

DEXUS

Annual Review
2015

Creating Value

The DEXUS Office Partnership portfolio achieved a 12.7% unlevered total return for FY15
PAGE 7

DEXUS undertook transactions and progressed developments, satisfying the investment objectives of its third party clients
PAGE 39

The active repositioning of office properties contributed to >60% of the \$42.6 million in trading profits realised in FY15
PAGE 42



DEXUS
PROPERTY GROUP

DEXUS ANNUAL REVIEW 2015

ABOUT THIS REPORT

The 2015 Annual Review is a consolidated summary of DEXUS Property Group's performance for the financial year ended 30 June 2015. This report should be read in conjunction with the reports that comprise the 2015 Annual Reporting Suite.

In this report unless otherwise stated, references to 'DEXUS Property Group', 'the Group', 'we', 'us' and 'our' refer to DEXUS Property Group comprising the ASX listed entity and the Third Party Funds Management business. References to 'DEXUS' relate specifically to the portfolio of properties in the ASX listed entity. Any reference in this report to a 'year' relates to the financial year ended 30 June 2015. All dollar figures are expressed in Australian dollars unless otherwise stated.

DEXUS referred to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines to determine the report's boundaries for guidance on identifying and reporting its material issues, management approaches and reporting key performance indicators across stakeholder groups including investors, employees, customers, suppliers and the community. The 2015 Annual Reporting Suite has been prepared in accordance with GRI G4 'Core' reporting guidelines and nominated indicators have been externally assured. The GRI index is provided with the 2015 Sustainability Performance Pack at www.dexus.com/gri

DEXUS's Funds From Operations (FFO) is in line with Property Council of Australia's definition and comprises net profit/loss after tax attributable to stapled security holders calculated in accordance with Australian Accounting Standards and adjusted for: property revaluations, impairments, derivative and foreign exchange (FX) mark-to-market impacts, fair value movements of interest bearing liabilities, amortisation of tenant incentives, gain/loss on sale of certain assets, straight line rent adjustments, deferred tax expense/benefit, rental guarantees, coupon income and distribution income net of funding costs.

REPORT SCOPE

The Annual Review covers financial performance at all locations. Environmental data only includes properties under the Group's operational control as defined under the National Greenhouse and Energy Reporting System (NGER Act). All resource performance figures in this report display consumption and GHG emissions on an intensity (per square metre) basis. Absolute consumption and additional information is provided in the 2015 Performance Pack available from the online reporting suite at www.dexus.com

INDEPENDENT ASSURANCE

In addition to auditing DEXUS's Financial Statements, PricewaterhouseCoopers (PwC) has provided limited assurance over select data from Australia and New Zealand within the integrated online reporting suite. This covers the 12 months to 30 June 2015 in accordance with reporting criteria (www.dexus.com/crs). The assurance statement, the GRI verification report and associated reporting criteria documents will be available from the online reporting suite in early September 2015.

Achieved

9.3%

growth in FFO per security and distribution per security **PAGE 22**



Increased Third Party Funds under management by

10%

PAGE 38



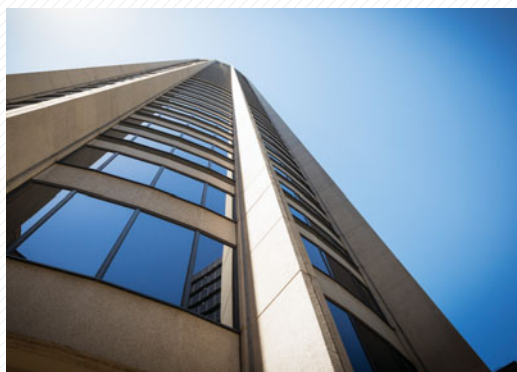
Achieved a

6 star

Green Star design rating for 480 Queen Street, Brisbane and 5 star Green Star design ratings for 5 Martin Place, Sydney and Kings Square in Perth **PAGE 36**

2015 Highlights

Announced the

\$635macquisition of Waterfront Place and Eagle Street Pier jointly with DEXUS Wholesale Property Fund **PAGE 29**

10 Properties rated

5.5 starNABERS Energy rating in DEXUS's office portfolio **PAGE 8**

Achieved a Return on Equity of

11.5%above the 9-10% target through the cycle **PAGE 5**

Realised trading profits of

\$42.6min line with target of approximately \$40m **PAGE 42**

Contents

OVERVIEW

This section provides an overview of the Group and its FY15 activities.

Highlights	1
About DEXUS	2
Chair and CEO Review	4
Strategy	10
Delivering FY15 Commitments	12
Sustainability Approach	13
FY16 Commitments	14
Material Issues	16
Governance	18
Market Outlook	20

PERFORMANCE

This section provides further information on the FY15 performance across key areas of the business.

Group Performance	22
DEXUS Property Portfolio	
– Office	24
– Industrial	32
– Developments	36
Third Party Funds Management	38
Trading	42

PEOPLE

This section provides information on the people at DEXUS.

People & Culture	44
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INVESTOR RELATIONS

DIRECTORY	49
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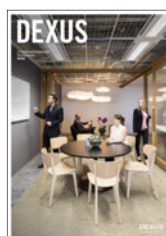
Increased DEXUS's office portfolio occupancy to

95.3%94.6% at 30 June 2014 **PAGE 25**

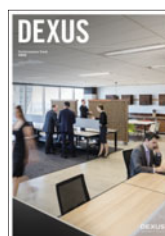
1



2



3



4

2015 ANNUAL REPORTING SUITE

DEXUS Property Group presents its 2015 Annual Reporting Suite for the year ended 30 June 2015, demonstrating how it manages its financial and non financial performance in line with its strategy.

1. This 2015 DEXUS Annual Review

An integrated report summarising financial, operational and Corporate Responsibility and Sustainability (CR&S) performance. This report should be read in conjunction with the 2015 DEXUS Annual Report.

2. The 2015 DEXUS Annual Report

Provides DEXUS's Consolidated Financial Statements, Operating and Financial Review, Corporate Governance Statement and Board of Directors information. This report should be read in conjunction with the 2015 DEXUS Annual Review.

3. The 2015 DEXUS Combined Financial Statements

Comprises the Financial Statements of DEXUS Industrial Trust, DEXUS Office Trust and DEXUS Operations Trust. This report should be read in conjunction with the 2015 DEXUS Annual Report and Annual Review.

4. The 2015 DEXUS Performance PackProvides the data and detailed information supporting the results outlined in the 2015 DEXUS Annual Review and is available in the online Annual Reporting Suite at www.dexus.com.The 2015 Annual Reporting Suite is available in hard copy by email request to ir@dexus.com or by calling +61 1800 819 675.

About DEXUS

DEXUS Property Group is one of Australia's leading real estate groups, investing directly in high quality Australian office and industrial properties.

TOTAL PROPERTIES

145

TOTAL NLA

4.7m sqm

TENANTS

4,500

- OFFICE \$12.4bn
- INDUSTRIAL \$2.9bn
- RETAIL \$3.8bn

DEXUS Property Group (DEXUS or the Group) is an Australian Real Estate Investment Trust (A-REIT) listed on the Australian Securities Exchange (ASX) that invests in, develops, manages and trades Australian office and industrial property. On behalf of third party clients, which are mainly domestic and international pension funds, DEXUS also transacts, develops, and manages Australian office, industrial and retail property.

The owned portfolio consists primarily of high quality central business district (CBD) office properties, held long term and leased to derive stable and secure ongoing income streams. Developments, acquisitions and divestments are undertaken to enhance the quality and value of the portfolio.

DEXUS generates both rental income from its own properties and fees for undertaking leasing, property management and development on behalf of third party clients. In addition, DEXUS has a trading trust that enables the development and repositioning of properties to enhance value and sell for a profit.

The total property portfolio of \$19.1 billion as at 30 June 2015 includes \$9.5 billion of owned property, with a \$1.2 billion development pipeline and \$9.6 billion of property managed for third party clients, with a \$2.3 billion development pipeline.

DEXUS has more than 350 professionals with offices in Sydney, Melbourne, Brisbane and Perth. The team manages approximately 1.7 million square metres of office space, 2.2 million square metres of industrial space and 0.8 million square metres of retail space, making DEXUS the largest office manager and second largest industrial manager in Australia.

Total Group Portfolio

\$19.1bn



OFFICE

\$12.4bn



INDUSTRIAL

\$2.9bn



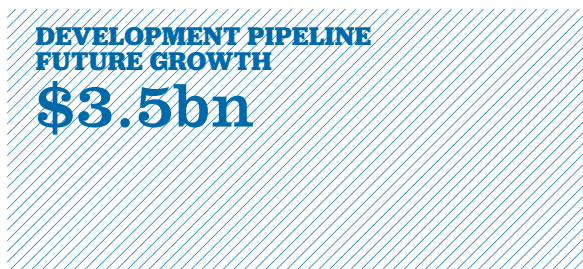
RETAIL

\$3.8bn



DEVELOPMENT PIPELINE FUTURE GROWTH

\$3.5bn



DEXUS Portfolio

\$9.5bn

OFFICE
\$7.8bn

INDUSTRIAL
\$1.7bn

DEVELOPMENT PIPELINE
\$1.2bn

Third Party Funds Portfolio

\$9.6bn

OFFICE
\$4.6bn

INDUSTRIAL
\$1.2bn

RETAIL
\$3.8bn

DEVELOPMENT PIPELINE
\$2.3bn



Chair and CEO Review

DEXUS Property Group delivered strong results across key business areas in 2015, ensuring it is well positioned to continue to create value for investors.

Achieved a distribution of 41.04 cents per security, an increase on FY14 of

9.3%

DEXUS Office Partnership portfolio delivered an unlevered total return for 12 months to 30 June 2015

12.7%



With the launch of DEXUS Place in May 2015, DEXUS can now provide workplace solutions from one hour to 10 years

We are pleased to present the 2015 Annual Review for DEXUS Property Group.

DEXUS has had a successful 12 months, reflecting our determination to create value at every level of our operations and ensuring we are well-positioned to continue to create value for investors.

DEXUS's performance during the year has met or exceeded all of our financial objectives.

We delivered on the upgraded guidance for our FFO and distribution per security, which both increased 9.3% on the prior year and contributed to the average growth in distributions per security of 8.6% per annum since FY12.

DEXUS's net profit increased 52.2% to \$618.7 million. Return On Equity¹ for the 12 months to 30 June 2015 was 11.5%, above our target of 9–10% per annum through the cycle, and ahead of the prior year which was impacted by the CPA transaction.

MARKET CONDITIONS

Our strong financial outcomes were achieved in a market characterised by mixed economic news, both domestically and globally. Office markets are showing early signs of improvement, particularly in the Sydney and Melbourne CBDs, however the recovery in the Brisbane and Perth markets remains subdued.

Investment demand for Australian real estate remains strong, despite volumes having tapered off from the record levels seen at the end of 2014 due to the limited amount of available stock. In this competitive market, we successfully acquired and divested properties on balance sheet and for our third party clients.

DELIVERING ON STRATEGY

Our strategy continues to deliver for investors and in FY15 we further positioned DEXUS as a leader in the Australian real estate sector.

Our people remained focused on enhancing returns for investors and creating value through our four strategic objectives:

- **To be the leader in office**
Investing in and developing properties and spaces that our customers want to occupy
- **To have the best core capabilities**
Utilising our core capabilities to constantly improve the levels of service and amenity we provide to our customers
- **To be the wholesale partner of choice**
Partnering with third parties to grow in core markets and attract expertise
- **To actively manage capital and risk**
Maintaining a conservative approach to financial and operational risk

During the year, we leveraged our diverse capabilities to:

- Improve the performance of our property portfolio
- Drive the performance of, and generate revenue from, our funds management business
- Deliver trading profits from identified trading opportunities

In our **property portfolio** we focused on maximising cash flow by working closely with new and existing customers to secure great leasing outcomes throughout the year, increasing office portfolio occupancy to 95.3%. We created value through meeting the needs of a diverse range of customers, including expanding our fitted suites offering to attract small to medium businesses (refer to pages 26–27).

In our **third party funds management business**, we transacted properties and progressed the development pipeline to satisfy the investment plans of our clients, growing third party funds under management by 10% to \$9.6 billion (refer to pages 38–41). We also progressed plans to enhance the retail space at the base of our office buildings to improve customer amenity and enhance returns (refer to page 41).

In our **trading business**, we delivered an improved after tax profit of \$42.6 million driven by settlements of properties that we had actively repositioned. We also made progress on replenishing the trading pipeline for future years (refer to pages 42–43).

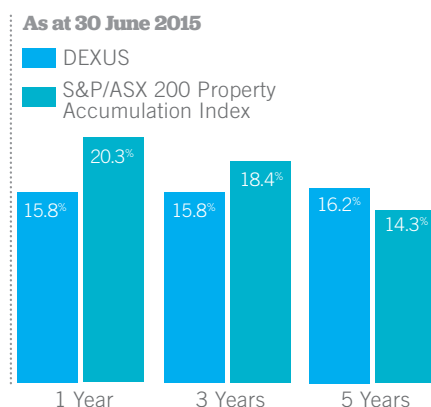
1. Return on equity is calculated as the growth in NTA per security plus the distribution paid/payable per security divided by the opening NTA per security.

STRONG RETURNS FROM COMMONWEALTH PROPERTY OFFICE FUND TAKEOVER

We realised value from the takeover of Commonwealth Property Office Fund (CPA), by acting on identified opportunities in the portfolio. The DEXUS Office Partnership² portfolio delivered an unlevered total return 12.7% for the 12 months to 30 June 2015. DEXUS's investment in the Office Partnership delivered a 20.4% levered return to DEXUS for the year.

DELIVERING SOLID SECURITY HOLDER RETURNS

DEXUS has outperformed the A-REIT index by 190 basis points over the past five years. While DEXUS underperformed the A-REIT index over one and three year periods, it has delivered solid total security holder returns of 15.8% per annum over both of these periods.



Source: UBS Securities Australia 2015

MAINTAINING A STRONG BALANCE SHEET

In a competitive market, we sourced and secured new opportunities where we saw potential to add value to our portfolio or satisfy the objectives of our third party clients. We conducted these activities while maintaining a strong balance sheet, with gearing of 28.5% at 30 June 2015.

The strength of DEXUS's balance sheet was enhanced through an equity raising in April that included a \$400 million institutional placement, and a Security Purchase Plan for eligible security holders which raised a further \$77.8 million. This equity raising enabled DEXUS to pursue compelling acquisition opportunities while maintaining low gearing.

Including the divestment of non-strategic and trading properties, we undertook \$2 billion of transactions across the office, industrial and retail sectors.

Our acquisition of Lakes Business Park, in Botany in January 2015 presents an opportunity to create value through a dual strategy to enhance value and advance a trading opportunity (refer to page 35).

In June 2015, we announced that DEXUS and DEXUS Wholesale Property Fund (DWPF) had entered into a conditional agreement to jointly acquire Waterfront Place and Eagle Street Pier in Brisbane (Waterfront Place Complex) for a total price of \$635 million³, building on our established presence in the Brisbane CBD office market and enabling us to leverage our expertise in a market where we have been able to demonstrate leasing success.

We continued to improve the diversification, duration and cost of our debt through accessing a market we know well, raising \$250 million through a US Private Placement issue. Further details on our capital management activities are outlined on page 23.

FOCUS ON THE CUSTOMER

We have made it a priority to increase our understanding of our customers and their needs, providing workspace solutions for a diverse range of customers. In office, we continued to deliver on our fitted suites offering to capture demand from a rising number of small to medium sized businesses. We also introduced a number of initiatives to enhance the customer experience and these are outlined in the Office section from pages 24–31.

Our active leasing approach resulted in the leasing of almost 400,000 square metres of space across the DEXUS portfolio, representing a 25.6% increase in leasing volumes compared to the prior year.

CREATING VALUE THROUGH DEVELOPMENT

Our key office developments at 5 Martin Place in Sydney and Kings Square in Perth will enhance the quality of our office portfolio and contribute to future growth. The Kings Square development project is nearing completion and Ashurst moved into 5 Martin Place in July 2015.

Further details relating to DEXUS's development pipeline are provided on pages 36–37 and the Third Party Funds Management development pipeline on pages 38–41.

28.5%

Gearing at 30 June 2015



DEXUS CREATES AN INNOVATIVE LEASING EXPERIENCE

DEXUS is embracing innovative new technologies to enhance the marketing efforts deployed to attract new customers, and this year set a competitive new benchmark with the introduction of virtual reality tours for potential customers.

This new initiative transports potential tenants/customers to a virtual 3D world, enabling them to experience the sense of an office space before it is built using innovative technology called Oculus Virtual Reality Experience.

Working collaboratively with Snepo Research, DEXUS identified three properties – 45 Clarence Street, Gateway and Grosvenor Place in Sydney – all which were being actively leased.

Virtual reality experiences were designed for each of the buildings, highlighting the features of each space with expansive views and aspirational fitouts.

Without the restrictions of a physical build, the design of the virtual fitouts was tailored to potential tenants, and included trading floors, activity-based working and legal firm layouts, with the ability to tour between multiple levels.

With the successful implementation across three properties, DEXUS is looking at opportunities to create further virtual reality experiences at other properties in its portfolio.

2. DEXUS executed the \$3.7 billion takeover of Commonwealth Property Office Fund in April 2014 and formed the DEXUS Office Partnership with its capital partner, Canada Pension Plan Investment Board.

3. Excluding acquisition costs.



145 Ann Street, Brisbane

DEXUS Office Partnership

DELIVERING A QUALITY RESULT FOR INVESTORS AND OUR PARTNER

DEXUS APPROACH

- DEXUS executed the \$3.7 billion CPA transaction in April 2014 and formed the DEXUS Office Partnership with capital partner, Canada Pension Plan Investment Board
- The partnership's portfolio was fully integrated onto the DEXUS platform by July 2014
- DEXUS undertook an active approach to leasing, including:
 - adding a lobby café at 175 Pitt Street to generate additional income, and enhance customer amenity
 - repositioning the leasing approach at 5 Martin Place and 60 Castlereagh Street in Sydney

VALUE CREATED

- The property portfolio exceeded original performance assumptions, delivering a 12.7% unlevered total return for the 12 months to 30 June 2015
- DEXUS's investment in the Office Partnership delivered a 20.4% levered return to DEXUS for the year
 - improved occupancy of the portfolio from 92.2% at acquisition to 94.6% at 30 June 2015
 - secured Challenger at 5 Martin Place, increasing pre-committed office space at the development from 41% at acquisition to 75%, and at 30 June 2015 was 82% committed
 - increased property values by \$182.4 million (at 100%)
 - portfolio cap rate tightened from 7.24% to 6.99%



60 Castlereagh Street, Sydney

CREATING A HIGH PERFORMANCE CULTURE

We create value through leveraging the expertise of our people and invest in their development so they can perform at their best. Over the year, we invested in leadership and training programs to further develop our high performance culture. We also provided opportunities for our people to move to different areas within the business to bring fresh ways of thinking into how we do business, and awarded more than 15% of new job roles to internal applicants.

It is important to us that we maintain an inclusive and diverse culture as we believe diversity enables our people to make better informed decisions. During the year we introduced a new superannuation framework for parental leave to assist in closing the superannuation gender gap. We have also progressed diversity targets, and details of these and other initiatives are included in the People and Culture section from pages 44–47.

DRIVING BUSINESS EXCELLENCE AND HARNESSING INNOVATION ACROSS THE GROUP

As traditional business models continue to be challenged, we have set innovation as a fundamental driver of business excellence. We recognise that developing a culture of innovation to drive new products and processes is essential to the continual strengthening of our competitive position.

A great example of DEXUS innovation in action was the launch of DEXUS Place, a state-of-the-art premium meeting, training and conference facility. The facility was created following extensive market research and is specifically tailored to meet the needs of our customers for on-demand access to quality meeting space. Our first facility is located at One Margaret Street in Sydney and we have plans to replicate the facility in Melbourne and Brisbane.

In an effort to ensure a clear approach to how innovation is harnessed, a framework has been created to systematically prioritise and evaluate ideas generated within the business. This framework is overseen by our Innovation Forum comprising members of the Group Management Committee and chaired by the CEO.

Along with innovation we have also worked hard to instil a culture of continuous improvement to achieve operational efficiencies in the way we work. During the year we launched a mechanism to capture ideas from the business and enable improvements to be shared across the Group. This has had the benefits of reducing costs and saving time.

ENHANCING ENVIRONMENTAL PERFORMANCE

DEXUS APPROACH

- DEXUS implemented operational procedures to enhance the sustainability performance of its office portfolio
- Completed NABERS rating assessments across 51 office properties in 2015
- Piloted the Green Star rating tool program at 60 Castlereagh Street, Sydney measuring management, indoor environment quality, energy, transport, water, emissions and innovation

VALUE CREATED

- Achieved NABERS Energy ratings of 5.5 stars at 10 properties in DEXUS's office portfolio.
- DEXUS now has 26 office properties in its portfolio with a NABERS Energy rating of 5 stars or above, improving customer appeal and reducing outgoings for tenants

DEXUS RECOGNISED FOR ITS PERFORMANCE IN SUSTAINABILITY

DEXUS was again recognised as a sustainability leader in the 2015 Carbon Disclosure Project (CDP). In this year's survey, DEXUS received a Climate Performance Leadership Award and scored a near-perfect score of 98/100 for disclosure and was awarded an 'A' for performance in carbon emissions management.

DEXUS was also identified as the leading REIT and one of only five Australian companies represented in CDP's Climate Performance Leadership Index (CPLI). The CPLI recognises those companies who can demonstrate through results that they are actively reducing emissions.

In addition DEXUS is a signatory to the United Nations Principles of Responsible Investment (UNPRI) and maintains its commitment to invest responsibly and raise awareness of responsible investment with its stakeholders. In the 2015 UNPRI survey DEXUS achieved an 'A+' perfect score for its overall approach to responsible investment and an 'A' score (48 out of 51) for its direct property management approach in the UNPRI survey.

SUSTAINABILITY APPROACH

The way we look at sustainability continues to evolve to respond to new perspectives. During the year, after consulting with our key stakeholders, we revised our sustainability approach to embrace the broader ecosystem in which we operate.

Through our new approach we continue to set commitments targeting our people, community, environment and customers, with 'cities' introduced as a new area of focus. Recognising the role we play in creating leading cities, we continued to position our portfolio to be successful in a low carbon economy, while monitoring the current international debate on climate change for potential local impacts.

We have developed commitments for FY16 against each key objective and these are outlined on pages 14–15 of this report. Further information on our sustainability approach is detailed on pages 13–15.

BOARD OF DIRECTORS

The Board renewal process over the past few years has produced a strong Board of Directors with a broad and diverse skill set. There were no changes to the Board this year, with the Board comprising seven non-executive directors and two executive directors. Further details relating to the Board are included in the Corporate Governance Statement in the Annual Report.

ANNUAL GENERAL MEETING

Our Annual General Meeting (AGM) was held at our head office at Australia Square in October 2014. All resolutions were passed. Post the AGM, a number of investors took the opportunity to tour two of our Premium properties, Governor Phillip Tower at 1 Farrer Place, and 1 Bligh Street in Sydney.

OUTLOOK AND FUTURE PRIORITIES

The economic outlook for the year ahead remains subdued, with the economy expected to grow at a similar rate in FY16. Over the next year, the economies of New South Wales and Victoria are likely to outperform other states. Queensland will remain a two-tier office market and Western Australia's economic performance will lag as it recovers from the end of the mining boom.

Positive leasing momentum is expected to continue in Sydney and Melbourne, where the majority of our properties are located, as positive business confidence supports a mild improvement in tenant demand. However, rental growth prospects remain relatively subdued in FY16 due to the availability of new supply.

Investment demand is expected to remain high for quality office properties in our core markets of Sydney, Melbourne, Brisbane and Perth.

This should result in a more competitive transactional landscape which will provide potential upside for our property values. Consequently, we will continue to recycle properties and selectively invest in opportunities where we have high conviction.

Looking ahead to FY16, we will continue to create value and position the Group for future growth by maximising the performance of our core property portfolio.

Our business has a strong leadership team, supported by outstanding people. On behalf of the Board, we would like to thank our employees around Australia for their dedication and hard work in delivering these results.

Barring unforeseen changes to operating conditions, DEXUS's guidance¹ for the 12 months ending 30 June 2016 is for FFO per security growth of 5.5–6.0%, with FFO from the underlying business (excluding trading profits net of tax) expected to grow by 3.0–3.5%.

Distributions will be paid in line with free cash flow, to deliver growth in distribution per security of 5.5–6.0% for the 12 months ending 30 June 2016.

Finally, we would like to thank you, our security holders, for your continued support. We are committed to building on DEXUS's strong foundations and delivering superior risk-adjusted returns.



An expanded fitted suites offering has attracted new small to medium sized customers

Chris Beare
Chair

Darren Steinberg
CEO

11 August 2015

1. Barring unforeseen circumstances guidance is supported by the following assumptions: flat like-for-like income across the DEXUS combined portfolio, weighted average cost of debt of circa 4.9%, trading profits of approximately \$60m net of tax, Management Operations FFO of \$45-50m (including third party development management fees), approximately \$150m net proceeds from non-core property divestments during FY16, excluding any buy-back of DEXUS securities, and excluding any further transactions.

Strategy

Our vision is to be globally recognised as Australia’s leading real estate company. This will be achieved by delivering superior risk-adjusted returns from high quality Australian real estate by investing primarily in CBD office properties.

Vision

To be globally recognised as Australia’s leading real estate company

Strategy



Strategic Objectives

DEXUS has objectives in support of its overall strategy



DEXUS's strategy has several key elements:

1. Investing in and developing properties and spaces that DEXUS customers (tenants) want to occupy

DEXUS understands what drives demand from its customers and focuses on high quality properties in prime locations. This enables access to facilities and amenities which are sought after by DEXUS's customers.

2. Constantly improving the levels of service and amenity provided to customers

DEXUS utilises its core capabilities to continually improve the amenity of its real estate through property refurbishment, and develops new products and services to enhance the customer experience. This focus increases the market appeal of DEXUS's properties and assists in building meaningful relationships to attract and retain customers.

3. Partnering with third parties to grow in core markets and attract expertise

DEXUS partners with third parties to increase its access to properties and grow in core markets. The third party funds management platform enables DEXUS to invest in the best people, systems and processes, and ultimately minimise the costs of running the portfolio.

4. Maintaining a conservative approach to financial and operational risk

DEXUS has a strong 'A-' Standard & Poor's credit rating and 'A3' investment grade rating from Moody's. These ratings are the result of measuring, pricing and managing risk in a prudent manner. The success DEXUS has had in attracting significant amounts of capital from third parties is an endorsement of its approach to investing and managing risk. Since 2012, DEXUS has raised more than \$4 billion from some of the world's largest and most sophisticated investors in unlisted property.

KEY EARNINGS DRIVERS – FY15 RESULTS

DEXUS sets short term targets against its earnings drivers across three areas of its business: the property portfolio, funds management and property services, and trading.

DEXUS achieved its FY15 targets against its earnings drivers. FFO from the owned property portfolio delivered \$645.6 million, within the 80-90% target range. Funds management and property services delivered \$37.9 million and the trading business achieved \$42.6 million in profits (post tax). The following diagram summarises the FY15 result against the targets set for each of the earnings drivers.

Key Earnings Drivers	PROPERTY PORTFOLIO	FUNDS MANAGEMENT AND PROPERTY SERVICES	TRADING
	Maximising performance from the DEXUS property portfolio	Driving performance and generating revenue from funds management and property services	Delivering trading profits from identified properties
FY15 Target	Positive like-for-like income growth	\$35 – 40 million	Approximately \$40 million
FY15 Result	\$645.6 million Total portfolio +0.3% like-for-like income growth	\$37.9 million	\$42.6 million
	89% of FFO*	5% of FFO*	6% of FFO*

* FFO contribution is calculated before finance costs and Group corporate costs.

Delivering FY15 Commitments

DEXUS sets measurable performance targets across its key stakeholder groups in line with its strategy, and drives ethical and responsible performance in all areas of its operations.

- ✓ ACHIEVED
- UNDERWAY
- ✗ NOT ACHIEVED

CORPORATE RESPONSIBILITY & SUSTAINABILITY

DEXUS considers corporate responsibility and sustainability an integral part of its daily business operations. Committed to understanding, monitoring and managing social, environmental and economic impact, DEXUS delivers these responsibilities through measurable actions and within corporate policies.

Tenants/Customers

- ✓ Achieved an 8 out of 10 score for office tenant satisfaction and 7.4 for industrial. Overall the satisfaction score was 7.9 an increase of 0.2 on FY14
- ✓ Achieved Tenant Net Promoter Score of +23, exceeding our FY14 result of +10 compared to global customer service norms for the real estate industry
- ✓
 - Launched DEXUS Place, a state-of-the-art premium meeting, training and conference facility with the latest collaborative technology
 - Installed Australia Post Parcel Lockers at nine properties providing a convenient parcel delivery service.
 - Partnered with Divvy, to provide an online booking system providing instant access to unused car parking spaces in DEXUS car parks
 - Partnered with GoGet to locate cars in DEXUS car parks, for tenants and their employees
 - Partnered with Diners Club to launch a charge card that provides a reward based rental payment option for DEXUS customers (tenants)

Investors

- ✓ Delivered PCA FFO of 59.5 cents per security, in line with guidance, an increase of 9.3% on FY14
- ✓ Delivered a return on equity of 11.5%, above the 9–10% target through the cycle
- ✓ Outperformed the S&P/ASX 200 Property Index on a 5-year and 10-year basis, and achieved top quartile performance over a 10-year period
- ✓ Completed a materiality assessment and reported under GRI G4 reported standards

CAPITAL MANAGEMENT

- ✓ Reduced cost of debt by 20bps to 5.2% supported by credit rating upgrades
- ✓ Secured US\$250m long-dated USPP improving diversification and debt maturity profile
- ✓ Raised \$478m of equity, reducing gearing to 28.5% at 30 June 2015, below the target range of 30–40%

OFFICE AND INDUSTRIAL

- ✓ Achieved 95.3% office portfolio occupancy in line with target of >95%
- ✗ Reduced office FY16 expiries to 8.8% and FY17 expiries to 12.7%. The FY17 expiry target was revised upward to 10.5% against the respective targets of 8.5% and 9.5%, due to the impact of short term leasing
- ✓ Achieved 0.3% like-for-like income growth in line with target of positive like-for-like income growth
- ✓ Reduced office incentives to 15.0% (18.6% in FY14) and secured 85 effective deals (29 in FY14)

TRADING

- ✓ Delivered trading profits of \$42.6m in line with target of approximately \$40m

THIRD PARTY FUNDS

- ✓ Delivered a 12.7% unlevered total return for the DEXUS Office Partnership portfolio in the 12 months to 30 June 2015
- ✓ DWPF continued to outperform its benchmark over three and five year periods
- ✓ Acquired four properties on behalf of DWPF and three properties in joint venture with DEXUS Industrial Partner
- ✓ Leased 74,834sqm of retail space, commenced development at three retail projects and three city retail projects

Suppliers

- ✓ Established a supply chain management framework which:
 - Independently benchmarks to align with best practice
 - Centralises procurement functions for property operations
 - Implements standardised contracts across property operations, capital works and developments
 - Engages with direct suppliers to identify risks and opportunities
- ✓ Increased awareness of the new supply chain framework through
 - Engaging with relevant employees and facility management partners
 - Hosting educational events for operational teams
 - Partnering with suppliers to deliver advanced building analytics
- ✓
 - Conducted tenders in accordance with DEXUS's Procurement Procedures and Code of Conduct
 - Continued to rationalise the number of suppliers and align with those that best meet DEXUS's business needs across newly acquired properties resulting in operational efficiencies

Sustainability Approach

Supporting Employees

- ✓ Introduced Red-Carpet on-boarding technology platform
- ✓ Implemented new personal development program (Forte) to create personal action plans to improve competencies and career opportunity
- ✓ Implemented a refreshed Management Essentials Development program for all managers to increase management capability
- ✓ Completed the final components of the DEXUS Leaders Academy to increase leadership capability/expertise
- ✓ Designed a DEXUS specific valuations training program to improve capability and increase internal certifications/accreditations
- ✓ Launched Lean-In Committee and Lean-In Circles for employees
- ✓ Launched DEXUS Health Week with a focus on a supportive/inclusive culture and employee health/wellness
- ✓ Implemented gender overlay for People and Culture processes – talent management, remuneration, appraisals
- ✓ Implemented a new superannuation framework for parental leave to assist in closing the superannuation gender gap
- ✓ Conducted Diversity and Inclusion awareness seminar
- ✓ Celebrated International Women's Day
- ✓ 32% of new hires at senior levels were female
- ✓ Achieved the 'Plus One' commitment adding seven new female managers/leaders across the business
- ✓ Focused external talent mapping and search activity for senior management specifically on female gender

Community

- ✓ Enhanced the Group's community involvement through the implementation of a new initiative, DEXUS Diamond Week, an employee volunteer effort which when combined with other activities raised funds towards a \$27,950 donation to the Sydney Children's Hospital Foundation
- ✓ Facilitated events and fundraising activities in office foyer areas and shopping centres which supported charities including Daffodil Day (Cancer Research & Prevention), The Sculptors Society (community arts organisation), Buffed (employment initiative), Pink Ribbon Day (Breast Cancer), and Musica Viva (Education)

Environment

- Continued to expand and improve the accuracy of waste reporting across 94% of the Group's office and retail portfolios
- Diverted 63% of waste from landfill for the Group's office portfolio, against the three year program target of 65% by FY16
- ✓ Delivered absolute energy savings 10.4% across the Group's like-for-like property portfolio, exceeding the three year program target of a 10% reduction by FY15
- ✓ Implemented a new Environmental Reporting System
- ✓ Streamlined data collection and payment processes to realise operating efficiencies
- ✓ Established two Regional Control Centres across 15 Sydney and Brisbane properties to centrally monitor heating, ventilation and air conditioning
- ✓ Improved the average NABERS Energy rating across the DEXUS office portfolio, including newly acquired properties to 4.7 stars
- ✓ Improved the average NABERS Water rating across the DEXUS office portfolio, including newly acquired properties to 3.8 stars

DEXUS's sustainability approach continues to evolve to respond to new perspectives. In FY15, DEXUS revised its approach, after consultation with internal and external stakeholders, to embrace the broader ecosystem in which it operates.

DEXUS's revised sustainability approach is aligned with its strategy through its overarching goal of delivering "Sustained Value". This is achieved through the key themes of:

- **Connectivity** – using technology to enable connectivity between people and places and smart operations of DEXUS's business and buildings
- **Liveability** – creating vibrant, inspiring and flexible work places which enhance productivity and foster the well-being of employees and customers
- **Resilience** – increasing resilience so that buildings and spaces are adaptive and customers and DEXUS can prosper long term

This approach has five key objectives which retain their alignment with DEXUS's stakeholders: People, Community (incorporating suppliers), Environment, Customers, and introduces Cities as a new focus area.

These key objectives are explained in more detail, along with FY16 commitments for each of these objectives on pages 14–15.



FY16 Commitments

DEXUS's FY16 commitments reflect DEXUS's focus on responsible investment, spanning its sustainability approach.

DEXUS has set performance targets across the five key objectives of its sustainability approach, with the overarching goal of delivering sustained value aligned with investor commitments. Through these commitments, DEXUS sets targets that are measurable, relevant, aspirational and achievable.

SUSTAINED VALUE

To create sustained value by adopting an approach that embraces connectivity, liveability and resilience, and is integrated across our value chain.

- **Investors:** Deliver FFO and distribution per security growth of 5.5–6.0%
- **Investors:** Deliver a return on equity of 9–10%
- **Property portfolio:** Maintain >95% occupancy in the DEXUS office portfolio
- **Third party funds management:** Continue to deliver on investment plans and objectives for third party partners
- **Trading:** Progress the high priority opportunities in the trading pipeline



FUTURE ENABLED CUSTOMERS

Preparing our customers for the future through enabling flexibility, productivity and growth.

- Expand DEXUS's online tenant portal to all of the Group's office properties, creating a virtual eco-system for networking and commerce
- Enhance annual collection of customer loyalty metrics including tenant satisfaction, net promotion, incentive, tenant growth and retention to enable DEXUS to better meet its customers' needs
- Expand the state-of-the-art premium meeting, training and conference facilities, DEXUS Place, into two additional markets to empower customers to connect, collaborate and grow
- Digitally enable DEXUS-managed retail centres to better engage with their customers and access data analytics to assist in understanding customer behaviours



STRONG COMMUNITIES

Nurturing well-connected, prosperous and supported communities in and around our buildings.

- Introduce a coordinated approach to community related services across the DEXUS office platform through the development of a community engagement strategy and appointment of a new community manager role
- Position DEXUS's sub-regional shopping centres as community champions through the formation of partnerships with local schools, encouraging loyalty from this market segment while also providing valuable educational resources to participating schools
- Improve the entertainment and leisure facilities at three DEXUS managed shopping centres to reaffirm their position as community hubs
- Implement procurement technology and annual surveys to enhance collaboration and knowledge exchange and create shared value with key suppliers



Playing a leading role in shaping Australia's cities for competitiveness and as desirable places to work and live.

- Build collaborative partnerships through advocacy with city councils, planners and industry groups
- Activate the ground floor plane of DEXUS's office properties, including the redevelopment of nine city retail areas, office lobbies and laneways over the next three years, improving the permeability and vibrancy of these precincts
- Deliver more than 5,000 square metres of public space through the completion of DEXUS office developments in Sydney, Brisbane and Perth
- Showcase the cultural heritage of the cities in which DEXUS operates through incorporating artworks and cultural programs in and around DEXUS's office properties
- Partner with like-minded businesses to maximise latent vacancies in DEXUS's car parks through adopting technological solutions and car sharing



Optimising the environmental performance and resilience of our buildings.

- Deliver 1,000,000 square metres of office space rated at least 5 Star NABERS Energy rating and 1,000,000 square metres rated at least 4 star NABERS Water rating by 2020
- Reduce energy consumption and emissions across the Group by a further 10% by 2020 using the FY15 baseline including exploring opportunities for renewables
- Consistently demonstrate a resource recovery rate of 80% from de-fitting vacant space by 2020, actively identifying charities and markets for re-use, and increasing waste diversion from landfill
- Implement a 'Virtual Engineer' program by applying 24/7 computer analytics to 36 sites to predict and react to Heating Ventilation and Air Conditioning (HVAC) events in real time
- Review design briefs across all asset classes to develop an in-house suite of best practice sustainable development practices



Enhancing the well-being of our people and those in our properties.

- Proactively manage workplace risks to ensure the safety and health of staff, customers and visitors
- Build an inclusive and diverse culture through leadership, learning and diversity programs
- Invest in the capability of leaders and managers to create a high performance culture
- Develop a comprehensive approach to improve the health and well-being of employees
- Support employees to enable a constructive, collaborative and supportive work environment through employee development programs, employee engagement initiatives, leadership development and culture building activities
- Improve DEXUS's employee value proposition to attract the right people to work, develop and retain at DEXUS

Material Issues

DEXUS uses its material issues to help manage those aspects that are of interest for its key stakeholders and to shape its reporting suite to meet stakeholder expectations.



11 Wymouth Street, Adelaide

This year, DEXUS reports on its material issues in accordance with Global Reporting Initiative (GRI) G4 requirements.

For further information on DEXUS's approach to managing GRI G4 aspects and its material issues, refer to the 2015 GRI G4 Index and Performance Pack at www.dexus.com/crs

DEXUS'S MATERIALITY ASSESSMENT

DEXUS continuously seeks to improve the information it reports on, including reviewing materiality to ensure relevance. The previous formal review of material issues was undertaken in 2011, and DEXUS has conducted subsequent reviews of its commitments in 2012, 2013 and 2014 in line with its annual reporting disclosure.

In 2015, DEXUS developed a plan to transition from GRI G3.1 to the materiality-based GRI G4 framework. This involved an extensive review of DEXUS's materiality for reporting in FY15 facilitated by an independent specialist.

There were four stages to this process:

1. Identify

DEXUS researched existing and emerging material issues relevant to its business, as identified by:

- Local and international best-practice peers
- Investment bodies
- Sustainability benchmarking tools
- Industry associations

2. Engage

DEXUS engaged with key stakeholders to identify issues that they considered important to the Group. These included prioritising issues relating to GRI G4 aspects as well as other issues identified by stakeholders.

3. Prioritise







To ensure an appropriate level of insight on priority, DEXUS sought input from experts across the Group on the relative materiality of the issues, prioritising them based on their significance and likely impact to DEXUS and its stakeholders. Refer to the DEXUS material matrix in the Performance Pack.

4. Disclose

DEXUS has aligned with GRI G4 guidelines to ensure the structure and content of its FY15 annual results reporting adequately disclosed materiality issues and performance.

2015 GRI G4 MATERIALITY INDEX

DEXUS's Top 10 material issues reflect priorities for DEXUS's stakeholders and its business, and align with the new reporting requirements under GRI G4 and DEXUS's sustainability approach. The material issues are not prioritised, but organised under the key sustainability objectives below.

Material Issue	Approach	Sustainability objective	Section/document reference
Financial performance	Maintaining strong financial performance over the long term through delivering on strategy		Chair and CEO Review, Group Performance (Annual Review)
Transparency	Promoting open communication with investors, supporting DEXUS's strong governance principles		Governance (Annual Report)
Market volatility	Adopting active leasing and asset management strategies to proactively address variable market conditions		Office, Industrial, Market Outlook (Annual Review)
Tenant attraction and retention	Enhancing tenant engagement and satisfaction and utilising leasing capabilities to attract and retain tenants in order to improve portfolio occupancy		Office, Industrial (Annual Review)
Talent attraction and retention	Attracting, retaining and developing employees to deliver high performance in a diverse and inclusive workplace		People and Culture (Annual Review)
Workplace health and safety	Ensuring the safety of employees, tenants and suppliers at DEXUS properties		People and Culture (Annual Review), People and Culture – Disclosure of Management Approach (2015 Performance Pack)
Community contribution	Engaging with the community through corporate social responsibility programs and providing spaces servicing the wider community		People and Culture (Annual Review), Tenants and Customers Disclosure of Management Approach (2015 Performance Pack)
Sustainable procurement	Effectively managing supply chain risks in relation to environmental, social and governance issues and identifying opportunities to create value in partnership with suppliers		2015 Performance Pack
Climate change impacts	Assessing the impact and adopting measures to address the effect of climate change on the property portfolio		2015 Performance Pack
Resource efficiency and waste	Improving energy and water efficiency and waste management to enhance environmental outcomes, demonstrated through sustainability ratings		Chair and CEO Review, Office, Industrial (Annual Review) 2015 Performance Pack

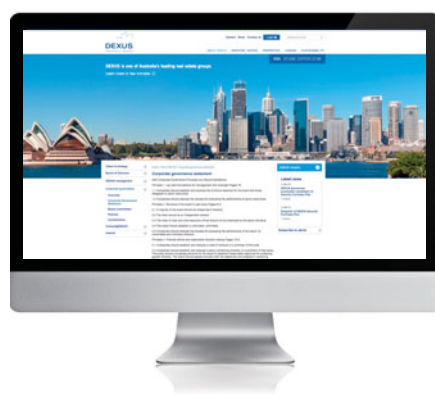


DEXUS Funds Management Limited Board of Directors L:R Front: Elizabeth Alexander, Peter St George, Penny Bingham-Hall; Back: John Conde, Tonianne Dwyer, Craig Mitchell, Chris Beare, Darren Steinberg, Richard Sheppard

Governance

DEXUS views corporate governance as the foundation for long term success and the achievement of its strategy is underpinned by a strong governance platform.

As DEXUS comprises four trusts, its corporate governance practices satisfy the requirements relevant to unit trusts. The Board has also determined that its governance framework meets the highest standards of a publicly listed company.



www.dexus.com/corporategovernance

COMMITMENT TO EXCELLENCE IN CORPORATE GOVERNANCE

DEXUS aspires to the highest standards of corporate governance and has embedded a set of well-defined policies and procedures to enhance corporate performance and protect the interests of key stakeholders.

DEXUS is committed to an open and transparent workplace that is free from corruption, bribery and discrimination. The Board implements a corporate governance framework which upholds standards on anti-corruption, anti-competitive behaviour, compliance, grievance mechanisms and diversity to ensure that DEXUS maintains market confidence in its performance.

DEXUS's corporate governance framework applies to all of the DEXUS Funds Management Limited funds, the DEXUS Wholesale Property Fund, capital partner investments and mandates. The framework has adopted the requirements of the ASX Corporate Governance Principles and Recommendations (Third Edition), and addresses additional aspects of governance which the Board considers important.

MANAGING RISK

A prudent and robust approach to risk management is an essential part of DEXUS's ongoing success.

The Group identifies risk management as one of its key strategic objectives and continuously reviews and evaluates risk to ensure that it is appropriately managed at Board level through the Board Risk Committee, together with the Group Management Committee.

There are various risks that could impact the execution of DEXUS's strategy and outlook, and the nature and potential impact of these risks can change over time. DEXUS actively reviews and manages risks faced by its business over the short, medium and long term, overseen by the Board Risk Committee. For further information on DEXUS's risk management framework refer to the Review of Results and Operations and the Corporate Governance statement in the 2015 Annual Report.

ASX Corporate Governance Principles and recommendations		Complies	DEXUS FY15 Annual Report
Principle 1	Lay solid foundations for management and oversight	✓	Page 9
Principle 2	Structure of the Board to add value	✓	Pages 9–13
Principle 3	Act ethically and responsibly	✓	Pages 14–15
Principle 4	Safeguard integrity in corporate reporting	✓	Page 15
Principle 5	Make timely and balanced disclosure	✓	Page 16
Principle 6	Respect the rights of security holders	✓	Page 16
Principle 7	Recognise and manage risk	✓	Page 17
Principle 8	Remunerate fairly and responsibly	✓	Page 17

Market Outlook

Australian office markets are showing signs of improvement, particularly on the east coast.



INVESTMENT CLIMATE

After subdued performance in FY15, the Australian economy is forecast to grow at a similar rate in FY16. The economies of New South Wales and Victoria, where the majority of DEXUS's office stock is located, are expected to outperform Queensland and Western Australia. While consumer confidence remains subdued, positive business confidence is expected to support a mild improvement in tenant demand in FY16. Rental growth prospects remain relatively subdued in FY16 due to the availability of new supply.

Market volatility associated with recent financial instability in China and Greece is expected to have a limited impact on Australia's real economy, with the Chinese slowdown already factored into forecasts. Low interest rates and the weaker Australian dollar are expected to continue to stimulate investment demand for quality Australian real estate.

OFFICE MARKETS

Australian office markets are showing signs of improvement, particularly on the east coast. Lead indicators are pointing to a moderate uplift in absorption of space in FY16, with growth in space requirements led by the IT and professional services sectors, and smaller firms forecast to further expand across a range of sectors. Demand for high quality buildings is strengthening as a flight to quality is driving migration from lower grade properties.

Improving demand will help offset significant levels of new supply scheduled in FY16, with market vacancy rates on the east coast forecast to decline over the medium term. The short term outlook for rental growth remains subdued due to the availability of new supply.

Sydney, North Sydney and Melbourne are expected to be the most appealing CBD office markets for investment based on the prospect for improving fundamentals, however pricing remains tight making it difficult to secure opportunities which provide quality returns.

INDUSTRIAL MARKETS

Tenant demand is relatively stable, driven by ongoing growth in key fundamentals including population growth, consumption and imports. Demand for quality stock is also supported by the optimisation of transport, logistics and retailer activity into efficient functional premises. The vacancy cycle appears to be peaking across most markets, and vacancy rates in Outer West Sydney are the lowest in the country. It is expected that tenant demand will vary across states in FY16 due to the varied economic conditions in each market, with the outlook for New South Wales improving, Victoria stable and Queensland subdued.

Supply is expected to remain relatively steady and will be largely led by demand. Infrastructure development, urban activation and residential re-use will also be key factors in tightening supply in industrial markets in fringe CBD and port precincts.

In the short term, the weight of capital seeking to invest in industrial markets, coupled with the limited supply of quality investment stock, is expected to continue to drive value growth for properties with secure income streams.

SYDNEY CBD VACANCY FORECAST TO FALL TO 6.5% IN FY18

MARKET FACTORS AND ASSUMPTIONS

- A recovery in office tenant demand in the Sydney CBD is well underway and DEXUS Research forecasts this to remain solid in FY16
 - forecast net absorption of 80,000 square metres per annum over the next three years compares to 137,000 square metres in FY15
- Post completion of Barangaroo in FY17, supply is expected to drop sharply in FY18
 - forecast total supply of 444,000 square metres over the next three years, of which 57% is pre-committed
 - forecast total withdrawals of 281,000 square metres, of which 42% are permanent withdrawals for alternate use

FORECAST OUTCOMES

- Sydney CBD office vacancy forecast to fall to 6.5% by FY18
- Supply of competitively priced new stock will drive a significant flight to quality that will boost prime take-up



SYDNEY CBD 12 MONTH OUTLOOK

50%

OF DEXUS OFFICE PORTFOLIO

The outlook for the Sydney CBD looks favourable over the medium to long term. Tenant demand is expected to remain firmly positive in FY16 and FY17, but the addition of significant levels of new supply including the Barangaroo precinct, will keep vacancy rates temporarily elevated and rents relatively flat in FY16. Positive demand and the withdrawal of older stock are anticipated to drive down vacancy levels towards 6.5% from FY17, providing scope for rental growth in the medium term.

Vacancy	↑	Incentives	↔
Rents	↔	Yields	↓



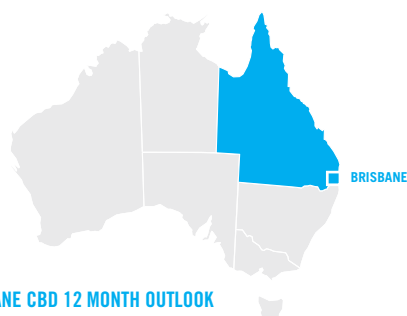
MELBOURNE CBD 12 MONTH OUTLOOK

14%

OF DEXUS OFFICE PORTFOLIO

The outlook for the Melbourne CBD office market is expected to improve in FY16. Tenant demand is anticipated to strengthen in FY16, primarily due to growth in the education and professional services sectors. Combined with muted supply, the increase in tenant demand is expected to drive a reduction in vacancy rates to below 10%. This will be assisted by continued tenant migration from the fringe to the CBD. Incentives are expected to remain high over the next 12 months, holding back effective rental growth until late FY16.

Vacancy	↓	Incentives	↔
Rents	↔	Yields	↓



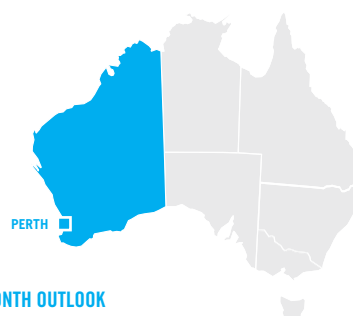
BRISBANE CBD 12 MONTH OUTLOOK

12%

OF DEXUS OFFICE PORTFOLIO¹

The outlook for Brisbane CBD is mixed with demand improving and rents flat in the short term. Government and mining sector consolidation has tapered and demand turned a corner in FY15, recording positive net absorption. Brisbane remains a two-tier market with prime vacancy sitting well below secondary as tenants migrate to high quality space. New supply is expected to keep vacancy elevated in FY16, however Brisbane should benefit from significant stock withdrawals in FY16 and FY17 for residential conversion.

Vacancy	↑	Incentives	↔
Rents	↔	Yields	↓



PERTH CBD 12 MONTH OUTLOOK

10%

OF DEXUS OFFICE PORTFOLIO

The slowdown in the Perth CBD office market is expected to continue in FY16 as the mining sector transitions from investment phase to production. Significant supply will enter the market in FY16 and, with further cutbacks in the mining sector, is expected to drive vacancy levels and incentives higher. Rental levels are also expected to weaken further. While cyclically slow, Perth's longer term prospects are underpinned by rising export volumes.

Vacancy	↑	Incentives	↑
Rents	↓	Yields	↑

1. DEXUS's exposure to the Brisbane office market is expected to increase to 15.6% post the acquisition of Waterfront Place Complex which is due to settle in October 2015.

Group Performance

DEXUS achieved or exceeded all of its financial objectives through additional income from the DEXUS Office Partnership properties, increased management operations income and trading profits.

DEXUS delivered FFO per security of 59.5 cents and distribution per security of 41.04 cents in FY15, both up 9.3% on the prior year and in line with upgraded guidance provided at the HY15 result. Primary contributors to the strong financial result were:

- \$67.4 million increase in Total Property FFO driven by the additional DEXUS Office Partnership properties. In addition, office portfolio occupancy improved slightly from 94.6% at 30 June 2014 to 95.3% at 30 June 2015
- \$10.0 million increase in Management operations income, also driven by the additional CPA properties as well as 10% growth in third party funds under management over the year
- Trading profits of \$42.6 million (net of tax) realised on five trading properties

This financial result was achieved while DEXUS maintained a strong balance sheet, with look-through gearing of 28.5% at 30 June 2015 after undertaking a \$478 million equity raising in April 2015.

Statutory net profit after tax was \$618.7 million, an increase of \$212.1 million from FY14. This movement was driven primarily by:

- FFO increased by \$97.9 million
- Net revaluation gains on investment properties of \$241.0 million, representing a 2.6% uplift across the portfolio, were \$75.5 million higher than the prior year gains
- The FY14 Statutory Net Profit was reduced by costs of \$76.7 million relating to the CPA transaction which completed in April 2014

Investment property revaluations gains were the primary driver of the 5% or 32 cent increase in Net Tangible Assets per security to \$6.68, reflecting the contribution of leasing success on capital values and capitalisation rate compression at properties with strong tenant covenants.

The Group delivered a Return On Equity¹ for the 12 months to 30 June 2015 of 11.5%, above the 9–10% per annum target through the cycle and ahead of the prior year which was impacted by the CPA transaction.



5 Martin Place, Sydney

STATUTORY NET PROFIT

\$618.7m

GEARING

28.5%

NET TANGIBLE ASSETS
PER SECURITY

\$6.68

The following table provides a summary of the key components of FFO and AFFO based on the information provided in Group Performance note 1. Operating Segments in the Annual Report.

	30 June 2015 \$m	30 June 2014 \$m
Office Property FFO	533.3	455.4
Industrial Property FFO	112.3	122.8
Total Property FFO	645.6	578.2
Management operations	37.9	27.9
Group corporate	(30.4)	(27.5)
Net finance costs	(150.8)	(139.4)
Other ²	(0.4)	3.1
Underlying FFO³	501.9	442.3
Trading profits (net of tax) ⁴	42.6	4.3
FFO⁵	544.5	446.6
Adjusted FFO⁵	369.8	310.7

MAINTAINING A STRONG BALANCE SHEET

The strength of DEXUS's balance sheet was enhanced through an equity raising in April 2015 which included a \$400 million institutional placement and a further \$77.8 million raised through a Security Purchase Plan for eligible security holders. This equity raising enabled DEXUS to pursue compelling acquisition opportunities while maintaining low gearing.

DEXUS's gearing⁶ of 28.5% at 30 June 2015 will increase to approximately 29.3% post the receipt of proceeds from the divestment of the Rosebery and Mascot trading properties and the acquisition of the Waterfront Place Complex which is expected to settle in October 2015.

DEXUS undertook a number of other capital management activities during the year including:

- Raised \$250 million through a US Private Placement issue during the year, increasing the weighted average debt duration to 5.7 years at 30 June 2015
- Achieved a reduction in the overall cost of debt of 20 basis points in FY15 to 5.2%, which was supported by credit rating upgrades in late FY14

- Announced an on market securities buy-back on 14 October 2014. The buy-back is yet to be utilised and was suspended on 21 April 2015 as a consequence of the announcement of an equity raising
- Implemented a one-for-six security consolidation in November 2014 which reduced the total number of securities on issue

FY16 GUIDANCE

Barring unforeseen changes to operating conditions, DEXUS's guidance⁷ for the 12 months ending 30 June 2016 is for:

- FFO per security growth of 5.5-6.0%, with FFO from the underlying business (excluding trading profits net of tax) expected to grow by 3.0-3.5%
- Distribution payout in line with free cash flow to deliver growth in distribution per security of 5.5-6.0%

1. Return on Equity is calculated as the growth in NTA per security plus the distribution paid/payable per security divided by the opening NTA per security.
2. Other income includes Development Management fees.
3. Underlying FFO excludes trading profits (net of tax).
4. Trading profits generated less FFO tax expense recognised for Rosebery in the year.
5. FFO and AFFO are in line with Property Council of Australia definitions.

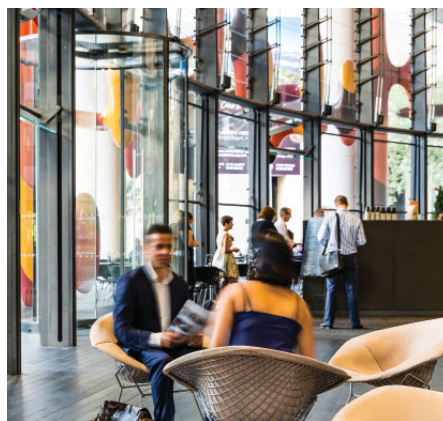
6. Gearing is adjusted for cash and debt in equity accounted investments.
7. Barring unforeseen circumstances guidance is supported by the following assumptions: flat like-for-like income across the DEXUS combined portfolio, weighted average cost of debt of circa 4.9%, trading profits of approximately \$60m net of tax, Management Operations FFO of \$45-50m (including third party development management fees), approximately \$150m net proceeds from non-core property divestments during FY16, excluding any buy-back of DEXUS securities, and excluding any further transactions.

Office

DEXUS improved occupancy and maximised cash flows in its office portfolio by capturing demand from diverse tenant groups and increasing the number of effective leasing deals.

ONE YEAR
TOTAL RETURN

9.6%



IMAGES CLOCKWISE
10 Eagle and 12 Creek Street, Brisbane
1 Bligh Street, Sydney
45 Clarence Street, Sydney

OFFICE SPACE LEASED¹211,071_{sqm}

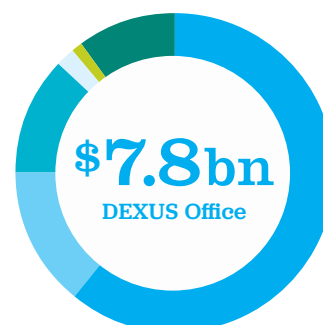
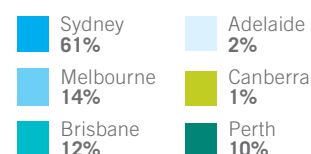
OCCUPANCY BY INCOME

95.3%

RETENTION

61%

Key metrics	FY15	FY14	FY13	FY12	FY11
Portfolio value (\$bn)	7.8	7.7	5.7	4.7	4.5
Total properties	49	53	36	28	28
Net lettable area (sqm)	1,403,255	1,490,070	951,380	759,737	760,990
Like-for-like income growth (%)	0.2	3.6 ¹	1.8	5.4	3.3
Occupancy by income (%)	95.3	94.6	94.6	96.8	95.3
Occupancy by area (%)	95.5	94.3	94.4	97.1	96.2
Portfolio WALE by income (years)	4.3	4.7	5.0	4.9	5.3
Tenant retention (%)	61	61 ¹	72	66	53
Weighted average capitalisation rate (%)	6.71	6.87 ¹	7.17	7.30	7.4
1 year total return (%)	9.6	9.2 ¹	10.6	9.5	9.0



OVERVIEW – AUSTRALIAN OFFICE MARKETS

Net absorption for CBD office space located on the east coast of Australia reached a four-year high during the year. Up to 30 June 2015, Sydney had posted positive net absorption for six consecutive quarters, with Melbourne close behind at five consecutive quarters. Brisbane net absorption turned positive in the March 2015 quarter.

Lower interest rates are stimulating small business activity and investment flows into the domestic economy are driving increased demand from financial services and wealth management firms. Other industries experiencing growth in the DEXUS portfolio, including business services, public administration and tier two legal firms, continued to drive demand in Sydney and Melbourne.

There are also signs of increased uptake of office space by technology firms in the Sydney CBD which are migrating into the city from their traditional CBD fringe locations. These firms are seeking to appeal to top talent who are attracted to CBD locations offering more amenity and less travel time. Melbourne is experiencing a similar pattern with firms from various industries located in fringe markets choosing to move to the CBD. Perth remains the most challenging office market as a result of the reduction in mining investment.

Incentives are generally trending down in Sydney as a result of the improved demand dynamics although remain high for some properties with leasing challenges.

1. Excluding DEXUS Office Partnership properties.



60 Castlereagh Street, Sydney

LEASING STRATEGY TO MAXIMISE INCOME AND REDUCE INCENTIVES

Continued positive leasing momentum for space in core A-grade properties in Sydney and Melbourne has driven leasing volumes across DEXUS's office portfolio.

Driving the performance of the portfolio, DEXUS leased¹ 211,071 square metres of office space in FY15 (FY14: 174,109 square metres) across 303 transactions, representing 15% of the portfolio. Despite tenant retention of 61%, DEXUS successfully re-leased 51% of the area vacated during the year, with average downtime of only four months.

Key leasing successes included:

- Renewing Commonwealth Bank of Australia across 21,964 square metres at 150 George Street, Parramatta
- Renewing the State Government of NSW across 13,662 square metres at 14 Lee Street, Sydney
- Signing Commonwealth Government across 12,273 square metres at 130 George Street, Parramatta
- Signing 13 new tenants across 10,758 square metres at 45 Clarence Street, Sydney which is now 89% occupied

There were a number of instances during the year where multiple tenants competed for the same space, resulting in better leasing outcomes. A combination of firmer tenant demand and increased acceptance of effective deal structures allowed DEXUS to maintain its focus on reducing incentives, achieving average incentives of 15.0% across the portfolio (FY14: 18.6%).

By undertaking a speculative fitout ahead of leasing the space, DEXUS is able to minimise downtime and leverage its economies of scale to procure workspace fitouts at a competitive rate, benefiting income and cash flows.

DEXUS signed 275 leases across 98,340 square metres with tenants for spaces less than 1,500 square metres representing 47% of all leasing undertaken by area. While these leases are typically three to four years in length, they offer the opportunity for DEXUS to reset rents and customers to grow space in the medium term when the market is expected to improve. As these smaller sized tenants grow, there is also the opportunity to accommodate their growth within the DEXUS portfolio.

60 CASTLEREAGH STREET, SYDNEY – THINKING CREATIVELY TO LEASE SPACE

DEXUS APPROACH

- 60 Castlereagh Street, Sydney was acquired in April 2014 as part of the CPA transaction
- The property faced limited leasing enquiry on the lower office floors, which had been mostly vacant for over three years due to a lack of natural light and poor floor configuration
- Identified an opportunity to create direct stair access to Level 1 to enhance the appeal of the property to a new category of prospective tenants
- Adopted a fitted suites offering for Level 15

VALUE CREATED

- Secured a number of new tenants including:
 - The University of Newcastle over Level 1 and part Level 2 across 2,900 square metres, as a result of the installation of new stairs
 - SAI Global Property Division across the whole of Level 3
 - two new tenants across the entire floor of Level 15
- Improved occupancy from 94.0% at acquisition to 100% at 30 June 2015
- Increased WALE from 4.5 years to 5.5 years
- Achieved one year total return of 12.3% and value uplift of \$17.3 million

1. Including Heads of Agreement.

DEXUS continued to roll out its fitted suites offering across a number of properties to capture the demand from small and medium sized businesses.

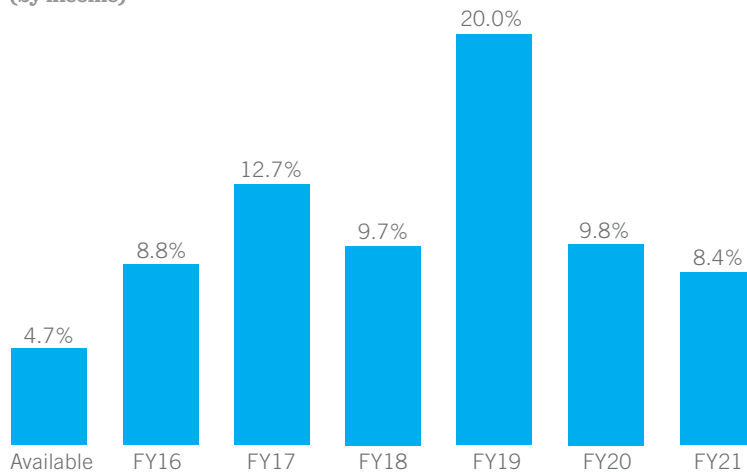
AVERAGE NABERS ENERGY RATING

4.7 stars

OFFICE CUSTOMER SATISFACTION SCORE OF

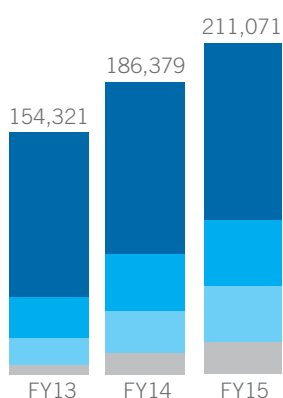
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Office lease expiry profile (by income)

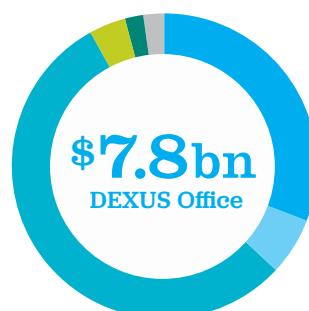


Leasing history by size of tenant

1,500+ 250-749
750-1,499 0-249



Premium Grade 31%
A-Grade 55%
Land & Developments 6%
B-Grade 4%
Office & Business parks 2%
Car parks 2%



ACHIEVING CUSTOMER SATISFACTION THROUGH AN ENHANCED CUSTOMER EXPERIENCE

DEXUS maintained a satisfaction with service score of 8 out of 10 in its FY15 tenant survey across the Group's office portfolio.

DEXUS APPROACH

- Tenants have benefited through a number of initiatives including upgrades to end-of-trip facilities at properties in Sydney, Melbourne and Brisbane, as well as the continued rollout of PLATFORM by DEXUS which provides new and refreshing ways to engage customers in the foyers of office buildings.

VALUE CREATED

- In line with its FY15 commitment to implement initiatives to enhance the customer experience, DEXUS introduced a number of new products that enhance its customer service offering. These included:
 - DEXUS Place – a premium meeting, training and conference facility that provides customer workplace solutions (refer to the case study on page 28)
 - DEXUS Diners Card – a charge card that provides a rental payment option for customers with the benefit of earning reward points on their rental payments
 - Australia Post parcel lockers – introduced to a number of properties making online shopping more convenient
 - Divvy – a new car parking technology solution that connects commuters in the area to under utilised spaces
 - GoGet – a national partnership to provide GoGet car sharing cars to customers in selected DEXUS buildings



Collaborative and break out area, meeting rooms and the RealPresence Immersive Studio at DEXUS Place

ENHANCING THE CUSTOMER EXPERIENCE WITH LAUNCH OF DEXUS PLACE

Located at One Margaret Street, Sydney, DEXUS Place is an intelligently-designed, premium meeting, training and conference facility with the latest collaborative technology.

DEXUS APPROACH

- DEXUS undertook extensive market research which revealed that 70% of its customers experience a shortage of meeting and training rooms
- DEXUS collaborated with experts in workspace design and technology to design a purpose-built facility with every aspect responding to the expectations of customers
- The facility provides video conferencing facilities, an auditorium which connects businesses with their whole company for 'town halls' and a 21 seat RealPresence Immersive Studio provided by Polycom, the largest of its kind in the Southern Hemisphere

VALUE CREATED

- DEXUS used its understanding of work trends, listened to its customers and utilised its property expertise to create a product that is specifically tailored to meet the need for businesses to have access to quality workspaces
- DEXUS intends to roll out a suite of facilities in prime CBD locations around Australia, with the second DEXUS Place location to be launched at 385 Bourke Street, Melbourne in October 2015
- With the launch of these new facilities DEXUS can now provide workplace solutions for customers from one hour to 10 years



One Farrer Place, Sydney

IMPROVING OPERATIONAL PERFORMANCE

DEXUS achieved occupancy of 95.3% at 30 June 2015 (FY14: 94.6%), delivering on the 'above 95%' target set at the start of the year. As a consequence, a number of properties in the Sydney portfolio are now 100% occupied, including 383 Kent Street, 60 Castlereagh Street, 175 Pitt Street and One Margaret Street.

FY16 expiries reduced to 8.8% from 10.6% at FY14, while FY17 expiries increased to 12.7% from 11.9% at FY14 primarily impacted by short term leasing deals undertaken during the year. Portfolio WALE reduced from 4.7 years to 4.3 years. Given expectations for continued improvement in leasing markets, DEXUS is comfortable with this lease expiry profile.

Office FFO of \$533.3 million reflected an increase of 17% on FY14. This growth was underpinned by 0.2% growth in like-for-like income together with a full 12-month income contribution from the DEXUS Office Partnership properties.

DEXUS's office portfolio delivered a one-year total return of 9.6% (FY14: 9.2%) driven by a strong revaluation uplift across the DEXUS Office Partnership properties, partially offset by a reduction in the valuation of 240 St Georges Terrace in Perth.

The continued trend of good leasing outcomes, the weight of capital seeking quality office property and strong tenant covenants all contributed to a \$213.5 million or 2.8% increase in valuations on prior book values across the DEXUS office portfolio.

The office portfolio weighted average capitalisation rate tightened by 16 basis points, from 6.87%¹ at 30 June 2014 to 6.71% at 30 June 2015.

¹ Excluding DEXUS Office Partnership properties.

STRUCTURED DE-FIT OF GOVERNOR MACQUARIE TOWER¹

DEXUS APPROACH

- DEXUS identified an opportunity to maximise resource recovery from office refurbishment
- Collaborated with Edge Environment and Better Buildings Partnership (BBP) to facilitate the diversion of de-fit waste from Governor Macquarie Tower at 1 Farrer Place, Sydney
- Removed materials through cost-effective, structured demolition streams and sorted recycling on site

VALUE CREATED

- Recovered and re-purposed 8.5 tonnes of furniture to charitable organisations, enabling productive and creative workspaces
- Recycled materials including glass into higher value glass fibre insulation and gypsum plasterboard to calcium and sulphur for farming applications
- Captured and diverted materials from landfill, achieving an overall waste diversion rate of 61% with no additional costs

1. Co-owned by DEXUS, GPT Group and Lend Lease founding members of BBP, and managed by DEXUS.



150 George Street, Parramatta

TRANSACTIONS

In June 2015, DEXUS and DWPF announced that they had reached a conditional agreement to jointly (50/50) acquire Waterfront Place and Eagle Street Pier located within the prime commercial precinct of the Brisbane CBD known as the “Golden Triangle” for \$635 million, reflecting a capitalisation rate of 6.9%. The property is an excellent long term core investment, and Eagle Street Pier offers one of the best future development sites in the Brisbane CBD. The acquisition is expected to settle on or around 1 October 2015 and increases DEXUS's weighting to the Brisbane CBD office market from 12% to 16%.

DEXUS settled on the sale of its remaining offshore property, the Lumley Centre in Auckland, for NZ\$146.0 million in November 2014 following improvements in the property's fundamentals including occupancy and weighted average lease expiry.

DEXUS was also successful in selling a number of office properties that form a part of its trading book during FY15, which are discussed in further detail in the Trading section on pages 42–43 of this report.

SUSTAINABILITY PERFORMANCE

Continuing its commitment to improving the sustainability of its office properties, DEXUS achieved an average 4.7 star NABERS Energy rating across the DEXUS office portfolio, including newly acquired properties (FY14: 4.6 star). DEXUS achieved an average 3.8 star NABERS Water rating across the office portfolio, including newly acquired properties (FY14: 3.5 star).

DEXUS continued to expand waste reporting across the office and retail portfolios, progressing towards its target 65% diversion from landfill for the Group's office portfolio by the end of the three year program in FY16.

New Environmental Reporting systems were implemented across the Group's portfolio providing visibility over data and enhancing the ability to analyse consumption trends. Regional control centres were also established to centrally monitor and optimise heating, ventilation and air conditioning operations to reduce energy and maintenance costs at properties in the Sydney and Brisbane portfolios.

IMPROVING ENERGY EFFICIENCY THROUGH ACTIVE OPERATIONAL MANAGEMENT

DEXUS APPROACH

- DEXUS acquired 150 George Street, Parramatta in April 2014 as part of the CPA transaction
- Acted on data generated from the analytics tool, implementing efficiency initiatives at the property including:
 - optimising air pressures in variable flow systems
 - cooling tower and chiller staging optimisation
 - strategies to maximise performance during extended working hours

VALUE CREATED

- Identified \$25,000 of cost savings to date, including energy savings and cost efficiencies
- Successful piloting of the analytics tool at 150 George Street is expected to be rolled out across a further 36 DEXUS properties over the next 12 months



145 Ann Street, Brisbane

ENERGY
INTENSITY

↓ 39.9%

WATER
INTENSITY

↓ 27.9%

GHG
EMISSIONS

↓ 42.6%

SINCE BASE YEAR FY08

FY16 FOCUS

- Maintain >95% occupancy in the DEXUS office portfolio
- Reduce the FY17 DEXUS office portfolio lease expiries to 10%
- Target flat like-for-like income growth across the DEXUS combined portfolio
- Continue to reduce incentives and undertake effective leasing deals

RESOURCE RECYCLING & REUSE - 145 ANN STREET, BRISBANE

DEXUS APPROACH

- DEXUS is applying water treatment technology to recycle water at 145 Ann Street, Brisbane
- Grey water is collected from the building's showers and hand basins and recycled in a treatment plant for reuse in selected services including:
 - WC cisterns and urinals
 - irrigation
 - plant room and cooling towers
 - car park and basement grease trap area

VALUE CREATED

- Recovered and reused more than 9,700 kilolitres since 2013 averaging 10.6 kilolitres of recycled water per day

INNOVATING TO ENHANCE PROPERTY SERVICES

DEXUS APPROACH

- DEXUS identified an opportunity to offer managed utilities services to tenants at attractive rates via an embedded electricity service at 44 Market Street, Sydney
- Offered existing tenants the opportunity for DEXUS to facilitate their electricity supply
- Established a seamless connection process for new tenants

VALUE CREATED

- Signed up 90% of existing tenants at 44 Market Street, Sydney to the embedded electricity service
- Provided an additional property income stream of \$160,000 per annum
- Achieved cost savings of approx. \$110,000 per annum to tenants
- Exploring the potential to extend the program to a further five office properties

Industrial

Actively pursuing all operational targets, DEXUS achieved an increased industrial portfolio total return.

INDUSTRIAL SPACE LEASED¹

183,062_{sqm}

LEASES SECURED

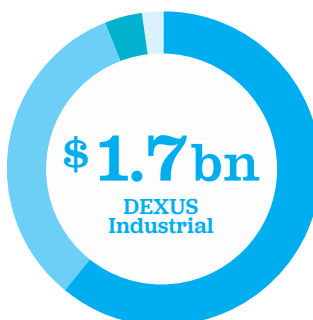
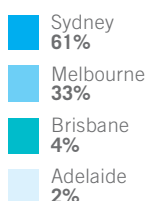
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RETENTION

53%

ONE YEAR TOTAL RETURN

11.3%



QUARRY AT GREYSTANES RECOGNISED FOR INNOVATION AND EXCELLENCE

DEXUS's Quarry at Greystanes development was awarded Best Industrial Park at the 2015 Property Council of Australia Rider Levitt Bucknell Innovation & Excellence Awards.

Quarry at Greystanes is strategically located with direct access to key road networks and has set new benchmarks in innovative design and sustainability.

The estate, which is 98% occupied and due for completion this year, has attracted a community of diverse high calibre tenants who have seen the benefit of locating their business to a unique location with long term benefits.

On completion, the estate will comprise 16 pre-lease and speculative industrial facilities valued at over \$280 million across approximately 168,000 square metres.



Quarry at Greystanes
1 Basalt Road, Greystanes

OVERVIEW – AUSTRALIAN INDUSTRIAL MARKETS

Low interest rates are boosting businesses supported by housing construction and infrastructure projects which is translating into demand for functional industrial facilities aligned to key transport corridors. An increase in retail spending has driven Sydney Port volumes up 3.0% year-on-year, which is translating to demand from the general merchandise retail sector for industrial space. Interestingly, DEXUS has witnessed a trend whereby some wholesale retailers are choosing to lease their own warehouse premises directly rather than utilise the space of third party logistics providers.

With the increasing conversion of South Sydney and Inner West industrial sites into residential and mixed uses, the central and outer western Sydney markets are benefiting from increased demand.

This demand is driven from a wide user category seeking to be centrally located within the Sydney metropolitan area and in proximity to major arterial roads.

With supply being withdrawn for alternate uses where users are being displaced (particularly within the South Sydney ports precincts) we are in advanced discussions with numerous potential tenants for our prime grade facility at Matraville, one of the only large scale opportunities within the strategic port precinct.

OPERATIONAL PERFORMANCE

During the year, DEXUS leased¹ 183,062 square metres of industrial space (FY14: 139,716 square metres) across 75 transactions including 44 leases with new tenants. Tenant retention also improved to 53% from 41% during FY14. Average incentives decreased slightly to 10.8% (FY14: 11.0%).

Key leasing successes included:

- Securing a lease with Kathmandu across 25,650 square metres to develop a new facility at DEXUS Industrial Estate, Laverton North
- Securing Bevchain across 22,924 square metres at 15-23 Whicker Road, Gillman
- Securing leasing of 21,795 square metres in total across 46 tenants at AXXESS Corporate Park, Mount Waverley

Portfolio WALE remained steady at 4.0 years. DEXUS's industrial portfolio occupancy reduced to 92.4% from 93% at 30 June 2014, driven by an increase in vacancy at large scale facilities including Matraville, Flemington and Dandenong. DEXUS expects an improvement in industrial occupancy over the next six months driven by further leasing at properties such as Dandenong which secured a new 10,612 square metre tenant and has 10,920 square metres remaining to lease.

¹ Including Heads of Agreement.



Quarry at Greystanes
2 Basalt Road, Greystanes

INDUSTRIAL CUSTOMER
SATISFACTION SCORE OF

7.4/10

ACQUIRED LAKES
BUSINESS PARK, BOTANY FOR

\$153.5m

DEXUS's industrial portfolio delivered a one-year total return of 11.3% (FY14: 9.0%) driven by underlying property income and improved property values.

Industrial property FFO of \$112.3 million was down 8.6% on FY14 primarily as a result of divestments and lower occupancy at properties such as Rosebery. Like-for-like income growth was 0.7%, driven by fixed increases across the portfolio, leasing at 15-23 Whicker Road, Gillman and 30 Bellrick Street, Acacia Ridge, offset by vacancy at Dandenong. DEXUS's industrial portfolio however remains 6.9% over-rented.

Revaluations across the DEXUS industrial portfolio at 30 June 2015 resulted in a marginal uplift of \$27.5 million or 1.6% increase on prior book values, driven by a combination of income growth and capitalisation rate compression. Well leased industrial properties were the primary contributors to the firming in capitalisation rates.

TRANSACTIONS

DEXUS acquired Lakes Business Park, Botany for \$153.5 million, investing in one of DEXUS's core industrial markets. The property has the potential for superior rental growth in the medium term due to the lack of greenfield land options, combined with competing land use opportunities in the South Sydney market.

During the year, DEXUS sold 30 Distribution Drive, Laverton North from its trading book, discussed in the 'Trading' section on pages 42-43 of this report.

The recognition of trading profits at Rosebery and Mascot, demonstrates DEXUS's ability to unlock highest and best use opportunities.

Key metrics	FY15	FY14	FY13	FY12	FY11
Portfolio value (\$bn)	1.7	1.4	1.6	1.7	1.6
Total properties	53	50	48	45	35
Gross lettable area (sqm)	1,294,735	1,254,588	1,251,152	1,239,101	1,146,778
Like-for-like income growth (%)	0.7	1.5	1.1	(1.6)	1.1
Occupancy by income (%)	92.4	93.0	96.1	92.8	95.1
Occupancy by area (%)	91.7	93.1	95.9	91.7	96.2
Tenant retention (%)	53	41	70	59	61
Portfolio WALE by income (years)	4.0	4.0	4.1	4.4	4.7
Weighted average capitalisation rate (%)	7.77	8.32	8.55	8.59	8.6
1 year total return (%)	11.3	9.0	8.8	8.0	9.4



Lakes Business Park, Botany

CUSTOMER ENGAGEMENT

DEXUS achieved a satisfaction with service score of 7.4 out of 10 in its FY15 tenant survey across the Group's industrial portfolio, assisted by DEXUS's customer service approach together with the benefits of scale delivered through the Group's substantial industry leading procurement platform.

SUSTAINABILITY PERFORMANCE

DEXUS continued to embed sustainability practices within industrial estate master planning for new developments and through targeted technology and controls upgrades. Master planning initiatives aim to reduce water and energy use including the use of solar hot water, rainwater for irrigation and toilets use and native landscaping.

During the year DEXUS completed several air conditioning system upgrades across the industrial portfolio, including 40 Lord Street Botany and 12 Frederick Street St Leonards. Aging, inefficient package units, chillers and associated controls were replaced with new high efficiency technology.

DEXUS also continued to upgrade lighting systems to high efficiency LED or T5 fluorescent fixtures including retrofits to exit and emergency lighting. Lighting upgrades at Axxess Corporate Park, Mount Waverley will save 26MWh in energy, reduce carbon emissions by 31 tonnes and achieve over \$4,000 in annual energy savings with a payback of less than four years.



**ENERGY
INTENSITY**

↓ 28.9%



**WATER
INTENSITY¹**

↑ 19.3%



**GHG
EMISSIONS**

↓ 34.3%

SINCE BASE YEAR FY08

1. Water consumption is primarily under the control of tenants, with the increase in FY15 due to tenant demand for water at Kings Park Industrial Estate, NSW.

FY16 FOCUS

- Active asset management of the industrial portfolio to deliver attractive income returns
- Pursuing non-core divestments and/or change of use repositioning opportunities within the existing portfolio
- Developing core new industrial product and pursuing core plus acquisition opportunities for DEXUS and its third party partners

ACQUISITION SATISFIES DUAL STRATEGY OF TRADING AND LEASING

Lakes Business Park is a 43,000 square metre business park located in close proximity to Sydney Airport and eight kilometres from the Sydney CBD in a core industrial market for DEXUS. The property comprises two adjoining sites – the Northern site and the Southern site and is adjacent to Sir Joseph Banks Corporate Park which is owned by DWPF.

DEXUS APPROACH

- DEXUS acquired Lakes Business Park in January 2015
- Identified the potential for superior rental growth in the medium term due to constrained supply and competing land use interests in the South Sydney market
 - active leasing strategy to drive rental growth and increase WALE of Northern site
 - medium-term potential for residential re-zoning of Southern site – acquired as part of inventory for future trading opportunity and held in trading trust

VALUE CREATED

- Accessed quality industrial product close to Sydney Airport and the CBD that will benefit from increased demand from displaced tenants in the inner South Sydney region
- Discussions have commenced with local planning authorities regarding the rezoning of the Southern site

Development

DEXUS continued to enhance future investor returns through progressing its \$1.2 billion development pipeline, with two key office projects nearing completion.

CREATING VALUE THROUGH DEVELOPMENT

DEXUS utilises its development expertise and leverages its portfolio scale to deliver best-in-class office buildings and prime industrial facilities, improving portfolio quality and enhancing investor returns. For developments undertaken on behalf of third party parties, DEXUS earns development management fees and is able to deliver on third party funds/partner strategies.

DEXUS allocates up to 15% of Funds Under Management (FUM) across its direct property portfolio to development and value-add or trading activities. Currently representing 6.5% of FUM, these activities are focused on providing earnings accretion and enhancing total return. Refer to Trading on pages 42–43 for further information on trading activities.

GROUP DEVELOPMENT PIPELINE

Over the year the Group development pipeline grew to \$3.5 billion, of which the DEXUS portfolio accounts for \$1.2 billion. A significant proportion of the \$2.3 billion Third Party development pipeline comprises properties owned in joint venture with DEXUS (refer to the Third Party Funds Management section on pages 38–41).

5 MARTIN PLACE, SYDNEY – ASHURST MOVES IN

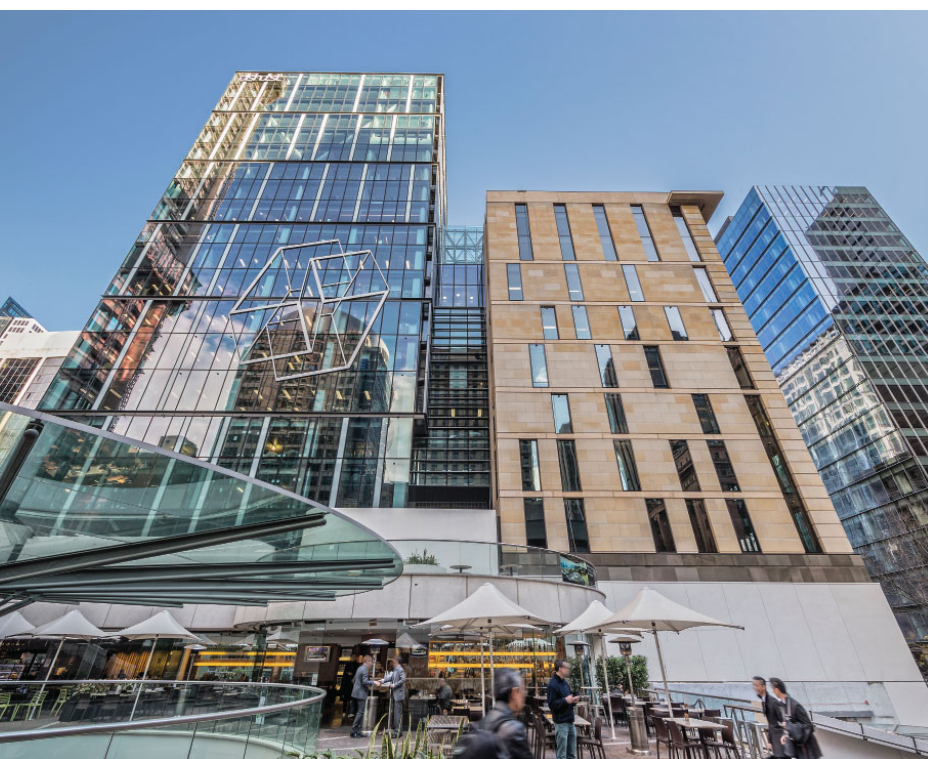
The first stage of the 5 Martin Place, Sydney development reached practical completion on 30 June 2015, with Ashurst moving into levels 5–11 across 12,644 square metres in July 2015.

5 Martin Place achieved a 5 Star Green Star design rating during the year. On final completion, the building will provide 33,500 square metres of premium grade space, prominently located in the centre of the Sydney CBD in a precinct that is undergoing a revival. The development incorporates one of Sydney's most recognisable and respected sandstone buildings, featuring two distinct areas – the heritage-listed “money box” with a large light filled centre atrium, and the new and modern tower floors. A rejuvenated laneway adjacent to the building brings a lively and engaging appeal to the wider Martin Place precinct.

The office space at 5 Martin Place is now 82% committed after Challenger and Evans & Partners were secured during the year, with completion due in September 2015.

KINGS SQUARE, PERTH – NEARING COMPLETION

Two of the three towers at Kings Square, Perth were completed, with Shell to fully occupy one of the towers as its new corporate headquarters, and the remaining tower expected to be completed in September 2015. All three towers achieved a 5 star Green Star design rating during the year. Upon full completion, Kings Square will deliver affordable prime grade space spanning more than 52,700 square metres in an emerging urban renewal precinct. A rental guarantee secured at the time of acquisition ensures full income on the properties for a further five years from practical completion, with the office space currently 55% committed.



IMAGES CLOCKWISE
5 Martin Place, Sydney
Quarry at Greystanes
Kings Square, Perth

GROUP DEVELOPMENT PIPELINE

\$3.5bn

DEXUS PORTFOLIO
\$1.2bnTHIRD PARTY
FUNDS
\$2.3bn

Committed projects \$808m	Uncommitted projects \$420m
Committed projects remaining spend \$296m	

FY16	FY17	FY18+
------	------	-------

5 Martin Place, Sydney | \$111m^{1,2} (\$9m)480 Queen Street, Brisbane | \$288m¹ (\$128m)Kings Square, Perth | \$213m^{1,2} (\$42m)Quarrywest at Greystanes | \$96m¹ (\$56m)Quarry at Greystanes³ | \$12m (\$5m) \$26m (\$26m)Radius Industrial Estate, Larapinta | \$15m¹ (\$12m)141 Anton Road, Hemmant | \$47m¹ (\$31m)

Katmandu at Laverton | \$26m (\$13m) DEXUS Industrial Estate, Laverton North | \$108m (\$72m)

Future opportunities: 105 Phillip Street, Parramatta⁴ | \$120m (\$110m),
12 Creek Street, Brisbane | \$24m (\$24m),
180 Flinders Street, Melbourne | \$142m (\$142m)

Refer to page 40
for more
information

■ Developments committed ■ Developments uncommitted

Note: Development pipeline shows total estimated project cost and (estimated cost to complete).

1. DEXUS interest in development costs.

2. Practical completion due in September 2015.

3. Lots WH1, WH2 and A4 are committed. Lot A2 is uncommitted.

4. Also included in DEXUS trading pipeline. Property has DA approval for an office project.

480 QUEEN STREET, BRISBANE –
DELIVERING A QUALITY PROPOSITION

The Premium grade 480 Queen Street, Brisbane development has topped out with the office space 81% committed prior to the development's scheduled completion in early 2016.

A rental guarantee secured at the time of acquisition ensures full income on the property for a further two years from practical completion.

The development also achieved a 6 star Green Star design rating, attracting interest from a range of high calibre tenants seeking a flexible workspace that delivers market leading environmental performance.

QUARRYWEST, GREYSTANES –
WAREHOUSE FACILITY PRE-COMMITMENT SECURED

Construction at Quarry at Greystanes continues on track with the buildings pre-leased to Supply Network, a 120 seat café and a speculative warehouse due for completion in September 2015.

A pre-commitment has been secured for a warehouse facility at the adjoining Quarrywest, which will be the first project for the site. On completion, the combined sites of Quarry at Greystanes and Quarrywest will comprise 319,000 square metres of industrial facilities.

REPLENISHING INDUSTRIAL LANDBANKS

The acquisition of industrial development sites at Hemmant and Larapinta in Queensland by the DEXUS Industrial Partnership progressed the replenishment of the Group's industrial land bank. On completion Hemmant, Larapinta and Quarrywest will have a total project end value of \$330 million.

DEXUS INDUSTRIAL ESTATE – FINAL STAGE COMMENCES

The third stage of development at DEXUS Industrial Estate, Laverton North has commenced, providing 50 hectares of serviced development land. Construction of a major warehouse facility at the estate is underway with a long term pre-lease to Kathmandu. The facility is due for completion in mid-2016 and will deliver a highly sustainable 25,650 square metre facility which is designed to achieve 5 star Green Star (As Built and Design) ratings.

FY16 FOCUS

- Deliver key office developments in Sydney, Perth and Brisbane
- Progress the DEXUS Industrial Partnership developments at Quarrywest, Hemmant and Larapinta
- Progress the Australian Industrial Partnership development at Laverton North

DEVELOPMENT LEASING
SUCCESS UNDERPINS VALUE

DEXUS APPROACH

- 480 Queen Street, Brisbane was acquired in April 2013 as a fund-through development¹ on attractive metrics and 5 Martin Place, Sydney was acquired in April 2014 as part of the CPA transaction²
- DEXUS built a high calibre tenancy profile that will underpin the long term investment value of both of these properties by satisfying demand from key corporations looking to reposition their business through workplace solutions
- At 5 Martin Place, DEXUS and co-owner Cbus Property repositioned the leasing and marketing approach to reignite interest

VALUE CREATED

- At 480 Queen Street, 11 tenants have been secured, with 81% office space³ pre-committed
- At 5 Martin Place, securing Challenger increased the level of pre-committed office space to 75% from 41% at acquisition, and at 30 June 2015 was 82% committed
- Both properties will contribute to increasing DEXUS's portfolio weighted average lease expiry on practical completion

1. Owned by DEXUS 50%, DWP 50%.

2. Acquired a 50% interest in 5 Martin Place via the DEXUS Office Partnership.

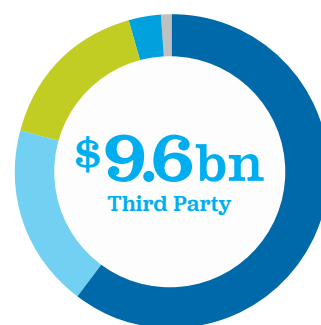
3. Including heads of agreement.

DEXUS delivered enhanced performance, undertook transactions, progressed developments and satisfied the investment objectives of its third party clients.

Third Party Funds Management



	DWPF
	\$5.8bn
	DEXUS Office Partner
	\$1.8bn
	Australian Mandate
	\$1.6bn
	Australian Industrial Partner
	\$0.3bn
	DEXUS Industrial Partner
	\$0.1bn



IMAGES LEFT TO RIGHT

Gateway Complex, Sydney

Westfield Miranda Shopping Centre, Miranda

PROPERTY TRANSACTIONS¹ OF

\$863m

INCREASE IN THIRD PARTY FUNDS UNDER MANAGEMENT SINCE 30 JUNE 2014

10%

CREATING VALUE THROUGH THIRD PARTY FUNDS MANAGEMENT

Third party funds management provides DEXUS and its investors with a number of benefits including:

- Accessing a diversity of capital sources to secure opportunities through the cycle, making DEXUS more dynamic
- Providing an incremental annuity-style fee income stream from funds management, property management, development management and leasing fees to enhance investor returns
- Enabling DEXUS to build scale in markets which attracts a more diverse tenant base, and assists in attracting and retaining the best people

DEXUS's third party funds under management increased by 10% over the year and by more than 60% in the past three years. This diverse \$9.6 billion portfolio is one of DEXUS's key financial drivers which, along with property services, delivered \$37.9 million in FY15 against a target of \$35-\$40 million.

DELIVERING INVESTMENT OBJECTIVES

DEXUS aims to be the wholesale partner of choice in Australian office, industrial and retail property and has demonstrated its ability to deliver on the investment objectives of third party clients. DEXUS's integrated model of investment management provides third party clients with access to multi-sector expertise in:

- Investment management, which is underpinned by best practice corporate governance principles
- Asset management, with strong leasing capabilities that are supported by deep market relationships
- Development management, with a proven track record in delivering income enhancing developments to market
- Transactional capabilities, which deliver transactions in line with clients' investment objectives

In FY15, DEXUS was involved in \$863 million of property transactions on behalf of its third party clients, delivered outperformance for third party funds, and progressed the third party development pipeline.

TRANSACTIONS

DEXUS acquired four properties on behalf of DWPF including:

- Three sub-regional retail centres at Deepwater Plaza, Woy Woy; Sturt Mall, Wagga Wagga; and Shepparton Marketplace, Shepparton, delivering on DWPF's strategy of diversifying its retail portfolio and increasing its allocation to non-discretionary retail, and
- An industrial facility adjacent to an existing property in Morningside, Brisbane

In addition, DEXUS and DWPF announced in June 2015 that they had conditionally agreed to jointly acquire the Waterfront Place Complex in Brisbane, QLD, further demonstrating the value of partnering with capital partners in order to access long term core investment opportunities in a competitive transactional environment.

On behalf of the DEXUS Industrial Partnership, DEXUS acquired two industrial development sites and the first income-producing asset, growing the potential end value of the Partnership to \$360 million.

DEVELOPMENTS TO DRIVE STRONG ORGANIC GROWTH

DEXUS's third party funds management business is well positioned for strong organic growth and performance, with a \$2.3 billion development pipeline, of which \$1.5 billion is committed. This will enhance returns across DEXUS's funds under management, while also improving asset quality.

Office development

DEXUS continued to make significant progress on developments held in partnership with its third party clients including the office fund-through development at 480 Queen Street in Brisbane.

On completion, 5 Martin Place, Sydney and Kings Square, Perth will deliver high quality office investments to DWPF's and the DEXUS Office Partnership's portfolios respectively.

Industrial development

The completion and successful leasing of the first stage of DWPF's Drive Industrial Estate development in Richlands, QLD, delivers on DWPF's strategy of enhancing returns by increasing the Fund's allocation to high quality industrial properties and leverages DEXUS's development, leasing and asset management expertise. With the first stage of the estate now 86% leased, DWPF has commenced the second stage of construction which, upon completion later this year, will provide a masterplanned estate comprising more than 75,000 square metres of office and warehouse space across five precincts.

DEXUS is progressing its industrial developments at Quarrywest and Quarry at Greystanes, Larapinta and Hemmant in Queensland and DEXUS Industrial Estate, Laverton North. Further information on the office and industrial developments is outlined in the Development section on pages 36-37.

1 Includes the acquisition of Waterfront Place Complex, Brisbane which is expected to settle in October 2015.



THIRD PARTY FUNDS DEVELOPMENT PIPELINE \$2.3bn ²				
	COMMITTED PROJECTS	FY16	FY17	FY18/ FY19
\$1.5bn of committed projects and \$0.8bn of uncommitted projects	OFFICE 5 Properties ³		\$310m	
	RETAIL 5 Properties ^{3,4}		\$220m	
	INDUSTRIAL 5 Properties ³		\$120m	

2 Third party funds' or partners' share of development spend as at 30 June 2015.

3 Remaining spend of committed third party developments.

4 Including DEXUS third party funds' or partners' share of Westfield redevelopments.

Retail development

During the year, DWPF committed to five new projects in its development pipeline. This follows the completion of the main stages of the \$480 million⁵ redevelopment at Westfield Miranda, which has transformed the centre into a digitally enabled retail, entertainment and dining destination that firmly positions Miranda as the leading shopping centre in the southern suburbs of Sydney.

A major retail redevelopment of Willows, Townsville also commenced during the year. The redevelopment will reposition the centre to meet the needs of a growing Townsville community, and reinforce the centre's place as the leading convenience based sub-regional shopping centre in the region.

With the Willows redevelopment underway, works also commenced at Westfield North Lakes, to create an entertainment and lifestyle precinct, and at Westfield Hurstville to reposition the centre to a value-orientated convenience based centre. Gateway, Sydney is also underway with a strong interest from potential retailers. These projects will increase the quality and diversity of DWPF's portfolio and will place the Fund in a position to continue to perform in the future.

DRIVE INDUSTRIAL ESTATE, RICHLANDS – DEVELOPING TO ENHANCE RETURNS FOR DWPF

DWPF leveraged DEXUS's capabilities to acquire its first industrial development opportunity in Richlands, Brisbane located in one of its core industrial markets

DEXUS APPROACH

- DWPF acquired a 6.7ha development site in Richlands as part of an industrial portfolio acquisition in November 2010 and an adjacent 6.7ha industrial development site in November 2012
- Amalgamated the two sites and completed masterplanning for a premium industrial estate to be developed in two stages

VALUE CREATED

- Secured Target and Steinhoff/Unitrans as new tenants prior to the completion of the first stage of the development in February 2015, achieving 86% occupancy
- Commenced the second stage of the development, due for completion in late 2015 – providing a combined total of 75,000 square metres of premium industrial space
- Delivered on DWPF's strategy of enhancing returns by leveraging the Group's development, leasing and asset management expertise

INCREASED THIRD PARTY DEVELOPMENT PIPELINE TO

\$2.3bn

⁵ Westfield Miranda redevelopment cost at 100% (owned 50/50) DWPF/Scentre Group.

DELIVERING CONTINUED OUTPERFORMANCE

DEXUS delivered outperformance against comparable property benchmark indices for its major clients. The DEXUS Office Partnership outperformed its IPD benchmark in the first 12 months of operation and has since delivered a 12.7% unlevered total return for the 12 months ended 30 June 2015.

DWPF maintains its track record of delivering on its objective of outperforming its benchmark over the past three and five years.

DWPF performance against benchmark

Total return (post fees)	One year	Three years	Five years
DWPF	9.83%	9.21%	9.77%
Benchmark ⁶	9.95%	9.00%	9.12%
Variance	-0.12%	0.21%	0.65%

Post 30 June 2015, DWPF raised \$200 million in equity to part fund the acquisition of the Waterfront Place Complex, which was \$260 million oversubscribed. This followed the successful completion of a \$200 million equity offer in February 2015, which was significantly oversubscribed and used to fund retail acquisitions and position the Fund to continue investing across its development pipeline.

LEVERAGING RETAIL CAPABILITIES TO CREATE VALUE

Retail property comprises \$3.8 billion or 40% of third party funds under management. It is therefore an important contributor to performance, particularly for DWPF.

DEXUS also has a significant portfolio of city retail precincts located at the base of its office buildings, and leverages its retail capabilities to actively manage and to drive tenant attraction and retention.

During the year, DEXUS focused on specialty store leasing renewals and retention in across the third party retail portfolio, signing 266 new leases and renewing 256 leases across a total of 74,834 square metres.

PLATFORM by DEXUS is an initiative that enhances revenue across DEXUS managed properties through the use of digital media screens, vending and pop-up kiosks.

This initiative also provides new and refreshing ways to engage customers with the benefit of increasing dwell times and improving customer spend. During the year, PLATFORM by DEXUS was rolled out across 12 sub-regional shopping centres and Melbourne city retail precincts in FY15, delivering \$3.5 million in additional revenue.

DEXUS aims to further enhance customer loyalty to assist in driving traffic and improve sales at its retail centres through a retail digital strategy launched during the year. The strategy enables the centres to best connect and engage with their customers through utilising digital communication tools that assist in building and maintaining a more direct and personalised relationship with customers.

With its retail digital strategy now firmly in place, DEXUS has completed an upgrade to shopping centre websites, activated and further utilised social media channels to engage with shoppers on a daily basis, and progressed plans to introduce multiple digital channels to further understand shoppers.

SUSTAINABILITY PERFORMANCE

DEXUS continued to improve the third party portfolio towards achieving Australian best-practice environmental performance through capital improvements and operational efficiency management.

This year DEXUS improved its portfolio average NABERS Energy rating to 4.7 stars for third party office properties and 3.9 stars for DEXUS managed retail properties.



ENERGY
INTENSITY

↓ 32.2%



WATER
INTENSITY

↓ 27.8%



GHG
EMISSIONS

↓ 36.0%

SINCE BASE YEAR FY08.

FY16 FOCUS

- Secure pre-commitments for third party development projects
- Deliver on third party clients' investment objectives
- Drive performance in the third party portfolios through active leasing

REPOSITIONING CITY RETAIL

DEXUS is leveraging its retail capabilities by repositioning and enhancing the city retail offer across the Group. This approach creates value through enhancing tenant amenity and contributes to the vibrancy of the cities in which the properties are located.

DEXUS APPROACH

- DEXUS adopted a precinct planning approach which identified potential for retail enhancements in line with developments in the properties' broader precincts. This included properties owned or co-owned by third party clients located in:
 - Martin Place, Sydney – a centrally located precinct which is undergoing a rejuvenation
 - Circular Quay, Sydney – a precinct that will benefit from the new light rail infrastructure
 - Melbourne CBD

VALUE CREATED

- 5 Martin Place, Sydney
 - leased a number of first-to-market retailers including COS, and RIMOWA with Cbus Property
- Gateway, Circular Quay
 - achieved approval for a major redevelopment of the Gateway's retail plaza, converting the existing three storey retail podium into multiple dining precincts, doubling the retail space to more than 4,500 square metres
 - secured heads of agreement from Neil Perry's The Burger Project for new retail space prior to commencement of the redevelopment
- Grosvenor Place, Circular Quay
 - commenced construction on the redevelopment of the retail plaza at Grosvenor Place alongside co-owners Investa Office and Arcadia, offering a new indoor and outdoor food and beverage emporium to operate day and night
 - secured pre-commitments for Grand Dük, the first of three new retail spaces
- 385 Bourke Street, Melbourne
 - secured a lease with Kathmandu for a flagship store at Galleria, delivering on the centre's targeted tenancy mix of outdoor adventure, lifestyle and health

⁶ Mercer IPD Post Fee Net Asset Weighted Index (Net returns, Net Asset weighted).

Trading

DEXUS delivered trading profits of \$42.6 million in FY15, leveraging capabilities across the DEXUS platform to develop and reposition properties to enhance value and sell for a profit.

CREATING VALUE THROUGH TRADING

DEXUS has applied its core capabilities across the Group to create value through generating trading profits since 2010.

Trading is a capability that involves the identification of opportunities, which are repositioned to enhance value and divested to generate a profit. Working closely with various areas of the business, trading utilises the expertise of Research & Transactions, Development, Leasing and Asset Management to realise trading profits.

Trading properties are either acquired with the direct purpose of repositioning or development, or they are transferred from DEXUS's existing portfolio to the trading trust to be repositioned and then sold.

>60%

OF FY15 TRADING PROFITS
WERE DRIVEN FROM THE ACTIVE
REPOSITIONING OF OFFICE PROPERTIES

DELIVERING TRADING PROFITS IN FY15

DEXUS realised trading profits of \$42.6 million in FY15, in line with its target of approximately \$40 million. More than 60% of FY15 trading profits were driven from the active repositioning of office properties at 50 Carrington Street, Sydney and 40 Market Street, Melbourne. The remainder of trading profits were generated by leveraging off DEXUS's skill base in planning, rezoning and industrial developments.

Approximately \$60 million of trading profits (post tax) have been secured for FY16.

TYPES OF TRADING OPPORTUNITIES

Type of trading opportunity	Repositioning/ Value-Add	Development	Change Of Use
KEY ELEMENTS	Acquire, reposition, sell	Acquire, develop, sell	Transfer to trading package, develop, sell
DEXUS TRADING OPPORTUNITIES	Properties are acquired and repositioned to generate profits through refurbishment and leasing	Land is acquired and properties are developed on a speculative or pre-lease basis, then leased up	Properties in the existing portfolio are identified for alternate uses and packaged up
PROPERTIES SOLD OR EXCHANGED	50 Carrington Street, Sydney 40 Market Street, Melbourne 57-101 Balham Road, Archerfield	163-183 Viking Drive, Wacol 30 Distribution Drive, Laverton North 94-106 Lenore Drive, Erskine Park	154 O'Riordan Street, Mascot 5-13 Rosebery Avenue and 25-55 Rothschild Avenue, Rosebery



LEVERAGING DEXUS'S DNA TO DELIVER TRADING PROFITS

DEXUS has created value through generating trading profits since 2010.

DEXUS APPROACH

- 94-106 Lenore Drive, Erskine Park is an industrial property where DEXUS undertook the following steps to realise value:
 - acquired the site in a well-located western Sydney industrial precinct at the end of 2010
 - achieved planning approval for subdivision of the site
 - subdivided the site and sold the two smaller land parcels
 - designed and developed a 21,000 square metres property on a speculative basis
 - leased to DB Schenker, a global logistics company
 - sold the facility in 2012, delivering a trading profit of \$4.5 million and an IRR of 22.3%
- DEXUS also acquired office properties for repositioning and identified industrial properties in its existing portfolio which could be packaged as change of use

VALUE CREATED

- Delivered trading profits of \$60 million (before tax) since 2010 through the repackaging and sale of seven properties
- Delivered \$42.6 million of trading profits (after tax) in FY15 with approximately \$60 million (post tax) secured for FY16, of which all identified properties have already settled
- DEXUS's trading profit target is expected to be approximately \$20 million pre-tax per annum over the long term



REPLENISHING THE TRADING PIPELINE

DEXUS continued to grow its trading pipeline, identifying a number of properties as potential opportunities for repositioning or development and trading in future years, including:

- **32 Flinders Street, Melbourne** – An existing DEXUS property which currently comprises a car park, with a rezoning and development application lodged for conversion to a residential apartment building
- **Lakes Business Park, Botany** – Acquired in January 2015 with potential for long term redevelopment of the Southern site and the Northern site remaining a part of the core portfolio

DEXUS TRADING PIPELINE

FY15	FY16	FY17	FY18+
30 Distribution Drive, Laverton North¹ Sold for \$19m (\$1m profit) IRR 16.3%			
50 Carrington Street, Sydney¹ Sold for \$88m (\$12m profit) IRR 13.2%			
40 Market Street, Melbourne¹ Sold for \$105m (\$17m profit) IRR 26%			
5-13 Rosebery Avenue and 22-55 Rothschild Avenue, Rosebery¹ Sold for \$190m (\$17m profit in FY15, \$74m profit in FY16)			
	154 O'Riordan Street, Mascot¹ Sold for \$32m (approx. \$12m profit in FY16)		
	57-65 Templar Road, Erskine Park		
	32 Flinders Street, Melbourne		
	Lakes Business Park, Botany (Southern site)		
	105 Phillip Street, Parramatta²		
	14 Properties in existing portfolio with development potential		
\$42.6m (post tax)	FY16 forecast approx. \$60m (post tax)	Target \$20m p.a. (pre tax)	
Properties sold – FY15 profits realised		Properties identified	

1 FY15 and FY16 trading profits by property are pre-tax.

2 Also included in DEXUS development pipeline as property has a DA approval for an office project.

FY16 FOCUS

- Progress high priority opportunities in the trading pipeline

REPOSITIONING FOR CHANGE OF USE TO DELIVER A TRADING PROFIT

DEXUS APPROACH

- DEXUS held two business park properties in Rosebery¹, conveniently located close to Southern Cross Drive, the Eastern Distributor and Sydney airport
- DEXUS negotiated with local planning authorities to extend the Local Environmental Plan and conducted packaging activities which involved commencing residential development plans and joint venture discussions
- The Rosebery properties were perceived as high value, low risk developments as they were located in a strong and established residential market, the development approval risk was minimal and the vacant possession risk was acceptable

VALUE CREATED

- Sold the properties with limited risk and requiring no additional capital, delivering trading profits in FY15 and FY16

1. 5-13 Rosebery Avenue and 25-55 Rothschild Avenue, Rosebery.

DELIVERING AN EXCELLENT RETURN AT 40 MARKET STREET, MELBOURNE

DEXUS APPROACH

- Acquired in November 2012 as an identified trading property for \$46.7 million, well below replacement value, at a capitalisation rate of 8.0%
- Secured a 15 year lease renewal from existing tenant Powercor for the whole of the building, 15 months post acquisition and well ahead of the lease expiry, ensuring 100% occupancy of the commercial space until 2030
- Commenced capital works as part of the new lease, including an extensive base building upgrade in line with the tenant's requirement and targeting a 3 star NABERS Energy rating from a zero rating
- Exchanged contracts in September 2014 to pre-sell the property for \$105 million

VALUE CREATED

- Settlement occurred in May 2015 following the completion of the building's upgrade, delivering trading profits of \$17 million in FY15 and an internal rate of return of 26%

People & Culture

We recognise that our people are integral to the success of our business, so we are investing in creating a high performance culture.



STAFF TRAINING AND DEVELOPMENT INVESTMENT

12,649

HOURS IN FY15

WORKFORCE GENDER

51%

FEMALE STAFF

43%

FEMALE BOARD MEMBERS

DEXUS employs more than 350 people who are based in offices located in the key CBDs of Sydney, Melbourne and Brisbane, as well as in its properties around Australia.

We are focused on developing a high performance culture where we engage, retain and attract the right people with expertise across a broad spectrum of capability. We provide opportunities in a workplace and culture that is inclusive and diverse, while challenging and developing our people to reach their full potential.

THE IMPORTANCE OF GREAT LEADERSHIP IN DRIVING HIGH PERFORMANCE

Leadership capability is a key factor of our high performance culture.

Our Leadership Academy program entered the second year of a two-year program, with the primary aim being to challenge our senior leaders to extend their capabilities to drive commercial and cultural change. The program develops individualised leadership plans targeting improvement in leadership behaviours, skills and knowledge.

A key component of the program is a 360° feedback program which provides the opportunity for leaders to gain awareness of their own leadership style by taking into account feedback from peers and direct reports with tailored coaching for future development.

For our newly appointed managers, participation in DEXUS Management Essentials program this year has been a new and inspiring experience. 59 of our people participated in this program which is designed to equip them to meet team leadership challenges.

MEASURING OUR TEAM'S CULTURE

Over the past five years, we have measured employee engagement levels and in FY14, we achieved a high engagement score of 87% which reflects the level of our people's motivation and satisfaction with the work they are doing.



OPPORTUNITY GAINS FROM OUR BUSINESS EXCELLENCE PROGRAM

Our business excellence program aims to make things simpler and easier for our customers and each other, and we have also worked hard to instill a culture of continuous improvement in the way we work to produce operational efficiencies.

To support our development of a high performance culture, we introduced a new survey in FY15 to measure our people's perception of our organisational culture and asked them to identify their preferred culture.

Achieving an 82% participation rate, our people recognised that the Organisational Culture Survey was an opportunity for them to play a part in improving and further developing our culture. Teams held planning workshops which identified team-specific actions and priorities.

Going forward, our Employment Engagement Survey and Organisational Culture Survey will be conducted in alternate years, with the results of both surveys providing a broader perception of the relationship between engagement and culture.

TALENT AND SUCCESSION

With much invested in the development of talent, we revitalised our talent and succession planning process to ensure that high performing people continued to be challenged and satisfied in their roles.

A deeper analysis of high potential requirements enabled us to identify future leaders. In addition, we launched a new graduate development program in order to attract new people to the organisation. To encourage the further development of our leaders, several members of our senior management team were selected to participate in a Harvard Business School Leadership Development Program.

ASSISTING EMPLOYEE LEARNING AND DEVELOPMENT AND IMPROVING PROCESS EFFICIENCY

Delivering on our FY15 commitment to develop a series of learning and development programs to support people strategies, we partnered with leading industry experts to deliver customised training programs. These programs were rolled out across all offices to enhance individual and team capabilities.

With a focus on programs that will have the highest impact, we continued to implement Project Connect, involving more than 100 employees. This project is designed to give our people the skills to form enduring relationships and improve customer service through communication skills.

A new online Personal Development Program was launched, offering our people the opportunity to target areas of learning that they will benefit from the most. The program enables them to identify and assess individual competency levels and create personal action plans leading to greater effectiveness and career opportunity.

We also adopted human resources technologies for on-boarding systems, enhancing people practices and efficiencies. Our new on-boarding system will replace manual processes currently in place, such as returning employment paperwork to make the process of joining DEXUS more efficient, consistent and engaging.

Diversity and Inclusion

TAKING THE INITIATIVE TO BRIDGE THE GENDER GAP

Recognising the impact of taking parental leave on the superannuation entitlements of our workforce, we developed a new policy to bridge the gender gap.

DEXUS APPROACH

- Undertook analysis on the financial consequence of taking unpaid parental leave, revealing:
 - taking parental leave has a significant impact on the amount of superannuation available at retirement age
 - nearly half of our employees return to work on a part time basis, further impacting accumulated superannuation

VALUE CREATED

- Introduced a policy to ensure continuity of superannuation contributions throughout unpaid parental leave in addition to the 12 weeks paid parental leave already offered
- Supported our commitment to achieving gender equality in the workplace through closing the gap in accumulated superannuation available to men and women at retirement age

PERFORMANCE REVIEW PROCESS

Our performance review process specifies measurable outcomes which take into account our overall business objectives together with the individual contribution of each senior leader. The performance of our senior leaders is aligned with:

- The financial performance of the business
- The overall business strategy
- The contribution to stakeholder engagement
- Their leadership role with our people
- The Group's culture

We adopt a Balanced Scorecard methodology where contribution and achievement are measured against threshold, stretch and outperformance targets, motivating all of our people to strive for outperformance.

This year, we introduced Divisional Scorecards to some areas of the business in order to provide clarity on key divisional focus areas and to encourage greater collaboration through shared measures of success.

We continued to enhance communication and transparency throughout our organisation to ensure that our people are informed of the outcomes required to achieve our strategy, to enable us to continue to deliver on our strategic objectives.

PROMOTING HEALTH AND WELL-BEING

We value our people, recognising the importance of their health and well-being as a driver of performance. This year we introduced a week dedicated to the health and wellbeing of our people, encouraging them to take control of their own health.

During Health Week we offered physical health checks and mental health awareness seminars including presentations by BeyondBlue and The Resilience Institute, providing our people with the knowledge and skills needed to address mental health and stress mastery in the workplace.

We operate a safety management system that is certified under an internationally applied Standard for occupational health and safety management systems. Through this system, we comprehensively monitor health and safety risks and manage solutions to prevent workplace incidents. During the year, we recorded one incident involving a DEXUS employee relating to a personal injury incurred during a sporting activity.

SUPPORTING WORKFORCE DIVERSITY

As an active employer in the real estate sector, we aim to develop and maintain an inclusive and diverse culture. We believe diversity enables our people to make better informed decisions and we have been proactive in enhancing the diversity of our workforce through our values, policies and behaviours.

This year, we implemented a program of events and practices supporting diversity and inclusion in our workplace. This program is led by our Corporate Responsibility, Inclusion and Diversity Committee which is chaired by our CEO.

Our diversity commitment includes establishing measurable diversity objectives. In 2011 we set gender targets for 33% female participation by Non-Executive Directors and at senior management level by 2015. At 30 June 2015, our female participation rate was 43% for non-Executive Directors and 26% for senior management.



SUPPORTING THE COMMUNITY THROUGH DEXUS DIAMOND WEEK

DEXUS APPROACH

- DEXUS has a long-standing commitment to contributing to the well-being of society through the provision of one day's paid volunteering leave to all of our permanent employees
- Launched DEXUS Diamond Week in August 2014, a community partnership with the Sydney Children's Hospital Foundation
- Engaged our people in fundraising and volunteering activities at the Sydney Children's Hospital and other like charities around Australia

VALUE CREATED

- 205 people participated in volunteering activities across eight charities during DEXUS Diamond Week
- Conducted fundraising and awareness activities in ten DEXUS managed office foyers around the Sydney CBD
- Donated \$27,950 to the Sydney Children's Hospital Foundation





FROM LEFT TO RIGHT Alison Harrop, Craig Mitchell, Brett Cameron, Kevin George, Darren Steinberg, Deborah Coakley, Ross Du Vernet, David Yates

To further the participation of women at senior levels, we adopted a Plus One commitment in which executive leaders committed to hiring a minimum of one senior female into an open role. As a result, we recruited seven females to senior leadership roles.

To further promote gender diversity in our workplace, we introduced a policy to support new parents by continuing their superannuation entitlement throughout the paid and non-paid parental leave period. Refer to the case study on page 45 for further information.

This year, we celebrated International Women's Day both internally and with our partner CBRE. The celebrations hosted by our Lean In Committee included a presentation by the CEO of Diversity Council Australia.

In addition, we are supporting the advancement of women in the property industry by partnering with CBRE to provide a work experience placement for a female property student.

CONTRIBUTING TO THE COMMUNITY

We have a long-standing commitment to contributing to the well-being of society through the provision of one day's paid volunteering leave to all of our permanent employees. In 2015, we launched DEXUS Diamond Week, a week of fundraising activities where we contributed to the Sydney Children's Hospital Foundation and like-minded charities around Australia. In FY15, DEXUS contributed a total of \$1,019,154 in-kind support and donations to not-for-profit charities around Australia.

COMMUNITY SUPPORT

We continued to support not-for-profit charities through in-kind volunteering and monetary donations.

- Buffed
- Cancer Council
- Chain Reaction
- CREATE Foundation
- Dressed for Success
- Leukaemia Foundation
- Lifeline Western Sydney
- Lions Club
- NSW Kids in Need
- Property Industry Foundation
- PCYC
- Salvation Army
- Sydney Children's Hospital Foundation
- The Sculptors Society
- The Station
- The Wayside Chapel
- Wesley Mission
- Wheelchair Sports

FY16 FOCUS

- Build an inclusive and diverse culture through leadership and diversity programs
- Invest in the capabilities of leaders and managers to create a high performance culture
- Develop a comprehensive approach to improve the health and wellbeing of employees
- Support employees through development programs, engagement initiatives, leadership development and culture building activities
- Improve DEXUS's employee value proposition to attract the right people to work and build careers at DEXUS

Group Management Committee

DARREN STEINBERG

Chief Executive Officer & Executive Director

BRETT CAMERON

General Counsel & Company Secretary
Legal, Risk, Governance, Company Secretary, Records Management

DEBORAH COAKLEY

Executive General Manager, People & Asset Solutions
People & Culture, Asset Solutions

ROSS DU VERNET

Executive General Manager, Strategy, Transactions & Research
Strategy, Transactions, Research

KEVIN GEORGE

Executive General Manager, Office & Industrial
Office, Developments, Industrial, Trading

ALISON HARROP

Deputy Chief Financial Officer
Finance, Treasury, Strategic Planning

CRAIG MITCHELL

Executive Director Finance & COO
Capital & Funds Management, Retail, Technology

DAVID YATES

Executive General Manager, Investor Relations, Marketing & Communications
Investor Relations, Marketing, Communications, Head Office Services

Investor Relations

DEXUS recognises the importance of communication with existing and potential institutional investors, sell-side analysts and retail investors.

The senior management of DEXUS maintain a strong rapport with the investment community through proactive and regular investor engagement initiatives. DEXUS is committed to delivering high levels of transparency and disclosure by:

- Releasing accurate and relevant information to investors to ensure they can make informed investment decisions
- Providing regular access to senior management through meetings, presentations, property tours, conferences, dedicated investor roadshows, conference calls and webcasts

DEXUS adopts strong corporate governance including a policy that ensures a minimum of two DEXUS representatives participate in any investor or sell-side analyst meeting and that a record of the meeting is maintained on an internal customer relationship management database.

On Wednesday, 28 October 2015, DEXUS's Annual General Meeting (AGM) will be held at DEXUS Place, Level 5, One Margaret Street, Sydney commencing at 2.00pm. Investors are encouraged to attend the AGM in person to meet the Board of Directors and the Executive team. The AGM will be webcast at www.dexus.com for investors who are unable to attend in person.

CONTACT US

If you have any questions regarding your security holding or wish to update your personal or distribution payment details, please contact the Registry by calling the DEXUS Infoline on +61 1800 819 675.

This service is available from 8.30am to 5.30pm (Sydney time) on all business days. All correspondence should be addressed to:

DEXUS Property Group
C/ – Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

DEXUS is committed to delivering a high level of service to all investors. If you feel DEXUS could improve its service or you would like to make a suggestion or a complaint, your feedback is appreciated. DEXUS's contact details are:

Investor Relations
DEXUS Property Group
PO Box R1822
Royal Exchange NSW 1225
ir@dexus.com

DEXUS Funds Management Limited is a member of the Financial Ombudsman Service (FOS), an independent dispute resolution scheme. If you are not satisfied with the resolution of your complaint by DEXUS, you may refer your complaint to FOS.

Key Dates

28 OCTOBER 2015

Annual General Meeting

31 DECEMBER 2015

Distribution Record Date
For the six months ended 31 December 2015

17 FEBRUARY 2016

2016 Half-Year Results

29 FEBRUARY 2016

Distribution Payment Date
For the six months ended 31 December 2015

30 JUNE 2016

Distribution Record Date
For the six months ended 30 June 2016

17 AUGUST 2016

2016 Annual Results

31 AUGUST 2016

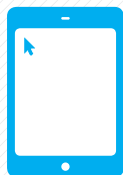
Distribution Payment Date
For the six months ended 30 June 2016

26 OCTOBER 2016

2016 Annual General Meeting

Please note that these dates may be subject to change without prior notice. Any changes in our key dates will be published on our website.

Investor Communications



DEXUS is committed to ensuring all investors have equal access to information about its investment activities. In line with the Group's commitment to long term integration of sustainable business practices, investor communications are provided via various electronic methods including:

- **DEXUS's website** – www.dexus.com provides a wide range of information, including a two minute corporate video, ASX announcements, investor information and reports. In 2015, the Group released a suite of capability profiles, strategic case studies and videos all available at www.dexus.com/news

OTHER INVESTOR TOOLS AVAILABLE INCLUDE:

- **Online enquiry** – www.dexus.com/enquire is an easy to complete online enquiry form
- **Investor login** – www.dexus.com/update enables investors to update their details and download statements
- **Subscribe to alerts** – www.dexus.com/subscribe enables investors to receive DEXUS communications immediately after release
- **Create your own property or leasing reports** – select and download information on our property portfolio and space available
- **Events calendar** – notifies investors of key events and reporting dates
- **DEXUS IR App** – provides users access to DEXUS's investor communications and security price – download for free from Apple's App Store or Google Play
- **LinkedIn** – DEXUS now engages with its followers via LinkedIn. To receive DEXUS LinkedIn communications, visit our Investor Centre at www.dexus.com/investors and click on DEXUS on LinkedIn – Follow us.

Directory

DEXUS Diversified Trust

ARSN 089 324 541

DEXUS Industrial Trust

ARSN 090 879 137

DEXUS Office Trust

ARSN 090 768 531

DEXUS Operations Trust

ARSN 110 521 223

Responsible Entity

DEXUS Funds Management Limited
ABN 24 060 920 783
AFSL 238163

Directors of the Responsible Entity

Christopher T Beare, Chair
Elizabeth A Alexander AM
Penny Bingham-Hall
John C Conde AO
Tonianne Dwyer
Craig D Mitchell, COO
W Richard Sheppard
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For enquiries regarding security
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