

A low-angle, upward-looking photograph of a modern skyscraper with a glass facade. The building is partially obscured by green foliage in the foreground, which is brightly lit by sunlight. The sky is clear and blue. A dark blue horizontal band is overlaid across the top of the image, containing the report title in white text.

DEXUS PROPERTY GROUP 2013 ENERGY EFFICIENCY OPPORTUNITIES REPORT

1. CORPORATION DETAILS

Controlling Corporation: DEXUS Holdings Pty Ltd

DEXUS Property Group (DEXUS) is one of Australia's leading real estate groups, investing directly in high quality Australian office and industrial properties. With over \$13 billion of assets under management, DEXUS also actively manages office, industrial and retail properties located in key Australian markets on behalf of third party capital partners.

DEXUS is firmly focused on developing and managing a portfolio of world class assets that deliver leading outcomes for DEXUS, its stakeholders and the environment.

Key highlights within this report:

- Over the past 12 months, DEXUS saw a reduction in energy consumption for sites covered under the EEO program of 5.4% or 28,500 GJ
- DEXUS's energy use for 2012/13 has reduced by 18.5% against the baseline year
- To date DEXUS has assessed sites covering 72% of total energy use across office and retail properties
- DEXUS is on schedule to meet its 80% coverage requirement within the five year assessment cycle
- DEXUS has invested \$31 million on energy efficiency opportunities within its office portfolio, resulting in significant improvements in energy efficiency
- DEXUS achieved a weighted average NABERS Energy rating of 4.7 stars for the DXS office portfolio, exceeding its 4.5 star target
- DEXUS outperformed both the Green Star and NABERS benchmarks in the IPD Green Building Index

This year's results demonstrate the improved energy performance that DEXUS has been steadfastly pursuing as part of its long term property management strategy.

DEXUS's vision is to be globally recognised as Australia's leading real estate company and its strategy is to deliver superior risk-adjusted returns to investors from high quality Australian real estate primarily comprising CBD office buildings. DEXUS integrates CR&S objectives into every aspect of business operations to create value for all of its stakeholders, which include:

- investors
- tenants
- employees
- suppliers
- community
- environment

The Energy Efficiency Opportunities (EEO) program has been a highly beneficial and timely program which DEXUS has embraced and actively implemented. The core principles within the EEO program strongly align with DEXUS's broader sustainability aims and provide added impetus and opportunity to demonstrate tangible action to employees, tenants, investors and the wider community.

DEXUS has worked hard to embed EEO methodologies and processes into its Strategic Improvement Plans. For each asset, these plans clearly articulate the current level of performance and provide a list of practical opportunities which, when implemented, will achieve DEXUS performance objectives.

DEXUS recognises the importance of its people in helping it realise its goals. DEXUS has a strong corporate team and experienced property professionals with core capabilities in office, industrial and retail investment and development management. This core team is supported by industry experts. The EEO program has helped DEXUS develop an approach that requires broad stakeholder engagement to fully leverage, experience, skills and expertise.

The last 12 months has seen DEXUS focus on implementing projects identified through EEO assessments. Since the start of the assessment cycle, DEXUS has identified over 147,000 GJ of energy savings opportunities and has, or is, in the process of implementing 72% of these initiatives.

DEXUS management and the operations team have also been actively enhancing policies and procedures to improve data capture and storage, better understand energy use in context and ensure that business as usual practices align with EEO compliance requirements.

This is DEXUS's third Public Report and covers the period 1 July 2009 to 30 June 2013.

1.1 Major changes to corporate group structure or operations

Major changes to corporate group structure or operations in the last 12 months

DEXUS has seen its portfolio change due to portfolio growth as follows:

- Acquisitions or inheritance of operational control to DEXUS was undertaken in FY13 for:
 - Blue Tower, 12 Creek Street, Brisbane, QLD – Office
 - 301 Orchard Road, 255 & 295 Archerfield Road, Richlands, QLD – Industrial
 - 39 Martin Place, Sydney, NSW – Office & Retail
 - 50 Carrington Street, Sydney, NSW – Office
 - Australia Square Plaza & Tower, 264-278 George Street, Sydney, NSW – Office & Retail
 - 40 Market Street, Melbourne, VIC – Office
 - 15-23 Whicker Road, Gillman, SA – Industrial
- Disposals that occurred during FY13 are:
 - 114-120 Old Pittwater Road, Brookvale, NSW – Industrial
 - 144 Wicks Road, Macquarie Park, NSW – Office
 - 112-118 Talavera Road, Macquarie Park, NSW – Office
 - 85 Waterloo Road, Macquarie Park, NSW – Office

Declaration

The information included in this report has been reviewed and noted by the Board of Directors and is to the best of my knowledge, correct and in accordance with the Energy Efficiency Opportunities Act 2006 and Energy Efficiency Opportunities Regulations 2006.



Darren Steinberg
Chief Executive Officer
4 December 2013

2. ASSESSMENT OUTCOMES

Controlling Corporation: DEXUS Holdings Pty Ltd

2a.1 Assessment details - DEXUS Holdings Pty Ltd

Total energy use in the last financial year	499,051 GJ
Total percentage of energy use assessed when assessments were undertaken	72%

Description of the way in which the entity carried out its assessment

Primarily opportunities are identified through DEXUS's established site assessment process and Strategic Improvement Plan (SIP) development. Initiatives are also suggested by onsite building management teams.

Site assessments are planned and conducted by key DEXUS employees within the areas of property, engineering and sustainability. DEXUS uses qualified and experienced external consultants to conduct site assessments, directed by DEXUS operational teams. Site managers also play an active role during these assessments.

Site and corporate employees work with the relevant external consultants to develop an SIP, which includes a list of energy, water and environmental opportunities with estimated energy and cost savings, indicative cost and payback. SIPs and building performance are regularly monitored and action taken for improvement where required.

Site assessments and associated SIPs cover four elements:

- Strategic building review
- Resource consumption performance
- Energy and water improvement
- Plant and equipment upgrades

Assessing these elements provides a comprehensive view of building performance. This enables DEXUS to plan and implement optimum plant and equipment upgrades to maximise outcomes to improve energy efficiency and tenant comfort. Plans incorporate best practice maintenance and services such as the Property Council of Australia's quality grade considerations and potential future building code compliance.

Asset management operations employees and senior management are involved in the decision making process for energy efficiency projects. Ideas and opportunities are reviewed and prioritised according to size, payback, capital investment required and their contribution towards the overall objectives for the site, taking into consideration contextual factors including the site's age, current and future tenants and future plans.

Approved opportunities are scheduled for implementation. Where improved data is required, DEXUS consults with technology suppliers to review the opportunity further and provide a fully costed proposal based on their solution. Capital is provided for successful projects from the overall Fund CAPEX allocation and projects then move into their implementation phase, where suppliers tender for and implement works.

A dedicated project manager coordinates suppliers, tracks projects and reports progress. DEXUS engages with tenants on identified opportunities where appropriate.

DEXUS communicates outcomes in the following ways:

- Externally via media releases, ASX announcements, EEO Public Reports, as well as annual and half year integrated reports
- Tenants receive regular updates through a building specific tenant information portal or via the Building Services Manager or Property Manager
- Internal via regular performance reporting to key stakeholders, the CR&S committee and ultimately the Board
- Detailed monthly operational reporting for Property and Building Services Managers and sector heads
- All initiatives within SIPs are included in monthly reports produced by the property teams. Fortnightly progress meetings are held and minuted to report on progress
- Quarterly Board reports available to senior management and fund managers for investor reporting
- Quarterly presentations to employees from the CEO or sector heads
- An annual employee road show is also conducted to remote property sites as part of employee engagement and education

2. ASSESSMENT OUTCOMES

2a.2 Energy efficiency opportunities identified in the assessment – DEXUS Holdings Pty Ltd

The table below summarises the number of opportunities identified during the first cycle and the estimated annual energy savings. These are grouped according to 'Business Response' in line with EEO requirements.

Status of opportunities identified to an accuracy of better than or equal to +30%		Total number of opportunities	Estimated energy savings per annum by payback period (GJ)						Total estimated energy savings per annum (GJ)
			0-2 years		2-4 years		> 4 years		
			No of opps	GJ	No of opps	GJ	No of opps	GJ	
Business response	Implemented	223	52	17,376	21	7,674	150	59,187	84,237
	Implementation commenced	26	2	1,140	6	3,937	18	3,469	8,546
	To be implemented	23	2	4,277	3	1,152	18	7,729	13,158
	Under investigation	27	1	48	2	442	24	19,840	20,330
	Not to be implemented	36	0	0	5	1,158	31	20,344	21,502
Assessment outcomes	Total identified	335	57	22,841	37	14,363	241	110,570	147,773



2. ASSESSMENT OUTCOMES - OFFICE

2b.1 Assessment details - DEXUS Office Portfolio

Total energy use in the last financial year	417,107 GJ
Total percentage of energy use assessed when assessments were undertaken	84%

2b.2 Energy efficiency opportunities identified in the assessment – DEXUS Office Portfolio

The table below summarises the number of opportunities identified during the first cycle and the estimated annual energy savings. These are grouped according to 'Business Response' in line with EEO requirements.

Status of opportunities identified to an accuracy of better than or equal to +30%		Total number of opportunities	Estimated energy savings per annum by payback period (GJ)						Total estimated energy savings per annum (GJ)
			0-2 years		2-4 years		> 4 years		
			No of opps	GJ	No of opps	GJ	No of opps	GJ	
Business response	Implemented	198	51	17,315	19	6,001	128	49,571	72,887
	Implementation commenced	25	2	1,140	6	3,937	17	3,469	8,546
	To be implemented	23	2	4,277	3	1,152	18	7,729	13,158
	Under investigation	22	1	48	1	392	20	16,598	17,038
	Not to be implemented	31	0	0	4	345	27	15,856	16,201
Assessment outcomes	Total identified	299	56	22,780	33	11,826	210	93,223	127,829



2. ASSESSMENT OUTCOMES - RETAIL

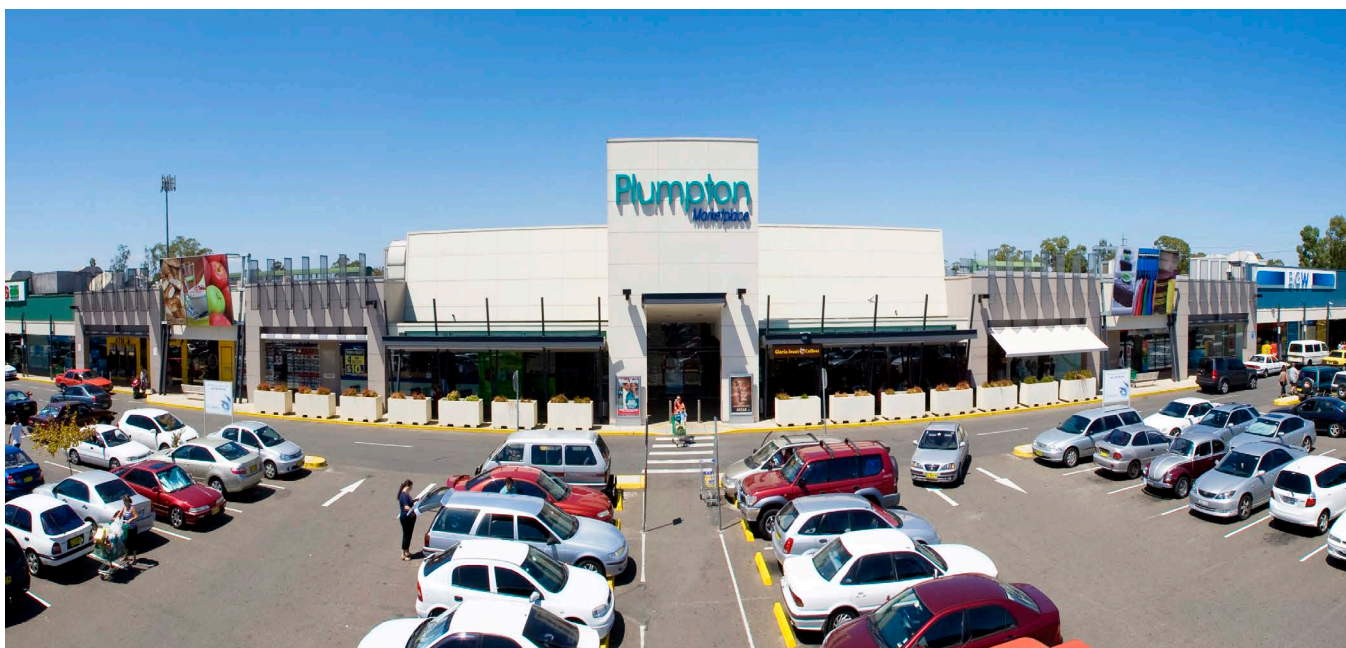
2c.1 – Assessment details - DEXUS Retail Portfolio

Total energy use in the last financial year	56,881 GJ
Total percentage of energy use assessed when assessments were undertaken	50%

2c.2 - Energy efficiency opportunities identified in the assessment – DEXUS Retail Portfolio

The table below summarises the number of opportunities identified during the first cycle and the estimated annual energy savings. These are grouped according to 'Business Response' in line with EEO requirements.

Status of opportunities identified to an accuracy of better than or equal to +30%		Total number of opportunities	Estimated energy savings per annum by payback period (GJ)						Total estimated energy savings per annum (GJ)
			0-2 years		2-4 years		> 4 years		
			No of opps	GJ	No of opps	GJ	No of opps	GJ	
Business response	Implemented	25	1	61	2	1,673	22	9,616	11,351
	Implementation commenced	1	0	0	0	0	1	0	0
	To be implemented	0	0	0	0	0	0	0	0
	Under investigation	5	0	0	1	50	4	3,242	3,292
	Not to be implemented	5	0	0	1	814	4	4,488	5,302
Assessment outcomes	Total identified	36	1	61	4	2,537	31	17,346	19,945

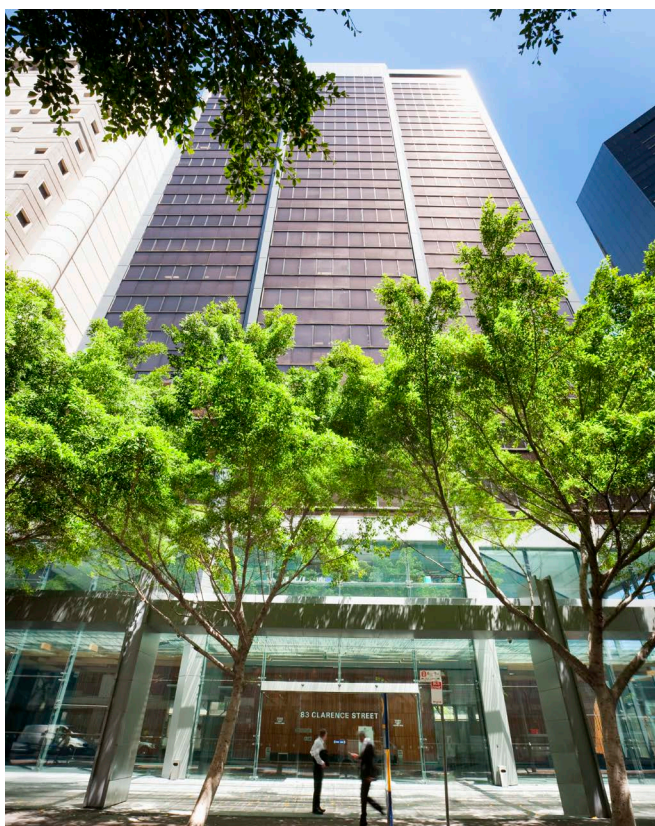


2. ASSESSMENT OUTCOMES

2.3 - Details of significant opportunities identified in the assessment

83 Clarence Street, Sydney – NABERS upgrade strategy

83 Clarence Street, Sydney is a 22 level office tower including two levels of car parking and an extensive ground floor foyer. Located in a prominent area in the increasingly popular western corridor, close to all amenities and public transport at Wynyard station.



In 2011, DEXUS conducted an assessment at this site and developed a Strategic Improvement Plan designed to improve the building's NABERS Energy rating from 3.5 stars.

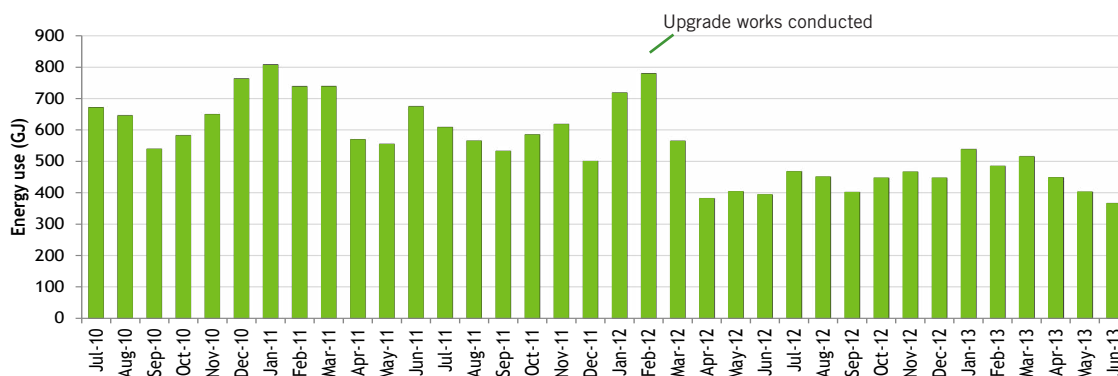
The assessment identified a wide range of energy efficiency projects covering all base building energy use systems.

DEXUS has set about implementing the following works:

- Install more efficient lighting in car park, main foyer, exit signs, fire stairs and lifts
- Install variable speed drives to car park exhaust fans
- Improve lift motor room air conditioning
- Disconnect generator heater
- Replace pneumatic controls
- Upgrade Building Management System
- Replace cooling towers
- Upgrade tenant condenser water pumps
- Upgrade domestic hot water
- Replace reciprocating chiller with more efficient machine

Implementation is been completed and the results are impressive. Energy use at 83 Clarence Street has reduced by 32% resulting in an increase in its NABERS Energy rating from 3.5 to 4.5 stars excluding Green Power.

Equipment type	Lighting, HVAC, hot water and controls
Business response	Implemented
Energy saved (GJ)	2,603
Greenhouse gas abated (t.CO ₂ -e)	649
\$ saved	\$90,000
Payback period	> 4 years



2. ASSESSMENT OUTCOMES

2.3 - Details of significant opportunities identified in the assessment (continued)

Capalaba Central Shopping Centre – Energy improvement



Capalaba Central Shopping Centre is a single level sub-regional shopping centre located in the eastern suburbs of Brisbane. The Centre is anchored by Coles, Harvey Norman, Big W, Woolworths and Birch Carroll & Coyle cinemas and a number of specialty retailers.

DEXUS assessed Capalaba Central in 2012 and identified a number of opportunities to improve energy efficiency.

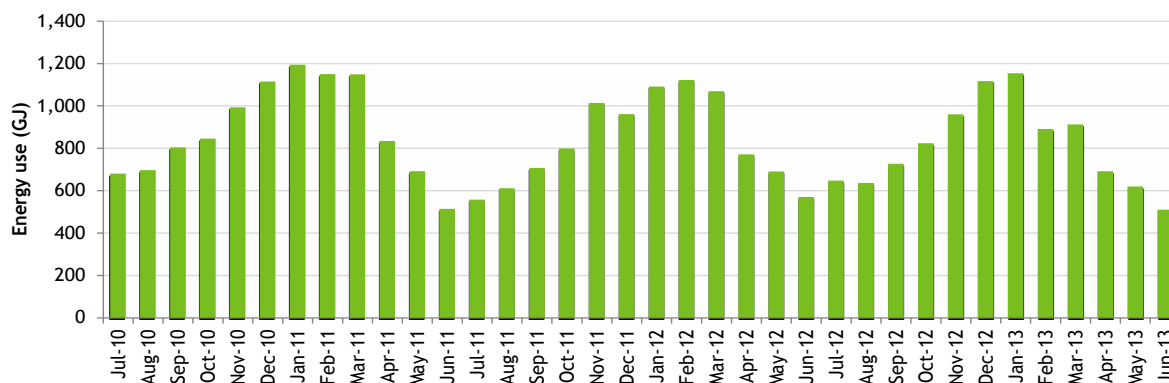
After reviewing their potential benefits and impacts, DEXUS has commenced implementing the following opportunities:

- Intelligent monitoring and control system
- Installation of variable speed drive on condenser water pumps
- Installation of variable speed drives on air handling unit supply fans
- Utilisation of LED technology for main mall lighting, foyer areas and in the food court
- Upgrade of car park lighting auto transformer

DEXUS has already seen some early benefits of the assessment with FY13 energy use reducing by 978 GJ or 9% against FY11.

Once these opportunities are fully implemented, DEXUS anticipates annual savings to be in the order of 3,400 GJ, or over 30%.

Equipment type	Controls, mechanical and lighting systems
Business response	Implementation commenced
Energy saved (GJ)	3,416
Greenhouse gas abated (t.CO ₂ -e)	987
\$ saved	\$135,000
Payback period	> 4 years

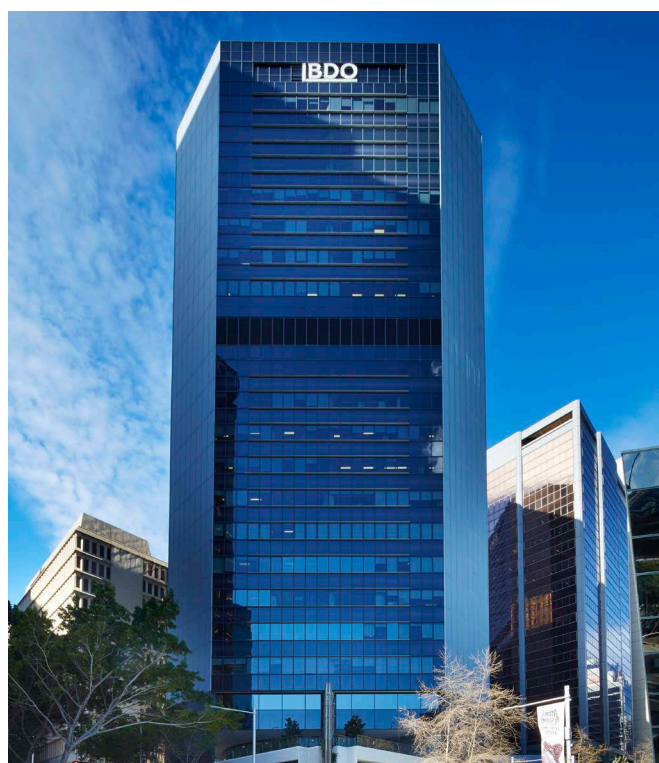


2. ASSESSMENT OUTCOMES

Table 2.3 - Details of significant opportunities identified in the assessment (continued)

1 Margaret Street, Sydney – Strategic improvement plan

One Margaret Street is located in the western core of the Sydney CBD overlooking Darling Harbour. The building provides 18 levels of A-grade office accommodation and three levels of car parking for 111 vehicles. The building was completely refurbished in 2002.



DEXUS assessed One Margaret Street in early 2011 and identified significant opportunities in the areas of lighting, HVAC plant and retrocommissioning.

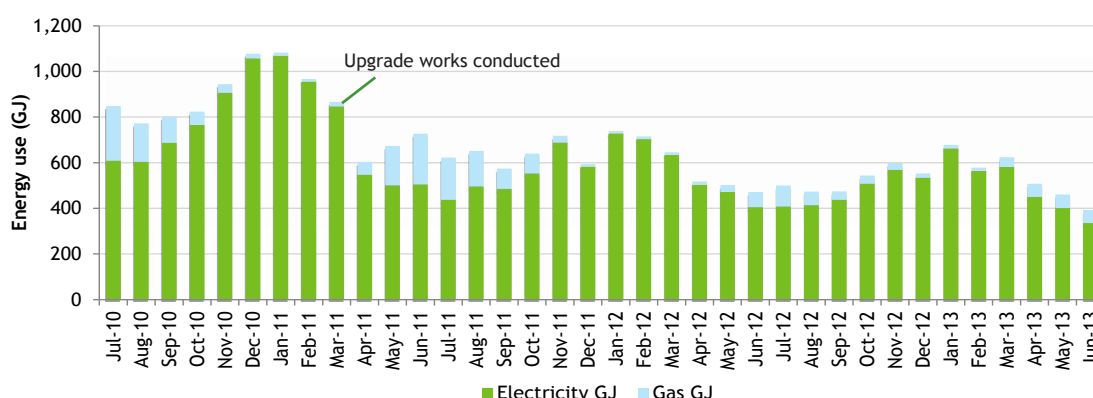
DEXUS has embarked on the following upgrade works:

- Install variable speed drives on chilled and condenser water pumps
- Car park lighting controls
- Lift upgrade including LED lighting and motor drive upgrades
- Recommission and tune HVAC systems
- Basel building lighting upgrades

To date, DEXUS has seen a significant reduction in energy use. Year-on-year performance since FY11 has continued to improve with energy savings of 2,800 GJ realised in FY12 and a further 1,000 GJ saved in FY13. This represents an overall improvement in excess of 37%.

These refurbishments have lifted the building from a NABERS Energy rating of 3.0 stars to 5.0 stars excluding Green Power over the last three years.

Equipment type	Lighting, HVAC, tuning and controls
Business response	Implemented
Energy saved (GJ)	3,800 GJ
Greenhouse gas abated (t.CO ₂ -e)	860
\$ saved	\$150,000
Payback period	> 4 years



2. ASSESSMENT OUTCOMES

Table 2.3 - Details of significant opportunities identified in the assessment (continued)

60 Miller Street, North Sydney – NABERS improvement plan

Victoria Cross is located in a prominent corner position within the North Sydney CBD. The building comprises 12 levels of office accommodation, two levels of retail and three levels of basement parking for 180 vehicles.



A five storey adjoining development was completed in 2009 and significant refurbishment, including a new foyer and lifts was completed in 2012.

This site was assessed in February 2011 and a Strategic Improvement Plan was developed, which has identified the following energy efficiency projects:

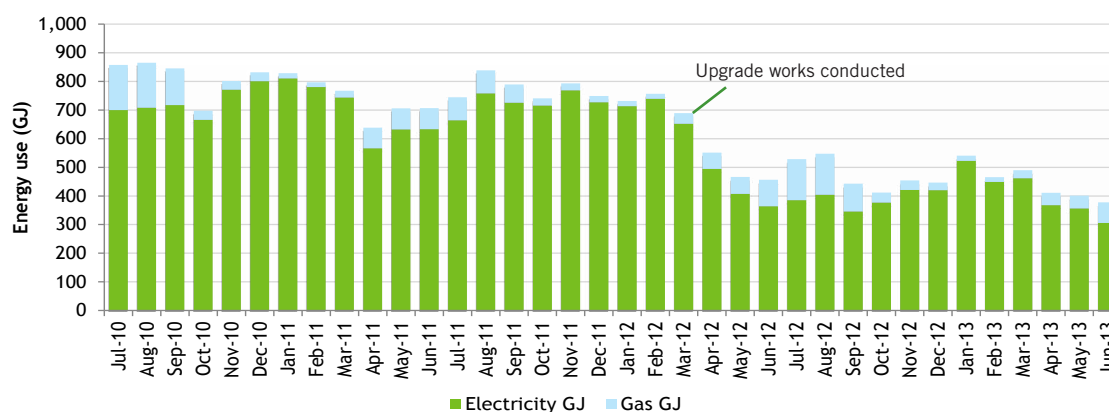
- Reinstall air conditioning economy cycle
- Installation of water cooled centrifugal chillers
- Condenser water temperature reset
- Installation of car park lighting controls
- Sub metering

DEXUS set about implementing these projects and works were completed in 2012 as part of the major refurbishment.

The resulting reduction in energy use has been above expectations. Since FY11, annual energy use has reduced by 3,840 GJ, thereby saving 962 tonnes of CO₂. This represents a 40% reduction.

To confirm the vast improvement in performance, 60 Miller Street's base building NABERS Energy rating has risen from 3.0 stars to 5.0 stars excluding Green Power over the last three years.

Equipment type	HVAC, controls and sub metering
Business response	Implemented
Energy saved (GJ)	3,840
Greenhouse gas abated (t.CO ₂ -e)	962
\$ saved	\$200,000
Payback period	> 4 years



3. TRANSITION TO SECOND CYCLE

Controlling Corporation: DEXUS Holdings Pty Ltd

DEXUS is currently progressing through its first EEO reporting cycle and will report on its transition to its second cycle once this occurs.

ABOUT DEXUS

DEXUS Property Group (DEXUS) is one of Australia's leading real estate groups, investing directly in high quality Australian office and industrial properties. With over \$13 billion of assets under management, DEXUS also actively manages office, industrial and retail properties located in key Australian markets on behalf of third party capital partners. DEXUS manages an office portfolio of over 900,000 square metres across Sydney, Melbourne, Brisbane and Perth and is one of the largest institutional owners of office buildings in the Sydney CBD, Australia's largest office market. DEXUS is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange under the stock market trading code 'DXS' and is supported by more than 19,000 investors from 15 countries. With over 25 years of experience in commercial property investment, development and asset management, DEXUS has a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk-adjusted returns to investors.

Download the DEXUS IR app to your preferred mobile device to gain instant access to the latest stock price, ASX Announcements, presentations, reports, webcasts and more.



DEXUS Funds Management Ltd ABN 24 060 920 783, AFSL 238163, as Responsible Entity for DEXUS Property Group (ASX: DXS)

DEXUS PROPERTY GROUP 2013 ENERGY EFFICIENCY OPPORTUNITIES