive, Erskine Park, NSW

Valuations

Valuations of the core portfolio remained steady over the 12 month period to June 2011, with capitalisation rates continuing to tighten from 8.8% to 8.6%. Growth in the value of the Melbourne portfolio was further enhanced by increasing market rents and critical re-leasing.

Enhancing growth through development

At Greystanes we completed pre-committed developments for Solaris and Symbion (both on long term leases of 10 years and 15 years respectively) and we are near completion on the development of a 17,025 square metre pre-leased data storage facility for Fujitsu for a 15 year lease term.

In Laverton, as part of stage one planning for this site, we have developed a 6,534 square metre warehouse and office building for Loscam on a 10 year lease. Additionally, we are developing a new 17,347 square metre warehouse facility due to be completed in late September 2011.

Trading activity

In Erskine Park, we acquired a 76,000 square metre site in August 2010 and subdivided the land into three separate parcels. To capitalise on the constrained supply within the market catchment for brand new facilities and well-connected road based solutions. A 21,000 square metre spec warehouse is currently under construction on one land parcel, with completion expected in September 2011. We are actively pursuing leasing opportunities targeting tenants looking to co-locate and align their operations to the M4 corridor. The two remaining land parcels totalling 45,000 square metres have been sold and settled in July 2011, realising \$1.4 million above purchase price.



May 2008

SOLARIS PAPER FACILITY, QUARRY AT GREYSTANES INDUSTRIAL ESTATE

DXS acquired the site at Greystanes in 2007 and has since undertaken extensive civil works providing a platform for the construction of up to 240,000 square metres of industrial property. 52,900 square metres has now been developed.

The site can accommodate a variety of industrial uses from warehousing, manufacturing, logistics, storage, research and development. The quarry walls have been retained to form a tribute to the site's previous use and we have been able to improve the biodiversity of the site which was previously a highly worked and disturbed area.

A notable example of how we were able to leverage our CR&S expertise and engage with tenants to enhance the sustainable design of the property is the leading industrial and office facility for Solaris Paper pictured below.

EQBD Converting (trading as Solaris Paper) is an Australian operated and managed company, distributing environmentally friendly consumer products throughout the Australasian region. In December 2009 Solaris Paper signed a pre-lease commitment for an 18,600 square metre warehouse/office facility occupying 3.8 hectares of land for an initial term of 10 years with two options of five years each. The tenant was attracted to Quarry by the benefit of direct access to the M4 which is within five minutes' drive of the M4/M7 interchange, flexible planning services and DEXUS's ability to provide a sustainable solution for their needs. The development was completed in August 2010 and Solaris Paper is using the warehouse for storing, packaging and re-distribution of their paper products.

Some of the sustainable features incorporated into the design include:

- Laminated timber portal frames used with the roof line projecting beyond the office to offer solar protection to the building interior and weather protection for the opening windows
- Manually operated top hung windows to provide naturally ventilated office space
- A skillion roof eliminating roof gutters on the office and allowing rainwater to fall naturally into a bioswale at the foot of the building, with a basalt cut from the quarry used to minimise the impact of the falling roof water
- Roof water collected from the warehouse roof is reused for irrigation and bathroom facilities



Mar 2010



Aug 2010



Oct 2010



Aug 2011

Sustainable design innovation

One of the benefits of being a diversified property group is that we have been able to leverage our market leading experience in office to develop and apply sustainable design solutions in our industrial portfolio such as our Greystanes development. Although construction at Quarry at Greystanes had already commenced before the newly released Green Star (Australian Best Practice) Industrial “as built” tool was released, we had implemented many design features unique to industrial buildings in line with Green Star principles. Leveraging the knowledge gained from this exercise we have committed to achieve a minimum 4 Star Green Star rating for future developments at our Greystanes estate.

This year the majority of our Australian industrial team undertook the Green Star Foundation Course, and our team are progressively becoming fully accredited Green Building Council professionals. As an early adopter of the new industrial rating tools, we have gained valuable hands-on experience and are working closely with the Green Building Council to develop the industrial tool further to better reflect industrial building characteristics. The in-house expertise and experience we have developed through this training, and the completion of sustainable developments at our Quarry at Greystanes estate, positions us to better advise and influence our tenants on the value of sustainable design.

Resource efficiency improvements

During the year we continued our commitment to improving the sustainability of our industrial properties. While there is no NABERS rating tool for the industrial sector we applied the NABERS office tool to the office buildings in our business parks.

We conducted NABERS assessments on 13 eligible buildings within the industrial portfolio. The assessments enabled DEXUS to identify opportunities for sub-metering installations and comply with sections of the Building Energy Efficiency Disclosure Act as it applies to business parks. Following these initial assessments, four buildings proceeded to formal NABERS certification including Garigal Road, Belrose, NSW and Axxess Corporate Park, Mt Waverley, VIC. This process also delivered further opportunities to engage tenants in sustainability initiatives.

Over the last 12 months we have been investigating a range of innovative opportunities for developments and refurbishments. These include incorporation of energy efficient lighting, new building management systems, water harvesting and biodiversity initiatives that reduce reliance on water. In some cases we are replacing internal gardens and reliance on irrigation with succulents and native plants. These initiatives continue to reduce energy and water consumption and occupancy costs.

Our overall water consumption and energy usage across the DXS Australian portfolio has decreased by 4.2% and 11.3% respectively over the last two years.

Partnering with our suppliers

What started out as an idea to make a corporate donation to Barnardos to support the upgrade of emergency accommodation in Auburn, NSW, developed into a great example of the community outcome possible when we work together with our corporate partners.

Rather than just provide funding, DEXUS sought the involvement of FDC Group, a long standing DEXUS supplier and contractor.

Our project team, consisting of DEXUS, FDC Group and 19 sub-contractors, refurbished four units at Barnardos' accommodation facility in Auburn, donating work and materials valued at over \$100,000. By partnering with Barnardos and engaging the support and resources of FDC Group, we have created a partnership model which we plan to repeat to maximise our community development efforts.

Barnardos Senior Manager, Rosemary Hamill commented:

“The homeless families with small children who come to us need shelter and support. They will be able to live safely and enjoy the newly refurbished units. On a practical level, the quality of the craftsmanship during the refurbishment means these units will stand the test of time. There will be many children who will live here whose lives will be changed for the better.”



DEXUS representatives at Barnardos Auburn Centre opening

Partnerships with local councils build stronger community engagement opportunities as well as water and energy saving opportunities. We have adopted a proactive approach to specific programs and are implementing these at various sites. One example is the partnership program with Sydney Water/Auburn Council “Every Drop Counts” program.

This program was adopted at properties in Auburn and Silverwater. An audit of the sites was completed, old infrastructure identified and the Council provided free parts for upgrades at both these sites.

Increasing tenant engagement

The purpose and use of industrial facilities is shifting from simple industrial properties to multipurpose facilities consisting of both office and industrial space. This means a number of our tenants are seeking industrial facilities with greater amenity which suit their operational and client facing needs. This includes consideration of public transport linkages, child care facilities, organisation of social events, as well as landscaping. Our focus on creating industrial communities is aimed at working with our tenants and understanding their needs to create the best suited industrial spaces.

Finalising the internalisation of property management services from third parties back to DEXUS means we now have more direct relationships with our tenants which has increased participation in our key engagement

feedback mechanism, our annual tenant survey. A critical source of feedback, tenant participation in the survey increased from 33% to 50% and the results indicate that overall satisfaction has increased from 66% in 2010 to 74% this year.

Outlook

We will continue to maintain a strong and active operating platform with sufficient market share to strengthen our ability to attract and retain high performing people and contribute to project execution and investment performance.

In order to execute our strategy and leverage our leadership position we will:

- Expand our core portfolio in key locations in the metropolitan areas of Sydney, Melbourne and Brisbane by building clusters of assets greater than \$300 million in each location to achieve greater scale
- Develop sustainable industrial communities in select industrial markets with local expertise on the ground
- Deliver a committed development pipeline and extract value from our existing land banks including sales

- Continue to reposition our investment portfolio, selling non-core properties and recycling capital into new investments in order to achieve relative outperformance (measured on a total return basis)
- We will continue to work with the industrial Green Star tool and to identify sub-metering opportunities for both energy and water to drive greater sustainability outcomes across the portfolio in line with our sustainability objectives

Axxess Corporate Park, Mount Waverley, VIC

INDUSTRIAL PROPERTIES	35	SYDNEY	MELBOURNE	BRISBANE	ADELAIDE
SQUARE METRES	1,125,300	23 properties \$935 million	8 properties \$598 million	3 properties \$69 million	1 property \$29 million

INDUSTRIAL

UNITED STATES

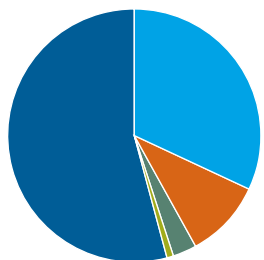
SECTOR HIGHLIGHTS

PORTFOLIO VALUE (A\$)	\$1.2bn (2010: \$1.5bn)	OCCUPANCY – BY AREA	84.4% (2010: 86.4%)
PORTFOLIO VALUE (US\$)	\$1.3bn (2010: \$1.2bn)	OCCUPANCY – BY INCOME	87.9% (2010: 84.3%)
NET LETTABLE AREA (sf)	23.7m (2010: 24.7m)	LEASE DURATION BY INCOME	4.4 years (2010: 4.9 years)
NET LETTABLE AREA (sqm)	2.2m (2010: 2.3m)	AVERAGE CAPITALISATION RATE	7.6% (2010: 8.4%)
LIKE-FOR-LIKE NOI GROWTH	(4.5%) (2010: (12.3%))	TENANT RETENTION	55% (2010: 56%)
NOI (A\$)	\$79.6m (2010: \$99.1m)	1 YEAR TOTAL RETURN	14.3% (2010: N/A)
NOI (US\$)	\$78.6m (2010: \$87.3m)		

In the US we continued to reposition our portfolio to our four core west coast markets and leverage our in-house local market expertise to drive portfolio performance. Our long term objective in the US is to build critical mass and become a market leader in industrial property on the west coast. Following a number of property sales, and in particular the sale of our Canadian property in June 2011, we now hold 94 properties in 15 industrial and logistics markets in the US.

Our US team is driving performance in the core portfolio through a focus on leasing, increasing occupancy from 96% to 99% and reducing arrears by 52%. The team is now extending their leasing, reporting and transaction skills into our central and east coast portfolios.

Property type (by value)



- Warehouse/distribution centres **54%**
- Industrial estates **32%**
- Business parks **10%**
- Office parks **3%**
- Vacant land **1%**

Operating results

On a total return basis during 2011 the US portfolio delivered 14.3%. NOI declined to A\$79.6 million from A\$99.1 million through a combination of like-for-like income down 4.5% and the impact of the strengthening Australian dollar on US earnings and property sales. Occupancy decreased to 84.4% by area and tenant retention trended down to 55%.

Leasing

The portfolio is still subject to a variable speed economy with the west coast markets continuing to strengthen. In the central markets, while continuing to stabilise, vacancy remains high and market rents trended down over the year.

Overall, we experienced increased tenant enquiry and activity resulting in 147 lease transactions being completed in the year. These leasing transactions covered 3.6 million square feet, representing 15% of the portfolio.

Major leasing deals include:

- New Breed Logistics 72,470 square feet in San Antonio
- Tech Packaging 212,000 square feet, Santa Anita
- Teleperformance USA at 4343 Equity Drive, Columbus Ohio for 96,612 square feet which included an expansion of 16,318 square feet, for a term of five years
- Rediform at 555 Airline Drive Coppell, Texas for 100,808 square feet for a term of 2.2 years



1401 E Cedar Street, Ontario, CA

- B&E Industries Ltd at 912 113th Street Arlington, Texas for 79,735 square feet for a term of 5.3 years
- Graebel at DEXUS Kent West in Seattle for 110,000 square feet for a term of 5.4 years
- Amphastar at DEXUS Commerce Centre Rancho Cucamonga for 94,545 square feet for a term of 3.5 years

Rent reviews

US industrial leasing has regained positive ground but near record-high vacancy continues to be an obstacle to growth. Coastal markets are positioned to rebound faster due to tighter vacancy and strong demand drivers, particularly in the west coast.

Although demand is returning to the US industrial sector, most markets continued to record flat or negative market rent growth for the 12 months ending 30 June 2011.

Tenant incentives averaged 13.8% across the 147 leases signed.

In 2012 we expect fixed rental reviews to provide an average increase of 4% over 26.7% of the portfolio and indexed increases covering 16% of the portfolio to achieve 1% increase.

Acquisitions and sales

Consistent with our broader strategy to reposition our portfolio to our core US west coast markets, we sold a total of 11 properties for \$143.6 million in the year to 30 June 2011 at 13% above book value, reducing our footprint to 15 industrial and logistics markets in the US. Three of the 11 sales were owner/user sales of 100% vacant buildings.

In June 2011 we sold the Whirlpool warehouse facility in Toronto for C\$78.7 million representing a 13% premium to the December 2010 book value and a 10% premium to the original cost price. We continue to maintain a close, long standing relationship with Whirlpool Corporation who continue to lease five major properties in our portfolio. Proceeds from the sale were used to repay debt and are not expected to have a material impact on earnings.

We have increased our west coast portfolio through the purchase of three industrial properties for \$60.3 million on an average yield of 7.1%. The average capitalisation rate of sales has been 7.4%, compared to an average acquisition capitalisation rate of 6.7%.

Valuations

The US portfolio experienced a 7.4% increase in value on a like-for-like basis, driven by significant valuation increases in our core markets and Orlando (including Whirlpool). During FY11, capitalisation rates across the US portfolio firmed by 80 basis points to 7.6%.

Leading sustainable design

LEED ratings

As part of developing our LEED rating plan for our core US properties we sought to increase our team expertise and experience with the LEED rating program. This year, our entire US industrial team sat the LEED Green Associate accreditation exam.

In addition, we obtained crucial practical experience in implementing the program at a property we managed in Riverside, CA where, in collaboration with our partners, we developed the first LEED certified freezer facility. The facility features above-standard grade construction materials, metal-clad foam insulation that lines the interior of concrete panels along with lighting and energy management controls that will save more than 4 million kilowatt hours of energy per year.



13602 12th Street, Chino, CA

These achievements this year mean we are well positioned to rollout a pilot program to determine the most effective way to achieve a LEED rating on existing industrial buildings and progressively rate all core properties using the LEED methodology.

Major solar initiative

In August 2011 we signed a milestone 20 year lease with Southern California Edison (SCE) for the use of the rooftop of the Whirlpool facility in Perris to house a major solar power system encompassing 36,000 solar panels, 100% of which will be transferred directly to the energy grid. This innovative project delivers sustainability and social benefits, as well as additional lease income.

This represents the largest rooftop solar project to date in the US and is more than six times larger than the largest Australian commercial building solar installation. We have worked with local, state and federal government departments and in particular leveraged the Californian Government's support for solar power generation. A solar facility of this size can generate up to 10 megawatt hours per year of clean renewable energy or enough to service the annual daytime electricity needs of approximately 5,200 homes. Construction on the system is scheduled to commence in late 2011 and is estimated to complete in mid 2012.



3691 North Perris Boulevard, Perris, CA



1450 E Francis Street, Ontario, CA

ATLANTA 2 properties US\$70 million	COLUMBUS 4 properties US\$81 million	MINNEAPOLIS 6 properties US\$46 million	SAN ANTONIO 11 properties US\$67 million	INDUSTRIAL PROPERTIES	94
BALTIMORE 9 properties US\$90 million	DALLAS 16 properties US\$111 million	NTH VIRGINIA 4 properties US\$89 million	SAN DIEGO 1 property US\$8 million	SQUARE FEET	23,730,351
CHARLOTTE 2 properties US\$18 million	INLAND EMPIRE 10 properties US\$200 million	ORLANDO 3 properties US\$95 million	SEATTLE 3 properties US\$93 million		
CINCINNATI 6 properties US\$48 million	LOS ANGELES 8 properties US\$185 million	PHOENIX 9 properties US\$57 million			

Resource consumption

During the year we undertook a full re-assessment of our energy consumption and the reporting boundaries to ensure a common definition is applied across all US properties and to ensure consistency with our approach in Australia and New Zealand. We will be able to report like-for-like annual trends from next year in line with our other property sectors.

FY11 resource consumption totals

Energy (GJ)	28,527.4
Energy consumption/intensity (MJ/sqm)	23.2
GHG (CO ₂ e-t)	4,959
CO ₂ e emissions/intensity (kg CO ₂ e/sqm)	4.0

Maintaining tenant satisfaction

In January 2011, shortly after internalising the management of our core properties, we conducted our first tenant service perception survey to obtain tenant feedback and understand current satisfaction. Results indicated 75% of tenants surveyed rated their satisfaction as either good or excellent with overall property management services. The results have been used to highlight areas of focus for tenant interaction and have enabled us to set a performance benchmark and targets for future years.

Outlook

We will continue to maintain our momentum to deliver on our vision to be a market leader in industrial property on the west coast.

In 2012, our focus will remain on increasing the occupancy of our central market portfolio by >6% in order to position it for sale.

We will also leverage the Group's Australian leading practice in resource efficiency, community involvement, tenant satisfaction and environmental rating program through the implementation of the Group's strategy for CR&S into our US operations. The Group's 6 pillar strategy will provide the framework for US operational objectives into FY12.

Our employee LEED education program will assist us to complete our first LEED pilot rating program in Seattle. We will commence construction of the largest rooftop solar panel project in the US working with our tenant Whirlpool and Southern California Edison. In addition, we will progress our improvement programs, including installing T5/T8 lighting, skylights, focusing on reducing water consumption and completing a climate change audit for our core US portfolio.

THIRD PARTY INVESTMENT MANAGEMENT PORTFOLIO PERFORMANCE

SECTOR HIGHLIGHTS

PORTFOLIO VALUE \$6.2bn (2010: \$5.9bn)

NUMBER OF PROPERTIES

OFFICE	15 (2010: 18)
INDUSTRIAL	38 (2010: 12)
RETAIL	15 (2010: 16)

AVERAGE NABERS ENERGY RATINGS*

OFFICE	3.9 (2010: 3.3-star)
RETAIL	2.9 (2010: N/A)

AVERAGE NABERS WATER RATINGS*

OFFICE	2.7 (2010: 2.5-star)
RETAIL	2.9 (2010: N/A)

* There is no NABERS ratings tool for the industrial sector.

Third Party investment performance

Period to 30 June 2011 (pre fees)	1 year %	3 years %	5 years %
Third Party	11.23	1.73	6.07
Benchmark ¹	10.71	0.00	6.43

¹ Mercer IPD Pre Fee Gross Asset Weighted to 30 June 2011 and annualised.

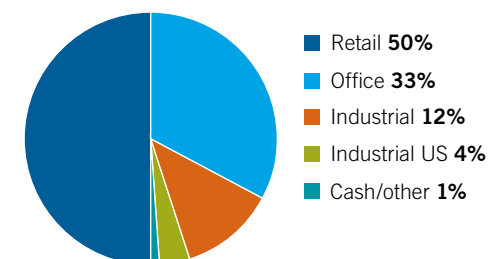
DEXUS has one of the leading property investment management platforms in Australia at \$6.2 billion, comprising DEXUS Wholesale Property Fund and two mandates with nearly 50 institutional investors and a third party portfolio in the US.

The platform has a strong performance record and is also highly regarded in terms of corporate governance best practice. The Group provides a fully integrated service providing specialist property and investment skills to drive enhanced outcomes for third party investors.

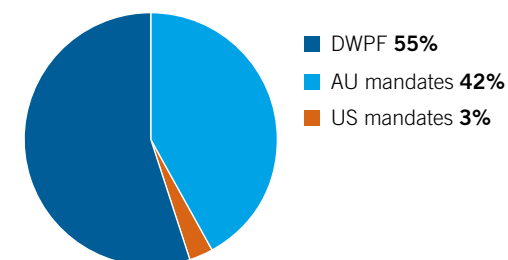
Outlook

In the past year, we have seen increased demand from institutional investors looking for long term sustainable relationships with best in class managers who can provide access to specialist skills, strong corporate governance and ongoing investment opportunities. We are committed to building our capital partnership model whereby investors and equity partners can access attractive opportunities and leverage our core capabilities in the active management and development of commercial property in Australia and the US.

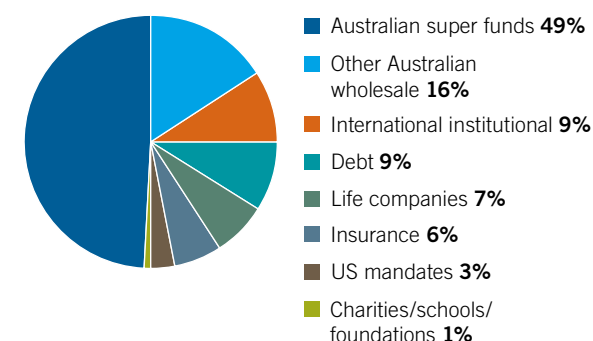
Third Party diversified portfolio



Third Party product type



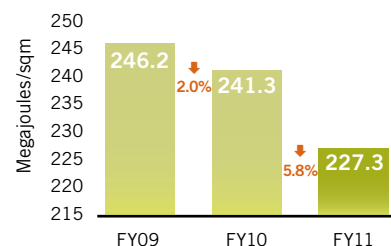
Third Party sources of funds



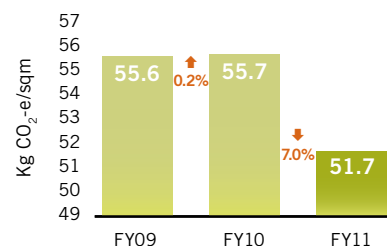
Gateway, 1 Macquarie Place,
Sydney, NSW

SUSTAINABILITY HIGHLIGHTS

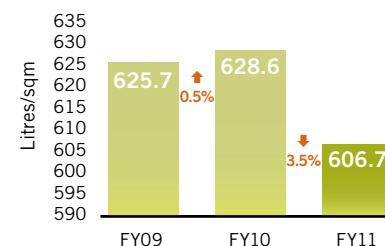
Third Party energy intensity



Third Party GHG intensity



Third Party water intensity



Third Party Investment Management team



Retail portfolio overview

DEXUS is a leading manager and developer of shopping centres in Australia, with 15 centres valued at \$3.1 billion. The majority of our shopping centres are located along Australia's eastern seaboard, in strong growth markets such as Townsville in QLD and Tweed Heads on the NSW/QLD border.

In addition, the team manages the retail precincts in the Group's Premium office buildings, including Gateway in Sydney and Southgate in Melbourne.

Our point of difference is to work in partnership with the local communities in which we operate to develop centres that deliver the right mix of retail outlets and services.

Resource performance – retail

Resource consumption efficiency measures have enabled us to reduce our overall energy and water usage in our retail sector.

Total water consumed decreased by 4.7% and energy use decreased by 4.8%. In addition, plant and equipment upgrades, from developments over the last three years, have resulted in more efficient operations across the portfolio.

All eligible internally managed properties were rated under the NABERS Retail Energy and Water ratings tool this year, the first property group to do so in Australia. Currently our retail portfolio has average NABERS Energy and Water ratings of 2.0-star and 2.9-star respectively. Strategic Improvement Plans (SIPs) have been established for each of our retail properties to further improve environmental/operational performance.

We were able to capitalise on our early adoption of the retail NABERS tool to secure \$1,370,000 in funding from the Australian Government under the Green Building Fund, which will help co-fund three major energy efficiency projects.

An additional initiative undertaken during the year was a Business Energy Efficiency Program analysis at Plumpton Marketplace, NSW in conjunction with Blacktown Solar Cities program funded by the Australian Government. Two major opportunities were identified which when implemented could save a considerable amount of energy and could drive the centre's NABERS Energy rating from the current 2.5-star to 4-star rating (2013).

Office portfolio overview

Our third party office portfolio consists of 15 properties, valued at \$2.1 billion, the majority of which are located in Sydney. Earlier this year we restructured our office management team, creating a specialised team dedicated to our third party managed properties in addition to access to the Group's broader team of property specialists.

Resource performance – office

SIPs implemented at Gateway have resulted in significant resource consumption savings and improved building performance.

An overall reduction of 6.4% in energy use and 8.2% in water consumption has been achieved during the year across our third party office properties.

Industrial portfolio overview

Our third party industrial portfolio is valued at \$1 billion and consists of 26 properties in Australia and 12 in the US. Capitalising on the synergies between our DXS and third party industrial portfolio, both portfolios are managed in the same manner by our industrial team.

Resource performance – industrial

In line with our overall sustainability approach within our industrial sector, we have been working collaboratively with tenants to improve building and tenancy performance. Initiatives include more efficient lighting, upgraded building management systems, as well as reducing reliance on water through water harvesting and biodiversity initiatives.

Our overall water consumption and energy usage in the third party industrial portfolio has decreased by 8.1% and 9.3% respectively over the last two years.

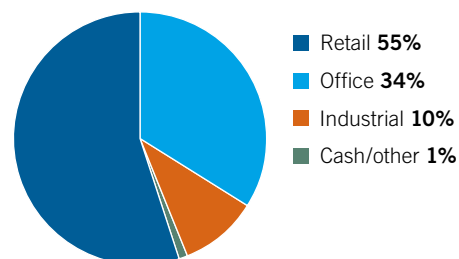
DEXUS WHOLESALE PROPERTY FUND

HIGHLIGHTS

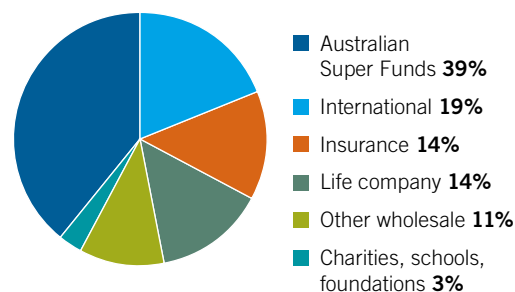
PORTFOLIO VALUE	\$3.35bn (2010: \$2.85bn)	PORTFOLIO QUALITY – PRIME OFFICE OR REGIONAL SHOPPING CENTRES	80% (2010: 82%)
NUMBER OF PROPERTIES	27 (2010: 13)		
TOTAL NLA	996,637 (2010: 740,051)	LEASE DURATION (BY INCOME)	4.1 YEARS (2010: 4.2 years)
OCCUPANCY (BY AREA)	95.8% (2010: 95.8%)		

Sydney CBD including Governor Phillip Tower, 1 Bligh Street, Gateway and Australia Square

DWPF sector allocation as at 30 June 2011



DWPF sources of funds as at 30 June 2011



DWPF is an open ended unlisted property fund investing in diversified core and core plus properties within the Australian retail, office and industrial sectors. DWPF currently owns 27 properties and provides exposure to a balanced mix of stabilised core properties with potential to achieve enhanced returns.

Highlights for the year include:

- The strongest performing diversified wholesale fund in the Mercer IPD Unlisted Pooled Property Fund Index
- Outperformed its benchmark over the quarter, one and three year periods, both pre and post fees
- Completed 1 Bligh Street, Sydney (33% ownership share) with DXS and Cbus Property
- Development pipeline of approximately \$1 billion over five years which will further enhance the quality of the portfolio and returns

- Acquisition of 14 industrial properties in preferred key eastern seaboard markets, totalling \$256 million, consistent with DWPF's strategy to increase its weighting to industrial

DWPF commenced a major equity raising program in October 2010 seeking to raise \$300 million of new equity. This was achieved with \$313 million of new equity raised by 30 June 2011 and \$500 million was raised to meet outstanding transfer requirements from existing and new investors from early 2010.

An additional \$100 million has been raised after 30 June 2011. Marketing to new investors, both domestic and offshore, is continuing with a number of prospective investors currently considering investment in DWPF.

DWPF is rated A (Stable) by Standard & Poor's enabling it to participate in the domestic debt capital markets, supporting its strategy of diversifying its debt funding sources. DWPF successfully completed its inaugural A\$250 million Medium Term Note issue during the year.

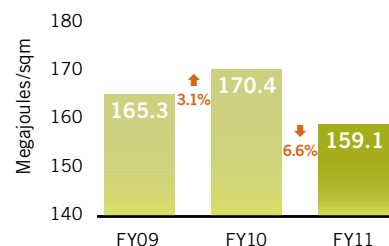
DWPF performance

Period to 30 June 2011 (pre fees)	1 year %	3 years %	5 years %	10 years %	15 years %
Fund return	12.37	1.18	5.38	9.44	10.05
Benchmark ¹	10.71	-0.07	6.38	9.48	9.46
Variance	1.66	1.25	-1.00	-0.04	0.59

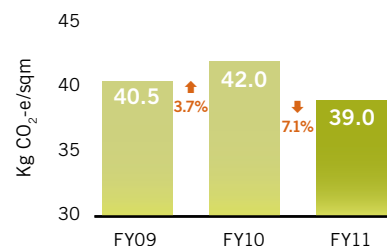
¹ Mercer IPD Pre Fee Gross Asset Weighted to 30 June 2011 and annualised.

SUSTAINABILITY HIGHLIGHTS

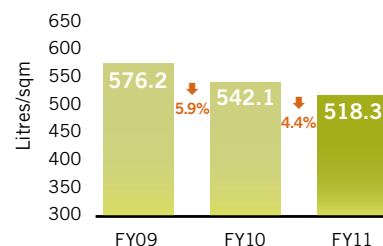
DWPF energy intensity



DWPF GHG intensity



DWPF water intensity



DWPF's approach to sustainability

Consistent with the Group's CR&S objectives, DWPF is committed to sustainability performance, achieved through a process of proactive property management, prudent risk management and a commitment to continual improvement.

The benefits are not just in operating cost improvements but also future proofing properties to meet current and future tenant demand.

In addition, DWPF has incorporated sustainability principles within its investment strategy, both in terms of broader sustainability target, acquiring office properties capable of achieving 4.5-star and 3.5-star NABERS Energy and Water ratings and specific sustainability initiatives within each strategic property plan.

The DWPF portfolio continues to demonstrate improvements in sustainability performance. All property resource consumption data and greenhouse gas emissions are monitored, managed and reported on a like-for-like basis quarterly.

Property sustainability highlights

DWPF office

Following on from the successful improvement project at Gateway, part funded by Green Building Fund grants, stage two of the energy efficiency works has now commenced.

These works include:

- Building management and controls system upgrades
- Re-zoning of the on-floor air delivery systems
- Carbon monoxide monitoring of car parks
- Hot water system upgrades

At 360 Collins Street, Melbourne, a major upgrade of the chilled water plant was completed, partly funded by \$500,000 secured through the FY10 Green Building Fund.

Consistent with DEXUS's approach to tenant sustainability engagement in our largest properties, the 360 Collins Green Building Committee has commenced the development of a new waste management program to achieve higher recycling rates.

DWPF industrial

NABERS ratings have not yet been established for mixed use industrial properties however the management team at Regent's Park continue to manage the estate to reduce resource consumption with a focus on water saving opportunities. In March 2011, the property participated in a water audit as part of the Water Efficiency Program in partnership with Auburn City Council and Sydney Water.

DWPF retail

Following on from the granting of NABERS ratings for Willows, Townsville, QLD (2-star Energy and 3.5-star Water ratings) a detailed engineering review has been undertaken to identify relevant operational improvements. This will also enable NABERS targets to be established.

Community involvement at Willows

The amalgamation of both the Townsville and Thuringowa councils earlier this year provided DWPF with an opportunity to share our expertise on broader town centre development and participate in the local government planning process. We conducted research in the local catchment area including both our Willows Shopping Centre and adjoining residential and commercial precincts and conducted community focus groups. The Thuringowa area has strong growth forecasts with Urbis estimating that the population will grow by more than 61,000 people during the next 15 years. Willows' main trade area is expected to capture more than 70% of that growth, providing additional demand for our retail facilities and services. We plan to capitalise on this growth potential with the next development application submitted this year for an extension to our Willows Centre following the successful expansion in 2010. We are currently undertaking ongoing community consultation and community involvement in this development phase.



STAKEHOLDER PERFORMANCE FY11

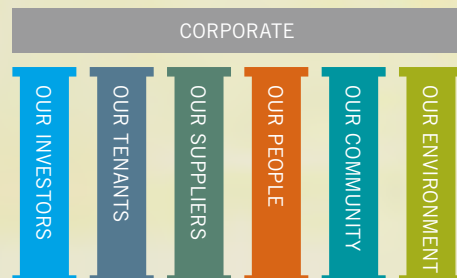
DEXUS is committed to the integration of Corporate Responsibility and Sustainability (CR&S) practices throughout our business operations, aligned to our key stakeholders expectations.

We are proud to be recognised for our achievements in this area and are committed to maintaining a leadership position for our responsible and sustainable activities within the property sector.

These two pages provide a summary of our performance against FY11 objectives.

This year we have also produced a supplementary online Performance Pack containing additional information and commentary on our performance. The pack is available as part of our online reporting suite at www.dexus.com/crs from mid October.

DEXUS 6 pillars approach



CORPORATE

FY11 objectives	Status	FY11 achievements	Reference
All operations			
■ Undertake a detailed review of OHS&L systems	☑	This review was completed in FY11	p46
■ Assure additional CR&S data in next year's CR&S Report	☑	We have widened the scope to include US energy consumption	AS
■ Rollout Service Excellence Charters	➡	Revised service standards have been incorporated into our stakeholder engagement framework and senior leadership training	p41
■ Achieve ISO 14001 and ISO 18001 accreditation	☑	We achieved full accreditation this year	p46
Industrial US			
■ Develop CR&S strategy and program for our US business	➡	CR&S has been embedded in to the US business and US representation included on our CR&S Committee	p30

OUR TENANTS

FY11 objectives	Status	FY11 achievements	Reference
All operations			
■ Improve overall tenant satisfaction scores	➡	Tenant satisfaction increased from 72% to 73%	p20,27,31
■ Develop and expand green leases across all sectors	➡	We have finalised a green lease schedule for our office portfolio and are now working on our other sectors	
■ Expand sustainability guidelines in tenant fit-outs in all sectors	➡	New standards have been incorporated in to 1 Bligh Street and are being expanded to other office, industrial and retail properties	

OUR SUPPLIERS

FY11 objectives	Status	FY11 achievements	Reference
All operations			
■ Rollout new CR&S supplier tender evaluation criteria to all divisions	➡	After cleaning and security tenders in 2010 we identified mechanical services as the next opportunity. New contracts have been signed	p20
■ Incorporate sustainability requirements in standard consultancy agreements	➡	CR&S requirements have been developed for specific contracts and consultancy agreements	p20
Office and industrial			
■ Measure the ongoing CR&S performance of key suppliers	➡	A waste plan and targets were agreed for our office cleaning services contract and are now being monitored	p20

KEY: ☑ Achieved ➡ Underway ☒ Not achieved **AS** Assurance Statement **PP** Performance Pack

OUR PEOPLE

FY11 objectives	Status	FY11 achievements	Reference
All operations			
■ Extend use of Balanced Performance Scorecard	✓	Our scorecard assessment has been enhanced to increase the clarity, alignment and measurability of objectives against performance	N/A
■ Enhance our graduate and internship program	✓	A more formalised rotation and learning program has been implemented	N/A
■ Conduct 360 Degree Performance Reviews for managers every two years	➡	Our next round of 360 Degree Performance Reviews are scheduled for late 2011	N/A
■ Review employee benefits program incorporating new US business	✓	US employee benefits review completed with alignment to Australian programs	p41
■ Expand Values Award program to recognise CR&S achievements	✓	Our Values Awards now includes CR&S criteria and we continue to celebrate CR&S achievements	p41
■ Enhance company intranet	➡	Redevelopment of our intranet underway with relaunch due in late 2011	N/A
■ Develop a tailored leadership development program for senior property executives	➡	Program design focusing on personal brand, service excellence and leadership skills – in final development	p41
■ Improve our process and systems for capturing training and human resource data	✓	Transition to a new fully integrated HR management system with greater strategic analysis capabilities was completed	p41
■ Continue to expand face-to-face dialogue between executive management and employees	✓	CEO/employee lunches, business updates, senior management offsites and road shows were conducted during the year	PP
■ Enhance employee participation in CR&S	✓	Working groups, educational and volunteering programs have been integrated into the business	PP

OUR COMMUNITY

FY11 objectives	Status	FY11 achievements	Reference
All operations			
■ Complete a DEXUS wide community engagement review to ensure alignment with our corporate and stakeholders' objectives	✓	A restructure of our community engagement committee and the implementation of a suite of new policies has allowed us to introduce a more strategic approach across the Group	p40
■ Achieve a 10% increase in employee volunteering	✓	A 64% increase in our employee volunteering hours was achieved	p40
■ Engage with our corporate partners to leverage community engagement and achieve greater outcomes	✓	We partnered with CBRE and FDC Group in support of fundraising events for various charities	p20,26

OUR ENVIRONMENT

FY11 objectives	Status	FY11 achievements	Reference
DXS Office			
■ Progress towards a 4.5-star NABERS Energy and 3.5-star NABERS Water average office portfolio rating by 2012	➡	\$40 million has been committed to projects and we are on track to achieve our targets by 2012	p19-20, 17
■ Expand sub-metering performance monitoring programs for water, gas and electricity	➡	Real time web-based energy, gas and water performance data is now available for 80% of our office portfolio and hourly targets have been set	p20
■ Develop a new waste strategy to rollout across all sectors	➡	We have developed a strategy, which is now being assessed for rollout in each sector	
Industrial			
■ Achieve a minimum 4 Star Green Star As Built rating at our industrial estate at Greystanes, NSW, under the new Industrial Rating tool v1	✗	Construction at Greystanes commenced prior to the release of the GBCA's Industrial Green Star tool and, as a result, design elements required to achieve a 4 Star rating had not been defined	p25-26
■ Obtain a 5 Star Green Star design rating at Greystanes, under the new Industrial Rating tool v1	✗	DEXUS was unable to identify a tenant who had operational requirements to a 5 Star standard, therefore a 5 Star development was not progressed	p26
Industrial US			
■ Develop a LEED rating plan for our US core properties	➡	Our US team completed LEED accreditation to support the development of a US LEED rating plan	p30
Retail			
■ Obtain NABERS ratings for DEXUS managed shopping centres	✓	We became the first manager to achieve NABERS ratings across all eligible DEXUS managed, retail properties	p33
All operations			
■ Assess opportunities to improve biodiversity at existing properties and new developments	✓	Land rehabilitation work continued at our Greystanes industrial estate, and we delivered the largest green wall in the southern hemisphere at 1 Bligh Street	p25
■ Optimise the reuse or recycling of material removed from our developments and refurbishments	✓	Completed this year, 1 Bligh and 123 Albert achieved recycling rates of construction materials of >90% and >80% respectively	
■ Develop climate change risk register and action plan per property	✓	We completed a risk register identifying all properties in our Australian portfolio with a high risk profile	p47

OUR PEOPLE



Members of the DEXUS team on the rooftop terrace at 1 Bligh Street, Sydney, NSW



At DEXUS, we recognise and value the passion, innovation and diversity of our people and are committed to investing in their personal and professional development to ensure they are best equipped and motivated to deliver superior performance and service excellence.

Our corporate values of respect, excellence, service, integrity, teamwork and empowerment guide our culture, the way we operate and our ability to attract the best people to work with us. We are committed to engaging with our people in line with our values to ensure we are regarded as a preferred employer in the property sector.

Team update

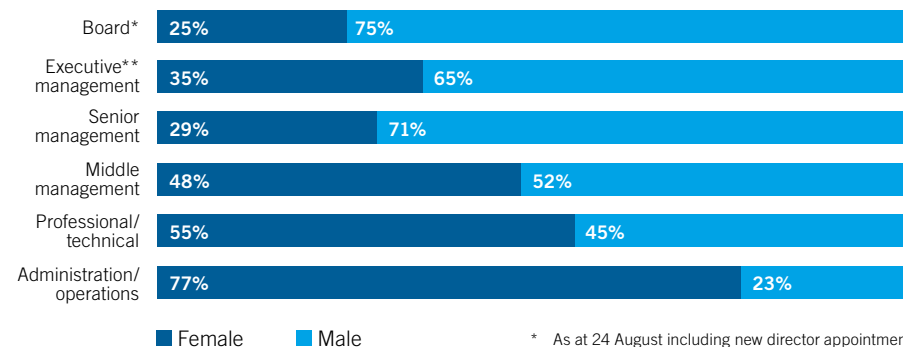
As at 30 June 2011 DEXUS employed 290 people, located predominantly on the eastern seaboard of Australia, with 66% of our employees located in our head office in Sydney. This year our US team grew as we took in-house the day-to-day management of our core portfolio.

In July 2010 we also made changes to our Executive structure to streamline reporting lines and better align our management objectives to our three core operating platforms; Property; Capital and Finance; and Corporate Services.

Diversity

DEXUS remains committed to supporting diversity in our workforce. We believe this enhances our decision making process and provides us with a competitive advantage.

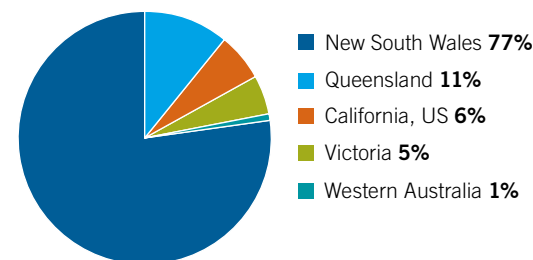
Workforce by gender and position



* As at 24 August including new director appointment.
** CEO included in Executive management

Combined female participation at our senior level (including our Board, Executive and Senior management) is 31%.

Workforce by location



OUR PEOPLE

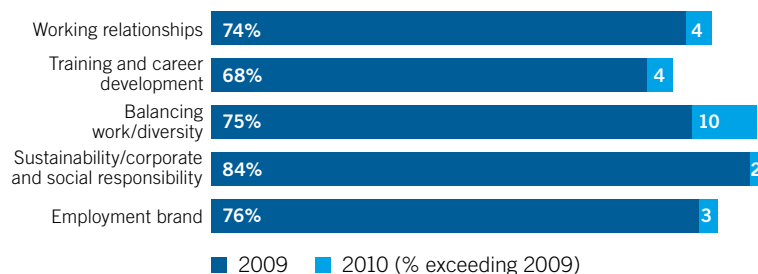
CONTINUED

Employee opinion survey

In 2010, we partnered again with external survey specialist Towers Watson for the third year running to conduct our annual Employee Opinion Survey (EOS). We achieved a high participation rate, with 88% of our team responding to the survey and a higher engagement score of 83%, up from 78% in 2010. DEXUS continues to outperform global and Australian norms across all key assessment areas, including training and career development, employment brand and working relationships. Service excellence was a category identified as an area of development and will be a focus in next year's new service excellence training program.

Compared to the previous year's results, we again improved on our performance across the majority of categories, particularly working relationships, balancing work, diversity and employment brand. We have worked hard over the past year to foster greater communication between teams and to provide further opportunities for cross team collaboration, which was highlighted as an area of improvement in the previous year's survey.

DEXUS EOS results 2009 v 2010 – top five areas of improvement



Employee engagement increased to 83% in 2011 (2010: 78%).



DEXUS CEO and Cure Cancer CEO presenting 2011 People's Choice Contribution



DEXUS team participate in Sir David Martin Foundation Triple Care Farm working bee

Community engagement

Community engagement is a key part of the DEXUS culture. This year we reviewed our community engagement strategy to better reflect our core strength and capabilities in property management and development. Our focus is now on building and supporting our communities through groups that provide accommodation solutions and services to the disadvantaged and less fortunate within our society.

In total we increased our in-kind and financial support in our corporate giving programs by 68% to \$931,479, a breakdown of these contributions is provided in the online Performance Pack at www.dexus.com/crs. We also facilitate employee contributions to their nominated charities, pre-tax by salary deductions, through our workplace giving program.

DEXUS employee volunteering

DEXUS is committed to providing the opportunity for our people to volunteer their work time to nominated charities, and supporting them as best we can when they choose to volunteer in their personal time.

Last year we committed to raise our people's participation in volunteering and set a target to increase volunteer hours by 10%.

We supported active engagement in community and charity based activities through our community program and the use of the volunteering leave day we provide each year to each employee.

In May 2011, we held our inaugural "volunteering month" to encourage participation in a number of activities for our selected charities including the Sir David Martin Foundation, Barnardos, The Wayside Chapel and the CREATE Foundation. As a result, we achieved a 64% increase in employee volunteering hours this year from 540 hours in 2010 to 888 hours in 2011.

People's Choice

As part of our community engagement commitment, DEXUS provides the opportunity for our people to select a charity group to support for the year. The chosen charity receives a proportion of our fundraising efforts and an increased level of focus. Last year our People's Choice charity was the Cure Cancer Australia Foundation. Through fundraising, volunteering and donations we contributed a total of \$32,931 to help cancer research.



DEXUS team participate in Barnardos Auburn Centre working bee



DEXUS team in Nepal to build homes for local families

Lending a helping hand in Nepal

A number of our senior female leaders volunteered to participate in Habitat for Humanity's "Hand in Hand Nepal 2011" campaign to build homes for 250 female-headed households in Itahari, Nepal. Our volunteers were part of a 100 strong Australian women team, who worked alongside local families to build the first 10 of 250 safe houses, the remainder of which will be built over two years.

DEXUS raised \$19,235 through employee and industry contributions and the DEXUS \$ for \$ matching program to support the project.

This year our People's Choice program received an increased level of support across the Group demonstrating a growing awareness of our community program with Barnardos selected as our FY12 charity.



Leadership development

Learning and development initiatives are important when recruiting and retaining a talented workforce, which in turn ensures that we are better positioned to achieve our goals of providing world class property investment management and service excellence.

We offer a suite of customised internal and external training programs for all our people. These training programs encompass topics such as property, technical, governance, business and management. The total average annual training hours per employee has increased from 30 hours in 2010 to 37 hours in 2011, with increased focus on training at the administrative and operational levels of the business.

Throughout the year we also focused on enhancing the training and development opportunities available to our senior leadership team, developing tailored programs including service excellence, personal brand and leadership. Further leadership programs have been developed with business units and will be run in 2012.

In 2011 we implemented new quarterly business performance plans across business units, to strengthen our high performance culture and ensure a focus on short as well as long term KPIs.

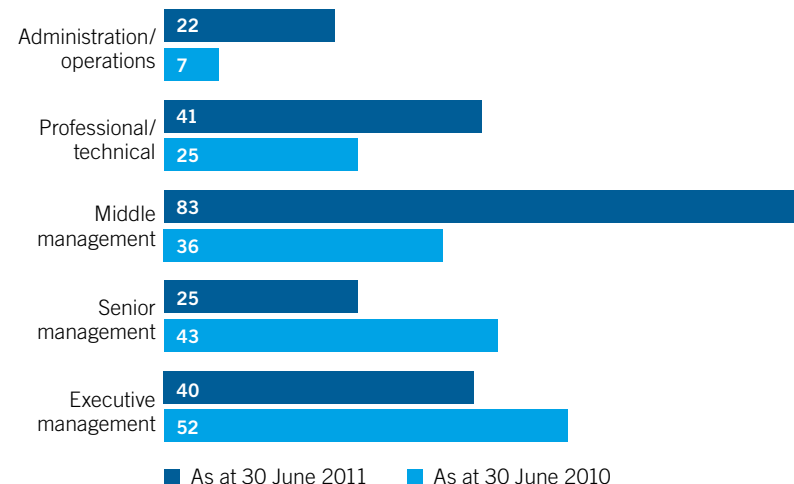
Human resource data management

This year we transitioned to a new, fully integrated human resource management system, increasing our data management capabilities. The transition to the new system has enabled improved access and analysis of our human resource data. Further enhancements are planned next year to improve training and development data management programs.

Reward and recognition

This year we extended the criteria for our DEXUS Values Award program to include recognition for CR&S performance as well as continuing to reward our highest achievers at our annual awards presentation. We also reviewed the benefits program for our US team, incorporating a disability and life insurance plan and a 401k superannuation plan in to the program.

Average training hours per employee by workforce category



OUR PEOPLE

CONTINUED

Group Management Committee

Victor Hoog Antink

Chief Executive Officer and Executive Director

Victor Hoog Antink is CEO and an Executive Director of DEXUS Funds Management Limited. Victor has overall responsibility for the operations of DEXUS Property Group and has over 30 years' experience in property and finance.

Paul Say

Chief Investment Officer

Paul is the Chief Investment Officer, responsible for DEXUS Property Group's Australian and international property portfolios. Paul has over 30 years' real estate experience in Australia and major international property markets.

Craig Mitchell

Chief Financial Officer

Craig is the Chief Financial Officer, responsible for operational and strategic finance, accounting, tax, treasury, investor relations services and third party investment management. Craig has more than 18 years of financial management and accounting experience, with over 14 years specialising in the property industry.

Tanya Cox

Chief Operating Officer

Tanya is the Chief Operating Officer and Company Secretary of DEXUS and is responsible for the delivery of company secretarial, operational, information technology, communications and administration services, as well as operational risk management systems and practices across the Group. Tanya has over 20 years' experience in business management.

John Easy

General Counsel

John is the General Counsel and Company Secretary for DEXUS and is responsible for the legal and information management functions of the Group. John's career spans over 20 years with the majority of this time in the property and funds management industry.



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

DEXUS Group Management Committee

Chief Executive Officer Victor Hoog Antink 				
PROPERTY	CAPITAL & FINANCE	CORPORATE SERVICES		
Chief Investment Officer and Head of Office Paul Say 	Chief Financial Officer Craig Mitchell 	Chief Operating Officer Tanya Cox 	General Counsel John Easy 	Head of Human Resources Pat Daniels
Office	Finance & Valuations	Risk & Governance	Legal	Human Resources
Industrial	Third Party Investment Management	Treasury Operations	Information Management	
Retail	US Finance	Marketing & Communications		
US Industrial	Treasury & Strategic Planning	Events & Facilities		
	Taxation	Information Technology		
	Investor Relations & Research	Corporate Responsibility and Sustainability		

 Members of Group Management Committee

DEXUS Funds Management Limited Board of Directors

Christopher T Beare

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

Chris Beare is both the Chair and an Independent Director of DEXUS Funds Management Limited (appointed 4 August 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

Elizabeth Alexander is an Independent Director of DEXUS Funds Management Limited (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 and was formerly a partner with PricewaterhouseCoopers.

Barry R Brownjohn

BComm
Independent Director

Barry Brownjohn is an Independent Director of DEXUS Funds Management Limited (appointed 1 January 2005) and is Chair of the Board Audit and Board Risk and Sustainability Committees and a member of the Board Finance Committee. Barry has over 20 years' experience in Australia, Asia and North America in international banking.

John C Conde AO

BSc, BE (Hons), MBA
Independent Director

John Conde is an Independent Director of DEXUS Funds Management Limited (appointed 29 April 2009), is the 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.

Tonianne Dwyer

BJuris (Hons), LLB (Hons)
Independent Director

Tonianne Dwyer is an Independent Director of DEXUS Funds Management Limited (appointed 24 August 2011). Tonianne brings to the Board significant experience as a company director and executive working in listed property, funds management and corporate strategy across a variety of international markets.

Stewart F Ewen OAM

Independent Director

Stewart Ewen is an Independent Director of DEXUS Funds Management Limited (appointed 4 August 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, FAICD, FCA, FAPI, FRICS
Executive Director and Chief Executive Officer

Victor Hoog Antink is an Executive Director and CEO of DEXUS Funds Management Limited (appointed 1 October 2004). Victor has over 30 years' experience in property and finance and has overall responsibility for the operations of DEXUS Property Group.

Brian E Scullin

BEC
Independent Director

Brian Scullin is an Independent Director of DEXUS Funds Management Limited (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

Peter St George is an Independent Director of DEXUS Funds Management Limited (appointed 29 April 2009), Chair of the Board Finance Committee and is 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.



L to R: John Conde AO, Elizabeth Alexander AM, Peter St George, Victor Hoog Antink, Christopher Beare, Barry Brownjohn, Stewart Ewen OAM, Tonianne Dwyer, Brian Scullin

FY12 COMMITMENTS

Investors

At DEXUS our overarching commitment is to deliver superior returns to our investors. Specifically our objectives are to achieve top quartile investment performance and further build on our reputation and leadership positions in office, industrial and retail. Our long term investor objectives by sector/fund are detailed on page 11 with FY12 objectives detailed on the adjacent page.

CR&S

Our commitment to Corporate Responsibility and Sustainability is a long-standing one which continues to evolve at DEXUS, as it does in the property industry and for corporations globally. The issues surrounding climate change, sustainability, socially responsible and ethical behaviour are increasingly being assessed by investors and other stakeholder groups.

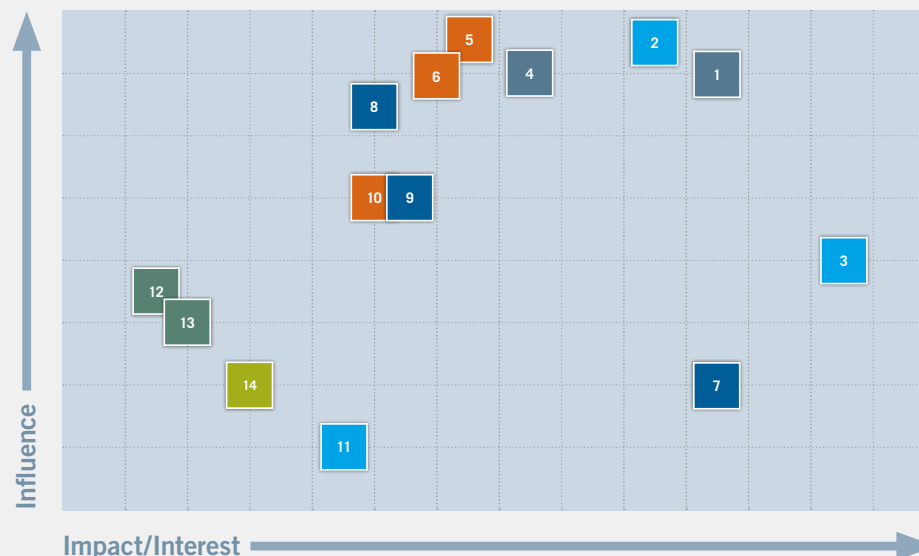
At DEXUS, our CR&S focus is on driving environmental performance of our property portfolio, response to and compliance with legislative changes, climate change adaptation and best practice transparent environmental and corporate reporting standards. More specifically our objectives for the next 12 months, on the adjacent page, result from emerging trends around these key issues as well as a desire to address the material issues of our stakeholders.

Materiality assessment

In April this year, we conducted a series of materiality workshops, attended by key representatives from across the business. These workshops enabled us to formally consider and rank key business and stakeholder issues gathered from our direct stakeholder feedback processes including tenant, institutional investor and employee surveys, as well as an analysis of emerging industry trends and issues.

This has enabled us to achieve discussion and consensus on the priority of each of these issues to DEXUS, based on a score measuring both impact and influence. Overall there were 28 issues raised and we have presented the top 50% which we consider sufficiently material to be included in our forward commitments. For each issue work has either already commenced or has been prioritised as a focus for the coming year. This materiality assessment process feeds directly into our broader governance and decision making processes and will be reviewed annually.

DEXUS materiality assessment 2011 – top 14 issues



1. **Providing excellent service and quality properties that tenants value** – Tenants
2. **Engagement with the wider investment community** – Investors and Financial Performance
3. **Long term sustainable growth and strong financial performance** – Investors and Financial Performance
4. **Tenant engagement** – Tenants
5. **Employee engagement and satisfaction** – People
6. **Employee benefits** – People
7. **Capability of Board and senior management to effectively run the company** – Governance
8. **Governance structure** – Governance
9. **Managing regulation and responding to changes in legislation** – Governance
10. **Employee development including developing employee ability, knowledge and performance** – People
11. **Importance of demonstrating the value generated through CR&S activities to investors** – Investors and Financial Performance
12. **Supplier engagement** – Suppliers
13. **Responsible procurement and supply chain management (including monitoring and measuring performance of suppliers and contractors)** – Suppliers
14. **Leadership in developing and managing “green” properties to provide environmental benefits** – Environment

CR&S PILLAR

CORPORATE

- ➡ Develop a stakeholder engagement framework incorporating engagement principles and service excellence standards for all operational areas of the business
- ➡ Further expand the integration of our CR&S platform and program in the US business

- ➡ Review our corporate processes and current committee structure to facilitate continued best practice corporate governance
- ➡ Drive the integration of CR&S into key decision making processes through the introduction of CR&S training modules for our people and greater stakeholder integration into our business planning and performance management

OUR INVESTORS

- ➡ DXS OFFICE
 - Like-for-like income growth >FY11
 - Complete residual leasing at 1 Bligh
 - Secure pre-lease commitments for our developments
- ➡ DXS INDUSTRIAL
 - Consistent like-for-like income growth
 - Complete 80,000 square metre developments
 - Realise trading profits >\$4 million
- ➡ DXS US INDUSTRIAL
 - Increase central market occupancy by >6% and position for sale

- ➡ FFO earnings per share of at least 7.65 cents per security
- ➡ Distributions of at least 5.35 cents per security
- ➡ As a signatory to the UN Principles of Responsible Investment, develop value-add metrics to incorporate in our investment decision making process
- ➡ DXS CAPITAL MANAGEMENT
 - Increase duration
 - Reduce cost of funds
- ➡ THIRD PARTY INVESTMENT MANAGEMENT
 - Provide partnering opportunities for third party investors which leverage DEXUS's integrated model
 - Improve and expand engagement opportunities with our investors to better understand material and emerging issues and measure our response

OUR TENANTS

- ➡ Standardise our approach to tenant satisfaction surveys across all sectors with specific focus on analysis and response to material issues
- ➡ Incorporate a standard green lease schedule into new leases across the office portfolio

- ➡ Develop a standard green lease schedule in our Australian retail and industrial sectors
- ➡ Partner with our tenants to encourage sustainability initiatives within their existing workspaces

OUR SUPPLIERS

- ➡ Deliver a more comprehensive sustainable procurement framework for our corporate supply chain to be extended to our property sectors
- ➡ Complete corporate procurement review program to reduce consumables and waste, and increase quality and value

- ➡ Fully embed CR&S principles in standard consultancy agreements and professional services contracts to align with corporate values

OUR PEOPLE

- ➡ Further enhance our senior leadership development program with bi-annual 360° feedback and a service excellence program
- ➡ Embed additional CR&S KPIs in to our people's performance objectives

- ➡ Increase Green Building and LEED accredited professionals to at least 50% of our development executives in each sector

OUR COMMUNITY

- ➡ Embed community charters for each sector into our stakeholder framework

- ➡ Implement strategic programs and expand level of support provided to our community with a 2012 in kind support target of 1,000 volunteering hours

OUR ENVIRONMENT

- ➡ Climate change adaptation strategies to be implemented across the Australian property portfolio
- ➡ A waste management strategy including targets to be set for retail
- ➡ LEED ratings program to be further expanded in the US core portfolio
- ➡ Support innovation through the implementation of new technology/renewable energy options in each property sector

- ➡ Establish three and five year management plans for each sector that will outline new reduction targets for energy, greenhouse gas emissions, water and waste
- ➡ Reduce energy consumption by a further 3% across the Group's core property portfolio in 2012

GOVERNANCE

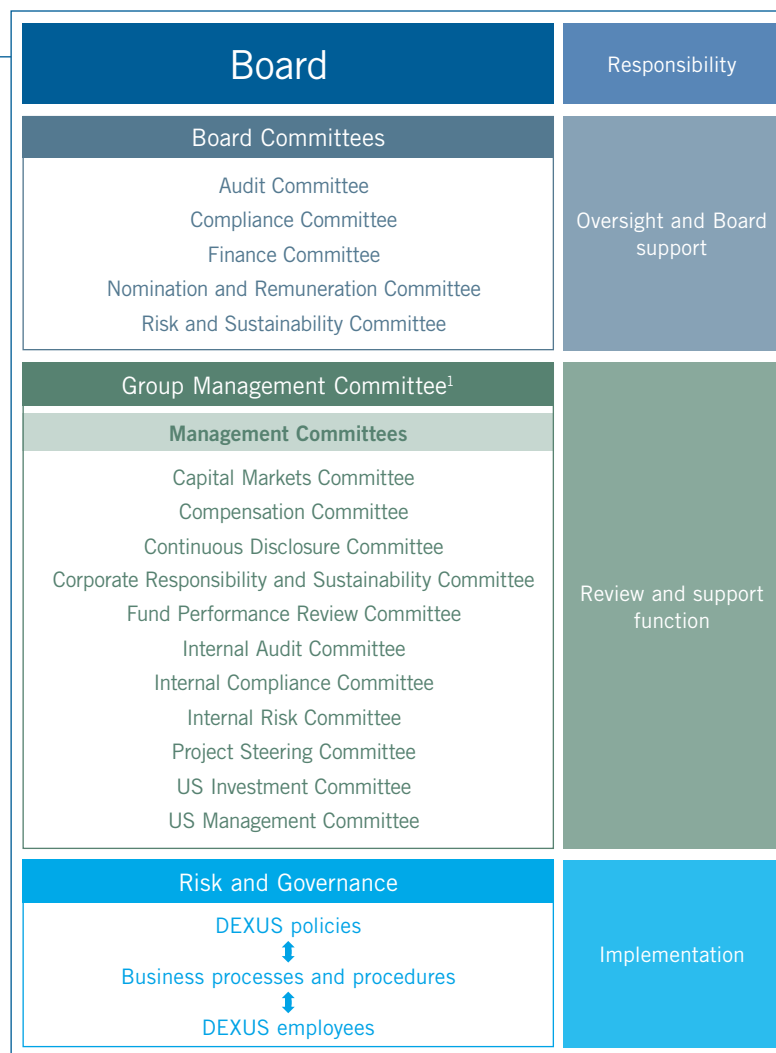
Governance support structure

DEXUS Funds Management Limited (DXFM) is the Responsible Entity of each of the four trusts that comprise DEXUS Property Group. DXFM is also responsible for the management of a number of third party funds and mandates. Our corporate governance framework applies to all funds and mandates.

Governance

During the year, we developed a board membership policy which acknowledges the benefits to DEXUS of our Directors holding membership of other boards, while at the same time recognising the additional effort and potential conflict involved in being a director of multiple boards.

Each year we review our policies and practices. We have also taken the opportunity to undertake a detailed review of our policies on ethical and professional behaviour. This included the development of a stand-alone anti-bribery policy that will be subject to training for all our employees.



¹ Formerly Executive Committee – changed 4 July 2010.

Risk management

Our Risk and Governance team oversees our risk, compliance and corporate governance programs and has an independent reporting line to the Board, Board Risk and Sustainability and Board Compliance Committees. These programs support the development and implementation of compliance, risk management and corporate governance procedures across our business and clearly allocate responsibility to our employees for the identification and minimisation of risk.

Occupational Health Safety & Liability

A detailed review of our OHS&L system was undertaken during the year which was instrumental in enabling us to achieve independent accreditation for our environmental management system and occupational health and safety management systems under ISO 14001 and ISO 18001. Our risk and compliance training this year focused on Equal Employment Opportunity and Occupational Health & Safety. We also delivered refresher training to employees covering ASX obligations (including continuous disclosure) and ensured our newly appointed US team undertook training on our key policies including our code of conduct.

In addition, we have commissioned an independent external service provider to undertake disabled access audits at our properties. Our aim is to ensure that those with a physical disability can visit our sites and have ease of access. Issues identified are being implemented to improve access.

Climate change risk

This year we completed a risk profile for all properties in our Australian portfolio incorporating a high level risk score that ranks various climate change factors including increased temperature, storm surge, floods and storm activity.

Property operations/development – outsourcing risk

The management of OH&S at our corporate head office and our regional office sites remains a key focus. Where we outsource property or facilities management, we also require our appointed service providers to focus on strong OH&S risk management practices. Through a rigorous consultative process, we have relaunched our OH&S management system (at a corporate and property level) ensuring service providers are aware of and meet our requirements for the management of OH&S risk. As part of our continuous improvement process, the management system is subject to independent audit at each site across Australia and the US and at a corporate level annually.

Following the floods in Queensland and Victoria, we appointed an external specialist to review our Business Continuity Plans, specifically focusing on natural events and disasters. This was in addition to our standard internal annual review.

Our detailed Corporate Governance Statement can be found in our 2011 DEXUS Annual Report on page 6 or online at www.dexus.com

Legislation

DEXUS reports under and complies with the NGER, EEO and Buildings Energy Efficiency Disclosure Acts.

Demonstrating corporate governance best practice

Although DEXUS Property Group is a listed property trust and not a public company, the Board has determined that the Group's governance framework should satisfy the highest standards expected of a public company. Accordingly, we voluntarily conduct an Annual General Meeting, facilitate the appointment of Directors by DEXUS security holders and publish a full remuneration report. In addition, we have elected to maintain a Compliance Committee, which provides additional oversight of the compliance function, beyond that required under the *Corporations Act 2001*.

DWPF has a strong focus on governance and has developed a best practice corporate governance model in consultation with its members. DWPF's Responsible Entity has a Board that is dedicated to DWPF and has an Advisory Committee including member appointed representatives, which considers corporate governance and related party issues. The Responsible Entity's Board comprises four Non-Executive Directors, two of whom are endorsed by the Advisory Committee and are independent of any other DEXUS Property Group Board. In addition, the Responsible Entity has committed to holding an annual general meeting.

	Requirement applies to DXS	DXS requirement met	DWPF requirement met
ASX – Principle 1 – Lay solid foundations for management and oversight	✓	✓	✓
ASX – Principle 2 – Structure of the board to add value	✓	✓	✓
ASX – Principle 3 – Promote ethical and responsible decision making	✓	✓	✓
ASX – Principle 4 – Safeguard integrity in financial reporting	✓	✓	✓
ASX – Principle 5 – Make timely and balanced disclosure	✓	✓	✓
ASX – Principle 6 – Respect the rights of shareholders	✓	✓	✓
ASX – Principle 7 – Recognise and manage risk	✓	✓	✓
ASX – Principle 8 – Remunerate fairly and responsibly	✓	✓	✓
ASX – Implementation of a Diversity Policy	✗	✓	✓
Corporations Act – Establishment of a Compliance Committee	✗	✓	✓
Corporations Act – Appointment of independent directors is subject to security holder approval	✗	✓	✓
Corporations Act – Convene an AGM	✗	✓	✓
Corporations Act – Publish remuneration report	✗	✓	✗
Good governance – Board membership policy	✗	✓	✓

Board and Board Committee meetings

The Directors met 13 times during the year to 30 June 2011. Ten Board meetings were main meetings and three meetings were held to consider specific business. The Annual General Meeting was held on 26 October 2010. While the Board continually considers strategy, in March 2011 they met with the Executive and Senior management team over two days to consider the Group's strategic plans. 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 Directors also met for 25 Board Committee meetings during the year.

Non-Executive Director Board and Committee fees

Board and Committee fees paid to Non-Executive Directors for the years ended 30 June 2010 and 30 June 2011 are summarised in the table to the right. There were no changes to the Committee membership during the year ended 30 June 2011. For more information on the remuneration of Non-Executive Directors please refer to the Remuneration Report contained in the 2011 Annual Report.

Name	Main meetings		Specific meetings		Board Audit Committee		Board Risk and Sustainability Committee		Board Compliance Committee		Board Nomination and Remuneration Committee		Board Finance Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Christopher T Beare	10	10	3	3	–	–	–	–	–	–	7	7	4	4
Elizabeth A Alexander, AM	10	10	3	3	6	6	4	4	–	–	–	–	–	–
Barry R Brownjohn	10	10	3	3	6	6	4	4	–	–	–	–	4	4
John C Conde, AO	10	10	3	3	–	–	–	–	4	4	7	7	–	–
Stewart F Ewen, OAM	10	10	3	3	–	–	–	–	–	–	7	7	–	–
Victor P Hoog Antink	10	10	3	3	–	–	–	–	–	–	–	–	–	–
Brian E Scullin	10	9	3	3	–	–	–	–	4	4	–	–	–	–
Peter B St George	10	10	3	3	6	6	4	4	–	–	–	–	4	4

Name	Directors' Fees				Committee Fees				
		Board	DWPL		Board Audit & Risk	Board Compliance	Board Nom & Rem	Board Finance	Total
		\$	\$		\$	\$	\$	\$	\$
Christopher T Beare	2011	350,000	–	–	–	–	–	–	350,000
	2010	300,000	–	–	–	–	–	–	300,000
Elizabeth A Alexander, AM	2011	150,000	30,000	15,000	–	–	–	–	195,000
	2010	130,000	17,500	17,500	–	–	–	–	165,000
Barry R Brownjohn	2011	150,000	–	30,000	–	–	7,500	–	187,500
	2010	130,000	–	27,500	–	–	8,750	–	166,250
John C Conde, AO	2011	150,000	–	–	7,500	15,000	–	–	172,500
	2010	130,000	–	–	7,500	13,750	–	–	151,250
Stewart F Ewen, OAM	2011	150,000	–	–	–	7,500	–	–	157,500
	2010	130,000	–	–	–	7,500	–	–	137,500
Brian E Scullin	2011	150,000	15,000	–	15,000	–	–	–	180,000
	2010	130,000	25,000	–	15,000	1,250	–	–	171,250
Peter B St George	2011	150,000	–	15,000	–	–	15,000	–	180,000
	2010	130,000	–	15,000	–	–	13,750	–	158,750
Total	2011	1,250,000	45,000	60,000	22,500	22,500	22,500	22,500	1,422,500
	2010	1,080,000	42,500	60,000	22,500	22,500	22,500	22,500	1,250,000

Remuneration of DEXUS Executives

The following table provides details of actual remuneration earned/granted by Executives in the years ended 30 June 2010 and 30 June 2011. This table includes details of the five highest paid Directors or Executives. The amounts detailed in the remuneration earned/granted table vary from the amounts detailed in the statutory accounting table in section 3.8 of the remuneration report contained in our Annual Report, because performance payments (in the remuneration earned/granted table) are attributed to Executives in the year performance payments are earned.

		Cash salary including superannuation	DEXUS performance payments	DEXUS deferred performance payments	Other short term benefits	Termination benefits	Total
		\$	\$	\$	\$	\$	\$
Name							
Victor P Hoog Antink	2011	1,550,000	1,100,000	1,300,000	–	–	3,950,000
	2010	1,300,000	1,100,000	1,200,000	–	–	3,600,000
Craig D Mitchell	2011	700,000	450,000	450,000	–	–	1,600,000
	2010	550,000	400,000	400,000	–	–	1,350,000
Paul G Say	2011	700,000	400,000	400,000	–	–	1,500,000
	2010	500,000	250,000	250,000	–	–	1,000,000
John C Easy	2011	425,000	190,000	185,000	–	–	800,000
	2010	375,000	187,000	188,000	–	–	750,000
Tanya L Cox	2011	425,000	195,000	190,000	–	–	810,000
	2010	400,000	180,000	180,000	–	–	760,000
Andrew P Whiteside ¹	2011	525,000	235,000	240,000	–	–	1,000,000
	2010	475,000	225,000	225,000	–	–	925,000
Louise J Martin ^{1,2}	2011	262,500	–	–	74,389	525,000	861,889
	2010	500,000	200,000	200,000	–	–	900,000
Total	2011	4,587,500	2,570,000	2,765,000	74,389	525,000	10,521,889
	2010	4,100,000	2,542,000	2,643,000	–	–	9,285,000

1 Mr Whiteside and Ms Martin are former KMP. Mr Whiteside's remuneration is disclosed due to being counted among the five highest paid Directors or Executives. Ms Martin ceased employment on 31 December 2010 and due to termination benefits received, also forms part of the five highest paid Directors or Executives. Ms Martin will not form part of subsequent remuneration disclosures.

2 Ms Martin received payment for statutory leave entitlements upon termination.

DXS OPERATING AND FINANCIAL REVIEW

Financial summary

DEXUS Property Group's financial performance for the year to 30 June 2011 is outlined below in detail. To fully understand our results, please refer to the five year financial summary on pages 51-52 in this Annual Review and the full Financial Statements in our 2011 Annual Report.

Total revenue from ordinary activities for the year to 30 June 2011 decreased by \$31.4 million to \$684.7 million (2010 \$716.1 million). The key drivers include:

- The disposal of properties totalling \$177.8 million in 2011 and \$594.9 million in 2010, offset by the acquisition of properties totalling \$78.1 million in 2011 and \$307.2 million in 2010
- An increase in like-for-like property income from the Australian office and Australian industrial portfolios, offset by a reduction in like-for-like property income for the US industrial portfolio
- Unfavourable movements in the US dollar currency rate

Net profit attributable to stapled security holders is \$553.0 million or 11.4 cents per security, an increase of \$521.6 million from the prior year (2010: \$31.4 million). The key drivers are:

- Fair value adjustments to property assets during the period of \$182.0 million¹, compared to a loss of \$235.6 million in 2010. This increase in the value of DXS's property portfolio reflects primarily a 30 basis point tightening in the weighted average capitalisation rate, at which properties were valued, to 7.7%
- Unrealised net fair value gain on derivatives totalling \$44.2 million (2010: loss of \$57.6 million) primarily as a result of higher market interest rates
- Gain on sale of investment properties of \$7.1 million (2010: loss of \$53.3 million). DXS disposed of \$177.8 million of properties during the year resulting in the \$7.1 million realised gain
- Deferred tax expense of \$18.6 million (2010: benefit of \$29.2 million) associated primarily with the positive revaluation of our US properties
- Operationally, FFO² increased 2.3% to \$358.0 million (2010: \$350.0 million)

Operational result

DEXUS Property Group's FFO for the year to 30 June 2011 are \$358.0 million, an increase of 2.3% on the prior year. FFO per security is 7.40 cents (2010: 7.30 cents per security). The key drivers impacting FFO are:

- The Australian office portfolio income increased by \$10.1 million (4.1%) primarily driven by strong like-for-like growth of 3.3%. This increase was underpinned by strong leasing success particularly in the Sydney market as our market scale and tougher stance on leasing delivered benefits. Occupancy⁶ for the Australian office portfolio remains high at 96.2% (2010: 95.7%) with a tenant retention rate of 53%.
- The Australian industrial portfolio's income increased by \$6.5 million underpinned by stable like-for-like growth of 1.1%, the impact of property transactions during 2010 and 2011, and the completion of two developments at Greystanes during the year now valued at \$54.8 million. The industrial portfolio ended the year with occupancy⁶ at 96.2% (June 2010: 98.4%) and a tenant retention rate of 61%.

- The US industrial portfolio's income decreased by \$19.5 million through a combination of like-for-like income (down 4.5%), the impact of a strengthening Australian dollar on US earnings and property sales. In a two-tiered market, the core portfolio continues to perform well with occupancy⁶ increasing from 95% to 99%. The central and east coast portfolio remains weaker with occupancy at 74.0%. During the year 11 properties totalling \$143.6 million were sold including \$67.7 million in the central and east coast portfolio together with DXS's only Canadian asset, for C\$78.7 million (\$75.9 million).
- Financing costs for distributable earnings reduced by \$33.1 million primarily driven by the repayment of debt from asset sales in 2010 and 2011 and favourable foreign currency movements.
- Management business EBIT decreased by \$2.6 million primarily due to costs associated with the establishment of our US office and local restructuring costs.

Based on our current distribution policy of 70% of Funds From Operations, the distribution paid for the year to 30 June 2011 was 5.18 cents per security (2010: 5.10 cents per security).

	June 2010 \$m	June 2011 \$m	Change \$m
Funds From Operations (FFO)	350.0	358.0	8.0
Retained earnings ³	(105.6)	(107.3)	(1.7)
Distribution to security holders	244.4	250.7	6.3
Fair value adjustments of property	(235.6)	182.0	417.6
Other NTA changes in comprehensive income ⁴	1.5	110.8	109.3
Other ⁵	21.1	9.5	(11.6)
Net profit attributable to stapled security holders	31.4	553.0	521.6

1 Including DXS's share of equity accounted investments.

2 Funds From Operations (FFO) or distributable income is often used as a measure of real estate operating performance after finance costs and taxes. DXS's FFO comprises profit/(loss) after tax attributable to stapled security holders measured under Australian Accounting Standards and adjusted for: property revaluations, impairments, derivative and FX mark to market impacts, amortisation of certain tenant incentives, gain/(loss) on sale of assets, straight line rent adjustments, deferred tax expense/benefit and DEXUS RENTS Trust capital distribution.

3 Based on the current distribution policy of 70% of FFO.

4 Includes fair value movement of derivatives, loss on sale of assets, deferred tax expense and amortisation of tenant incentives.

5 Includes RENTS capital distribution (classified as an equity related movement in the Financial Statements) and movements in intangibles.

6 Occupancy by area.

DXS FIVE YEAR FINANCIAL SUMMARY

Consolidated Statement of Comprehensive Income

	2007 \$'000	2008 \$'000	2009 \$'000	2010 \$'000	2011 \$'000
Profit and loss					
Property revenue	693,430	664,831	708,506	663,068	629,072
Management fees	–	26,760	63,663	51,588	50,655
Proceeds from sale of inventory	–	–	–	–	3,359
Property revaluations	831,330	184,444	–	–	148,433
Reversal of previous impairment	–	–	–	13,307	–
Interest revenue and net gain/(loss) on sale of investment properties	3,355	2,297	(1,880)	(53,342)	7,052
Contribution from equity accounted investments	52,715	2,467	31	(26,243)	34,053
Other income	19,168	12,829	5,739	10,144	5,486
Total income	1,599,998	893,628	776,059	658,522	878,110
Property expenses	(170,120)	(159,565)	(174,485)	(169,753)	(151,865)
Cost of sale of inventory	–	–	–	–	(3,353)
Finance costs	(133,055)	(213,233)	(384,241)	(190,685)	(52,744)
Employee benefit expense	–	(23,340)	(59,282)	(58,978)	(67,417)
Impairments and property devaluations	–	(61)	(1,685,733)	(209,367)	–
Other expenses	(53,559)	(44,266)	(47,970)	(28,132)	(26,298)
Total expenses	(356,734)	(440,465)	(2,351,711)	(656,915)	(301,677)
Profit/(loss) before tax	1,243,264	453,163	(1,575,652)	1,607	576,433
Income and withholding tax (expense)/benefit	(32,473)	(7,902)	120,236	29,983	(21,313)
Net profit/(loss)	1,210,791	445,261	(1,455,416)	31,590	555,120
Other non-controlling interests (including RENTS)	(41,972)	(6,984)	(3,695)	(170)	(2,108)
Net profit/(loss) to stapled security holders	1,168,819	438,277	(1,459,111)	31,420	553,012
Operating EBIT	n/a	485.9	514.5	461.3	437.2
Funds from operations (cents per security)	11.3	11.9	10.4	7.3	7.4
Distributions (cents per security)	11.3	11.9	7.3¹	5.1¹	5.2¹

1 70% of FFO.

DXS OPERATING AND FINANCIAL REVIEW

CONTINUED

Consolidated Statement of Financial Position

	2007 \$'000	2008 \$'000	2009 \$'000	2010 \$'000	2011 \$'000
Cash and receivables	95,992	135,671	120,661	89,429	109,921
Property assets ¹	9,151,993	8,737,874	7,741,549	7,308,543	7,491,008
Other (including derivative financial instruments and intangibles)	238,851	475,442	488,900	473,056	386,715
Total assets	9,486,836	9,348,987	8,351,110	7,871,028	7,987,644
Payables and provisions	289,501	322,528	289,561	281,230	274,346
Interest bearing liabilities	3,353,327	3,006,919	2,509,012	2,240,082	2,215,056
Other (including financial instruments)	139,065	184,487	406,320	343,269	191,401
Total liabilities	3,781,893	3,513,934	3,204,893	2,864,581	2,680,803
Net assets	5,704,943	5,835,053	5,146,217	5,006,447	5,306,841
Minority interest	438,173	205,998	206,772	205,275	204,028
Net assets (after non-controlling interest)	5,266,770	5,629,055	4,939,445	4,801,172	5,102,813
NTA per security (\$)	1.82	1.77	1.01	0.95	1.01
Gearing ratio (%)	35.6	33.2	31.2	29.8	28.4

Consolidated Statement of Changes in Equity

Total equity at the beginning of the year	4,715,513	5,704,943	5,835,053	5,146,217	5,006,447
Net profit/(loss)	1,210,791	445,261	(1,455,416)	31,590	555,120
Other comprehensive income/(loss)	(27,136)	77,929	(53,478)	(7,034)	(4,973)
Contributions of equity, net of transaction costs	145,328	243,524	1,129,971	90,360	14,528
Distributions provided for or paid	(324,638)	(355,380)	(296,648)	(244,411)	(250,662)
Other transactions with equity holders	–	402	–	–	–
Other non-controlling interest movements during the year	(14,915)	(281,626)	(13,265)	(10,275)	(13,619)
Total equity at the end of the year	5,704,943	5,835,053	5,146,217	5,006,447	5,306,841

Consolidated Statement of Cash Flows

Net cash inflow from operating activities	319,735	374,445	359,577	340,174	239,342
Net cash (outflow)/inflow from investing activities	(537,912)	11,065	(212,459)	90,592	(227,039)
Net cash inflow/(outflow) from financing activities	174,366	(342,514)	(170,190)	(444,382)	4,949
Net increase/(decrease) in cash and cash equivalents	(43,811)	42,996	(23,072)	(13,616)	17,252
Cash and cash equivalents at the beginning of the year	106,428	59,603	99,214	84,845	64,419
Effects of exchange rate changes on cash and cash equivalents	(3,014)	(3,385)	8,703	(6,810)	(7,925)
Cash and cash equivalents at the end of the year	59,603	99,214	84,845	64,419	73,746

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

Our full Financial Statements can be accessed through our 2011 DEXUS Annual Report and 2011 DEXUS Combined Financial Statements, which are also available online at www.dexus.com

How do I invest in DEXUS Property Group?

DEXUS Property Group securities are listed on the Australian Securities Exchange (ASX: DXS). Security holders will need to use the services of a stockbroker or online broking facility to invest in DXS.

How can I find out information about DEXUS?

DEXUS's website contains extensive information on our property portfolio, investor communications, CR&S, Corporate Governance and the broader DEXUS Group at www.dexus.com

Earlier this year we introduced a "subscribe to alert" feature on our website where you can register your details to receive investor communications by an email alert as they are being released. To register your details please visit our website at www.dexus.com/media

Does DEXUS have any other listed trusts?

DEXUS also manages a hybrid security called DEXUS RENTS Trust (Real-estate perpetual ExchaNgeable sTep-up Securities) which is listed on the ASX (ASX code: DXRPA). RENTS are preference units in DOT Commercial Trust, a sub-trust of DEXUS Office Trust which forms part of the DEXUS Property Group stapled security. Information about DEXUS RENTS Trust can be found on our website at www.dexus.com/rents

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

DEXUS provides a significant amount of current and historical information on its website at www.dexus.com/dxs including:

- Investor login facility
- Distribution and tax components
- Security issue price
- Apportionment percentages for DEXUS Property Group since stapling
- Capital gains tax information

The website also provides information about the stapling process that created DEXUS Property Group and historical information about the distribution and issue prices of the Trusts that form DEXUS Property Group prior to stapling.

Can I receive my reports electronically?

DEXUS produces a fully integrated Annual Review (previously the Security Holder Review), an Annual Report and a Combined Financial Statements report each year. These reports are available on our website in both PDF and online formats (HTML). You can elect via your Investor login at www.dexus.com to receive notification that these reports are available online. Alternatively you can elect to receive any or all of these reports in hard copy.

What is the distribution policy?

DXS distribution policy is to distribute 70% of Funds from Operations. Distributions are paid for the six months to December and June each year. Security holders can receive their distributions by direct credit into a nominated bank account or by cheque.

Can I reinvest my distribution?

DXS does not have a DRP facility in operation at this time. If and when DXS reinstates a DRP, we will notify all security holders.

How do I get non-resident distribution information?

The notice required by non-resident investors and custodians of non-resident investors for the purposes of section 12-400 of Schedule 1 to the *Tax Administration Act 1953* is published on our website at www.dexus.com/dxs/tax prior to the payment of each distribution.

What do I do if I have unclaimed distributions?

If you believe you have un-presented cheques or unclaimed distributions, please contact the DXS 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 and use their search facility for unclaimed monies.

2012 distribution calendar

Period end	ASX announcement	Ex-distribution date	Record date	Payment date
31 Dec 2011	19 Dec 2011	22 Dec 2011	30 Dec 2011	29 Feb 2012
30 Jun 2012	20 Jun 2012	25 Jun 2012	29 Jun 2012	31 Aug 2012

SECURITY HOLDER INFORMATION

CONTINUED

Do I need to supply my tax file number?

You are not required by law to supply 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 provided this information and wish to do so, please contact the DXS Infoline on 1800 819 675 or your sponsoring broker.

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

At the end of each financial year we provide security holders who have received a distribution, an Annual Taxation Statement. This statement includes information required to complete your tax return. The distributions paid in February and August each year are required to be included in your tax return for the financial year the income was earned i.e. the distribution income paid in August 2011 should be included in your 2010/11 tax return.

How do I make a complaint?

Security holders 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 Financial Ombudsman Service (FOS), an independent dispute resolution scheme who may be contacted at:

Financial Ombudsman Service	Phone: 1300 780 808
GPO Box 3	Fax: +61 3 9613 6399
Melbourne VIC 3001	Email: info@fos.org.au
	Website: www.fos.org.au

2012 reporting calendar

Event	Anticipated date
2011 Annual General Meeting	31 October 2011
2012 Half-year results	mid February 2012
2012 Annual results	mid August 2012
2012 Annual General Meeting	31 October 2012

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

Annual General Meeting information

Our Annual General Meeting (AGM) will be held at The Westin in Sydney, New South Wales on Monday, 31 October 2011 commencing at 2.00pm. We encourage security holders to attend the AGM in person to meet our Board of Directors and Executive team.

The AGM will be webcast via our website www.dexus.com for those security holders who are unable to attend in person. The Chairman's address and the meeting results are announced to the ASX and available for download from our website.

Security holders are also encouraged to use our "subscribe to alert" system via our website www.dexus.com/media to receive notification as and when ASX announcements are made.

KEY ASX ANNOUNCEMENTS

09.07.10	DEXUS announces executive management restructure
16.07.10	DEXUS 2010 June distribution reinvestment price
18.08.10	DEXUS 2010 annual results release and presentation DEXUS 2010 Appendix 4E, financial statements and CGS DEXUS 2010 June property synopsis
01.09.10	DEXUS 2010 June DRP Appendix 3B
24.09.10	DEXUS 2010 annual reporting suite DEXUS 2010 Notice of Annual General Meeting
26.10.10	DEXUS 2010 Corporate Responsibility and Sustainability report
27.10.10	DEXUS 2010 Annual General Meeting results DEXUS 2010 Annual General Meeting address
13.12.10	DEXUS 2010 December distribution and DRP suspension
25.01.11	DEXUS US portfolio update
14.02.11	DEXUS hires new Head of Capital
16.02.11	DEXUS 2011 half-year results and presentation DEXUS 2010 December Appendix 4D and financial statements
25.03.11	DEXUS 2011 half-year report
13.05.11	DEXUS 2011 March portfolio update
21.06.11	DEXUS 2011 June distribution
29.06.11	DEXUS sells Canadian property
07.07.11	DEXUS acquires industrial property in California
17.08.11	DEXUS 2011 Annual results release, presentation and appendices
17.08.11	DEXUS 2011 Appendix 4E and Financial Report
17.08.11	DEXUS 2011 Property Synopsis
17.08.11	DEXUS 2011 Combined Financial Statements
24.08.11	DEXUS announces change to Board of Directors

GLOSSARY OF TERMS

AM	Member of the Order of Australia	DIT	DEXUS Industrial Trust	FFO	Funds from Operations is often used as a measure of real estate operating performance after finance costs and taxes. At DEXUS 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 properties, straight line rent adjustments, deferred tax expense and DEXUS RENTS Trust capital distribution
AO	Officer of the Order of Australia	DEXUS Group, DEXUS or the Group	DXS and the Third Party Investment Management business		
ASX	Australian Securities Exchange Limited	DEXUS Property Group, DXS or the Trusts	The four Trusts that comprise DEXUS Property Group Stapled Security		
Baa1 rating	A Standard & Poor's credit rating	DOT	DEXUS Office Trust	FOS	Financial Ombudsman Service, an independent dispute resolution scheme
BBB+ rating	A Standard & Poor's credit rating	DRP	Distribution Reinvestment Plan	FRICS	Fellow of the Royal Institute of Chartered Surveyors
BComm	Bachelor of Commerce	DWPF	DEXUS Wholesale Property Fund	FUM	Funds Under Management
BEc	Bachelor of Economics	DXFM	DEXUS Funds Management Limited, the Responsibility Entity for each of the four Trusts that comprise DEXUS Property Group	FY11/FY12	Financial year to 30 June 2011/Financial year to 30 June 2012
BE (Hons)	Bachelor of Economics (Honours)	DXO	DEXUS Operations Trust	GBCA	Green Building Council of Australia
BEEP	Business Energy Efficiency Program, a targeted cost effective program to cut power consumption, increase profitability and reduce the production of greenhouse gases	EBIT	Earnings Before Interest and Tax	GHG	Greenhouse gases
Bioswale	Bioswales are landscape elements designed to remove silt and pollution from surface runoff water. They consist of a swale drainage course with gently sloped sides (less than 6%) and filled with vegetation, compost and/or gravel	EEO	Energy Efficiency Opportunities Act	GJ	Gigajoule, a measurement of energy
BSc	Bachelor of Science	EOS	Employee Opinion Survey	GRI	Global Reporting Initiative
C\$	Canadian Dollar	FAICD	Fellow of the Australian Institute of Company Directors	IPD	Investment Property Databank, a world leader in performance analysis for owners, investors, managers and occupiers of real estate
CA	State of California, USA	FAPI	Fellow of the Australian Property Institute		
CA (SA)	Chartered Accountant (South Australia)	FCA	Fellow of the Institute of Chartered Accountants		
capitalisation rate	Ratio between the net operating income produced by an asset and its capital cost	FCPA	Fellow of Certified Practising Accountants in Australia		
CBD	Central Business District				
CPI	Consumer Price Index				
CR&S	Corporate Responsibility and Sustainability				
DDF	DEXUS Diversified Trust				

GLOSSARY

CONTINUED

Inland Empire	The Inland Empire is a 450 million square foot market east of Los Angeles consisting of Inland Empire West (280 million square feet) and Inland Empire East (also known as Riverside at 115 million square feet). Inland Empire West includes the submarkets of Chino, Fontana, Mira Loma, Rancho Cucamonga and Rialto. Inland Empire East includes Riverside up to San Bernardino and the Moreno Valley	NGERS	National Greenhouse and Energy Reporting System	T5/T8 lighting	T5 is a high efficiency, high output lamp. T5 lamps are able to fit into smaller spaces and provide more control of beam direction. T8 has a larger tube diameter than T5. Correct installation and usage can save up to 65% on normal lamps such as halogens and significantly reduce energy costs in tenancies.
intensity per sqm	Graph data is on an intensity per square metre basis which enables like-for-like comparisons year-on-year, excluding property acquisitions, disposals and developments during the period. Note: all environmental data includes only properties under our operational control as defined under NGERS	NOI	Net operating income	tenant incentive	A property industry standard practice. Tenants may be offered incentives by property owners who pay a given amount towards the tenant's fit-out and/or a rent free period at commencement of the lease
IRR	Internal Rate of Return	NTA	Net tangible assets	UNPRI	United Nations Principles for Responsible Investment, a network of international investors working together to put the six Principles for Responsible Investment into practice
KMP	Key Management Personnel	OAM	Medal of the Order of Australia	401K superannuation plan	A US retirement savings plan for our US employees
KPI	Key Performance Indicators	OH&S	Occupational Health and Safety		
LEED	Leadership in Energy and Environmental Design, the green building rating system in the US, equivalent to Green Star in Australia	OHS&L	Occupational Health, Safety and Liability		
MBA	Master of Business Administration	operational control	A company is deemed to have operational control when it has the authority to introduce and implement operating, health and safety, and/or environmental policies, and controls the operations of the site.		
MJ	Megajoule, a measurement of energy	PhD	Doctor of Philosophy		
NABERS	National Australian Built Environment Rating System	pre-lease	To obtain lease commitments in a building or complex prior to its being available for occupancy		
NLA	Net lettable area	REIT	Real Estate Investment Trust		
		RENTS	Real-estate perpetual Exchangeable Step-up Securities – DEXUS RENTS Trust (ASX code: DXRPA)		
		SCE	Southern California Edison is one of the largest electric utilities in California, serving more than 14 million people in a 50,000 square-mile area of central, coastal and Southern California		
		sector/(s)	Asset sectors specifically – office, industrial, industrial US, retail		
		SIPs	Strategic Improvement Plans		
		S&P	Standard & Poor's rating agency		

DIRECTORY

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

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Elizabeth A Alexander AM
Barry R Brownjohn
John C Conde AO
Tonianne Dwyer
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

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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 using the Investor
login link.

Australian Securities Exchange

ASX Code: DXS

Independent assurance

As part of our drive towards more robust and accurate non-financial reporting, this year we have widened the scope of our assurance to include greater coverage of our business and processes. In addition to auditing our Financial Statements, PricewaterhouseCoopers (PwC) has provided limited assurance over select data within our Corporate Responsibility and Sustainability Report for the 12 months to 30 June 2011 in accordance with our reporting criteria (www.dexus.com/crs). The PwC limited assurance statement, the GRI verification report and the associated reporting criteria documents will be available at www.dexus.com/crs by the end of October 2011.



2011 DEXUS ANNUAL REVIEW



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 paper is 55% recycled and is certified Carbon Neutral by the Carbon Reduction Institute (CRI) in accordance with the global Greenhouse Gas Protocol under the international standard ISO 14040. The printer of this report has Forest Stewardship Council® (FSC), Chain of Custody Certification.