

What we found

Based on the work described below, nothing has come to our attention that causes us to believe that the Subject Matter for the year ended 30 June 2016 has not been prepared, in all material respects, in accordance with the Assurance Criteria.

To the Board of Directors of DEXUS Funds Management Limited,

What we did

DEXUS Funds Management Limited (**DEXUS**) engaged PricewaterhouseCoopers Consulting (Australia) Pty Ltd (**PricewaterhouseCoopers**) to perform a limited assurance engagement on the preparation of selected Subject Matter contained within their 2016 Performance Pack in accordance with the Assurance Criteria for the year ended 30 June 2016.

Selected subject matter

The Subject Matter included within the scope of our engagement comprised the following performance metrics contained within the 2016 Integrated Online Reporting Suite presented at: <http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-performance>

- Total net energy consumption **735,028 GJ**
- Total Scope 1, 2 and 3 greenhouse gas (GHG) emissions **183,890 tCO₂-e**
- Total water consumed **1,760,828 kL**
- Total waste **14,840 t**
- Percentage of women in workforce **53%**
- Percentage of females in senior management team **29%**
- Percentage of female non-executive directors **50%**
- Absentee rate (sick days lost per FTE) **3.0**
- Lost time injury frequency rate (LTIFR) **4.12**

Assurance Criteria

The criteria against which we assessed the Subject Matter was prepared by DEXUS and is titled 2016 Assurance Criteria Document presented at: <http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/reports> and included as Appendix 1 to our Assurance Report.

Independence and Quality Control

We have complied with relevant ethical requirements related to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and sampling or estimating such data.

Restriction on use

This report has been prepared in accordance with our engagement terms to assist DEXUS in reporting its sustainability performance.

Our report is intended solely for the Directors of DEXUS. We do not accept or assume responsibility for the consequences of any reliance on this report for any other purpose or to any other person or organisation.

Any reliance on this report by any third party is entirely at its own risk. We consent to the inclusion of this report within the 2016 Integrated Online Reporting Suite presented at: <http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-performance> to assist DEXUS' members in assessing whether the directors have discharged their responsibilities by commissioning an independent assurance report in connection with the selected Subject Matter.

We accept no responsibility for the integrity and security of the DEXUS website, which is the responsibility of DEXUS management. This report is not intended to relate to, or to be read in conjunction with, any information that may appear on the DEXUS website other than the Subject Matter and Assurance Criteria. Readers of this report on the DEXUS website (who may read it for their information only) should bear in mind the inherent risk of the website changing after the date of our report.

Limited assurance

This engagement is aimed at obtaining limited assurance for our conclusions. As a limited assurance engagement is restricted primarily to enquiries and analytical procedures and the work is substantially less detailed than that undertaken for a reasonable assurance engagement, the level of assurance is lower than would be obtained in a reasonable assurance engagement.

Professional standards require us to use negative wording in the conclusion of a limited assurance report.

Responsibilities

PricewaterhouseCoopers

Our responsibility is to express a conclusion based on the work we performed.

DEXUS

DEXUS management is responsible for the preparation and presentation of the Subject Matter in accordance with the Assurance Criteria.

What our work involved

We conducted our work in accordance with the Australian Standard on Assurance Engagements 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and Australian Standard on Assurance Engagements and Australian Standard on Assurance Engagements 3410 *Assurance Engagements on Greenhouse Gas Statements*. These standards require that we comply with independence and ethical requirements and plan the engagement so that it will be performed effectively.

Main procedures performed

Our procedures consisted primarily of:

- Undertaking enquiries of management regarding the processes and controls for capturing, collating and reporting the Subject Matter
- Reconciling the Subject Matter with DEXUS underlying records
- Agreeing underlying records back to supporting third party documentation on a sample basis
- Undertaking analytical review procedures over data and obtaining explanations from management regarding unusual or unexpected amounts.
- Assessing the reasonableness of any material estimates made in preparing the Subject Matter.
- Assessing the appropriateness of the GHG emission factors applied in calculating the Total Scope 1, 2 and 3 GHG emissions and testing the arithmetical accuracy of the GHG emission calculations.
- Reviewing DEXUS' Assurance Criteria to ensure that it is appropriate for assurance and assessing the preparation and collation of the Subject Matter against the Assurance Criteria

We believe that the information we have obtained is sufficient and appropriate to provide a basis for our conclusion.



Liza Maimone
Partner
31 August 2016

Liability limited by a scheme approved under Professional Standards Legislation



PricewaterhouseCoopers
Canberra

Appendix 1 - 2016 Assurance criteria

Criteria for reporting on selected information included within the scope for assurance

The following criteria set out the parameters used by DEXUS to prepare the selected subject matter assured by PricewaterhouseCoopers Consulting (Australia) Pty Ltd (PwC) included within the 2016 DEXUS Performance Pack set out below.

Section of CR&S Reporting	Selected subject matter
Environment <ul style="list-style-type: none"> ▪ Environmental summary – DEXUS Property Group 	<ul style="list-style-type: none"> ▪ Total scope 1, 2 and 3 greenhouse gas emissions (GHG) (t CO₂-e) ▪ Total net energy consumed (GJ) ▪ Total water consumed (kL) ▪ Total waste (tonnes)
Employees <ul style="list-style-type: none"> ▪ Work statistics ▪ Engagement and leave ▪ Work health & safety, and discrimination 	<ul style="list-style-type: none"> ▪ HR Indicators <ul style="list-style-type: none"> ▪ Percentage of women in workforce ▪ Percentage of females in senior management ▪ Percentage of female non-executive directors ▪ Absentee rate (sick days lost per FTE) ▪ Safety indicators <ul style="list-style-type: none"> ▪ Lost time injury frequency rate (LTIFR)

DEXUS believes that underlying data presented for other areas of the 2016 Annual Report is sound.

Parameters used in the preparation of the subject matter - Environment

DEXUS applied the following parameters in calculating the reported GHG emissions, energy and water consumption data, and waste data described above:

Reporting period	1 July 2015 to 30 June 2016
Reporting boundary	<p>Unless otherwise stated, DEXUS applied the principles contained within <i>National Greenhouse and Energy Reporting Act 2007</i> (NGERA) and relevant subordinate legislative instruments. Unless otherwise stated below, the reporting boundary comprises those facilities in Australia and New Zealand which fall under the operational control of members of the group of which DEXUS Holdings Limited is the controlling corporation for part of all of the 12 months ending June 30, 2016.</p> <p>The operations covered under the scope of reporting are consistent with DEXUS's operation as a property business, being:</p> <ol style="list-style-type: none"> 1. Property investment including directly owned assets and assets managed on behalf of third party investors. Property investment comprises: <ol style="list-style-type: none"> a. Office assets b. Industrial assets c. Retail assets. 2. Occupied premises being DEXUS occupied tenancies. <p>Property development is excluded from the boundary of operational control for Australia and New Zealand. Operational control of the development site is handed over at Practical Completion of the</p>

	development.
Total Scope 1, 2 and 3 GHG emissions	<p>Total GHG comprises Scope 1, Scope 2 and Scope 3 GHG within the reporting boundary for Australia and New Zealand.</p> <p>‘Scopes’ are defined under the international reporting framework of the World Resources Institute/World Business Council for Sustainable Development reported in <i>The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard</i> and have been adopted by the NGERA.</p> <p>Reporting is in alignment with the NGERA and its associated guidelines, with the exception of Scope 3 GHG emissions as described below. GHG are measured in carbon dioxide equivalents and expressed in tonnes (tCO₂-e).</p>
SCOPE 1 EMISSIONS	<p>Scope 1 emissions (direct emissions) comprise GHG emission under associated with fuel combustion and use of hydrofluorocarbons for the following sources:</p> <ul style="list-style-type: none"> ▪ Natural gas (used for heating air and water). Natural gas data is derived from supply authority billing. Meter data and/or data estimated based on DEXUS’s methodology set out below (refer to the section titled <i>Data confidence and estimation</i>) is applied if billing data is unavailable at the time of reporting. ▪ Diesel Oil (Diesel). Diesel data is collected from site operations managers and is sourced from delivery invoices for diesel purchases and periodic diesel tank level readings. Billing data and/or estimated data is applied based on DEXUS’s methodology if billing data is unavailable at the time of reporting. ▪ Refrigerant gases (used within air conditioning equipment). The data for refrigerant gases is derived from a refrigerant register that lists all equipment under DEXUS operational control containing hydrofluorocarbons reportable under NGERA. <p>DEXUS does not have company fleet vehicles and no vehicle related emissions have been reported.</p> <p>For facilities located in Australia, Scope 1 emissions have been calculated according to the <i>National Greenhouse and Energy Reporting (Measurement) Determination, July 2015</i>. For facilities located in New Zealand, Scope 1 emissions have been calculated according to the <i>Guidance for voluntary, corporate greenhouse gas reporting, Data and Methods for the 2015 Calendar Year</i> published by the New Zealand Ministry of Environment.</p>
SCOPE 2 EMISSIONS	<p>Scope 2 emissions (indirect emissions) comprise GHG associated with electricity used for lighting and power. The data is provided by supply authority billing. Meter and/or estimated data is applied based on DEXUS’s methodology if billing data is unavailable at the time of reporting.</p> <p>For facilities located in Australia, Scope 2 emissions have been calculated according to the <i>National Greenhouse and Energy Reporting (Measurement) Determination, July 2015</i>. For facilities located in New Zealand, Scope 2 emissions have been calculated</p>



according to the *Guidance for voluntary, corporate greenhouse gas reporting, Data and Methods for the 2015 Calendar Year* published by the New Zealand Ministry of Environment.

SCOPE 3 EMISSIONS

Scope 3 emissions (other indirect emissions) comprise GHG associated with transmission and distribution losses (“energy losses”) associated with energy use, waste sent to landfill and emissions from corporate operations including office paper use, corporate travel and employee commuting.

Data for energy losses is that used to calculate scope 1 and 2 emissions.

Volume data for waste to landfill is provided by waste contractors directly or collated by site managers from data provided by waste contractors. Estimated data is applied based on DEXUS’s methodology if billing data is unavailable at the time of reporting.

Data for corporate operations has been compiled in accordance with the Australian *National Carbon Offset Standard (NCOS), version 3, November 2015*.

For facilities located in Australia, Scope 3 emissions have been calculated according to the *National Greenhouse Accounts (NGA) Factors, August 2015*. For facilities located in New Zealand, Scope 3 emissions have been calculated according to the *Guidance for voluntary, corporate greenhouse gas reporting, Data and Methods for the 2015 Calendar Year* published by the New Zealand Ministry of Environment.

Emissions for corporate air travel have been calculated according to the *2015 Government GHG Conversion Factors for Company Reporting* and associated *2015 Carbon Factors* published by the United Kingdom’s Department of Environment, Food and Rural Affairs (DEFRA).

Total energy consumed

Energy consumed comprises natural gas, diesel and electricity purchased by DEXUS for facilities within the reporting boundary for Australia and New Zealand.

Energy consumed also comprises secondary electricity that is generated from conversion of solar energy, and natural gas or diesel via combustion, for consumption within the facility.

Energy consumed is calculated as a total figure converting measured usage to gigajoules using the methods and conversion factors specified within the *National Greenhouse and Energy Reporting (Measurement) Determination, July 2015* for Australian facilities and the *Guidance for voluntary, corporate greenhouse gas reporting, Data and Methods for the 2015 Calendar Year* for New Zealand facilities.

Energy consumption has been based on quantities invoiced or metered by suppliers. Estimates are used when billing data is unavailable and these are based on DEXUS’s methodology, drawing from secondary sources such as meter data or based on seasonal historical estimates.

Energy produced

Energy produced comprises energy captured from natural sources and the manufacture of energy from transformation from another fuel source within DEXUS for facilities within the reporting boundary for Australia and New Zealand for subsequent consumption onsite or export offsite.

Energy produced comprise:

- **Electricity production from solar radiation (solar PV).** The data for electricity production from solar radiation is derived from site based sub meters. Estimated data is applied based on DEXUS's methodology if meter data is unavailable at the time of reporting.
- **Electricity production from thermal generation (cogeneration and diesel generators).** Data for electricity production from thermal generation is derived direct measurement or from incoming natural gas or diesel utility data that is multiplied by efficiency factors of 32% for natural gas and 40% for diesel, which represent the estimated electricity yield. Estimated data is applied based on DEXUS's methodology if meter data is unavailable at the time of reporting.

Energy produced is calculated as a total figure converting measured usage to gigajoules using the methods and conversion factors specified within the *National Greenhouse and Energy Reporting (Measurement) Determination, July 2015* for Australian facilities and the *Guidance for voluntary, corporate greenhouse gas reporting, Data and Methods for the 2015 Calendar Year* for New Zealand facilities.

Total net energy consumed

Total net energy consumed is defined as the energy consumed minus the energy produced within the reporting boundary for Australia and New Zealand.

Water consumption

Water consumption is based on quantities invoiced or metered by suppliers.

Water consumption comprises:

- Water purchased by DEXUS from local water authorities and suppliers for assets in Australia and New Zealand for which DEXUS has operational control
- Water purchased by DEXUS on behalf of industrial assets in Australia which are under the operational control of tenants, but where the asset has water outlets that DEXUS can use for landscaping and external cleaning or external amenities

Water consumption excludes water use from onsite water recycling and rainwater harvesting.

Total waste

Total waste is based on volume or weight quantities invoiced by waste contractors for waste sent to both to landfill and recycling facilities.

Total waste comprises:

- Waste measured in weight that is sent to landfill by waste and cleaning contractors on behalf of DEXUS and its tenants for Office and Retail assets in Australia and New Zealand for which DEXUS has operational control.
- Recycling measured in weight that is diverted from landfill by waste and cleaning contractors on behalf of DEXUS and its tenants for Office and Retail assets in Australia and New Zealand for which DEXUS has operational control.

Where waste and recycling data is based off volumes rather than actual weights, waste contractors use a predetermined density factor in order to report to DEXUS in weight. Total waste includes waste to

	<p>landfill and recycling for industrial assets where data is available however for the majority of properties DEXUS does not have operational control over waste collection.</p> <p>Furthermore, waste data is not available for all office and retail facilities. The site area of those facilities that have been reported represents 87% of the total lettable area of retail and office facilities. The remaining 13% of lettable area is excluded from reporting on waste; volumes are not estimated in lieu of unavailable data.</p>
Data confidence and estimation	<p>Where primary data such as utility invoices have not been received, estimates are applied using the following prioritised data methodology:</p> <ol style="list-style-type: none"> 1. 30 minute interval water and gas metering data supplied by MP/MDA Metering Dynamics 2. Estimated data using an estimate that accounts for seasonal variances derived by: <ol style="list-style-type: none"> a. interpolation between two adjacent actual readings, adjusted for the length of the gap b. Derived from an actual figure for the same period in the prior year, adjusted for the length of the gap. 3. Estimated data using the monthly average for the previous 12 month period.
<p>Parameters used in the preparation of the subject matter - Employees DEXUS applied the following parameters in calculating the reported workforce diversity statistics, absenteeism and safety statistics described above:</p>	
Reporting period	1 July 2015 to 30 June 2016
Reporting boundary	<p>Unless otherwise stated below, the reporting boundary comprises employees ('DEXUS workforce', 'DEXUS employees') across facilities in Australia and New Zealand which fall under the operational control of members of the group of which DEXUS Holdings Limited is the controlling corporation.</p> <p>The 'DEXUS workforce' or 'DEXUS employees' includes staff employed full-time, part-time, on fixed term contracts and on a casual basis and excludes independent consultants/service providers and temporary staff sourced via external agencies.</p>
Number of workers	<p>Number of workers - Is defined as the number of workers who were employed by DEXUS as at 30 June 2016. Persons who were absent from work on extended paid or unpaid leave as recorded at 30 June 2016 are excluded from this calculation.</p> <p>Headcount data for the purpose of these statistics is based on Full Time Equivalent (FTE) employees, representing the active DEXUS workforce.</p>
Number of hours worked	<p>Number of hours worked in the period - Refers to the total scheduled number of hours of all DEXUS employees as recorded at 30 June 2016. DEXUS offers employees flexible work arrangements and staff are employed under individual contracts that stipulate 1824 hours per annum (equal to 240 days x 7.6 hours) for each full-time employee. As DEXUS does not track employee working hours and staff do not engage in overtime or shift work, DEXUS has defined the</p>

	‘number of hours worked’ as 1824 hours per annum per full-time employee.
Percentage of women in workforce	<p>The percentage of female full time equivalent workers employed is calculated as follows:</p> $\text{Female employees (\%)} = \frac{\text{number of female workers}}{\text{total number of workers}}$ <p>Where:</p> <p>Number of workers - as defined above</p> <p>Number of female workers - A subset of the number of workers defined above who identify themselves as female</p>
Percentage of females in senior management	<p>‘Senior Management team’ includes executive management and senior management positions within the Group, specifically positions with a corporate title of Executive Director, Executive General Manager, Group General Manager, Regional General Manager, General Manager and Senior Manager.</p> <p>The percentage of females in senior management is calculated as follows:</p> $\text{Females in senior management (\%)} = \frac{\text{number of female senior managers}}{\text{total number of senior managers}}$ <p>Where:</p> <p>Number of senior managers - A subset of the total number of workers with a ‘Senior Management team’ corporate title as defined above</p> <p>Number of female workers - A subset of the number of senior managers defined above who identify themselves as female</p>
Percentage of female non-executive directors	<p>The percentage of female non-executive directors is calculated as follows:</p> $\text{Female non executive directors (\%)} = \frac{\text{number of female non executive directors}}{\text{total number of non executive directors}}$ <p>Where:</p> <p>Number of non-executive directors - The total number of non-executive directors of DEXUS Holdings Limited as recorded at 30 June 2016</p> <p>Number of female non-executive directors - A subset of the number of non-executive directors defined above who identify themselves as female</p>
Absentee Rate (sick days lost per FTE)	<p>Absentee Rate (AR) - the number of sick leave and carers leave days per full time equivalent workers employed is calculated as follows:</p> $AR = \frac{\text{number of sick leave and carers leave days}}{\text{number of workers}}$ <p>Where:</p> <p>Number of workers - as defined above</p>
Work health & safety definitions	Work health and safety (WH&S) incidents account for all recorded incidents pertaining to DEXUS employees and includes contractors

employed directly by DEXUS. All reported incidents in FY15 related to personal injury.

The system of rules applied in recording and reporting accident statistics include Australian Standard 1885.1 1990, Workplace injury and disease recording standard as well as definitions from the Global Reporting Initiative (GRI) G4 reporting standard relating to indicator G4-LA6.

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

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

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

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

**Lost Time Injury
Frequency Rate (LTIFR)**

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

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

Where:

Number of lost time injuries/diseases - the number of lost-time injuries/diseases recorded during the reporting period as defined above

Number of hours worked in the period - as defined above

31 August 2016