

23 October 2009

The Manager
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

DEXUS Funds Management Limited
ABN 24 060 920 783
AFSL: 238163

Level 9, 343 George Street
Sydney NSW 2000

PO Box R1822
Royal Exchange NSW 1225

Telephone 02 9017 1100
Direct 03 8611 2930
Facsimile 03 8611 2910

Email: karol.oreilly@dexus.com

Dear Sir/Madam

DEXUS Property Group (ASX: DXS) - 2009 Corporate Responsibility & Sustainability Report

DEXUS Funds Management Limited, as responsible entity for DEXUS Property Group (DXS), provides its 2009 Corporate Responsibility & Sustainability Report.

For further information, please contact:

Investor Relations:	Karol O'Reilly	(03) 8611 2930
Media Relations:	Emma Parry	(02) 9017 1133

Yours sincerely



Tanya Cox
Company Secretary

2009

DEXUS Property Group
CORPORATE RESPONSIBILITY
AND SUSTAINABILITY REPORT



WELCOME TO OUR CORPORATE RESPONSIBILITY AND SUSTAINABILITY REPORT.

This report is the fifth published annual review of the Group's corporate responsibility and sustainability practices and achievements for the 12 months ending 30 June 2009.

REPORT SCOPE	1
REPORT APPLICATION RATING	1
CHAIR AND CEO STATEMENT	2
KEY ACHIEVEMENTS FOR 2009	4
OUR CORPORATE APPROACH	6
ABOUT DEXUS	8
ECONOMIC	9
GOVERNANCE	11
STAKEHOLDER ENGAGEMENT	13
EMBEDDING CR&S IN OUR BUSINESS	14
BENCHMARKING OUR CR&S PERFORMANCE THROUGH CORPORATE REPORTING	17
SOCIAL PERFORMANCE	18
OUR PEOPLE	20
OUR COMMUNITY	26
ENVIRONMENT	30
OUR ENVIRONMENTAL STRATEGY AND CLIMATE CHANGE	32
CORPORATE PERFORMANCE	35
OPERATIONAL PERFORMANCE	36
OUR FUTURE PLANS 2009/10	46
STATEMENT OF VERIFICATION	48
GRI INDEX	50
GLOSSARY	60



This report forms part of the Group's 2009 annual reporting suite. This year we are reporting to our stakeholders in a more concise format producing a Security Holder Review – a summary of the Group's operating activities and performance – visit www.dexus.com

To review the Group's Corporate Governance Statement, information about DEXUS's Board of Directors and the Group's Consolidated Financial Statements please refer to the DEXUS Property Group 2009 Annual Report.

All reports can be viewed or downloaded online at www.dexus.com

REPORT SCOPE

This report is DEXUS Property Group's fifth published Corporate Responsibility and Sustainability (CR&S) report. It represents an annual review of the Group's sustainability practices and achievements for the 12 months ending 30 June 2009. This report is also available on our website: www.dexus.com

This report covers the operations and employer practices of DEXUS in Australia, New Zealand and North America. Europe has been excluded from this report as the portfolio is currently being marketed for sale.

All figures are as at 30 June 2009 for the Governance, Economic and Social sections of the report and as at 31 March 2009 for the Environmental section, unless otherwise stated. The reference to our inclusion in the Dow Jones Sustainability Index was achieved in September 2009.

For the third year running, our CR&S report follows the Global Reporting Initiative (GRI) G3 framework covering environmental, social, governance and economic performance.

The GRI contains globally applicable guidelines for sustainability reporting. This year we have engaged an external auditor to provide verification of the overall report, data integrity and compliance with the GRI framework. For more information on GRI visit www.globalreporting.org

If you have any questions relating to this report, or our CR&S activities, please contact us via email at crs@dexus.com, or visit www.dexus.com/sustainability

Report Application Rating

This report is produced in accordance with the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines.

As part of our commitment to continually improve our CR&S reporting, we have sought external verification and have achieved an A+ application level. See page 48 onwards for further information.

		2002 in Accordance	C	C+	B	B+	A	A+
Mandatory	Self Declared			Report Externally Assured		Report Externally Assured		✓
	Third Party Checked							✓
Optional	GRI Checked							Report Externally Assured

To achieve a reporting application level of "A+" we are required to report on all core G3 performance indicators and provide an explanation of any core indicator on which we have not reported.

Please refer to pages 50–59 of this report to view our response to the GRI.

CHAIR AND CEO STATEMENT

At DEXUS, we strive to be a market leader in corporate responsibility and sustainability (“CR&S”) and employ a holistic approach to identify and address the governance, environmental, social and economic aspects of our operations. We are committed to ensuring that CR&S is a constant and visible consideration in all aspects of our business by embedding it into our culture and strategy.

We are pleased to report that the 2008/09 financial year has seen further progress in our CR&S programs. Despite challenging market conditions, we have continued our ongoing commitment to improving the performance of our existing portfolio and delivering sustainable developments.

In these uncertain economic times, we believe it is even more critical to ensure we are actively positioning our portfolio for the future, integrating sustainability as part of maintaining the quality of our properties.

Property operations

The office sector offers the greatest opportunities for improving resource efficiency and reducing carbon emissions. This is primarily as a result of higher tenant expectations, established Australian benchmarking tools like NABERS Energy and the easier comparability of office buildings.

As the largest owner and manager of office properties in Australia we feel it is appropriate that we concentrate our efforts here. In the year to March 2009, we are pleased to report that we reduced our energy consumption by 6%, water consumption by 13% and greenhouse gas emissions by 5% in the office sector.

Thanks to a long-term focus on risk management, a prudent development approach and proactive leasing efforts, our two major office developments have continued on track with substantial tenant pre-commitments secured with major Australian companies who share our vision to deliver the next generation of sustainable office space.

In Sydney, 1 Bligh Street is due to be completed in May 2011 and 123 Albert Street in Brisbane is due for completion in December 2010. Both developments offer world-class sustainable design features and significant tenant amenity.

During the year we also sought to expand our sustainability efforts in retail and we have made real progress in this area with reductions in energy consumption of 21%, water consumption by 31% and greenhouse gas emissions by 23%.

In our industrial portfolios, where much of the operational control lies with our tenants, we have continued to focus on initiatives where we can influence or control sustainability performance such as water efficient landscape management.

Our dedication to sustainability is part of our commitment to maintaining and growing the underlying value of our portfolio, and to continue to be a leader in the property sector.

Benchmarking our performance

We continued to benchmark our CR&S performance and during the year took part in our fourth Carbon Disclosure Project, responded to the Dow Jones Sustainability Index and maintained our listing in the Australia SAM Sustainability Index and the FTSE4Good Index.

In January 2009, we were named in the fifth annual “Global 100 Most Sustainable Corporations” list, announced at the Davos World Economic Forum in Switzerland.

At the time of writing this report we had also achieved further recognition for our efforts with inclusion into the Dow Jones

Sustainability World Index (DJSI World) in September 2009. DJSI World rates the performance of companies globally on economic, environmental and social criteria.

A holistic approach

We continue to align our CR&S program to efficiently manage our statutory and voluntary reporting obligations aligned with the expectations of key stakeholders, including the community and investors.

During the year we completed a resource consumption database and collated over two years of consumption data for over 100 properties, including all properties within our operational control.

We have implemented a more tailored approach to consider the strategic positioning of every property under our operational control from an economic, environmental and social performance perspective.

As part of our commitment to continually improving the quality and transparency of our reporting, this year we have expanded our CR&S Report to include a section on governance and enhanced the financial information. This further aligns our report with the Global Reporting Initiative, which we are reporting against for the third year.

Each section of the report highlights our management approach and provides detail on our achievements over the past year.

This year we have sought external verification of our 2009 CR&S Report for the first time with a view to undertaking full external assurance next year.



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

Social – our people and our communities

During the year, we successfully launched our first employee volunteering program. We achieved our objective of exceeding our 2007/08 contributions to registered charities and not for profit community groups with 2008/09 financial and in-kind contributions up 61% to \$540,000. This is primarily as a result of our new volunteering activity and increasing the property space provided free of charge to community groups.

In December 2008, we completed our third annual employee opinion survey, achieving improved results which we also benchmarked for the first time against Australian and global corporate performance standards.

Looking forward

While we expect the next year will continue to be challenging for the property sector and economy as a whole, DEXUS is well positioned to maintain our position as one of Australia's largest property groups and a market leader in office and industrial.

Our commitment to sustainability is a long-term strategy, and one we believe at DEXUS sets us apart from our peers. We continue to apply both active portfolio management and prudent capital management strategies to maximise value for our stakeholders and minimise the environmental impact of our operations.

We continue to seek ways to improve our relationship with our community and to instil within our people the importance of operating with the highest levels of ethics, integrity and social responsibility.

We firmly believe that our commitment to corporate responsibility and sustainability will increase the value of our portfolio and position us to meet future tenant and market demands ahead of our peers.

We look forward to reporting back to you on our progress in next year's CR&S Report. For any queries or feedback on our CR&S activities, please email us at crs@dexus.com

Christopher T Beare
Chair

Victor P Hoog Antink
Chief Executive Officer
30 September 2009

KEY ACHIEVEMENTS FOR 2009

GOVERNANCE

- ▶ Strengthened our commitment to CR&S by instituting Board oversight with the Board Risk Committee overseeing all aspects of CR&S (effective August 2009)
- ▶ Developed an internal audit function accountable to the Board Risk Committee
- ▶ Implemented a Continuous Disclosure Committee comprising executive managers

CORPORATE REPORTING

- ▶ Maintained our commitment to voluntary reporting and performance benchmarking:
 - responding to the Carbon Disclosure Project for the fourth year
 - maintaining our listing in the FTSE4Good Index
 - submitting our first application to the Dow Jones Sustainability Index (inclusion in the DJSI World Index achieved in September 2009)
- ▶ Recognised at the World Economic Forum in Davos as one of the Global 100 most sustainable corporations

ENVIRONMENT

- ▶ Completed NABERS Energy and Water ratings for the office portfolio
- ▶ Achieved significant efficiency gains in our office and retail sectors

	Office	Retail
Energy	↓6%	↓21%
Water	↓13%	↓31%
GHG	↓5%	↓23%

- ▶ Established a comprehensive resource consumption database for all properties
- ▶ Continued our sustainable developments at 1 Bligh Street, Sydney and 123 Albert Street, Brisbane



SOCIAL

OUR PEOPLE

- › Benchmarked our Employee Opinion Survey results against Australian and global benchmark standards
- › Completed 360 Degree Reviews for all managers
- › Developed a DEXUS leadership program for managers in conjunction with the Australian School of Business (AGSM)

OUR COMMUNITY

- › Launched a new employee volunteering program, so that each employee can take one day's additional leave to participate in volunteering activity, aligned with DEXUS's business strategy and values
- › Increased the measurability of our community engagement programs by rolling out new reporting methods to more effectively track all financial and in-kind donations
- › Exceeded our 2007/08 contributions to registered charities and not for profit community groups by 61% to \$540,000 (financial and in-kind contributions)

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

OUR CORPORATE APPROACH

At DEXUS our management approach to CR&S is based on the following 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 and corporate objectives

➤ **Transparency**

Providing transparent reporting of our CR&S activities, including the use of external benchmarks

➤ **Leadership**

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

OUR CORPORATE APPROACH ABOUT DEXUS

DEXUS is one of Australia's leading property groups specialising in owning, managing and developing world-class office, industrial and retail properties. Total assets under management as at 30 June 2009 is \$13.5 billion in Australia, New Zealand, North America and Europe.

In Australia, DEXUS is the largest owner and manager of office, the third largest in industrial and a leading manager and developer of shopping centres.

Group structure

Our listed property portfolio – DEXUS Property Group – is one of the largest property groups on the ASX. DEXUS Property Group owns, manages and develops \$7.7 billion of direct property assets in Australia, New Zealand, North America and Europe.

Our \$5.6 billion third party property funds management business manages and develops office, industrial and retail properties on behalf of third party investors. This includes the DEXUS Wholesale Property Fund (DWPF), two property syndicates and two private client mandates, which collectively make up one of the largest third party property funds management businesses in Australia.

Our team has a wealth of experience in property, asset, development and funds management and we provide property services to approximately 5,000 tenants around the world, primarily major corporate and government organisations.

Our vision

At DEXUS our vision is to be a leading owner, manager and developer of superior quality office and industrial properties in Australia and selected international markets and a leading manager and developer of retail properties.

We pride ourselves on providing world-class property solutions and delivering service excellence to our tenants. We seek to deliver long-term returns for our investors and optimum outcomes for our employees and the wider community.

A key part of our vision is our commitment to be a market leader in

corporate responsibility and sustainability, both in the property sector and in the communities in which we operate.

This vision is supported by our ability to understand risk, identify opportunities and develop best practice management programs, which seek to improve the environmental, economic and social performance of the properties we own and manage, and deliver the highest levels of corporate governance, ethics and integrity in the services we provide.

Australia and New Zealand

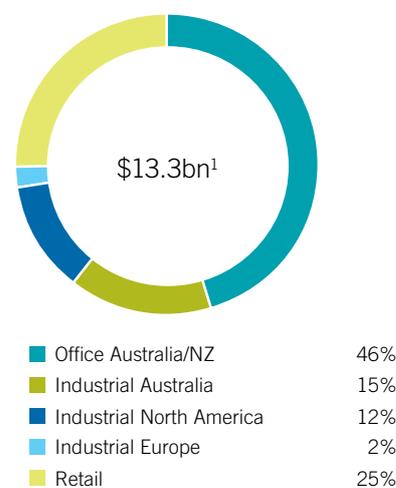
DEXUS owns or manages 120 properties in Australia which includes five properties in New Zealand with a total book value of approximately \$11.4 billion and a total lettable area of more than 2.9 million square metres. DEXUS's Australian and New Zealand portfolio represents 86% of the Group's operations and generated net property income of \$372.1 million or 70% of our total operating earnings as at 30 June 2009.

In Australia, our strategy is to build on our leadership position in office and industrial in established markets, where we can achieve greater scale, deliver sustainable returns and implement our integrated property management model.

North America

DEXUS owns 117 industrial properties in the USA and Canada with a total book value of approximately \$1.7 billion and a total net lettable area of more than 2.5 million square metres in 21 markets across North America. The portfolio generated net property income of \$133 million, which represents 25% of our total operating earnings.

GROUP MANAGED ASSETS BY VALUE AS AT 30 JUNE 2009



1 Excludes cash

In the US our strategy is to reposition the portfolio over the next few years to concentrate on fewer markets, primarily on the west coast. This will allow us to achieve greater scale in fewer markets and enable us to implement our property management model, to deliver sustained performance and create maximum value over the long-term.

Europe

DEXUS owns 20 industrial properties in Europe with a total book value of approximately \$241 million (or 2% of the Group portfolio) and a total net lettable area of more than 376,700 square metres in France and Germany. The portfolio generated net property income of \$23 million or 4% of total operating earnings.

The European properties will be sold over the next two years.



257 PROPERTIES

FUNDS UNDER MANAGEMENT
\$13.5 bn

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

Financial sustainability

At DEXUS, we take a holistic approach to CR&S and consider all aspects of our business operations – environmental, social, governance and economic. In terms of economic sustainability, our approach is based on two principles:

1. Sustained financial performance

We are committed to delivering consistently strong financial performance by creating stable future income streams that enable our business to grow, enhancing returns to our investors and invest in initiatives that deliver improved sustainability performance.

2. Sustainability adds value

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

Financial highlights

In the year ending 30 June 2009, the economic downturn continued to impact the property sector and we saw declines in both property values and tenant demand worldwide, which were reflected in the Group's overall performance.

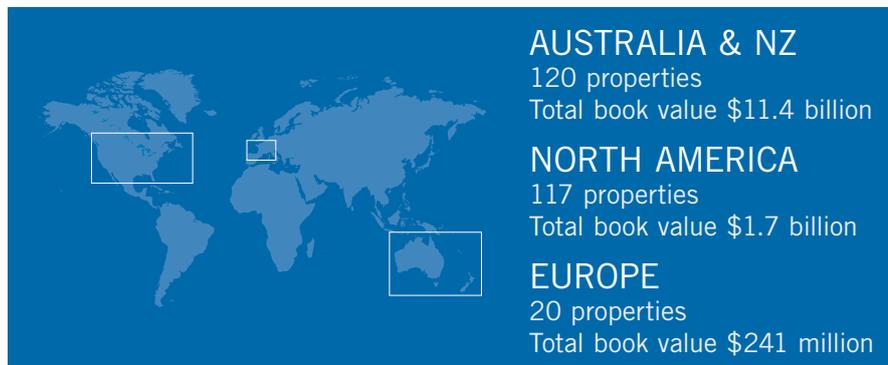
Despite these challenging conditions, the quality of the DEXUS portfolio, together with the underlying stability of operating earnings and our proactive and prudent approach to managing our balance sheet, continued to deliver strong results.

In the listed business – DEXUS Property Group – operating earnings were up 5.7% on the prior year to \$526.3 million. The Australian portfolio delivered a strong result with like for like growth of 4.5% in office and 4.1% in industrial. The international portfolio in North America and Europe declined 4.9% in line with the weak economic conditions.

The impact of the economic downturn on DEXUS's financial results was largely felt in declining property values. In 2008/09, property devaluations totalled \$1.6 billion and contributed to the Group's net loss of \$1.46 billion (see over page for further information).

The Group's third party property funds under management stood at \$5.6 billion at 30 June 2009, a decline of \$800 million which was principally due to declining property values. However, DEXUS maintained its position as one of the largest third party property funds management businesses in Australia.

While the investment performance of the third party funds has been impacted by the current economic environment, the portfolio quality and active management has seen it continue to deliver strong performance with a combined total return over five years of 9.3% per annum.



Implementing our capital management strategy

DEXUS continued to apply an active and prudent approach to capital management during the year and undertook a number of key initiatives:

- Refinanced and secured new debt facilities totalling \$860 million. At 30 June 2009, the Group's undrawn debt facilities exceeded \$1.4 billion
- Revised our distribution policy to adopt a payout ratio of 70% of Funds From Operations (FFO), with the balance retained to fund operational and leasing capex
- Successfully completed two equity raisings totalling over \$1 billion in December 2008 and April 2009, each receiving good investor support
- Commenced a \$600 million selected property sale program, the proceeds of which will be used to repay debt, improve liquidity, reduce gearing and further strengthen the balance sheet

Together these initiatives have enabled DEXUS to maintain a prudent gearing level of 31.2%, well within our target of below 40%. We continue to maintain a strong credit rating from Standard & Poor's (S&P) of BBB+ with a stable outlook.

Prudent development approach

Despite the tougher market conditions, we continued our commitment to delivering the next generation of sustainable office buildings with our developments on track and on budget at 1 Bligh Street, Sydney and 123 Albert Street, Brisbane.

The progress of these developments is relatively unique in the current market, where many development projects have been put on hold. At DEXUS we have always taken a prudent approach to our developments and both our office projects maintain strong feasibility with significant pre-commitment from major anchor tenants Rio Tinto at 123 Albert Street and Clayton Utz at 1 Bligh Street.

We have upheld our commitment to obtain a 6 star Green Star design rating and a 5 star NABERS Energy rating for both projects. We also continue to work with our anchor tenants to tailor the workspace design to their needs and to our common vision of delivering the next generation of sustainable office space.

During the year, we took further steps to manage our investments prudently by creating a joint venture partnership at 1 Bligh Street with Cbus, the construction industry's superannuation fund, who acquired a one third interest in the development. This has not only reduced our development costs by \$200 million, but has introduced a new investment partnership with a leading Australian company who shares our vision for sustainable development. This project has also provided direct economic benefit to the community through the creation of approximately 3,000 jobs over the life of the development.

Further information on DEXUS Property Group's financial performance can be found in the 2009 Security Holder Review and Annual Report at www.dexus.com or calling DXS Investor Relations on 02 9017 1330. Information on third party funds can be obtained by investors via www.dexus.com or calling Investor Relations on 02 9017 1121.

Property valuation fluctuations

In the property sector, the frequency and the number of properties revalued within a particular period and the change in fair market value of properties from period to period, can result in significant fluctuations in reported net profit/loss.

For example, in the year ended 30 June 2007, the sector experienced positive economic and market conditions. At DEXUS we saw strong demand and increased market rental rates across our portfolio and property valuations increased by \$864 million, which contributed to a net profit of \$1.2 billion. These positive conditions continued in Australia through the first half of the year ending 30 June 2008 but began to deteriorate in the United States and Europe. As a result, changes in property revaluations of \$185 million, contributed to a reduced net profit of \$438 million.

In the 2009 financial year, global economic conditions deteriorated further due to the global financial crisis. These adverse market conditions were reflected in a softening of capitalisation rates and weaker underlying property fundamentals, causing a decline in property valuations worldwide. As a consequence, the DEXUS property portfolio was devalued by \$1.6 billion, which contributed to a net loss of \$1.46 billion to 30 June 2009.

Overall since the valuation peak in December 2007, we have seen a decline in book value of 19%. However, looking ahead we expect that property devaluations and impairments are nearing the bottom of the cycle and will begin to recover in 2009/10.

Data note: DEXUS figures refer to DXS.

At DEXUS we pride ourselves on operating to the highest standards of corporate governance, demonstrating best practice corporate responsibility, consistent with our CR&S commitment.

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.

Although DEXUS Property Group is not a public company, the Board has determined that its governance framework will satisfy the highest standards of a public company. The Group therefore voluntarily conducts an annual general meeting, facilitates the appointment of Directors by DEXUS security holders and publishes a full remuneration report. Furthermore, DEXUS has elected to maintain a Compliance Committee, which provides additional oversight of the compliance function, beyond the requirements of the *Corporations Act 2001*.

A comprehensive approach

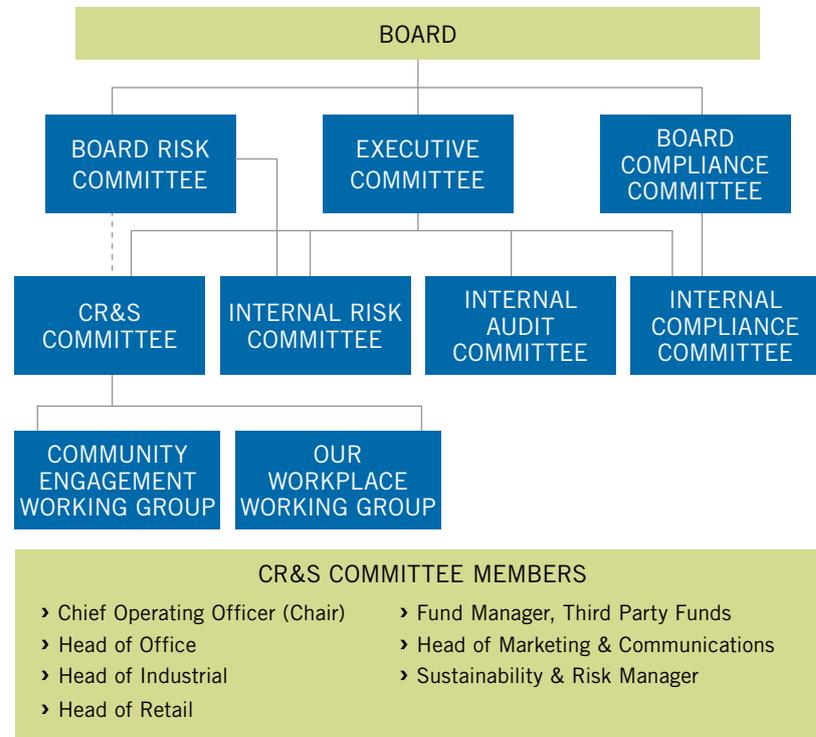
DEXUS has a strong governance and risk management framework in place at all levels of the business, from our prudent approach to capital management to comprehensive risk management policies and practices.

Our approach to governance is supported by our risk management framework, policies and business procedures, as follows:

Risk management framework

DEXUS has a comprehensive risk management framework in place. Our Risk & Compliance team oversees this framework and has an independent reporting line to the Board Risk

CR&S management framework



Committee and Board Compliance Committee. Management Committees have been established to support the operation and oversight of the Board Committees. Board and Management Committees meet at least quarterly with additional meetings convened as required.

The framework supports the development and implementation of risk management procedures in business practices, making all employees responsible for identifying and minimising risk. This framework is based on the principles of the Australian Standard on Risk Management (AS/NZS 4360: 2004).

Each year we complete a review of our risk management framework, committee structures and policies and procedures to ensure continuous improvement in this area. In line with this commitment to continuous improvement, in 2008 a series of comprehensive risk workshops were held with senior managers to review

and update our risk register. This has formed the basis of the Group's Internal Audit program for 2009/10.

Property risk management is overseen by the Property Operations team. External service providers have been appointed to conduct environmental risk management (EM) audits and occupational health, safety and liability (OHS&L) audits. Any issues identified are reported to the Internal Risk Committee and escalated to the Board Risk Committee where appropriate.

All DEXUS properties have a comprehensive risk management program in place, addressing OHS&L and EM. Each program includes a risk management manual and an audit protocol.

Audits are carried out annually and each property receives an audit report and action plan where required. Results are communicated within the Group and peer reviewed within the portfolio to share experience and implement any necessary broader changes.

Our OHS&L program incorporates fire systems, hazard and contractor management, building design and operation, emergency response plans and pandemic procedures.

Our EM program has been developed in line with the international standard for Environmental Management Systems (ISO 14001: 2004), which incorporates elements identified under the Australian Standard for Risk Management (AS/NZS 4360) and complies with relevant legislation.

Over the coming year we plan to align our risk management framework with a climate change risk matrix to identify properties that may require an adaptation plan to address these risks. To date our initial reviews have indicated low risk.

Policies

The Risk Management framework provides clear guidance for DEXUS employees through specific policies and business procedures. Annual compliance training is compulsory for every employee.

All compliance policies are reviewed on an annual basis by senior management and approved for release by the Internal Compliance Committee. Where policies are significantly amended, the Risk & Compliance team develops and facilitates training modules to ensure our people are aware of the changes.

An overview of our key corporate governance policies, is provided below:

Whistleblowing policy

DEXUS has a Whistleblowing policy in place, whereby reports of suspected inappropriate behaviour, such as the unauthorised use of company assets, are referred to the Head of Risk and Compliance, who undertakes a confidential investigation.

Employee trading

Our Employee Trading policy requires that all employees and their associates seek approval from the Head of Risk & Compliance and the CEO before trading in DXS shares. Compliance with this policy is monitored on a quarterly basis and all employees are required to certify that they continue to comply with this policy.

Continuous disclosure

DEXUS is committed to the timely and balanced continuous disclosure of all material matters that impact the Group. Our continuous disclosure policy requires that information which is made available to the public is subject to the relevant approvals and verification prior to release.

Our continuous disclosure practices are supported by an automated system, which is designed to ensure that all material published externally is reviewed by Marketing & Communications, Risk & Compliance, Legal and the relevant business unit head prior to release.

Compliance with our continuous disclosure policy is also subject to review by our Risk & Compliance team.

In 2008/09 DEXUS established a Continuous Disclosure Committee comprising executive management to further ensure that all business activities which may require disclosure to the market are formally considered.

Code of Conduct policy

All employees are required to declare their compliance with our Code of Conduct policy on a quarterly basis and undertake ongoing training.

Embedding CR&S into our governance framework

Our CR&S management framework aims to incorporate CR&S best practice throughout our business and is built on our established foundation of prudent risk management. The consideration of governance, environmental, social and economic issues are a fundamental part of our portfolio management process at all levels of operation.

Our CR&S Committee was established in 2007 to oversee the development and implementation of strategy, and systems to progress our sustainability programs and enable us to respond to emerging CR&S issues. The Committee meets quarterly with additional meetings scheduled as required. The CR&S Committee comprises senior management including the Chief Operating Officer and the sector heads of each of our business units and is further supported by our Community Engagement Working Group and our Workplace Working Group.

The CR&S Committee reports to the Board Risk Committee and our Executive Committee. The Board has ultimate responsibility for CR&S and formally reviews our progress quarterly.

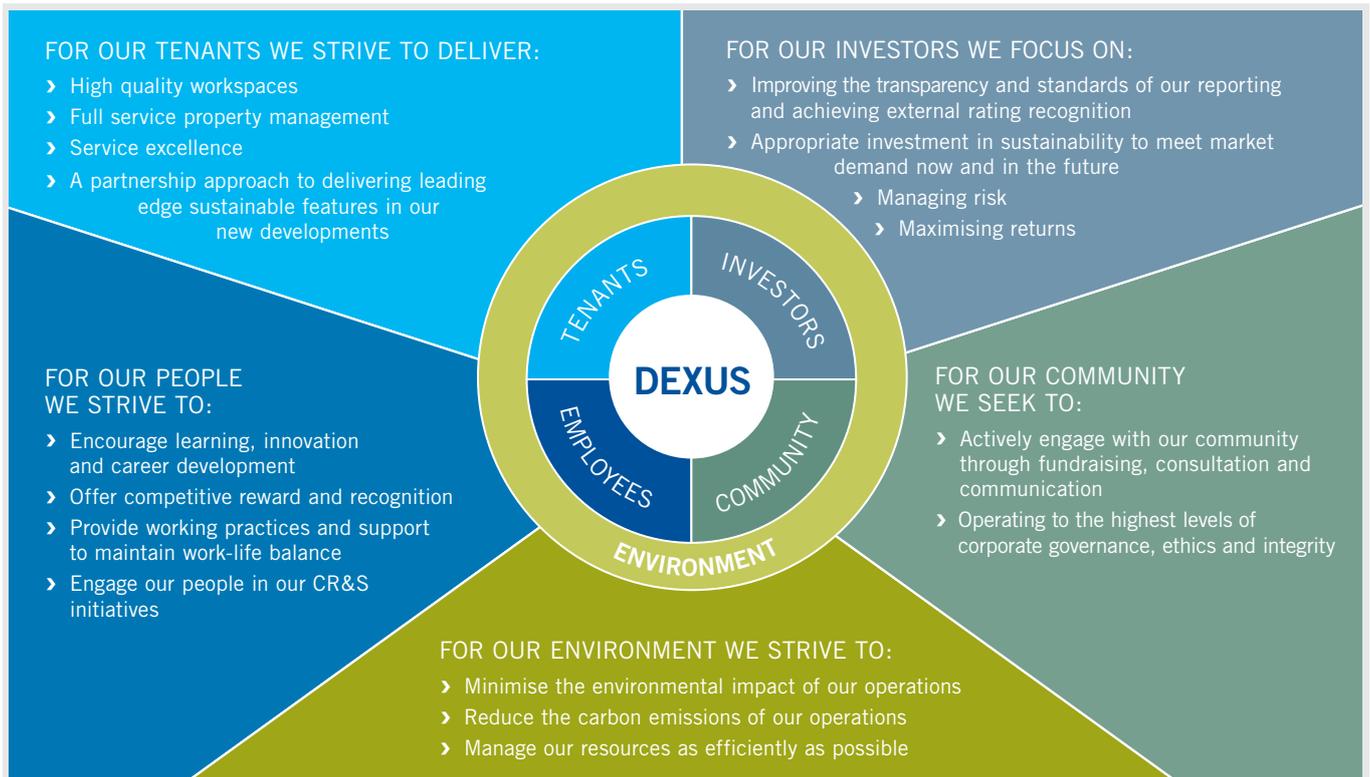
Further information on our approach to corporate governance can be found on pages 4 to 9 of the DEXUS Annual Report.

STAKEHOLDER ENGAGEMENT



STAKEHOLDER ENGAGEMENT EMBEDDING CR&S IN OUR BUSINESS

At DEXUS we recognise that in order for our CR&S strategy to be successful and add value it must be integrated into our business model: this continued to be our focus in 2008/09. Our business operations and CR&S programs are also designed to engage our key stakeholders, who we define as tenants, investors, employees and the wider community in which we operate – including the general public, industry and government.



At DEXUS we are committed to ensuring that CR&S is a constant and visible consideration in all aspects of our business by embedding it into our culture.

We strive to deliver social, governance, economic and environmental value to our stakeholders and look to engage with them wherever possible to achieve greater sustainability outcomes.

Engaging our tenants

As one of the largest property groups in Australia, we provide property services to approximately 5,000 tenants primarily major corporate and government organisations. In the last year, we have implemented a number of initiatives to further enhance the relationship we have with our tenants.

Portfolio wide initiatives

DEXUS tenant surveys

For the last two years we have conducted annual tenant surveys in our office and industrial portfolios and in 2008 ran our first national retailer survey. Our aim is to gain a greater depth of understanding of our tenants' needs so we can continue to improve our service delivery and ensure our properties meet the needs of our tenants, now and in the future.

The surveys enable tenants to provide feedback and rate their level of satisfaction in relation to key areas such as property maintenance, building management, communications and sustainability. To encourage participation in the survey, we make a donation of

\$25 to our "People's Choice" charity for each survey completed – this year donations went to the Royal Flying Doctor Service (see page 27).

Service excellence

Consistent with our commitment to delivering service excellence to our tenants, we have sought to enhance the quality of our customer service over the past year with new initiatives in tenant engagement and the management of our suppliers.

In 2009/10 our office tenant surveys will be undertaken by an external provider to enable more effective benchmarking with industry standards and ultimately enable further improvements in our service delivery.

Currently, in our supply agreements we require our contractors and service providers to confirm their commitment to the principles of fair contracting. In 2009/10 this will be expanded to include key performance indicators in delivering service excellence and sustainability performance, which will then be integrated into our procurement procedures.

Office portfolio initiatives

Across our office portfolio, we introduced a new engagement program, where our property and portfolio management teams annually prepare a tenant communication plan for each building, mapping opportunities for regular tenant liaison. This is tailored to the property and the individual tenant needs. The office property management teams also conduct regular tenant meetings and we produce tenant newsletters, which further enhance communications.

In addition, for the second year running, we engaged with our tenants to gather additional feedback on our services, properties and facilities through the DEXUS tenant survey.

As in the first year survey, office tenants rated sustainability as important to their company. Tenants rated resource efficiency programs and the use of environmentally friendly materials as “important” to “very important” and responded favourably when asked whether they would like further information and support on environmental sustainability initiatives in their tenancies.

Over the last 12 months, we established a number of Green Building Committees which include building tenants, so that we can further engage with our tenants on sustainability and drive increased sustainability performance. In addition, we provide sustainability updates in tenant newsletters.

In May 2009 we completed the internalisation of property management in our office portfolio, with the objective of improving the quality of service offered

to our tenants and enhancing operating efficiencies by bringing full management of our properties in-house.

This is consistent with our integrated property management model which we believe gives us greater connectivity with our tenants and the ability to create greater value.

Industrial portfolio initiatives

The internalisation of the property management of our industrial portfolio in Victoria is currently underway, expanding our team in Victoria, with New South Wales to follow later in 2009.

Tenant surveys were also conducted in our industrial portfolio for the second year running, where the average rating for the importance of Environmental Sustainability remained high (rated between “important” and “very important”).

Retail portfolio initiatives

Tenant engagement in our retail sector continues at both a centre and portfolio level. We hold regular retailer meetings and produce centre newsletters to ensure that retailers are fully briefed on all activities and opportunities in the centres. We also work with consultants to ensure our programs are best practice and add value to both our retailers and customers, as well as our business.

In October 2008, we launched our first national retailer survey. The results of this annual survey were encouraging, with many of the highest scores relating to sustainability, such as the importance of waste management, recycling programs and energy efficient programs and the importance of the use of environmentally-friendly materials.

During the year we developed a new values and reward program for retailer performance – the DEXUS S.T.A.M.P awards. These will be launched later in 2009 and aim to reward performance in the following areas:

S – Sales

T – Trading hours

A – Administration (sales remittance and timely payment of rent)

M – Marketing participation

P – Presentation

Industry engagement

In the property industry we play an active role through the Property Council of Australia (PCA) to contribute to the development of our sector, including engaging through the PCA at all levels of government on policy issues. We also seek to work collaboratively with the sector to promote the CR&S capability of the property industry.

Our employees are members of more than 30 organisations across relevant industry and professional sectors, including:

- Property Council of Australia
- Green Building Council of Australia
- Australian Property Institute
- Facilities Management Association of Australia
- Property Management Institute
- Shopping Centre Council of Australia
- Royal Institute of Chartered Surveyors
- Australian Society of Certified Practising Accountants
- Financial Services Institute of Australia
- Institute of Chartered Accountants
- Australian Marketing Institute
- Chartered Institute of Building Services Engineers
- Australian Compliance Institute
- Chartered Securities Association

Several members of DEXUS also hold senior positions on industry bodies and committees as well as participating in professional development programs by presenting at industry courses.

For example:

- Immediate Past President, PCA
- Board Member, PCA
- Chair, PCA Audit Committee

STAKEHOLDER ENGAGEMENT EMBEDDING CR&S IN OUR BUSINESS

CONTINUED



DEXUS Results presentation

- Chair, PCA Risk Committee
- Member, PCA Property Investment and Finance Advisory Committee
- API President's Appointment Committee
- Director, Shopping Centre Council of Australia
- Advisory Member, Shopping Centre Council of Australia
- Member, PCA Industrial Committee
- Member, PCA National Sustainability Round Table

Government engagement

In the course of doing business we engage with government at a local, state and federal level, for example, through consultation in the development process and through participation with our industry body the PCA.

We have strict rules regarding the payment or acceptance of gifts or benefits to and from third parties, as set out in our Gifts, Benefits and Entertainment Compliance Policy. This policy prohibits financial or in-kind contributions to political parties and politicians. No gifts, benefits or donations were made to political parties or politicians in 2008/09.

All employees are required to conduct themselves in an appropriate manner that does not bring the Group's reputation into disrepute. In 2009/10 we will develop a formal policy on participation in public policy development and lobbying.

Investor Relations

Each year we strive to improve investor reporting on our CR&S activities and continue to externally benchmark our CR&S performance to provide investors with a comparable assessment of our performance, relative to our peers and other industries.

DEXUS has approximately 22,000 investors ranging from large, institutional investors such as super funds, to individual investors (i.e. households around Australia and internationally). As a major listed property group, DEXUS is also monitored by a wide group of financial advisers, investment analysts and other market groups.

DEXUS has an experienced Investor Relations team who produce an annual investor relations plan and calendar of activities. This provides regular communication with each of our investor groups.

Over the past year, we have continued to enhance investor access to senior management and other executives by broadening our investor contact. This has been achieved through hosting investor presentations, one-on-one investor and broker meetings, property tours and participating in industry and broker conferences both in Australia and internationally.

Each year we invite our investors to attend our Annual General Meeting which provides investors with direct access to the Board of Directors and senior executives. DEXUS uses various multi-media services to provide a live broadcast of the Annual and Half Yearly Results presentations, as well as the Annual General Meeting. These are all made available on our website.

In addition, we have a comprehensive website featuring a dedicated Investor Centre, which provides investors and the broader investment community with access to financial and property information.

Our print and online reporting is reviewed with each publication, for best practice content, design, transparency and sustainability considerations. For example, in 2008 we developed our first interactive online Annual and CR&S Reports to promote the reduction of printed reports and increase accessibility.

In 2009 we elected to separate the Annual Report into two sections including a Security Holder Review, a printed copy of which will be sent to all investors, and a statutory Annual Report section, which will only be sent to those investors who request to receive a printed copy.

All other investors will receive a notice advising that the Annual Report is available online and that printed copies are available on request. The provision of the Security Holder Review ensures our entire investor base receives important information on the performance of DEXUS in a concise manner, while reducing our printing requirements. This will minimise our environmental impact while maintaining our commitment to comprehensive and easily accessible reporting.

We strive to continually improve our reporting standards and invite investors to provide us with feedback on how we are doing in this important area via ir@dexus.com

BENCHMARKING OUR CR&S PERFORMANCE THROUGH CORPORATE REPORTING

Benchmarking our performance continues to be an important part of our CR&S strategy and our commitment to improving the transparency and accountability of our CR&S activities and reporting. Many stakeholders, and in particular investment analysts, look to evaluate businesses on their CR&S performance. DEXUS has been participating in voluntary reporting since our first response to the Carbon Disclosure Project in 2006. Over the last 12 months we submitted responses to the following indices and voluntary programs:

Dow Jones Sustainability Index



DJSI track the financial performance of the leading sustainability-driven companies worldwide. Index constituents are selected according to a sustainability assessment that identifies sustainability leaders in a wide range of industry groups, including real estate.

Corporations are evaluated based on criteria including:

- Climate change strategies
- Energy consumption
- Human resources development
- Knowledge management
- Stakeholder relations
- Corporate governance



In responding to the DJSI survey, Australian companies are reviewed for inclusion in the Australian SAM Sustainability Index (AuSSI), the DJSI Asia Pacific Index and the DJSI World Index. In 2008 we were included in the AuSSI and in 2009 we responded to DJSI for the first time. In September 2009 our listing was confirmed on both the DJSI World and Asia Pacific Indexes.

DJSI Asia Pacific comprises the top 20% out of the largest 600 companies in the developed countries in Asia Pacific. The DJSI World Index comprises the leading

companies in terms of sustainability around the world, capturing the top 10% of the largest 2,500 companies worldwide based on long-term economic, environmental and social criteria.

FTSE4Good Index

The FTSE4Good series measures the performance of companies that meet recognised corporate responsibility standards. Companies are selected using the following social and environmental criteria; environmental sustainability, human rights, countering bribery, supply chain labour standards and climate change.



This index aims to set global standards in the rapidly growing area of Socially Responsible Investment. DEXUS was admitted to the Index in 2006.

Carbon Disclosure Project (CDP)

CDP is a voluntary climate change reporting program that invites the largest 3,700 companies globally to report on their emissions and climate change management practices. CDP has assembled the largest corporate greenhouse gas emissions database in the world and publishes an annual report which provides a detailed analysis of how the largest companies around the globe are responding to climate change. In 2009, we completed our fourth Carbon Disclosure Project (CDP7) report as part of our ongoing commitment to transparent reporting, addressing the challenges of climate change and reducing our carbon footprint.

National Australian Built Environment Rating System

NABERS enables businesses to communicate their performance in conserving and protecting the environment and provides measurable evidence of their commitment to sustainability. The NABERS tools provide an industry standard measurement of energy efficiency and greenhouse performance (NABERS Energy) and

water efficiency (NABERS Water) for office buildings. All DEXUS office properties are rated against the NABERS Energy and Water benchmarking tools and results within the portfolio are compared against each other to drive further CR&S performance.

Best practice reporting

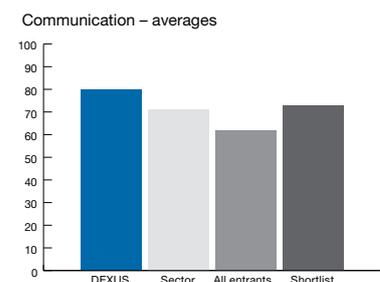
This year we again entered our 2008 Annual Report into the Australasian Reporting Awards to assess the quality of our reporting and we were pleased to receive our second bronze award. To find out more visit www.arawards.com.au

ACCA findings

In 2008, we entered the ACCA Australia and New Zealand Sustainability Reporting Awards for the first time. The Association of Chartered Certified Accountants (ACCA) is the global body for professional accountants and has promoted greater transparency in the reporting of organisations' social and environmental impacts since 1991.

Our 2008 CR&S Report achieved a Top 27 shortlist position out of 77 entrants. The awards are judged on three categories: completeness, credibility and communication. We were particularly pleased to receive the highest score of all entrants for the standard of communication, which supports our commitment to delivering high quality, transparent reporting. We have used these findings of our first entry to strive to improve this 2009 CR&S report across all three categories.

EXTRACT FROM ACCA FEEDBACK REPORT ON OUR 2008 CR&S REPORT



Source: ACCA Australia and New Zealand.

SOCIAL PERFORMANCE

Our people profile 2008/09

- 284 DEXUS employees
- In 19 locations around Australia
- Median age 36
- 40% of executive management are women

92% of our employees
are proud to work at DEXUS

Community engagement achievements

- New employee volunteering program launched
- Community engagement \$540,000 contributed in 2008/09

61% increase in financial
and in-kind contributions





Our people management framework

OUR APPROACH

- Friendly, professional and supportive
- Supports worklife balance
- Encourages diversity in an environment free from discrimination and harassment
- Promotes open communication and values respect, excellence, service, integrity, teamwork and empowerment

OUR PEOPLE MANAGEMENT

- Ensures our people are engaged and enthusiastic about our business and their development
- Focussed on delivering service excellence for our tenants and investors
- Performance objectives aligned with our vision, values and CR&S objectives
- Rewards individual and team contribution to our financial and business performance

OUR PEOPLE DEVELOPMENT

- Supports learning and professional development through tailored learning and development platform
- Encourages professional development through active participation in industry forums

OUR FOCUS IN 2008/09

- Embedded DEXUS values into our performance management program
- Promoted flexible working options
- Implemented a number of new feedback opportunities

- Proactive management of human capital to ensure continuous review of talent, promotion potential and succession plans for key roles
- Employee surveys benchmarked against Australian and global company norms
- Enhanced our employee performance management framework
- Additional remuneration benchmarking to maintain competitive framework

- New DEXUS Management Series launched to develop core management skills
- New DEXUS lunchtime learning series launched
- 360 Degree Reviews for all managers
- Further promoted diversity in the property industry

Our commitment to our people extends well beyond our immediate workplace. In addition to creating a supportive working environment for our employees, we aim to form quality relationships with the wider community, including our tenants, investors, suppliers and corporate partners.

Learning and development

In order to attract the best talent and retain our key talent, we recognise the importance of investing in the development of our people.

Following feedback received from the annual Employee Opinion Survey, 360 degree management reviews, employee exit interviews, and bi-annual talent management and performance reviews, we concentrated our development focus in 2008/09 on core management skills.

Accordingly, our training expenditure increased by 35% compared with 2007/08 as we increased our investment in high quality, tailored learning and development programs focusing on core management skills.

In 2008/09, we concentrated our learning initiatives in four key areas:

- Partnering with industry education leaders to deliver the highest quality programs tailored to our business and our people's development needs

Two of these leading enterprises, Australian School of Business (AGSM) and the National Institute of Dramatic Arts (NIDA), were commissioned to tailor specific programs for DEXUS; managing people for performance and effective communication skills

- Creating opportunities for individuals to work in other business units or to participate in cross-divisional projects to further develop their skills and create value for DEXUS through proactive teamwork and collaboration

At DEXUS we don't just recognise that our people are key to the success of our business, we actively seek ways to develop and retain our people and create an attractive and productive working environment for them.

To achieve this we focus on implementing appropriate policies and practices to create an environment which promotes work-life balance and actively encourages diversity, equal opportunity, employee recognition, career development, open communication and commitment to the DEXUS values.

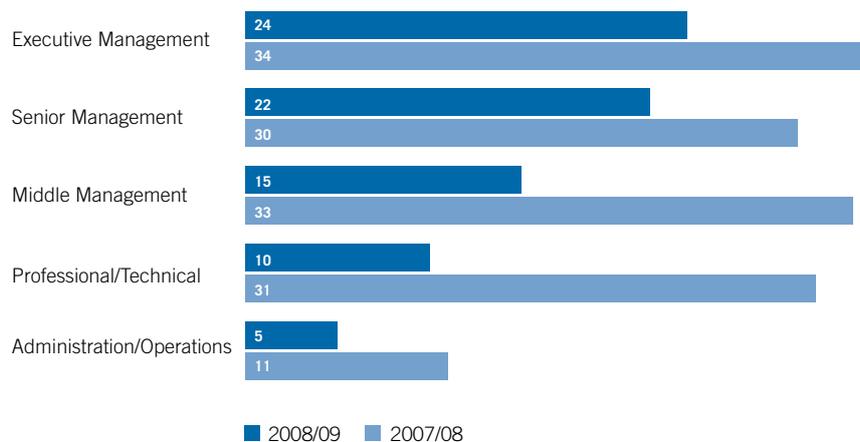
Our values – Respect, Excellence, Service, Integrity, Teamwork and Empowerment – are the cornerstone of our culture and describe what we believe are the key characteristics of a positive working environment. Our people are assessed on their commitment to our values as part of the annual Employee Performance Review. In 2008/09 we enhanced the review criteria to specifically include performance to our values as we believe that not only is it important to meet and exceed their role and personal objectives and development targets, but equally, to align achievements with our values.



Members of the DEXUS team at Australia Square, Sydney, NSW

- Enhancing the education of our people through informal lunchtime learning presentations and regular internal communications about our business and how the different divisions operate
- Providing ongoing learning opportunities on a range of topics covering areas such as corporate governance, risk management, property industry issues and self-development skills

AVERAGE TRAINING HOURS BY WORKFORCE CATEGORY



Note: The above graph shows an overall reduction in training hours reflecting this year's focus on more customised and intensive programs for our managers delivered through leading educational institutions.

Talent management and leadership planning

We undertake six-monthly reviews of the performance and potential of our people to ensure a continuous review of talent, promotion potential and succession plans for key roles. During the year, we continued to conduct succession planning analysis internally and externally for our executive team.

Developing our managers to effectively lead our business

In November 2008 we commenced a 360 Degree Performance Review program for all employees who hold management positions. The aim was to assist our managers in developing a holistic approach to their management responsibilities and to provide them with an insight into their management style. By 30 June 2009 over 90 employees had completed a 360 Degree Review, which included feedback from managers, peers, direct reports and where appropriate, external parties.

The survey results analysis and individual communication back to our employees was facilitated by an external service provider. The overall results benchmarked our managers as “Excellent” and highlighted common strengths such as integrity, work ethic, knowledge and ability. The areas identified for further development were creativity, the communication of long-term plans and the ability to challenge poor performance.

In addition to carrying out the 360 Degree Review for our managers, last year we partnered with the Australian School of Business to develop a leadership training program, designed to be practical and help managers identify their individual strengths and areas for development. The program also demonstrated how to put into practice techniques to build and sustain a positive and performance oriented culture. Feedback from the 23 participants in our first program has been overwhelmingly positive and the second program commences in September 2009.

Reward and recognition

DEXUS’s remuneration objective is to reward employees who contribute to the success and growth of the organisation. We look to align reward with performance in order to reinforce our performance-oriented culture and offer competitive remuneration to attract, motivate and retain the highest quality talent.

Incentives, or annual bonuses, are awarded for performance reflecting the employee’s role, responsibility and achievements in line with the financial and non-financial performance of the business. For our senior managers, we also offer a long-term incentive plan, which aims to align their interests with the long-term interests of security holders and serves as a retention tool for our key talent.

In addition, our employees have access to a suite of benefits, including:

- An Employee Assistance Program
- A comprehensive study assistance program

TALENT MANAGEMENT AT DEXUS

At DEXUS, we believe that a key component of improving employee retention is providing a workplace where individuals feel there is opportunity for them to grow and develop.

One way of doing this is to provide our people with opportunities to transfer across business sectors within DEXUS, enabling them to develop new skills and increase inter-departmental collaboration and teamwork.

Several inter-departmental transfers were completed across our business in 2008/09. A good example is the transfer of one of our senior lawyers, Ben Keen – who last year moved to our Industrial team as Head of Operations, from our Legal department. This has allowed Ben to learn more about the business, build a specialisation in a specific field and also broaden his internal business network.

Ben commented on the outcome of the transfer, *“Having worked as an in-house lawyer at DEXUS for a number of years, I developed an understanding and passion for how the business worked from a transactional and operational perspective. DEXUS has a progressive and creative approach to career development, which afforded me the opportunity to pursue that passion further and employ my core skills and competencies in a different area of the business, within the context of a familiar working environment. The challenge of a career change was also exciting as I had a desire to seize the opportunity to work with a new team in our Industrial sector and stretch my skills and capabilities. I was able to draw upon the support of the wider DEXUS team to help me meet that challenge. At the same time, developing the depth and breadth of your skills opens up a diverse range of personal and career development opportunities, which can be adapted to meet the rapid environmental, organisational and technological changes our industry faces.”*

In addition, to the personal development achieved by this move, the wider group also benefits, as Ben’s legal background has assisted the industrial team to better understand the legal aspects of their business, enabling them to improve their business processes.



Ben Keen

- DEXUS sponsored industry networking and social events
- Paid membership fees to professional organisations
- Paid parental leave
- Option to purchase additional annual leave
- Salary packaging options
- Values awards
- Years of service awards

Employee opinion survey – engaging with our employees

At DEXUS we value and respect our employees’ opinions. We were pleased to see this demonstrated in the results of our third annual employee survey, where 94% of our employees responded – a very high response rate compared to average response rates of 75%¹. In addition, we achieved our second highest score against the Australian national average for “making sufficient effort to obtain the opinions and thoughts of employees at DEXUS.”

1 Source: Towers Perrin.

The survey is an excellent tool for measuring employee satisfaction levels and gaining feedback from our people. In 2009, we partnered with Towers Perrin who facilitated the survey and analysed the results. This enabled us to compare our results with their benchmark of Australian and Global High Performing companies.

Key results included:

- 92% of employees are proud to be associated with DEXUS
- 90% of employees believe DEXUS provides a working environment accepting of differences in cultural background, lifestyle and gender differences
- 85% of employees believe sufficient effort is made to obtain the opinions and thoughts of employees in DEXUS

The results from our annual survey are reviewed and analysed by executive management at a corporate level as well as by department. Areas of focus for

change are identified by each business leader to champion with their respective teams. The overall results of the survey are communicated to our employees and are considered in the implementation of new policies and procedures to help shape the culture of our business. For example, additional focus was placed on people management skills and business processes as these areas scored comparatively lower in the survey responses.

Furthermore, the senior leadership team participates in an annual offsite which, amongst other objectives, provides a forum to focus on feedback from the survey and identify action plans for the forthcoming year to address areas identified for improvement.

Employee feedback

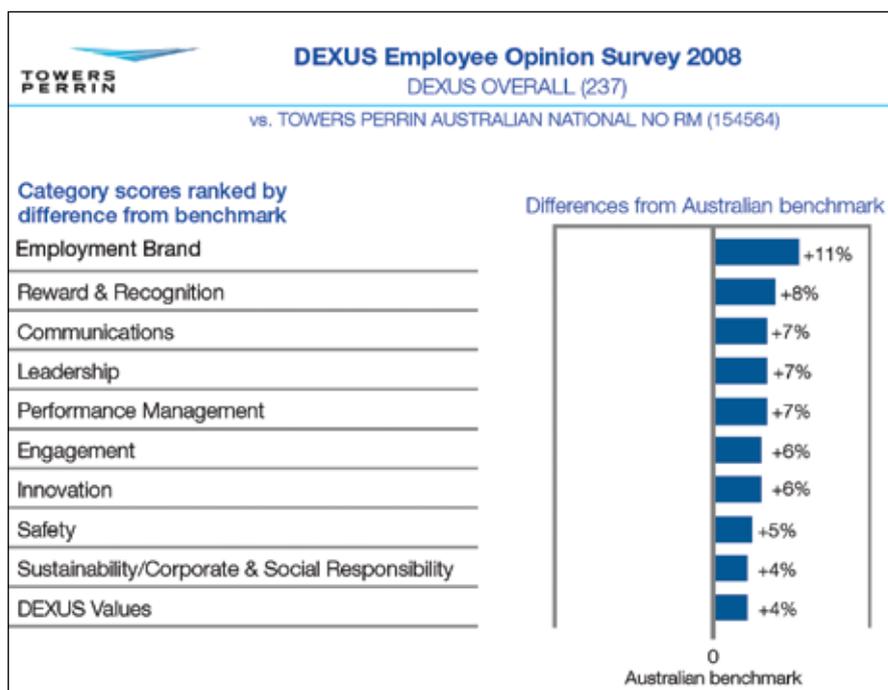
Our employees have the opportunity to provide feedback by participating in surveys such as our Annual Employee Opinion Survey, the 360 Degree Review process, as well as via the feedback function on our intranet. In addition, in September 2008 we provided our people with the opportunity to provide feedback, anonymously where preferred, on cost saving efficiencies, new income initiatives and business improvements. In total 150 suggestions were received on topics as diverse as IT improvements, procurement strategies, business travel and improved printing options.

Each suggestion was reviewed by our Chief Executive Officer and Executive Committee. Suggestions were considered for relevance, value and cost/benefit and many were implemented during the year including:

- Revising our travel policy to book travel online and reduce booking fees
- Implementing a web conferencing facility
- Upgrading printer functionality to reduce paper consumption

(See page 35 for further information)

EXTRACT FROM THE 2008 SURVEY SHOWING DEXUS’S TOP 10 CATEGORY SCORES AND DIFFERENCES TO THE TOWERS PERRIN’S AUSTRALIAN BENCHMARK

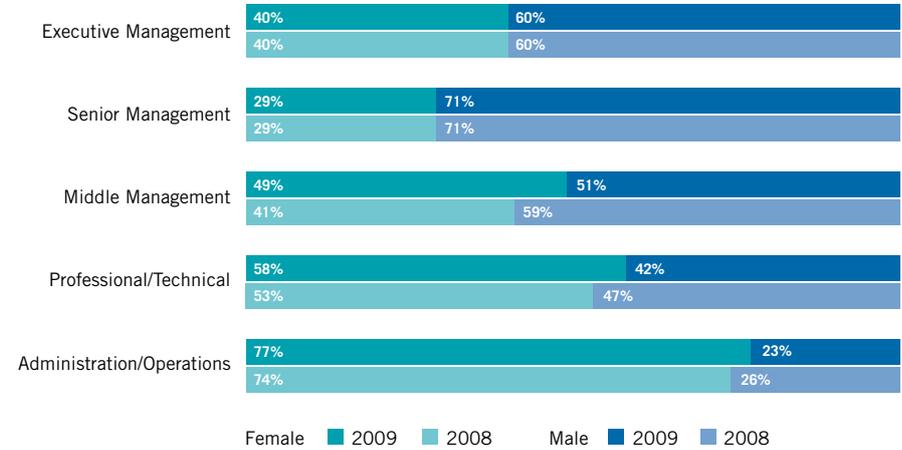


Diversity and equal opportunity

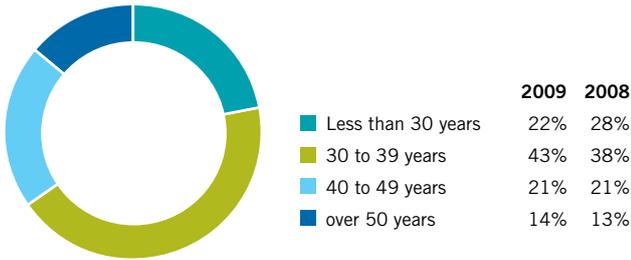
At DEXUS we actively encourage diversity in the workplace and seek to provide an environment which is free from harassment or discrimination.

We have robust policies and training in place to ensure that employees are not discriminated against as a result of their age, gender, ethnicity, culture or disability. For example, anti-discrimination training is incorporated into employee inductions and all employees conducting recruitment interviews are trained in Equal Employment Opportunity recruitment principles.

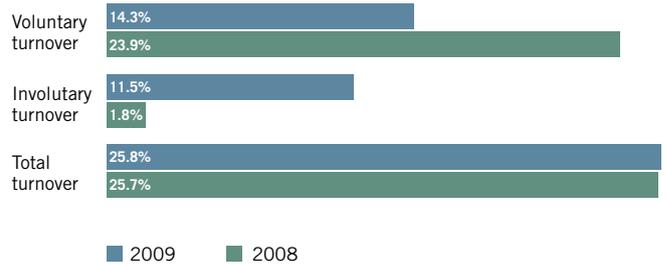
WORKFORCE BY GENDER



WORKFORCE BY AGE 2009



WORKFORCE TURNOVER



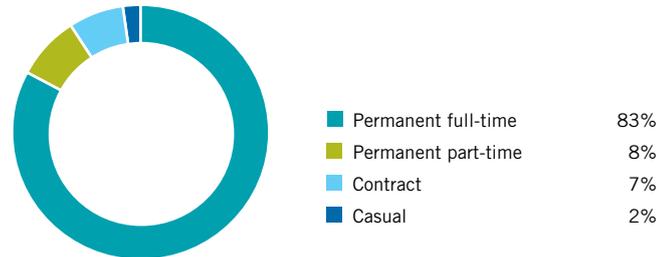
CREATING A FLEXIBLE WORK ENVIRONMENT

Creating a work environment that actively encourages work-life balance is a key objective at DEXUS. Achieving a balance can be challenging and we believe it is our responsibility to provide support to our employees to achieve this.

The results of our annual Employee Opinion Survey confirm that our employees are seeking various forms of flexibility within the workplace to allow them to meet both work and personal commitments.

As per last year, we reviewed the breakdown of our workforce in terms of full-time, part-time, contract and casual. In 2008/09 we extended the analysis to review the types of flexible working arrangements enjoyed by our people and found that 30.1% had taken advantage of such arrangements during the year, the most popular being study leave.

WORKFORCE BY EMPLOYMENT ARRANGEMENT



30% OF OUR PEOPLE ENJOY SOME FORM OF FLEXIBLE WORKING





Employee café, DEXUS Head Office, 343 George Street, Sydney, NSW

Our workplace

As a leading property group we pride ourselves on the quality of our corporate offices which showcase our commitment to and expertise in tenant amenity and sustainable design.

In Sydney, our head office is located in the heart of the CBD in a heritage building which we refurbished in late 2005 to offer the latest in workplace amenity. Features include large open floors, floor-to-floor connectivity via an internal staircase spanning three levels, maximised access to natural light, 100 percent fresh air supply and energy efficient chilled beams. In addition, the fit-out was designed to provide a spacious café (see above) and breakout areas for our employees to enjoy.

Our Sydney head office has received external recognition, including a Finalist position in the 2008 BOSS Magazine Space Design Awards and the 2007 PCA Innovation and Excellence Award for Heritage and Adaptive Reuse as well as a Master Builders Association (NSW) Excellence in Construction Award.

In Melbourne, our corporate office is also located in a heritage building and we have refurbished the office to a similar fit-out as Sydney.

Importantly, the results of our Employee Opinion Survey in 2008/09 continued to show the value that our people place on the quality of our workspaces.

Occupational Health and Safety

Occupational Health and Safety is an important priority for our business. Our processes and controls extend beyond the boundaries of our workplace to each of the properties we own and manage. We are committed to ensuring we provide a safe working environment for all employees, tenants, contractors, customers and visitors to our properties and workplace.

All our employees undertake induction, which includes information about occupational health and safety and our contractors undertake a separate induction to ensure they understand the regulations and procedures we have in place in order to keep our workplaces safe.

CR&S in action in the workplace

At DEXUS, engaging our employees in CR&S is an integral part of our approach. We have two committees, the Workplace Working Group and the Community Engagement Working Group which are made up of DEXUS employees from all sections of the business.

The Workplace Working Group is responsible for identifying and delivering improvements in workplace sustainability, with a specific focus on our environmental performance. This is achieved by multi-department participation and collaboration to identify opportunities to improve the sustainability of our corporate operations (see page 35).

The Community Engagement Working Group is responsible for identifying, implementing and managing our community engagement and charitable programs as part of our commitment to social performance (see pages 26-29). This is also achieved by multi-department participation in the working group and collaboration with the wider business.

Both working groups meet quarterly and initiatives are reported to the CR&S Committee and communicated to the wider business through our intranet, regular business update presentations and our quarterly employee newsletter.

SOCIAL PERFORMANCE

OUR COMMUNITY

At DEXUS our management approach is to achieve optimal outcomes for our communities through our community engagement program, aligned to our business strategy and values. We seek to:

- actively participate in our community and increase community engagement through fundraising, consultation and communication
- consider the needs of the community in which our properties are located
- operate to the highest levels of corporate governance, ethics and integrity



Community engagement is core to our business from consulting with local communities regarding the development and re-development of our properties to considering the social and community impact and benefits arising from our properties and our operations.

Identifying opportunities to increase engagement with our communities is an evolving part of our corporate responsibility commitment. In 2008/09 we sought to establish more effective measurement of our in-kind contributions and to increase our contributions, both of which we achieved.

Our strategy for effective community engagement includes:

- A coordinated approach to community engagement aligned with our business and values
- Increasing employee participation in the community through dollar-for-dollar matching of employee fundraising, volunteering and sponsorship programs, as well as financial and in-kind support

Increasing our community engagement activity

Following improvements made last year to the way we collated and reported on our community engagement activity, we are now in our second year of tracking both our financial and in-kind donations to not for profit/charitable groups.

In the 2008/09 year we achieved a key objective of increasing our community engagement activity with \$540,000 contributed (financial and in-kind donations) representing growth of 61% on the prior year.

In 2008, we aligned our community engagement approach to our CR&S activities and corporate strategy. In 2009 we rolled out our first employee volunteering program, which provides employees with the ability to take an additional day of paid leave per year to participate in volunteering activity. We developed a structured yet flexible program to encourage maximum participation with minimal business disruption.

Working with selected charities, aligned to our business and brand values specifically to property industry programs, the environment, homelessness and children/youth, we developed a number of volunteering opportunities throughout the year – as highlighted below:

Sir David Martin Foundation

The Foundation raises money to fund programs that work to better the lives of young people in crisis.

In 2008/09 our employees participated in two major programs: spending a day volunteering at Triple Care Farm, located in Robertson, NSW which provides rehabilitation for young people with complex needs including drug and alcohol problems, mental health issues and homelessness. Secondly, several of our employees volunteered at the organisation's annual charity ball in March 2009 where DEXUS made a financial donation on the night, as well as providing donations and goods for their Winter Warmers campaign.



Barnardos

Barnardos has been in operation for over 120 years and is at the forefront of child welfare service provision. Barnardos mission is to build relationships between children, young people, their families and the community.

Barnardos' national presence has enabled several of our offices to participate in volunteering activities during the year. Our employees have volunteered at a number of Barnardos' events, raised funds and donated goods, including office equipment and furniture for use by community groups that work with Barnardos.



DEXUS team help pack Christmas gifts for disadvantaged families at Barnardos Cranebrook, Western Sydney

The Station

The Station is located in Sydney's CBD, close to a number of our office properties including our head office. The Station provides a range of services for men who are having difficulty attaining and sustaining adequate accommodation and health services. They serve breakfast and lunch five days a week, as well as providing showers, laundry facilities and legal services.

In 2008/09 DEXUS employees have volunteered over the lunchtime period, and this has been so popular we will be extending our support into the coming year.

DEXUS PROUDLY SUPPORTS ROYAL FLYING DOCTOR SERVICE

As part of our community engagement program, DEXUS employees submitted nominations and voted for their "charity of choice" for the 2008/09 year, with the Royal Flying Doctor Service selected.

During the year we allocated a portion of our fundraising efforts, donating \$25 for each tenant survey completed during the year raising \$14,600 in total.

The Royal Flying Doctor Service is the first and largest aeromedical organisation in the world and the funds raised will go towards aircraft replacement and community outreach programs.

Royal Flying Doctor Service Executive Director, Clyde Thomson commented:

"Our mission has always been – and will always be – to guarantee that anyone who lives, works or travels through our vast Australian outback does so safe in the knowledge that the Flying Doctor will always be there for them. With the assistance of companies like DEXUS Property Group and their valued employees, we will continue to expand our services and provide a lifeline for the residents of the bush."



DEXUS presents cheque to Royal Flying Doctor Service

PARTNERSHIP WITH HOUSING CHOICES AUSTRALIA (HCA)

HCA is a non-profit provider of affordable housing in Victoria for people with disabilities, including physical, intellectual and chronic illness. HCA provides property management, asset management, development management and tenant support services and currently services 600+ properties and 1,000+ tenants with disabilities.

In December 2008 DEXUS established a partnership agreement with HCA where we contribute:

- Intellectual Property i.e. policies and procedures, contracts, corporate governance framework
- Knowledge exchange i.e. providing expert advice in the fields in which we have experts (e.g. finance, treasury)
- Learning and development i.e. creating opportunities for DEXUS executives to participate on HCA committees and working groups.

At DEXUS we believe that for community engagement to add real value, it must deliver benefits on both sides. We jointly perceive the benefits of our partnership to be as follows

Benefits for HCA

- Development of strong operating procedures
- Advice regarding governance arrangements
- Mentoring of staff
- Building business relationships
- Pro-bono contribution

Benefits for DEXUS

- Increased employee engagement (via opportunity to volunteer with a not for profit association)
- Increased employee development (e.g. participating in committees)
- Increased community engagement activity in-kind, consistent with our CR&S commitment
- Strategic fit in terms of operation and alignment of values
- Expands DEXUS's corporate and political relationships in Victoria

COMMUNITY LED DEVELOPMENT AT WILLOWS SHOPPING CENTRE

Community considerations are always a key part of our retail centre operations. A good example of this is at our Willows shopping centre in Townsville, Far North Queensland which is currently undergoing a major redevelopment to enhance the retail, food and services offering. Willows is being redeveloped in line with community feedback and to capitalise on the economic and demographic trends of Queensland's fastest growing region. Planning commenced in 2006 and extensive customer feedback was obtained through exit surveys, focus groups, customer feedback forms and a telephone survey comprising over 1,200 local residents. Feedback from customers suggested more variety in the retail mix, as well as an increased range of eating outlets and upgraded amenities.

As part of the development works, the food court is being renovated and extended. In addition to encouraging our retailers to extend their food offer, we decided to run community barbecues at the centre whereby local groups can run barbecues and fundraise at the same time. Commenting on the initiative, Donna O'Neill, Marketing Manager at Willows said: "Since commencement in April 2009, over 16 school, charity or not for profit organisations have benefited from this venture. Each Saturday morning



Community barbecue at Willows Shopping Centre, Townsville, QLD

barbecues are held with money raised from the sale of food going directly to the cause. This has been a tremendous success and as at 30 June 2009 \$13,000 had been raised and our shoppers had sizzled their way through an amazing 780 kilograms of sausages".

By engaging with our communities in this way, we are supporting the social environment in which we operate and extending the value of the role retail centres play in their local communities. This also has the benefit of enhancing the customer experience which encourages more visitors, and therefore contributes to increasing investor returns for each of our properties.



Willows Centre, Townsville, QLD – currently under redevelopment

Adding value directly to the communities in which we operate

Community sponsorship

In addition to financial donations and sponsorships, we provide space in our properties for charities, not for profit organisations and community groups to build their profile and raise funds. For example, our shopping centres are at the heart of the community and community engagement is a critical part of our retail operations. Allocating vacant retail space on a casual leasing basis at no cost to charity groups provides a valuable opportunity for these groups to fundraise and raise awareness for their cause. In 2008/09 our shopping centres provided space for fund-raising activities free of charge, which in total represented \$295,362 of support in-kind, in addition to \$76,954 of financial donations.

One of our objectives in 2008/09 was the development of a new community charter for our retail centres, which is currently underway. For community engagement to be a success it requires a strong connection between local community objectives and the community development process. The charter is being designed to capture and

communicate the key objectives of each centre's community programs, our commitment to the community and ways in which the community can participate. We are currently collating individual centre information and expect to launch the charter in our centres later in 2009/10.

Industry aligned engagement

As one of the largest property groups in Australia, we support many charitable and fundraising programs and activities in the property industry. For example DEXUS is a platinum member of the Property Industry Foundation (PIF), which assists charitable organisations providing services to youth at risk, and in particular supporting community programs aimed at youth homelessness. In 2009, our Chief Executive Officer, Victor Hoog Antink, was invited to join PIF as a Director.

In addition, one of our community objectives is to actively engage in issues affecting our industry and the community. As a long-standing member of the Property Council of Australia (PCA), the property industry's leading body, we participate in a wide-range of activities and programs.

Volunteering program review

In 2009 we completed a review of our first employee volunteering program, assessing areas of success and areas for improvement.

As a national company, one of the challenges of running a volunteering program is finding events that all our employees can participate in, from our shopping centres in Far North Queensland to our industrial estates in western Melbourne. Consequently, those organisations with a national presence facilitate greater participation for our employees around Australia.

We achieved positive results with the organisations we supported during the year and have decided to extend our support into the 2009/10 year to Barnardos, Sir David Martin Foundation, The Station and Housing Choices of Australia and we will also continue to run volunteering events with Planet Ark and Landcare as well as participating in Earth Hour.

ENVIRONMENT

At DEXUS we continue to focus on improving our environmental performance by:

- Reducing the environmental impact of our operations across the key areas of energy, water and greenhouse gas (GHG) emissions



- Benchmarking our performance in energy and water using the National Australian Built Environment Rating System for both our office portfolio and our corporate operations
- Engaging our people on sustainability initiatives
- Integrating sustainability considerations into our property and operational strategies
- Understanding and addressing the risks, opportunities and impact of climate change on our business

OUR ENVIRONMENTAL STRATEGY AND CLIMATE CHANGE

This past year we have significantly enhanced our internal capacity to efficiently manage our environmental performance and our preparedness for climate change.

During the year we have focused on further integrating responsibility for sustainability into our business operations. This increases our opportunity to create synergies in every day activities and improve our environmental responsibility, by promoting active ownership of sustainability at all levels of our business.

We have also put in place measures to better align our data capture to meet the increasing level of statutory and voluntary reporting and provide a more robust resource management approach, while minimising the significant management time and effort associated with external reporting. The factors driving resource consumption reporting are shown below (see adjacent diagram).

Ultimately these improvements will enable us to better identify and respond to the impacts of climate change through greater accuracy in data and trend analysis.

In 2008, we identified a number of areas in which we can mitigate our impact on climate change and minimise our overall environmental footprint. We have outlined our progress against these key areas over the last 12 months as follows:

1. Energy management

We have completed the implementation of a resource consumption database to track month by month resource consumption for every property under our operational control. We are utilising an external web based system and have completed full resource consumption history for the last two years.

In addition, we have access to data for electricity, gas and water usage, which provides real time monitoring. This has enabled anomalies in resource consumption profiles to be identified and addressed.



2. Building controls

We have completed a review of building control systems across our office portfolio. This program identified a number of areas for improvement in building management. Detail on the success of this program can be found under the Building Controls Project case study on page 37.

3. Low emissions energy solutions

Alternative energy strategies such as co-generation and tri-generation systems can assist in reducing a building's carbon footprint. We are incorporating these low emissions energy solutions into our new developments at 1 Bligh Street, Sydney and 123 Albert Street, Brisbane.

During the year, we undertook a study into the incorporation of co-generation systems at one of our existing and fully tenanted properties. The results of the study showed constraints around feasibility and operational risk factors which can be common challenges in retro fitting projects in existing properties.

We expect the initiatives underway in our current development projects will provide greater insight into managing the challenges associated with retro fitting co-generation.

4. Water

During the year we also completed a review of our office portfolio incorporating simple water saving measures wherever possible. These measures include cooling tower maintenance programs, leak detection, dual flush toilets, low or waterless urinals, flow restrictors and water saving showerheads.

We have committed to ultra low flow toilet and urinal systems in all upgrades and are currently exploring a number of innovative water reuse opportunities in our office portfolio such as capturing fire system testing water.

The improved use of our real time monitoring systems will assist in delivering greater water savings and we are exploring strengthened performance criteria in our service contracts to further minimise water use.

5. Waste

During the year, we completed a review of our waste management processes across our office portfolio and developed a best practice guideline for our property management teams. This information is being used to amend waste management contracts to streamline our recycling process and maximise the amount of waste diversion from landfill. In addition, we are incorporating the improvement of waste and recycling data as a performance measure in our waste management contracts.

ANNUAL GREENHOUSE GAS EMISSIONS

Australian and New Zealand portfolios (based on operational control)

Tonnes CO ₂ -e	Apr 07 to Mar 08	Apr 08 to Mar 09	% change
Scope 1 GHG	6,666	5,765	↓ 13%
Scope 2 GHG	206,547	186,130	↓ 10%
TOTAL GHG	213,214	191,868	↓ 10%

Calculated using the National Greenhouse Accounts (NGA) Factors (October 2008) for Australian Assets and the GHG Protocol for New Zealand Assets.

North American portfolio

Tonnes CO ₂ -e	Dec 2007	Dec 2008	% change
Scope 1 GHG	42	31	↓ 25%
Scope 2 GHG	2,320	1,961	↓ 15%
TOTAL GHG	2,362	1,992	↓ 16%

Scope 1 emissions are direct emissions from fuel use.

Scope 2 emissions are indirect emissions from electricity purchased and consumed.

Carbon summary

Our understanding and management of resource consumption and carbon reporting continues to improve. In previous years we have worked with external service providers to collate our resource consumption information, resulting in improvements in understanding our carbon footprint. In anticipation of increasing statutory reporting obligations we identified the need to strengthen our internal capability to track resource consumption data to enable improved reporting, greater data integrity and audit capability.

In 2009, reporting will commence under the *National Greenhouse and Energy Reporting Act* which requires the capture of energy consumption and greenhouse emissions data for operational activities. This will require a high level of data integrity and audit capability which our resource consumption database will provide. It will also enable easier and more responsive reporting from all areas of our business.

As at 30 June 2009 we had collated historical resource consumption data for all properties under operational control for two years, with systems in place to capture information on a month to month basis going forward. This has enabled us to restate our reporting of previous years and will provide an auditable data system with the flexibility to meet current and future voluntary and statutory reporting obligations in the most efficient manner.

In addition, we will be able to access and analyse resource consumption information on every property we manage to assist in budget preparation and the supporting rationale for major capital works programs that have a significant resource efficiency opportunity. This is a key focus in our ongoing commitment to continuous improvement, which enables greater accountability in our environmental accounting.

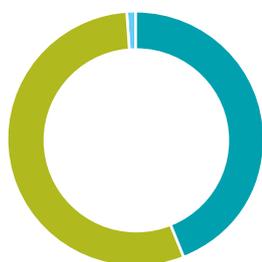
Data note

Previous reports have provided calendar year data which is not directly comparable to the 31 March 2009 data presented in this report. To enable comparability and greater data integrity we have reported two years of data for the years ended 31 March 2008 and 31 March 2009, collated from our resource consumption database.

Operational control: at DEXUS we define operational control as properties we own and manage either internally or through third party agreements.

The table on the right shows our carbon footprint for the year ending March 2009 compared with the same period last year. This has been calculated using the *National Greenhouse Accounts October 2008* for our Australian assets and the Greenhouse Gas Protocol developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) for our international assets.

SCOPE 3 EMISSIONS FROM BUSINESS TRAVEL (TONNES CO₂-e)



- International (166.4 tonnes CO₂-e) 44%
- Domestic Long Haul (206.8 tonnes CO₂-e) 55%
- Domestic Short Haul (4.9 tonnes CO₂-e) 1%

Data note: Calculated using CO₂ emissions from business travel. See www.ghgprotocol.org for further information.

Scope 3 emissions reporting is not required under the *National Greenhouse and Energy Reporting Act*. Therefore, we have captured emissions associated with business travel in 2008/09 only (see diagram above).

We will enhance our Scope 3 emissions reporting in next year's report.

Climate change risks and opportunities

Risks

Climate change risks for our business include increasing physical risks from adverse weather and increasing operational costs such as energy and insurance costs. At DEXUS we take a prudent view of risk management and

Resource consumption data

Australian and New Zealand portfolios (based on operational control)

	Year ended Mar 2008	Year ended Mar 2009	% change
Total purchased energy (Gigajoules)	927,930	830,014	↓ 11%
Total electricity purchased (Kilowatt hours)	221,825,587	199,476,637	↓ 10%
Total electricity purchased from renewable sources (Megawatt hours)	15,400	15,400	(-)
Natural Gas (Megajoules)	129,358,037	111,897,761	↓ 13%
Water (Kilolitres)	1,674,910	1,480,869	↓ 12%

have in place a strong framework that includes the consideration of climate change risks. We report on the following risks annually in the CDP report:

Regulatory risks

DEXUS plays an active role in the property industry and liaises with our peers, government and policy makers to remain informed regarding current and potential regulatory changes. The development of our resource consumption database and our commitment to maintaining NABERS Energy and Water ratings for our entire office portfolio ensures we are well positioned to respond to current and proposed legislation. Recognising increasing performance expectations, we are focused on increasing the energy and carbon efficiency of our office properties to deliver continuous improvements in current NABERS ratings.

Physical risks

The potential physical risks from climate change relate largely to adverse weather impacts. Ensuring we have uncompromised building integrity and a comprehensive insurance program in place provides protection from physical risks. Importantly, we also need to consider the potential impacts of climate change on the less tangible aspects of property operations. For example, we ensure our heating, ventilation and air conditioning systems are energy efficient and capable of providing tenant comfort

under the increased ambient temperatures which are predicted to occur with climate change.

To achieve this, all heating, ventilation and air conditioning upgrade strategies take into consideration current and future tenant expectations of system capabilities. It is also important to optimise the performance of these operating systems including fine tuning settings and utilising effective zone controls in line with varying heat loads in the building.

Opportunities

Preparedness for climate change can also present opportunities. Like all business processes, ensuring we have the framework in place to consider climate change assists in identifying opportunities. We believe that proactive management of our environmental performance can provide us with a competitive advantage in offering leading workspace solutions to attract and retain tenants, which in turn can drive further investor value.

DEXUS is committed to identifying cost effective ways to continuously improve our environmental performance in our corporate operations.

We recognise that this is a prudent risk management strategy as we prepare for a carbon constrained future. While it is in our property operations that we can achieve significant greenhouse gas reductions, ensuring climate change risks are embedded within our organisation at every level is critical to achieving success.

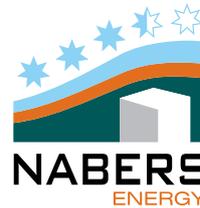
We have a number of initiatives in place to minimise the carbon impact of our operations, including:

- Reducing the amount of corporate air travel by utilising video conferencing technology
- Introducing energy efficient measures such as automatic PC shutdown and controlled printing strategies
- Engaging employees through the intranet and online newsletters to embrace new sustainability initiatives (e.g. energy efficiency and waste recycling initiatives)
- Improving waste and recycling systems to optimise the diversion from landfill

In May 2007, DEXUS signed up to the CitySwitch Program, then known as the 3CBD's Program. The CitySwitch program, which began as an initiative between City of Sydney, Parramatta and North Sydney Councils, has become a national program, encouraging tenants to undertake a NABERS Energy Tenancy Rating and develop an energy improvement plan.



In 2007 DEXUS undertook a NABERS Energy rating for our head office premises. Our rating in 2008 was 3.5 Stars and we have since



commenced initiatives to improve our energy efficiency and our rating to 4 stars in the next rating period.

DEXUS workplace working group

The Workplace Working Group (WWG), was established in 2008 and involves employees from across the business. Since its inception the group has identified a number of opportunities to improve the operational efficiency of our corporate operations. Significant focus has been on waste and recycling, IT and operational systems, travel and conferencing.

Sustainable IT solutions

Over the last 12 months our IT team has implemented a number of initiatives that have improved our operational efficiency and reduced resource consumption. These initiatives include:

1. Server room management

Our IT team reviewed our data room air temperature settings which were set at a conservative 16 degrees. Investigating all associated risks and ensuring the measures were appropriate, the temperature was reset to 22 degrees which is expected to deliver a significant saving in cooling costs and energy consumption.

2. Sleep mode for computers

During the year we introduced an automated system which places inactive computers into sleep mode after 8.00pm, which is anticipated to reduce our energy usage by half or approximately 30,000 kWh. This not only lowers the amount of energy being consumed due to less processor activity, but also extends the life of our computers, reducing replacement costs.

3. Smarter printing

A new process for printing was implemented in November 2008 enabling printing to occur only once an employee's access card has been logged at the printer. This system limits paper wastage by preventing documents being left at the printer. New default printer settings such as double sided printing have been implemented and reports on usage patterns are enabling us to monitor paper consumption.

Additional initiatives currently under development include:

- **Web-based video conferencing system**
This initiative seeks to reduce travel costs, optimise management time and decrease our travel emissions footprint and has been trialled in 2009. For example, our CEO recently conducted an eight hour meeting with a service provider in the US via video conferencing avoiding the need to fly to Chicago – a saving of over 4,000 kilograms CO₂-e
- **Online ServiceDesk portal**
We have developed an online ServiceDesk portal which removes the need for paper based systems to authorise and lodge IT system requests

ENVIRONMENT OPERATIONAL PERFORMANCE

The greatest area for environmental leadership is through the efficient management of resource consumption in the day to day operation of our properties.

The identification of resource consumption trends and benchmarking within each sector has been enabled by the development of our resource consumption database. This is assisting all properties in identifying trends in resource consumption, quantifying the impact of initiatives and benchmarking against their peers.

Every member of the property management team has responsibility to pursue continuous improvement in sustainability. This is integrated into performance management KPIs for all DEXUS employees and for onsite facilities teams.

Office sector

Over the last few years, DEXUS has had a number of programs in place to capture the baseline performance of our office portfolio, through a comprehensive program known as the Green Building and Resource Management System (GBRMS).

Each property has been benchmarked using the Green Star Office Existing Pilot Tool and NABERS Energy with the results reported along with the current operational aspects of each site and opportunities identified for improvement.



Waste recycling at 1 Margaret Street, Sydney, NSW

This program provided every property with an easy reference to use in the identification of site specific plans and a number of portfolio wide projects (as illustrated in the diagram below) to deliver sustainability improvements.

The opportunity to gain significant improvements in a portfolio wide project is much greater in the office sector as a result of higher tenant expectations, established benchmarking tools like NABERS and the comparability of office buildings.

During the year, we have focused on integrating sustainability into our every day operations, acknowledging that

environmental performance is about good design, good engineering and efficient operations. As a result greater focus has been placed on each business unit developing an increased internal capability to deliver sustainability performance aligned with the strategic direction of each property.

We are now developing strategic improvement plans per property, considering tenant demand and the opportunities to deliver significant improvements in the long-term value of each property.

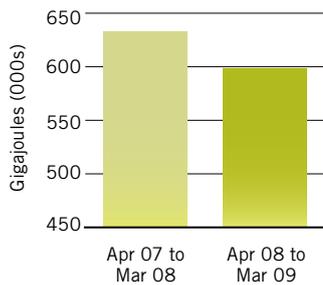
GREEN BUILDING AND RESOURCE MANAGEMENT SYSTEM



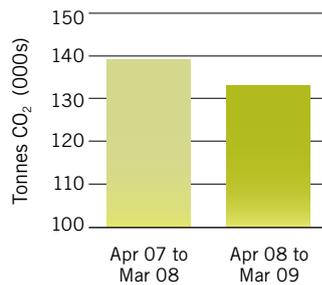
The GBRMS project has been effective in identifying a number of opportunities to improve resource efficiency across the office portfolio and has delivered results evident in our reduced resource consumption profiles. For the year ending March 2009 significant improvements have been made compared to the same period last year.

Office portfolio resource consumption

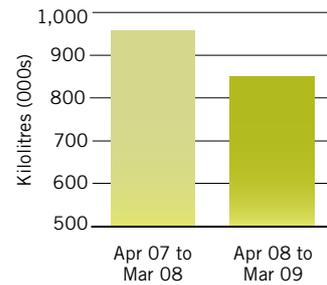
**TOTAL ENERGY CONSUMPTION
REDUCED BY 6%**



**TOTAL GHG EMISSIONS
REDUCED BY 5%**



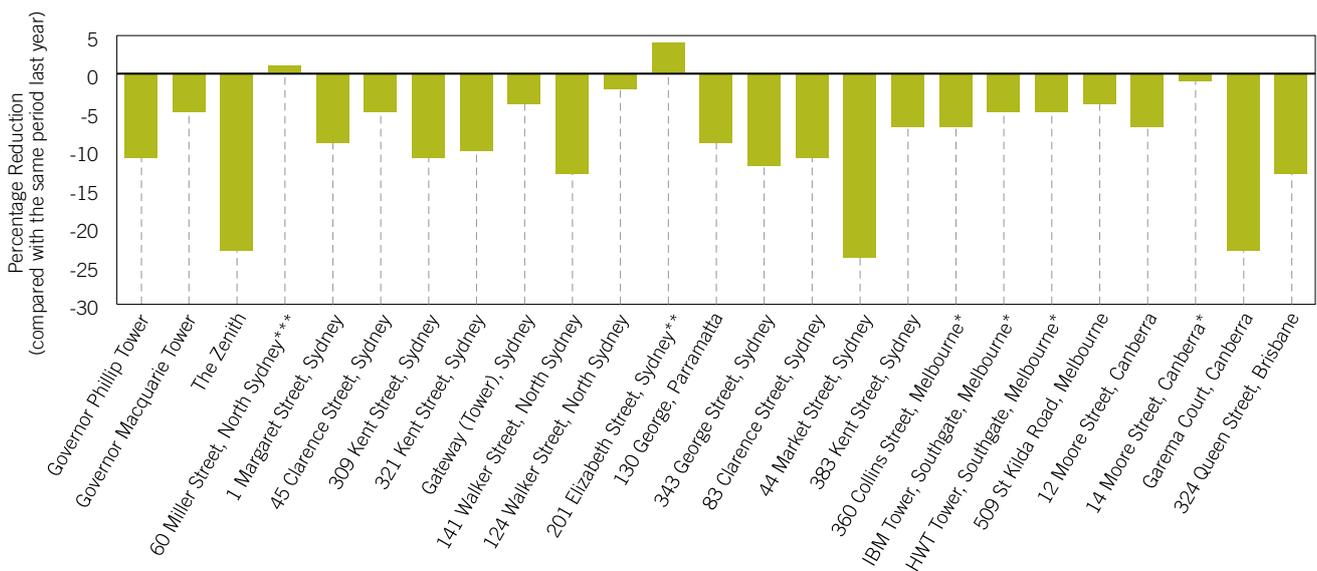
**TOTAL WATER CONSUMPTION
REDUCED BY 13%**



BUILDING CONTROLS PROJECT

In 2008, we engaged a specialist consultant to review and tune-up our Building Management Systems (BMS) in a number of our office properties. In properties where reviews were completed and recommendations implemented in the period, energy savings averaged 12% as at March 2009, with ongoing energy efficiency expected in future reporting periods. In some sites, the replacement of the BMS was recommended rather than tune-up. Recommendations have been incorporated into a number of strategic improvement plans in our properties.

BUILDING CONTROLS TUNE UP PROJECT – ENERGY SAVINGS



* BMS replacement is scheduled.
 ** BMS was replaced.
 *** Site impacted by major development works.

Benchmarking our resource consumption

Measurement and reporting in the office sector is significantly advantaged by having an established benchmarking tool for operational performance. The NABERS series of rating tools provides resource consumption profiles and assists in identifying areas for improvement. NABERS ratings for Energy and Water were undertaken across the office portfolio with the results presented below.

More information on NABERS can be found at www.nabers.com.au



Australian office portfolio ratings

Property address	Suburb	State	NABERS Energy	NABERS Water
140-180 City Walk	Canberra	ACT	3.0	0
12 Moore Street	Canberra	ACT	2.5	3.5
14 Moore Street	Canberra	ACT	3.0	2
821-843 Pacific Highway	Chatswood	NSW	*	*
1 Innovation Road	Macquarie Park	NSW	*	*
11 Talavera Road	Macquarie Park	NSW	*	*
40 Talavera Road	Macquarie Park	NSW	*	*
112 Talavera Road	Macquarie Park	NSW	3.5	3.5
85 Waterloo Road	North Ryde	NSW	*	*
60 Miller Street	North Sydney	NSW	2.5	2.5
124 Walker Street	North Sydney	NSW	2.0	2.5
141 Walker Street	North Sydney	NSW	4.0	3.5
130 George Street	Parramatta	NSW	4.5	3.0
105 Phillip Street	Parramatta	NSW	Development site	
343 George Street (16-20 Barrack Street)	Sydney	NSW	3.0	3.5
Australia Square Plaza	Sydney	NSW	5.0	3.5
Australia Square Tower	Sydney	NSW	4.0	3.5
1 Bligh Street	Sydney	NSW	Under development	
45 Clarence Street	Sydney	NSW	3.5	3.0
83 Clarence Street	Sydney	NSW	4.0	4.0
201-217 Elizabeth Street	Sydney	NSW	2.0	3.5
1 Farrer Place – Governor Macquarie Tower	Sydney	NSW	3.0	3.5
1 Farrer Place – Governor Phillip Tower	Sydney	NSW	3.0	2.5
30-34 Hickson Road	Sydney	NSW	5.0	3.5
309 Kent Street	Sydney	NSW	3.5	3.5
321 Kent Street	Sydney	NSW	3.5	3.5
383-395 Kent Street	Sydney	NSW	3.5	2.5
1 Macquarie Place	Sydney	NSW	3.0	2.0
1 Margaret Street	Sydney	NSW	3.5	2.5
44 Market Street	Sydney	NSW	1.5	2.5
144 Wicks Road	Sydney	NSW	Development site	
20 Windmill Street, Walsh Bay	Sydney	NSW	**	**
123 Albert Street	Brisbane	QLD	Under development	
324 Queen Street	Brisbane	QLD	3.5	3.5
68-80 Collins Street	Hobart	TAS	***	***

Property address	Suburb	State	NABERS Energy	NABERS Water
360 Collins Street	Melbourne	VIC	2.0	1.5
172 Flinders Street	Melbourne	VIC	***	***
189 Flinders Lane	Melbourne	VIC	***	***
8 Nicholson Street	Melbourne	VIC	1.5	3.5
Southbank Promenade – IBM	Melbourne	VIC	3.5	3
Southbank Promenade – HWT	Melbourne	VIC	3.5	3.5
441 St Kilda Road	Melbourne	VIC	3.5	2.5
509 St Kilda Road	Melbourne	VIC	3.0	3.5
516 Hay Street	Perth (Subiaco)	WA	0	5.0
240 St George's Terrace	Perth	WA	4.0	3
250 St George's Terrace	Perth	WA	4.5	2.0

* Indicates rating awaiting certification.

** Indicates a new building not operational long enough for rating.

*** Indicates metering limitations currently prevent rating.

DEVELOPMENT UPDATE – CONTINUING THE JOURNEY OF SUSTAINABLE DEVELOPMENT: 123 ALBERT STREET, BRISBANE

123 Albert Street in Brisbane, one of our two major office developments currently underway, will provide a new level of integration between sustainability, amenity and workplace efficiency. The premium grade 31-level office tower, due to complete in December 2010 has been designed to achieve a 6 star Green Star rating and a 5 star NABERS Energy Rating.

Construction of the tower comprises 23 levels of office space, eight levels of car parking (five above ground), with low rise floors of approximately 1,570 square metres and high rise floors up to 1,630 square metres.

Consistent with our approach to secure significant tenant pre-commitment in our developments, 65% of the total net lettable area has been pre-committed to anchor tenant Rio Tinto, with a fully tailored, integrated fit-out underway.

Instrumental in securing Rio Tinto were the environmentally sustainable design features, which include the use of high-performance glass compounds backed by strategically placed solar reflectors to reduce heat and glare, while optimising the use of sunlight. The ceilings are chamfered at the perimeter to increase light penetration and a laser cut glass panel reflects light up into the core of the building.

Chilled beam cooling technologies are being incorporated to increase energy efficiency in the building. Another feature is the use of low volatile organic compounds (VOC) products to enhance the air quality and create a healthier environment for tenants. Finally, water technologies will include rainwater recycling, augmented by carefully located rainwater tanks around the building.



SOUTHGATE – IMPROVING THE ENVIRONMENTAL PERFORMANCE OF AN EXISTING BUILDING

The Southgate complex is a Melbourne icon incorporating two office towers and a retail and dining complex located on the banks of the Yarra River overlooking the Melbourne CBD. Over the past 18 months, a number of sustainability improvements have been incorporated in the IBM tower leading to significant reductions in energy consumption of 16% compared to the same period last year. These initiatives include:

- Perimeter light sensors on each of the refurbished floors to optimise the use of natural light
- Modification of the air delivery systems for greater efficiency
- The rebalance of chilled and hot water systems to remove excessive flows
- Introduction of CO₂ control allowing reduced outside air flows in winter and summer (during low occupancy)
- Active management of floor Variable Air Volume (VAV) heaters, chillers and boilers to more effectively align with ambient conditions and tenant needs
- Installation of sub-metering on main power supplies and energy monitoring software

Other sustainability initiatives include the use of low volatile organic compounds paint, fully recyclable carpet tiles and flow restrictors in all common area toilets and dual flush toilets and low flow urinals in the refurbished bathrooms.

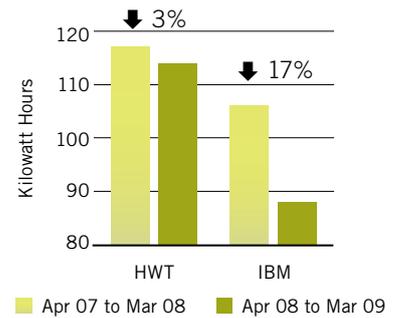
The IBM tower has significantly reduced consumption as demonstrated in the adjacent graphs.

In the coming year, the HWT tower will be upgraded using the same template as the IBM tower. Initial works will include:

- An upgrade of the Building Management System
- Installation of variable speed drives on chill and condenser water pumps
- Installation of variable speed drives on car park supply and exhaust fans
- An upgrade of the control system (BMS) for the retail complex

Both towers are currently rated 3.5 stars for NABERS Energy (the HWT tower has significantly longer operating hours which partially accounts for their higher rating). These ratings are expected to improve as the full benefit of the energy savings initiatives are realised over the coming year.

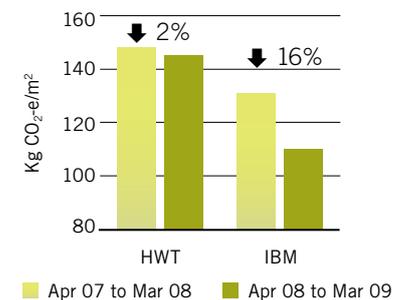
ELECTRICITY CONSUMPTION PER SQUARE METRE



ENERGY CONSUMPTION PER SQUARE METRE



TOTAL GHG EMISSIONS PER SQUARE METRE



1 Blich Street – Holistic Sustainability in Action

“The superior design and contemporary sustainability features, together with the benefits offered to the community and economy as a whole, demonstrate our commitment to leading the way in sustainable development in every sense.”

DEXUS Chief Executive Officer, Victor Hoog Antink

1 Blich Street is designed to be the next generation of office accommodation in Australia. The development is owned in partnership between DEXUS Property Group, the DEXUS Wholesale Property Fund (DWPF) and Cbus Property. A unique example of leading edge sustainable design and architecture – a vision shared by all partners on the development – 1 Blich Street demonstrates our holistic approach to corporate responsibility and sustainability.

The unique design elements of 1 Blich will deliver benefits in environmental performance, superior workspace quality, community engagement and job creation with up to 3,000 jobs during the construction of the building.

In May 2009 an important milestone was reached in the development timeline, with the commencement of construction of the tower.

The transparent, elliptical shaped premium grade office building is being constructed on the corner of Blich, Bent and O’Connell Streets, in the heart of Sydney’s financial district and will have a profound impact on the CBD skyline.

Designed to achieve a world’s best practice 6 star Green Star rating and a 5 star NABERS Energy rating, the key sustainability feature is the fully glazed high rise double-skin façade. This will be a first in Australia and is designed to maximise the views to Sydney Harbour and provide access to natural light, as well as optimising resource consumption. It comprises two layers of glass – an outer glass skin separated by a large ventilated cavity from an inner double glazed skin.

Other sustainability features include black water recycling for the bathroom flushing systems and recycled rain water for irrigation. An innovative tri-generation system will use gas to generate energy for the building’s cooling, heating and electricity. Roof-mounted tubular energy collectors will produce heat for electricity.

Leading the way in environmental sustainability and community value

“We aim to deliver a building which sets a new standard for sustainable architecture... our desire is to create a visible community – a public space, which people can use as a resource.”

Christoph Ingenhoven, Lead Architect, Ingenhoven Architectus

A full building height atrium and ceilings of 2.85 metres provide an enhanced experience for tenants and visitors alike, with quality access to daylight, fresh air and dynamic views throughout the building. Glass elevators positioned in the core of the atrium will further add to the experience.

Creating a visible community through superior workspace design

“The environmental features of the building and the design quality will create a whole new way of working for our staff and our partners – it’s very exciting for our firm.”

David Fagan, National Managing Partner, Clayton Utz

In addition, the innovative design offers tenants full flexibility in terms of maximising floor space and workspace quality, with large floor plates of approximately 1,600 square metres



and the absence of perimeter columns to further enhance the transparency of the façade. The development also incorporates a large, sun-filled forecourt and entry hall, accessible to the public during working hours.

At a time when many developers have suspended major construction activity due to the challenging economic conditions, DEXUS has continued with the development of 1 Blich Street. In partnering with Cbus Property in January 2009, we have reduced our development costs by 33% and further de-risked the project by securing anchor tenant Clayton Utz, Australia’s oldest legal firm, who signed as anchor tenant in October 2008 to occupy 55% of the 42,000 net lettable area.

Investing for the future

“Aiming for a 6 star Green Star rating, this building will light the way for future developments in Sydney, helping us position our City as a green leader in the highly competitive world market. It’s going to be a building that is quite inspiring to be in... it is about the future.”

Clover Moore MP, Lord Mayor of Sydney

ENVIRONMENT OPERATIONAL PERFORMANCE

CONTINUED



Pound Road West, Dandenong, VIC

Industrial sector

The industrial sector is traditionally a low management intensity sector, that is, tenants often manage their own property operations and there is limited ability for property owners to influence sustainability performance. The sector also comprises a diverse range of property types from multi-unit office parks to large distribution warehouses resulting in difficulties in comparability. Consequently sustainability improvements can be somewhat limited in the industrial sector, compared with the office and retail property sectors.

However, over the last 12 months we have progressed a number of site-specific sustainability initiatives in the industrial sector. These include:

- Replacing toilets with water efficient models
- Installing flush sensors for urinals
- The installation of flow restrictors on taps
- Cooling tower metering
- Changes to fire sprinkler testing to a monthly regime in line with AS 1851
- Recycling deceased trees to create mulch for landscaping
- Working in partnership with tenants to identify where water re-use initiatives can be implemented

In addition to these initiatives, the industrial sector has benefited significantly from the development of our resource consumption database providing a comprehensive view of the consumption performance of the sector. Completing the resource consumption database for the industrial portfolio has highlighted some key differences in the way resources are managed from site to site. Water, in particular, is managed differently depending on tenants' operations.

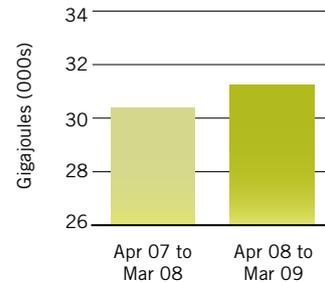
A number of challenges were identified in 2008/09 particularly in relation to water use. A significant issue was identified when an adjoining construction site was consuming water attributed to one of our industrial sites. This required extensive negotiation with the water authority to resolve the problem.

This issue alone resulted in an increase of over 10% in our reported water consumption compared with the same period last year. A number of smaller, similar issues were also identified at other sites and have highlighted the benefit of undertaking a review of water use and efficiency at each site.

The consumption figures for the industrial portfolio are detailed below. Energy consumption and GHG Emissions increased across the portfolio by 3% and water consumption increased overall by 20% due to the issues highlighted above.

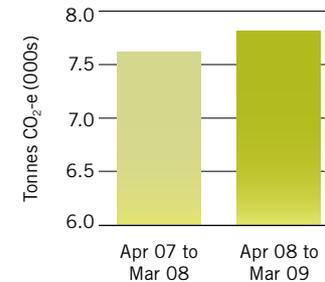
TOTAL INDUSTRIAL ENERGY CONSUMPTION

INCREASED BY 3%



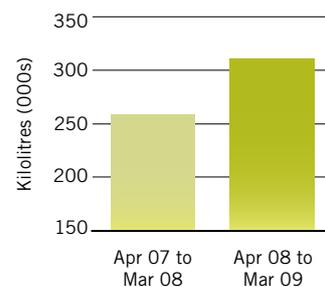
TOTAL INDUSTRIAL GHG EMISSIONS

INCREASED BY 3%



TOTAL INDUSTRIAL WATER CONSUMPTION

INCREASED BY 20%



*Data note: excludes fire sprinkler testing water as it is currently un-metered.

This year was our first year of improved resource consumption data and we will be using this to analyse individual site consumption patterns and identify areas for improvement.

In future, we expect the resource consumption database will provide greater opportunity to rapidly rectify these type of issues.

The focus for our industrial sector over the coming year will be on:

- Efficient resource management assisted by our resource consumption database, allowing for comparative analysis within the sector and seasonal trends to be reviewed in 2009/10
- Water efficient landscape management
- Protection of run-off water quality through maintenance of our bioswale systems
- Energy efficiency through lighting configuration and management
- Tenant partnerships to ensure resource efficiency is aligned with each operation
- Establishing an Industrial Sustainability Working Group with representation from all areas of the industrial team

Industrial developments

The industrial sector has undertaken limited development over the last 12 months consistent with our prudent development approach.

In 2009/10 a number of initiatives will be explored, for example the use of the Green Building Council of Australia's Industrial Pilot Tool, as a means to further embed our commitment to sustainable development within our industrial operations.

US sustainability initiatives

During the year, our US portfolio managers – RREEF – continued to progress sustainability initiatives across our North American portfolio. Scope 1 and Scope 2 GHG emissions were reduced during the year to December 2008, down 26% for Scope 1 and down 15% for Scope 2 emissions (see diagram on page 33).

In addition, a key focus in 2008/09 was the completion of a number of developments specified to include the latest sustainability features. For example, three of our Whirlpool properties have or are expected to receive LEED certification: Columbus Ohio received LEED certification during the year and two properties in Atlanta, Georgia and

Seattle, Washington have been designed to achieve Gold LEED Certification (equivalent to the Australian 5 star Green Star Rating).

In 2009/10, we will be working with our property managers to continue to improve our resource consumption data capture to enhance the reporting capabilities of our North American properties, which will include waste management programs data.

About LEED

The Leadership in Energy and Environmental Design (LEED) Green Building Rating System is the accepted benchmark in the US for the design, construction and operation of high performance green buildings. LEED promotes a whole-building approach to sustainability and recognises performance in five key areas: sustainable site development; water savings; energy efficiency; materials selection; and indoor environmental quality.



SUSTAINABILITY DRIVING TENANT DEMAND

A good example that demonstrates the value of investing in sustainable buildings is at our Summit Oaks office development in Santa Clarita, CA which attained a Silver LEED rating and contributed to securing a major lease deal as a result. Advanced Bionics signed what was Los Angeles County's largest office lease to date at Summit Oaks, an A-grade equivalent office property. The property was designed to incorporate best practice sustainability features and was awarded a LEED Silver rating (equivalent to the Australian 4 Star Green Rating) in June 2009 – one of Southern California's few LEED Silver Certified office projects.

Advanced Bionics, the only US-based manufacturer of cochlear implants (bionic ears) consolidated four locations into the new space. "Employee retention and attraction is important to us. When you factor together the location aspects, the surrounding area amenities of the Valencia community and the high-quality design features and sustainable initiatives found within Summit Oaks, we've got a great location that will be an immense benefit to helping us recruit and retain the best and the brightest," said Jeff Greiner, President of Advanced Bionics.

The sustainable features contributing to the LEED Silver rating included certified cool roofing system, on-site storm water drainage filtration system to manage storm water runoff, water efficient, drought tolerant indigenous landscaping, eco-friendly HVAC and refrigerant equipment, locally processed and manufactured building materials along with recycled materials used in building structure, Forest Stewardship Council certified wood, indoor environmental quality strategies, such as the use of low emitting materials. Additionally, green housekeeping and site maintenance programs will be implemented with low-impact environmental cleaning policies.



Smithfield Centre, Cairns, QLD

Retail sector

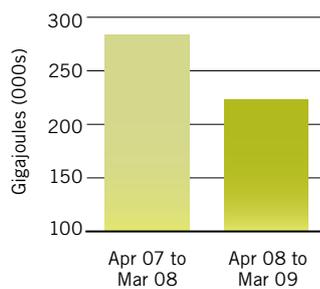
Significant progress has been made in DEXUS managed retail sites over the last 12 months. This has been driven by the establishment of a Retail Sustainability Working Group with representation from all areas of the retail team. This group meets on a monthly basis and identifies opportunities to improve sustainability performance in the centre operations and day to day processes.

A number of initiatives have been identified including:

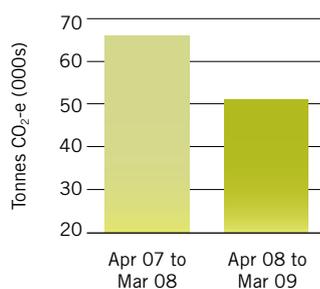
- A portfolio wide consumables purchasing program with “green products” as the standard
- Collaborating across centres on waste and recycling management strategies
- Sustainable tenancy fit-out guidelines

The comparable resource consumption data has demonstrated the achievements made to date (see adjacent graphs). These significant reductions can be attributed to intensive management focus and the progress of three major centre redevelopments, where a number of new sustainability initiatives have been implemented. Consumption trends have also been influenced by developments occurring in three centres, whereby increased sustainability initiatives have been implemented.

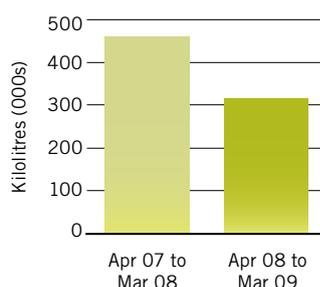
**TOTAL RETAIL ENERGY CONSUMPTION
REDUCED BY 21%**



**TOTAL RETAIL GHG EMISSIONS
REDUCED BY 23%**



**TOTAL RETAIL WATER CONSUMPTION
REDUCED BY 31%**



**PLUMPTON MARKETPLACE:
INTEGRATED SUSTAINABILITY
ACHIEVEMENTS**

Over the last three years, Plumpton Marketplace has implemented a refurbishment and operational initiatives as part of a strategic improvement plan. Plumpton Marketplace is a sub-regional shopping centre situated in a well-established, densely populated trading area of over 106,000 people, 8.5 kilometres west of Blacktown and 2 kilometres north east of Mt Druitt in New South Wales.

The centre opened in 1994 and underwent an \$8 million refurbishment in 2007. The redevelopment included the upgrade of amenities, the addition of an outdoor covered eating area, upgraded directional signage and the introduction of several national chains. The centre comprises a total GLA of 18,496 square metres anchored by Woolworths and BIG W and over 60 specialty stores.

Water initiatives

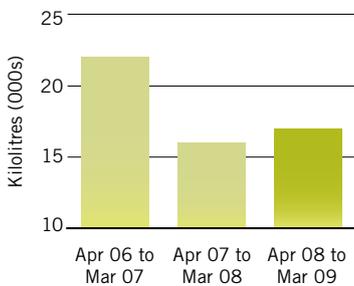
Significant changes were incorporated as part of the recent refurbishment including:

- Introduction of time controlled tapware to all facilities in the centre
- Installation of dual flush toilets
- Native and low water requirement landscaping
- Ensuring all tenants have responsibility for their water consumption where applicable

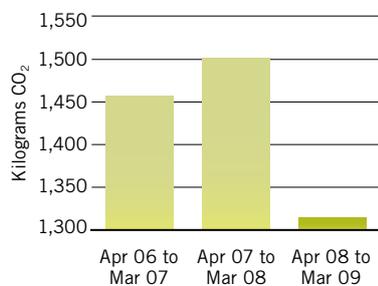
The result of these initiatives was a 27% decrease in water consumption in the 2007/08 financial year compared to the previous year. In 2008/09, due to the refurbishment of a new alfresco dining area and longer trading hours, a slight increase in water consumption resulted (overall 3%). Over the next 12 months the focus will be to stabilise and continually decrease water usage for the centre. New initiatives will also target working with tenants to implement more resource efficient operations.



TOTAL WATER CONSUMPTION



TOTAL GREENHOUSE GAS EMISSIONS

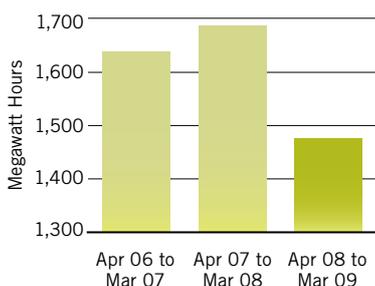


Energy initiatives

Despite the increased activity at the site with inclusion of the expanded food court and alfresco dining area, there was only a slight increase in energy consumption of 3% at the centre in 2007/08. This has been an area of attention for the centre in 2008/09 with a focus on improving the operational efficiency of the site.

Energy consumption has been reduced in 2008/09 by 12% compared with the same period last year and significantly a full 12 months of operation (and therefore the full efficiency gains) has not yet been realised on these initiatives.

TOTAL ELECTRICITY CONSUMPTION



These results were achieved through a number of significant sustainability initiatives:

- The installation of a Building Management System (BMS) in March 2008 to control all centre operated Heating Ventilation and Air Conditioning (HVAC), including amenities' exhaust plus all common internal and external lighting
- The installation of lux sensors for lighting control circuits to optimise the use of natural light
- Post installation commissioning including primary and regular programming to streamline plant operations with trade areas and operating times
- Daily monitoring and adjustment of air conditioning servicing in accordance with ambient conditions and demand
- The installation of air curtains at all primary entry points to retain conditioned air within the centre serviced areas
- Replacement of common area and office fluorescent lighting with low energy fittings

Other initiatives include:

- The commencement of a new cleaning contract incorporating the use of environmentally friendly products and practices
- Tenant engagement to increase recycling of cardboard and paper waste
- The replacement of all major common mall air conditioning plants with current standard high efficiency units

The results at Plumpton are not least thanks to the passion and commitment of our centre team, led by Barry Thomson, and are not only limited to energy and water. In recognition of Barry's efforts, he was awarded the inaugural Sustainability and Efficiency Award for the achievements at Plumpton Marketplace at our annual Retail Conference.



"I was proud to receive this award for our achievements at Plumpton. Good environmental management also makes good business sense as a reduction in costs is a key element of effective property management."

Barry Thomson, Operations Manager, Plumpton Marketplace

OUR FUTURE PLANS 2009/10

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



GOVERNANCE

- › Continuing future plans to improve the quality and transparency of our CR&S Reporting and specifically in our 2009/10 CR&S Report:
 - progress to full assurance to AA1000
 - improve our GRI rating to A+
- › Continuing our proactive participation in sustainability ratings and indices including
 - CDP
 - FTSE4Good Index
 - Dow Jones Sustainability Index
- › Reviewing our reporting and membership strategy
- › Ensuring statutory compliance with NGERS and EEO
- › Developing a formal policy on participation in public policy development and lobbying

SOCIAL OUR PEOPLE

- › Enhancing employee engagement and taking advantage of our leadership capabilities by introducing a formal mentoring program
- › Encouraging further transfer of skills across departments
- › Expanding on our relationships with key community groups such as Oasis Work Ready program
- › Increasing training and development programs for professional level employees

OUR COMMUNITY

- › Investigating the introduction of a workplace giving program
- › Rolling out year two of our employee volunteering programs
- › Refining our tenant engagement strategy with tailored approaches in office, industrial and retail

ENVIRONMENT

- › Delivering a minimum 5% per annum reduction in energy, water and greenhouse gas emissions in our office, industrial and retail portfolios
- › Developing a NABERS Improvement Plan for the office portfolio to deliver a 4.5 Star average Energy rating by 2012
- › Developing a CR&S and Service Excellence charter for our business and our suppliers
- › Improving sustainability data capture and full auditing of data
- › Continuing to develop innovative ways to effectively collaborate with tenants to drive energy efficiency under lease and fit-out guidelines
- › Developing climate change risk register and action plan per property per sector



Net Balance Management Group Pty Ltd
Level 2, 215-217 Clarence Street
Sydney NSW 2000 Australia
T +61 2 9249 2100
F +61 2 9262 2053
E info@netbalance.com
W netbalance.com

INDEPENDENT VERIFICATION STATEMENT

To the Board of Directors, Executive and Stakeholders of DEXUS Property Group Ltd:

DEXUS Property Group Ltd (DEXUS Property Group), commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent verification of the '2009 DEXUS Property Group, Corporate Responsibility and Sustainability Report' (the 'Report'). The Report presents DEXUS Property Group's sustainability performance for the period 1 July 2008 to 30 June 2009 in respect of governance, economic and social performance, and 1 July 2008 to 31 March 2009 in respect of environmental performance. DEXUS Property Group was responsible for the preparation of the Report. The verification statement represents Net Balance's independent opinion on the reliability of information presented within the Report. As an independent verification provider, Net Balance is responsible to the DEXUS Property Group Board and Executive alone in accordance with the terms of reference agreed. Other stakeholders should perform their own due diligence before taking any action as a result of this statement.

Verification objectives and processes

The main objective of the verification engagement is to provide DEXUS Property Group and its stakeholders with an independent opinion on the accuracy of the information presented within the Report. This is confirmed by reviewing the underlying systems, processes, information and data used to support the sustainability performance disclosures. In this instance, a GRI Application Level check is also undertaken. A complementary objective is to ensure continuous improvement in data management systems and reporting processes for future reporting.

Verification limitations

The scope of work covered the Report content. Net Balance did not verify financial data, other than that relating to environmental, social or broader economic performance. Verification was conducted at DEXUS Property Group's Head Office in Sydney; no other site visits were conducted.

Verification methodology

The verification engagement was undertaken between September and October 2009 and involved:

- A review of the Report for any significant anomalies, particularly in relation to statements and trends in data.
- A review of DEXUS Property Group's key systems and processes used for managing, analysing and reporting sustainability performance information.
- A review of the accuracy and source of information presented in the Report by examining 116 sustainability performance statements.
- A series of interviews with key personnel responsible for collating and writing sections of the Report to substantiate the reliability of selected statements.
- A check of the Report content against the GRI Application Levels.

Our independence

Net Balance was not responsible for preparing any part of the Report.

Our competency

Verification was carried out by an experienced team of professionals led by a Lead Sustainability Assurance Practitioner (Lead CSAP), accredited by the International Register of Certified Auditors UK (IRCA UK). The project included personnel with expertise in governance, environmental, social and economic performance measurement across a range of industry sectors, in particular, the property sector. Net Balance is a global



leader in the verification and assurance of environmental and sustainability Report, having undertaken over 50 assurance /verification engagements in Australia in 2007 and 2008.

Reliability of performance information

Based on the scope of the verification engagement, the following represent Net Balance's opinion:

- The findings of the verification engagement provide confidence in the systems and processes used for managing and reporting sustainability performance information.
- The level of accuracy of sustainability performance information was found to be within acceptable limits.
- Data trails selected were generally identifiable and traceable, and the personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data.
- The sustainability performance disclosures within the Report appropriately reflect the environmental, social and economic performance achieved during the reporting period.
- The Report achieved a GRI Application Level of 'A+'.

Overall, it is Net Balance's opinion that the information presented within the Report is fair and accurate. The Report was found to be a reliable account of DEXUS Property Group's sustainability performance during the reporting period.

Findings and recommendations

DEXUS Property Group has processes in place to effectively report its sustainability performance to stakeholders on its property portfolios in the areas of: energy, water and greenhouse gas emissions. Net Balance believes the next step for DEXUS Property Group is to build on its existing indicators in human resources, safety, waste and procurement. An important further step includes providing strategic insight into DEXUS Property Group's management approaches integrating its environmental social and economic impacts so as to demonstrate a more sophisticated understanding of its material sustainability issues and stakeholder engagement dialogues.

On behalf of the verification team
19 October 2009
Melbourne, Australia

Terence Jeyaretnam
Director, Net Balance & Lead CSAP (IRCA UK)

GRI INDEX

The Global Reporting Initiative (GRI) contains globally applicable guidelines for sustainability reporting. Established in 1997, GRI became an independent institution in 2002 and is an official collaborating centre of the United Nations Environment Programme (UNEP) and works in collaboration with the UN Global Compact.

The core guidelines are for voluntary use by organisations for reporting on the economic, environmental and social dimensions of their activities, products and services.

This Corporate Responsibility and Sustainability Report is produced in accordance with the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines (a full description of the guidelines is available at: www.globalreporting.org). DEXUS believes that by adopting G3, we will provide our stakeholders with a greater ability to understand and benchmark our performance against others within our sector and provide greater clarity and transparency on our sustainability strategy and key areas of impact.

This Index provides a reference to information and data provided throughout this report, as well as to the GRI indicators on which we have reported. The listing of GRI indicators is part of the requirements we must meet to produce a GRI-based report.

To achieve a reporting application level of "A" we are required to report on all core G3 performance indicators and provide an explanation of any core indicator on which we have not reported.

Immediately following the Index we have included an explanation of the reasons why we have not fully reported on a given indicator, and further explanation of our business practices relevant to a particular indicator, where required.

KEY = ● Addressed
● Partially addressed
NR Not reported

AR Information provided in DEXUS Property Group's Annual Report 2009

CDP Information provided in our Carbon Disclosure Project Report

CG Information provided in the Corporate Governance section of DEXUS Property Group Annual Report 2009

CR&S 2008 Information provided in the DEXUS 2008 CR&S Report

EXP Explanation of GRI indicators omitted or identified for future reports are listed at the end of index on page 55

SHR Information provided in DEXUS Property Group's Security Holder Review 2009

PROFILE

1. Strategy and analysis

		Status	Reference
1.1	Statement from CEO and Chair	●	p 2-3
1.2	Description of key risks and opportunities and effects on stakeholders	●	p 2-5, 9-12, 14-17, 20-29, 34-43

2. Organisational profile

		Status	Reference
2.1-2.10	Organisational profile	●	p 6, 8-10, 14, 17, 18, 52 AR, SHR

3. Report parameters

		Status	Reference
3.1-3.3	Reporting period, previous report, report cycle	●	p 1
3.4	Contact point for questions on CR&S report and sustainability initiatives	●	p 1
3.5	Guidance on Defining Report Content	●	p 1, EXP p 55
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	●	p 1, 8, AR
3.7	State any specific limitations on the scope or boundary of the report	●	p 1
3.8	Basis for reporting on joint ventures, subsidiaries and other entities that can significantly affect comparability from period to period and/or between organisations	●	p 1, 8, AR, SHR
3.9	Data measurement techniques including calculations and assumptions. Highlight any divergence from GRI Indicator Protocols	▶	p 21-24, 32-45, SHR
3.10	Explanation of any re-statements of information provided in earlier reports	●	p 33, EXP p 55
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied	●	p 1, 33, EXP p 55
3.12	Table identifying the location of the Standard Disclosures in the report	●	p 49-58
3.13	Practice of seeking external assurance for the report	●	p 1, EXP p 55

4. Governance, commitments and engagement

		Status	Reference
Governance			
4.1	Governance structure of the organisation	●	p 4, 11-12, AR
4.2	Indicate whether the Chair of the Board is also an executive officer	●	CG, AR
4.3	State the number of members of the Board who are independent and/or non-executive members. State how the organisation defines "independent" and "non-executive"	●	CG, AR
4.4	Mechanisms for shareholders and employees to provide feedback to the Board	●	p 1, CG, AR
4.5	Board and Senior Management remuneration and link to the organisation's performance	●	CG, AR
4.6	Processes in place for the Board to ensure conflicts of interest are avoided	●	p 16, AR, CG
4.7	Process for determining Board member qualifications and expertise of the members of the Board	●	CG, AR
4.8	Mission or value statements, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	●	p 12, CG, AR, EXP p 55
4.9	Board procedures for overseeing the organisation's identification and management of economic, environmental, and social performance, including internationally agreed standards	●	p 11, 12, CG, AR
4.10	Processes for evaluating the Board's performance, in particular economic, environmental, and social performance	▶	CG, AR
Commitments to external initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed in risk management framework	●	CG, EXP p 55
4.12	External adherence or support of economic, environmental, and social charters or principles	●	p 12, 34, 42, CG 17
4.13	Memberships of associations and advocacy bodies	●	p 15, 16
Stakeholder engagement			
4.14	List of stakeholder groups engaged by the organisation	●	p 14-16
4.15	Basis of identification of stakeholders with whom to engage	▶	p 14-16, 20-29
4.16	Approach to stakeholder engagement	●	p 14-16, 20-29
4.17	Response to key topics and concerns raised through stakeholder engagement	▶	p 14-16, 20-29

PERFORMANCE INDICATORS

	Status	Reference
Economic performance indicators		
Economic management approach	●	p 8-10, AR, EXP p 59
Economic performance		
EC1 Direct economic value generated and distributed	●	p 8-10, AR
EC2 Financial implications and other risks and opportunities for the organisation's activities due to climate change	●	p 2-3, 31-32
EC3 Coverage of the organisation's defined benefit plan obligations	●	EXP p 55
EC4 Significant financial assistance received from government	●	EXP p 55
Market presence		
EC5 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	▶	EXP p 55
EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	●	p 15, EXP p 55
EC7 Local hiring procedures and proportion of senior management hired from the local community	●	EXP p 55
Indirect economic impacts		
EC8 Development of infrastructure investments and services provided primarily for public benefit	●	EXP p 55
EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts	▶	EXP p 55
Environmental performance indicators		
Environmental management approach	●	p 9-10, 21, 32-44
Materials		
EN1 Materials used by weight or volume	●	EXP p 55
EN2 Percentage of materials used that are recycled input materials	●	EXP p 55
Energy		
EN3 Direct energy consumption by primary source	●	p 33-34
EN4 Indirect energy consumption by primary source	●	p 33-34
EN5 Energy saved due to conservation and efficiency improvements	●	p 32-37
EN6 Initiatives and outcomes of providing energy-efficient products and services	●	p 31-45
EN7 Initiatives and outcomes of reducing indirect energy consumption	●	p 31-45
Water		
EN8 Total water withdrawal by source	●	p 32, EXP p 56
EN9 Water sources significantly affected by withdrawal of water	●	p 32, EXP p 56
EN10 Percentage and total volume of water recycled and reused	▶	p 39, 41, EXP p 56
Biodiversity		
EN11 Location and size of land owned, leased, managed in, or adjacent to areas of high biodiversity value	●	EXP p 56
EN12 Description of significant impacts of activities, products, and services in areas of high biodiversity value	●	EXP p 56
EN13 Habitats protected or restored	●	EXP p 56
EN14 Strategies, current actions, and future plans for managing impacts on biodiversity	●	EXP p 56
EN15 Number of endangered (IUCN Red List) species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	●	EXP p 56
Emissions, effluents and waste		
EN16 Total direct and indirect greenhouse gas emissions by weight	▶	p 33-34
EN17 Other relevant indirect greenhouse gas emissions by weight	▶	p 34
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved	●	p 32-33, 36, 43
EN19 Emissions of ozone-depleting substances by weight	NR	
EN20 NO, SO, and other significant air emissions by type and weight	▶	EXP p 56
EN21 Total water discharge by quality and destination	▶	p 32-45, EXP p 56
EN22 Total weight of waste by type and disposal method	▶	p33, EXP p 56
EN23 Total number and volume of significant spills	●	EXP p 56
EN24 Weight of transported hazardous waste	●	EXP p 56
EN25 Impact of water discharges	●	EXP p 56
Products and services		
EN26 Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation	▶	p 11-12, 23, 31-45
EN27 Percentage of products sold and their packaging materials that are reclaimed by category	NR	EXP p 56
Compliance		
EN28 Significant fines and non-monetary sanctions for non-compliance with environmental laws and regulations	●	CG, EXP p 56

		Status	Reference
Environmental performance indicators (continued)			
Transport			
EN29	Significant environmental impacts of transporting products, goods, materials and members of the workforce	●	p 34
Overall			
EN30	Total environmental protection expenditures and investments by type	▶	EXP p 56
Labour practices and decent work			
Labour practices management approach			
		●	p 20-28, EXP p 55
Employment			
LA1	Total workforce by employment type, employment contract, and region	▶	p 18, 23, EXP p 56
LA2	Total number and rate of employee turnover by age group, gender and region	▶	p 24, EXP p 56
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees	●	p 22-23, EXP p 57
Labour/management relations			
LA4	Percentage of employees covered by collective bargaining agreements	●	EXP p 57
LA5	Minimum notice period(s) regarding operational changes	●	EXP p 57
Occupational health and safety			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees	NR	EXP p 57
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region	●	EXP p 57
LA8	Risk management programs to assist workforce members, their families, or community members regarding serious diseases	●	p 11, EXP p 57
LA9	Health and safety topics covered in formal agreements with trade unions	●	EXP p 57
Training and education			
LA10	Average hours of training per year per employee by employee category	●	p 21
LA11	Programs for skills management and life-long learning	●	p 20-21
LA12	Percentage of employees receiving regular performance and career development reviews	●	p 20-22, 25
Diversity and equal opportunity			
LA13	Composition of governance bodies and indicators of diversity	●	p 18, 24, CG, AR
LA14	Ratio of basic salary of men to women by employee category	●	EXP p 57
Human rights performance indicators			
Human rights management approach			
		●	p 20-29, EXP p 55, 57
Investment and procurement practices			
HR1	Percentage and total number of significant investments that screen for human rights	●	EXP p 57
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights	●	EXP p 57
HR3	Total hours of employee training on policies and procedures concerning human rights	▶	p 20-21, CG, EXP p 57
Non-discrimination			
HR4	Total number of incidents of discrimination and actions taken	●	p 24, EXP p 57
Freedom of association and collective bargaining			
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be a significant risk, and actions taken to support these rights	●	EXP p 57
Child labour			
HR6	Operations identified as having significant risk for incidents of child labour and preventative measures	●	EXP p 57

KEY = ● Addressed
▶ Partially addressed
NR Not reported

AR Information provided in DEXUS Property Group's Annual Report 2009

CDP Information provided in our Carbon Disclosure Project Report

CG Information provided in the Corporate Governance section of DEXUS Property Group Annual Report 2009

CR&S 2008 Information provided in the DEXUS 2008 CR&S Report

EXP Explanation of GRI indicators omitted or identified for future reports are listed at the end of index on page 55

SHR Information provided in DEXUS Property Group's Security Holder Review 2009

PERFORMANCE INDICATORS (continued)

	Status	Reference
Human rights performance indicators (continued)		
Forced and compulsory labour		
HR7 Operations identified as having significant risk for incidents of forced or compulsory labour and preventative measures	●	EXP p 57
Security practices		
HR8 Percentage of security personnel trained in the organisation's human rights policies or procedures	●	EXP p 57
Indigenous rights		
HR9 Total number of incidents of violations involving rights of indigenous people and actions taken	●	p 24, EXP p 57
Society performance indicators		
Society management approach	●	p 12, 20-29, EXP p 54, 56-57
Community		
SO1 Impacts of our operations on communities	●	p 26-29
Corruption		
SO2 Percentage and total number of business units analysed for risks relating to corruption	▶	p 11-12, CG, EXP p 57
SO3 Percentage of employees trained in organisation's anti-corruption policies and procedures	●	p 11-12, EXP p 58
SO4 Actions taken in response to incidents of corruption	●	EXP p 58
Public policy		
SO5 Public policy positions and participation in public policy development and lobbying	▶	p 16, EXP p 58
SO6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	●	p 16, EXP p 58
Anti-competitive behaviour		
SO7 Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices	●	EXP p 58
Compliance		
SO8 Significant fines and non-monetary sanctions for non-compliance with laws and regulations	●	EXP p 58
Product responsibility performance indicators		
Product responsibility management approach	●	p 14, 21, 32-45, EXP p 55
Customer health and safety		
PR1 Management of health and safety impacts of products and services throughout life-cycle stages	●	p 25, EXP p 58
PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services	●	EXP p 58
Product and service labelling		
PR3 Management of product and service information	●	EXP p 58
PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling	●	EXP p 58
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	p 14-15, EXP p 58
Marketing communications		
PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications	●	p 12, EXP p 58
PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	●	EXP p 58
Customer privacy		
PR8 Total number of substantiated complaints regarding breaches of customer privacy	●	EXP p 58
Compliance		
PR9 Significant fines for non-compliance with product responsibility laws and regulations	●	CG, EXP p 58

KEY = ● Addressed
 ▶ Partially addressed
 NR Not reported

AR Information provided in DEXUS Property Group's Annual Report 2009
CDP Information provided in our Carbon Disclosure Project Report
CG Information provided in the Corporate Governance section of DEXUS Property Group Annual Report 2009
CR&S 2008 Information provided in the DEXUS 2008 CR&S Report
EXP Explanation of GRI indicators omitted or identified for future reports are listed at the end of index on page 55
SHR Information provided in DEXUS Property Group's Security Holder Review 2009

Notes and explanation of GRI indicators omitted or identified for future reports

Further explanation

3.5 Guidance on defining report content

The content for this report has been guided by our CR&S strategy, achievements and progress against agreed action plans. We have used the Global Reporting Initiative (G3) criteria to inform the extent and detail of our reporting.

3.10 Explanation of any re-statements of information provided in earlier reports

There has been no re-statement of information other than the improvement in data integrity outlined on page 33.

3.11 Significant changes from previous reporting periods, in the scope, boundary, or measurement methods applied

Since our last report we have continued to improve our systems and processes for determining our entire portfolio's sustainability. Changes from previous reporting periods are outlined in the report scope.

3.13 Practice of seeking external assurance for the report

The financial data used in this report is an extract from our Annual Report and has been verified and audited. We have engaged third party verification in this report.

4.8 Mission or value statements, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation

We have both an employees' and a directors' Code of Conduct in place to guide our people to ensure that their conduct meets the highest ethical and professional standards.

4.11 Precautionary Principal

DEXUS does not explicitly reference the precautionary approach in its risk management framework. However, in day-to-day operations, we employ sound risk management practices, which are described throughout this report, the Annual Report and CG Policy 2009 on www.dexus.com. In addition DEXUS has developed specific Environmental Management and Occupational Health and Safety Policies.

Economic management approaches

Detailed financial performance is provided, but further future work will focus on better quantifying the direct and indirect economic impacts of our operations.

EC3 Coverage of the organisation's defined benefit plan obligations

DEXUS does not operate a defined benefit superannuation scheme. Consistent with Australian legislation, superannuation contributions are made by all employees to the superannuation fund of their choice.

EC4 Financial assistance received from government

No financial assistance was received from Government in 2008/09.

EC5 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation

100 percent of standard entry level wages are above minimum wage levels at all our locations of operation.

EC6 Policy, practices and proportion of locally based suppliers at significant location of operation

Our operations are in primarily metropolitan locations and we use locally sourced labour and supplies where possible.

EC7 Local hiring procedures and proportion of senior management hired from the local community

DEXUS hires employees based on merit and the appropriateness of their skill set for all advertised positions. The majority of our employees are hired from within the region in which each of our businesses operates. We source and recruit our employees using local recruitment providers and vacancies are also advertised internally to ensure existing team members have the opportunity to progress their career.

EC8 Development of infrastructure investments and services provided primarily for public benefit

Our business operates primarily within the existing built environment. When we invest in new developments they generally connect to existing infrastructure and supporting facilities.

EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts

Our operations are primarily situated within the built environment. We take care to ensure we connect to existing infrastructure and deliver economic benefit to the local traders within the areas of our operations.

EN1-EN2 Materials

The majority of materials used in DEXUS operations are energy and water, the consumption data for which has been provided. Refurbishment and development materials, including carpet, ceiling tiles, and lamps and tubes for lighting, are recorded on a site by site basis. Where one of our properties is aiming to achieve a Green Star rating, for example 1 Blich Street and 123 Albert Street, the materials are of a high environmental standard and externally verified to optimise the Green Star rating achieved.

Other materials used include office consumables such as paper for printing, toners and other stationery. We have improved our selection and recording of these consumables. Significant work has been done to source paper with the highest recycled content at competitive rates.

Notes and explanation of GRI indicators omitted or identified for future reports

Further explanation (continued)

EN5 Energy saved due to conservation and efficiency improvements

We have provided two years of energy consumption data and the percentage reduction achieved as a result of a number of initiatives. These initiatives are outlined on pages 32-45.

EN8 Total water withdrawal

All DEXUS water withdrawal is from regionally based water authorities. Our water withdrawal is principally to service base building services such as toilet amenities and cooling towers.

EN9 Water sources significantly affected by withdrawal of water

DEXUS operates in regions facing challenging water shortages however all of our water comes from regionally based water authorities. We have been combining our portfolio wide water saving initiatives with industry and regulatory schemes.

EN10 Percentage and total volume of water recycled and reused

A number of water recycling initiatives are in development. Refer to case studies on pages 39 and 41 for further detail.

EN11-EN15 Biodiversity

DEXUS operates primarily in metropolitan areas and our developments are generally on brown-field sites, thereby limiting our biodiversity footprint and impact on ecosystem services such as water, air, soil, flora and fauna. We have identified no major or direct impacts on biodiversity associated with DEXUS operations. All developments are subject to planning approvals and environmental assessment if indicated.

EN20 NO_x, SO_x, and other significant air emissions by type and weight

The only source of NO_x from DEXUS operations would be emitted from fuel combustion. We contribute indirectly to emissions of SO_x through our purchase of electricity.

EN21 Total water discharge by quality and destination

Our primary water discharges are storm water discharges from hardstand areas and rooftops of buildings.

EN22 Total weight of waste by type and disposal method

Due to the uncertain nature of the collection of this data we have instigated a review of our waste management practices across our portfolio and consequently have identified best practice methods for waste and recycling which are currently being implemented.

To ensure waste is disposed of in accordance with applicable legislation our property management teams access waste management procedures via our online Environmental Managers Manual. In addition we require our waste management contractors to be licensed and all waste management documentation is reviewed annually by external auditors to ensure compliance with our procedures.

EN23 Total number and volume of significant spills

DEXUS has a small number of fuel storage facilities, which are used for back-up power supply and fire pump operations. There have been no significant spills from any DEXUS facility in the reporting year.

EN24 Weight of transported hazardous waste

DEXUS does not produce hazardous waste as a byproduct of its operations. If hazardous waste exists at one of our properties, such as asbestos, it would be transported by a licensed contractor. Refer to explanation EN22 for waste transport and disposal methods.

EN25 Impact of water discharges

Water discharges from our properties are managed in accordance with regulatory requirements. Our Environmental Management Program assesses water discharge through site inspections and annual audits to ensure that all water leaving our properties complies with regulatory requirements as a minimum.

In addition, we require that any potential pollutants used at our properties, such as chemicals and fuels, are stored within secondary containment, in accordance with regulatory requirements.

EN27 Percentage of products sold and their packaging materials that are reclaimed by category

This indicator is not relevant to the types of products and services provided by our business.

EN28 Significant fines and non-monetary sanctions for non-compliance with environmental laws and regulations

DEXUS has complied with all environmental laws and regulations applicable to our operations and as a result we have not received any significant fines or non-monetary sanctions for non-compliance during 2008/09.

EN30 Total environmental protection expenditures and investments by type

DEXUS recognises that by investing in sustainability we not only reduce our environmental footprint but add value to our properties and the services we offer and in turn attract potential tenants and employees to our business. However we have not reported this investment in quantifiable expenditure in this report.

LA1 and LA2 Employment and turnover information by region

DEXUS does not report statistics on these measures by region. Turnover is reported internally with turnover and employment statistics consolidated in this report.

LA3 Benefits provided to full time employees that are not provided to temporary or part time employees

DEXUS provides the same benefits to its full time employees as it does to its permanent part-time employees.

LA4 and LA5 Percentage of employees covered by collective bargaining agreements and minimum notice period(s) regarding operational changes

DEXUS does not have any collective agreements as all employees are employed under individual contracts. There is a minimum of a one month notice period for termination of an employee in DEXUS employment contracts.

LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees

DEXUS complies with all OH&S legislative requirements. DEXUS has a formal OH&S policy and has implemented a comprehensive risk management system to ensure effective management of OH&S across its operations. Although DEXUS has no formal OH&S committees, we do have an OH&S management program in place which actively involves employees.

LA7 Lost time due to injury

In 2008/09 we had five reported OH&S incidents and two resulted in time lost, one of 32 days and one of three days lost.

LA8 Serious diseases – policy, prevention, risk control, training

In Australia and New Zealand, serious diseases are covered by our OHS&L policies and processes. In general, DEXUS deals with serious diseases as it would other long-term illness. Each year the Group reviews and updates as appropriate, the adequacy of existing OH&S policies, programs and training for risks such as pandemic disease outbreaks.

LA9 Health and safety topics covered in formal agreements with trade unions

DEXUS does not have any formal agreements with trade unions as all DEXUS employees are employed under individual contracts.

We do, however, have an Occupational Health and Safety (OH&S) management program which actively involves employees and includes: participation of worker representatives in OH&S inspections; training and education; complaints and handling.

LA14 Ratio of basic salary of men to women by employee category

DEXUS has a commitment to attract and retain the best employees. We generally remunerate our employees above award. Annually, we analyse like for like roles and check ratios to ensure gender equity in compensation decisions.

HR1 Screening of significant investments – human rights

Our operations are in Organisation for Economic Co-operation and Development (OECD) countries which have legislation addressing human rights issues.

HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights

DEXUS retenders contracts with service providers on a periodic basis. As outlined in our Supply Chain Strategy, on pages 22-23 of our 2007 CR&S Report, all new or renewed contractors must comply with the Principles of Fair Contracting which is annexed to our standard contracts.

HR3 Total hours of employee training on policies and procedures concerning human rights

All compliance induction training covers human rights including anti-discrimination and general code of conduct. Compulsory Code of Conduct training is undertaken by all employees every quarter.

HR4 Total number of incidents of discrimination and actions taken

There has been one incident of alleged discrimination by a customer at a shopping centre. The issue was referred to HREOC and has since been settled.

HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be a significant risk, and actions taken to support these rights

Within the areas of our operation, DEXUS recognises our employees' rights to exercise freedom of association and collective bargaining.

HR6 Child labour

DEXUS employs an adult professional workforce in all countries in which it operates.

HR7 Forced and compulsory labour

DEXUS does not engage in forced or compulsory labour. We employ a professional workforce in each country in which we operate.

HR8 Percentage of security personnel trained in the organisation's human rights policies or procedures

All security personnel are to be fully licenced and comply with all legislative human rights policies and procedures in accordance with legislative requirements. They are engaged under contracts complying with our Principles of Fair Contracting which encompass human rights policies.

HR9 Total number of incidents of discrimination and violations involving rights of indigenous people and actions taken

There were no incidents of discrimination or violation of indigenous rights reported against DEXUS in 2008/09.

SO2 Percentage and total number of business units analysed for risks relating to corruption

DEXUS has extensive risk management policies and processes in place. No incidence of corruption was identified or reported in 2008/09.

All employees within all business units are required to provide a declaration, every quarter, that they complied with DEXUS's Code of Conduct. Adherence to the above policies and procedures is recorded by business units on a quarterly basis, subject to ongoing monitoring by Compliance and supported by an internal audit program.

Notes and explanation of GRI indicators omitted or identified for future reports

Further explanation (continued)

S03 Percentage of employees trained in organisation's anti-corruption policies and procedures

All DEXUS employees receive induction and regular training on our anti corruption policy and procedures.

S04 Actions taken in response to incidents of corruption

DEXUS has recorded no incidents of corruption during the reporting period. Please review our corporate governance policy and structure at www.dexus.com/corporate-governance.aspx. DEXUS has identified areas across the business where potential risks relating to corruption may exist and will be developing a policy and program for monitoring and future reporting. DEXUS operates within OECD countries which have established regulatory frameworks with which we fully comply.

S05 Public policy positions and participation in public policy development and lobbying

DEXUS does not currently have a formalised policy on participation in public policy development and lobbying. However, this is under development. All employees are required to conduct themselves in an appropriate manner that does not bring the Group's reputation into disrepute.

S06 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country

We have strict rules regarding the payment or acceptance of gifts or benefits to and from third parties, as set out in our Gifts, Benefits and Entertainment Compliance Policy. This policy prohibits financial or in-kind contributions to political parties and politicians. No gifts, benefits or donations were made to political parties or politicians in 2008/09.

S07 Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices

There were no legal actions brought against DEXUS for anti-competitive, anti-trust or monopoly practices during 2008/09. DEXUS, on behalf of a third party client, provided information to the ACCC in an industry review.

S08 Significant fines and non-monetary sanctions for non-compliance with laws and regulations

There were no significant fines or non-monetary sanctions for non-compliance with laws and regulations brought against DEXUS during 2008/09.

PR1 Life-cycle stages in which health and safety impacts of products and services are assessed and percentage of products/services subject to such procedures.

The products and services provided by DEXUS, being real property and property services are managed in accordance with our risk management framework which includes OH&S.

PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services

No incidents of non-compliance have been reported to regulators during 2008/09. Incidents are managed on an ongoing basis through our Risk and Claims Management frameworks.

PR3 Type of product and service information required and percentage of products and services subject to such requirements

Each of our key businesses meet product and service information, disclosure requirements and contractual requirements, such as leases, as required by legislation.

PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling

There have been no incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling during 2008/09.

PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction

DEXUS reviews customer satisfaction through a number of stakeholder engagement initiatives such as tenant surveys. A number of improvements have been implemented this year which will provide greater opportunity to report future results.

PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communication

To ensure appropriate and accurate customer communications, all marketing and communications materials are reviewed and signed off by the respective Heads of Marketing and Communications, Legal, Compliance and the relevant Property or Corporate department.

We also have in place a unique, online Marketing Approval Database to facilitate this sign-off process, which also acts as a database and audit trail for all external marketing and communications materials.

PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing and communications

There were no incidents of non-compliance with regulations and voluntary codes concerning marketing and communications during the 2008/09.

PR8 Total number of substantiated complaints regarding breaches of customer privacy

DEXUS has numerous policies in place to ensure customer privacy and compliance with applicable regulations and laws. There were no complaints against DEXUS regarding breaches of customer privacy during 2008/09.

PR9 Significant fines for non-compliance with product responsibility laws and regulations

There were no significant fines for non-compliance with product responsibility laws and regulations during the 2008/09.

GRI APPLICATION LEVEL

Reports intended to qualify for level C, C+, B, B+, A or A+ must contain each of the criterion that is presented in the column for the relevant level.

This CR&S report was prepared to meet the requirements of application Level A+.

We have reported against the three main types of disclosures contained with the GRI G3 Guidelines:

Strategy and Profile: Disclosures that set the overall context for understanding our performance such as strategy, profile, and governance.

Management Approach: Disclosures that cover how we address a given set of topics in order to provide context for understanding performance in a specific area.

Performance Indicators: Indicators that elicit comparable information on the economic, environmental and social performance of our business.

This aligns with the Report Application Level guide illustrated below:

REPORT APPLICATION LEVEL		C	C+	B	B+	A	A+
STANDARD DISCLOSURES	G3 Profile Disclosures OUTPUT	Report on: 1.1 2.1 – 2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report Externally Assured	Report on all criteria for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Management Approach Disclosures OUTPUT	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	G3 Performance indicators & Sector Supplement Performance Indicators OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of social, economic and environment.		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labour, society, product responsibility.		Respond on each core G3 and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

* Sector supplement in final version.

GLOSSARY

Biodiversity	The variety of life on earth – plants, animals and microorganisms, the variety of genetic material they contain and the ecological systems in which they occur.
Bioswales	Bioswales are landscape elements designed to remove silt and pollution from surface runoff water. They consist of a swaled drainage course with gently sloped sides (less than 6%) and filled with vegetation, compost and/or gravel.
Building Management System	A central computerised system for managing and operating systems within a building. A BMS usually incorporates controls for air conditioning, energy consumption, security, access and fire systems.
Carbon Disclosure Project (CDP)	As stated on the CDP website, an independent, not-for-profit organisation aiming to create a lasting relationship between shareholders and corporations regarding the implications for shareholder value and commercial operations presented by climate change. www.cdproject.net/index.asp
Carbon footprint	The direct effect an organisation's operations have on the environment in terms of carbon dioxide emissions, including electricity use and employee travel.
Climate change	Also known as global warming, refers to the build up of greenhouse gases (GHG), primarily carbon dioxide, in the atmosphere, resulting in changes to our climate and weather systems.
Equal Employment Opportunities (EEO)	EEO in a workplace context means that all employees have equal access to the opportunities that are available at work. This means all employees are treated with fairness and respect in that they are not subject to discrimination or harassment in the workplace.
Future proof	The assessment of a building's environmental performance and subsequent capital works to ensure the building can perform in the changing environment now and in the future.
Global Reporting Index (GRI)	A globally recognised framework through which organisations – companies, public agencies, non-profits – can transparently report on economic, environmental and social sustainability.
Green Building Council Australia (GBCA) Green Star	An environmental rating tool for commercial office design and construction, which evaluates a building's impact against eight environmental impact categories.
Greenhouse Gas (GHG)	The build up of gases, such as carbon dioxide and methane, in the atmosphere that absorb energy from the sun.
Green Power	Certified green power is renewable energy sourced from the sun, the wind, water and waste that is purchased by an organisation's energy company on its behalf. greenpower.gov.au/home.aspx
Landfill	A method for disposal of solid waste on land whereby the waste is compacted and covered with soil to minimise the effects on the environment.
Leadership in Energy and Environmental Design (LEED) Green Building Rating System™	The nationally accepted benchmark in the US for the design, construction, and operation of high performance green buildings. An initiative of the US Green Building Council.
National Built Environment Rating System (NABERS)	Managed by the NSW Department of Environment and Climate Change (DECC), the NABERS scheme assists office building owners and tenants to reduce resource use and costs, and greenhouse gas emissions. www.nabers.com.au
Resources	For the purposes of this report, DEXUS defines resources as energy and water, and waste to landfill.
Smart metering	Also known as advanced metering systems, smart meters are electronic devices which track "real time" resource (electricity, gas and water) consumption, allowing all consumption data to be measured, tracked and monitored remotely.
tCO₂-e	Tonnes of carbon dioxide equivalent, the standard unit all GHGs are equated to.



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

www.dexus.com