

2010

DEXUS Property Group

CORPORATE RESPONSIBILITY
AND SUSTAINABILITY REPORT



WELCOME TO DEXUS PROPERTY GROUP'S 2010 CORPORATE RESPONSIBILITY AND SUSTAINABILITY (CR&S) REPORT.



Report application rating

This Report is produced in accordance with the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines. As part of our commitment to continually improve our CR&S reporting, we have sought external verification and have achieved an A+ application level. To achieve a reporting application level of A+ we are required to report on all core G3 performance indicators and provide an explanation of any core indicator on which we have not reported.

Please refer to pages 66-75 of this Report to view our response to the GRI.



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

This Report is the sixth published annual review of DEXUS Property Group's corporate responsibility and sustainability practices and achievements for the 12 months ending 30 June 2010.

Report scope

This Report focuses on our operations and properties in Australia, New Zealand and the United States. Our European properties have again been excluded from this Report as the portfolio is being marketed for sale. For a detailed list of the scope of properties included in this Report, visit our website www.dexus.com

We have written our Report to achieve an A+ rating under the Global Reporting Initiative's (GRI) G3 rating system. This year the GRI released its Construction and Real Estate Sector Supplement in draft and, although not currently a reporting requirement, we have incorporated a number of the proposed standards into this Report as they were consistent with initiatives we had undertaken as part of our CR&S reporting improvements.

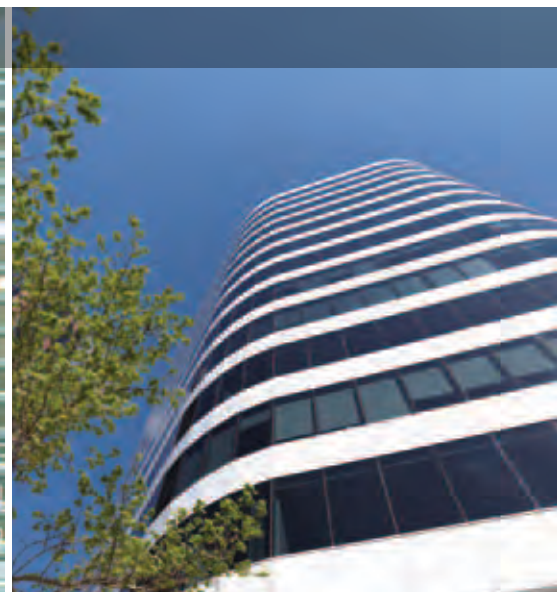
INTRODUCTION FROM THE CHAIR AND CEO	2	OUR ENVIRONMENT	42
ABOUT DEXUS	8	CORPORATE GOVERNANCE	57
CR&S APPROACH	12	OUR FY11 COMMITMENTS	61
OUR INVESTORS	16	STATEMENT OF VERIFICATION	62
OUR TENANTS	20	STATEMENT OF ASSURANCE	64
OUR SUPPLIERS	24	GRI INDEX	66
OUR PEOPLE	26	GLOSSARY	76
OUR COMMUNITY	36	REPORTING STRUCTURE	

INTRODUCTION FROM THE CHAIR AND CEO

CR&S PERFORMANCE



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



Victoria Cross, 60 Miller Street, North Sydney, NSW

DURING THE 2010 FINANCIAL YEAR, WE CONTINUED TO PROGRESS SUSTAINABILITY INITIATIVES AND INVESTMENT IN THIS IMPORTANT AREA.

In keeping with our commitment to minimise our environmental footprint and deliver positive impacts for our stakeholders, we continued to drive performance in CR&S during 2010.

We have made good progress against the majority of our commitments and targets for the year, as detailed in this report. Notable achievements include:

Our people

- We improved results in most categories of our annual Employee Opinion Survey and continued outperformance against national and global company benchmarks
- We expanded our management team in the US and opened a new office in California

Corporate reporting

- We are proud to have been named for the second successive year as one of the Global 100 Most Sustainable Corporations
- We achieved listing on the Dow Jones Sustainability World Index for the second year
- We were named the Australian SAM Sustainability Index Sector Mover, an award given for the best progress made in a sector during the year
- We were awarded the Australasian Reporting Awards Online Reporting award for excellence in online reporting in our 2009 annual report suite (available at www.dexus.com)

Environment

- We completed our three year resource consumption reduction program, achieving total reductions across our Australian portfolio of 9% in energy, 4% in water and 8% in greenhouse gas emissions (GHG) to June 2010
- Our flagship sustainable office developments 1 Bligh Street, Sydney and 123 Albert Street, Brisbane achieved world's best practice 6 Star Green Star design ratings

Investors

- Despite a challenging operating year in the property sector, we delivered results in line with guidance and returned to net profit
- We outperformed peer operating benchmarks in occupancy achieving 96% in office, 98% in industrial and 99% in retail
- We outperformed average peer total returns by 4% over three years and 4.8% over five years
- We further diversified and extended our funding sources, consistent with our proactive approach to capital management – this included entering the US public debt market

Community

- Our community engagement contributions were maintained with total in-kind and financial support of \$553,000, up 2% on the previous year



Governor Phillip Tower & Governor Macquarie Tower, 1 Farrer Place (left) and 1 Bligh Street (right), Sydney, NSW

Our CR&S approach

We are committed to embedding the principles of corporate responsibility and sustainability throughout our business.

This enables us to build a business that better responds to the evolving needs of our stakeholders and ensures we are managing and developing properties for the future. This also supports our commitment to invest in our people to drive our performance and achieve our leadership goals.

Developments in our CR&S approach

When reviewing our approach to sustainability, we look at how we can maximise outcomes for our stakeholders, consistent with our business philosophy, and how we can add further value to our business.

We have already made good progress in our goals and this year, reflecting our commitment to continuous improvement, we decided to review how we engage with stakeholders across our business.

We undertook a review of the way we report on CR&S including an assessment of global trends and leading practices in this evolving area. Our analysis indicated we could improve our processes by increasing stakeholder engagement. To this end, we conducted a business-wide review of our stakeholder interactions to ensure the interactions were relevant and complete.

As a result we have further focused our CR&S Report on the areas most material and relevant to our key stakeholders (tenants, investors, our people and the broader community), including those identified through stakeholder consultation.

Stakeholder feedback is a key factor in our determination of the material concerns for our stakeholders and the overall strategy for our CR&S approach. It also helps us ensure our CR&S approach remains relevant.

We will seek to make further improvements to our stakeholder engagement approach in 2011.

Impact of our CR&S activities

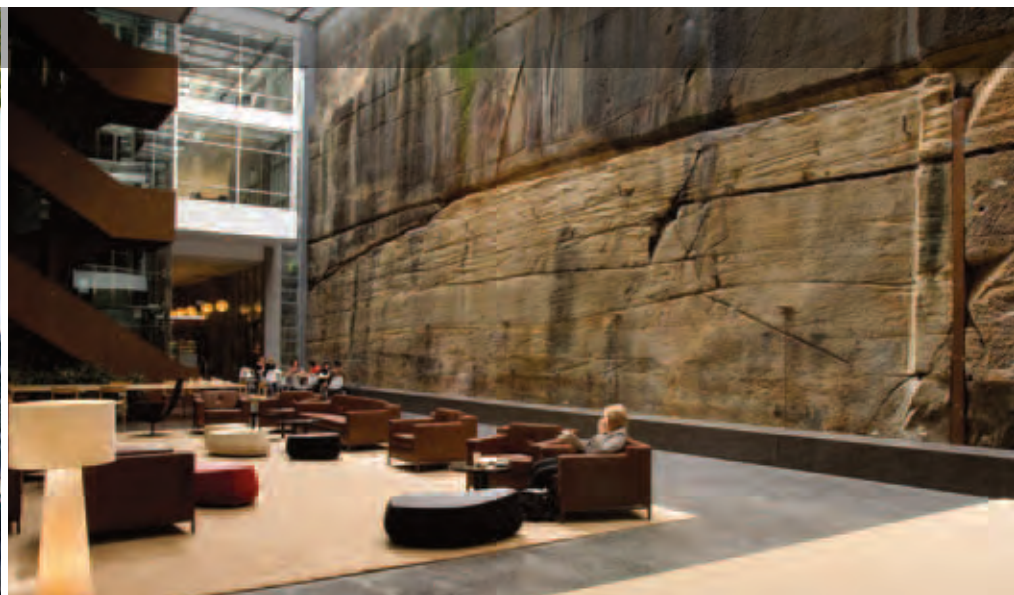
We recognise that the decisions we make and activities we undertake have an impact inside and outside our operations.

By embedding our CR&S objectives into our broader business strategy, we reinforce the connection between our objectives, our operating environment and the social context within which we operate.

Through the review of our CR&S reporting, we identified that we could better communicate the benefits and impact our CR&S activities have on the community and other stakeholders. Accordingly, in this year's CR&S report we have provided additional detail including how potential direct impacts or indirect impacts affect our stakeholders (see page 15).

INTRODUCTION FROM THE CHAIR AND CEO

CONTINUED



L and R: 30 The Bond, 30-34 Hickson Road, Sydney, NSW

Reviewing our memberships and affiliations

During the year we reviewed our CR&S memberships for relevance to our business and alignment with our corporate values. We maintained our commitment to City Switch and to Carbon Disclosure Project reporting. We maintained our listing on FTSE4Good and Dow Jones Sustainability Index.

In addition, we signed up to the United Nations Principles for Responsible Investment (UNPRI) and the Investor Group on Climate Change (IGCC).

As a new signatory to the UNPRI, we confirm our commitment to responsible investment and business practice and to corporate responsibility and sustainability considerations. Areas of the UNPRI where we feel we could improve our approach e.g. addressing ESG issues in investment policy statements, are being addressed.

The IGCC represents institutional investors, with total funds under management of approximately \$600 billion, who take a responsible position on climate change and are committed to climate change disclosure, best practice approaches and raising awareness amongst investors.

Corporate commitments and memberships



Investor Group on
Climate Change
Australia/New Zealand



CARBON DISCLOSURE PROJECT



Dow Jones
Sustainability Indexes
Member 2009/10



AuSSI
The Australian SAM Sustainability Index
Member 2009

PERFORMANCE AGAINST 2010 COMMITMENTS

The highlights of our performance against the commitments we made for the year, as outlined in last year's CR&S Report, are summarised in the table below and detailed in the subsequent report sections.

CORPORATE	■	Continue to improve the quality and transparency of our CR&S reporting and specifically in our 2009/10 CR&S Report:	Page 1
	☑	– achieve a GRI rating of A+	4
	☑	■ Review our CR&S membership strategy	4
	☑	■ Continue our proactive participation in sustainability ratings and indices including:	
	☑	– Carbon Disclosure Project	
	☑	– FTSE4Good Index	
	☑	– Dow Jones Sustainability Index	
	☑	■ Ensure statutory compliance with NGER Act and EEO	59
	🔄	■ Develop a CR&S and Service Excellence charters for our operations	13
	☑	■ Develop a formal policy on public policy development and lobbying	59
	🔄	■ Progress to assurance under the principles of AA1000	60
OUR TENANTS	☑	■ Continue to work with our anchor tenants to tailor workspace design to their needs and to DEXUS's vision of delivering the next generation of sustainable office space	22
	☑	■ Engage an external provider to undertake our office tenant surveys in 2009/10 and benchmark our office performance against industry standards	21
	☑	■ Refine our tenant engagement strategy with tailored approaches in office, industrial and retail	20-23
	☑	■ Continue to develop innovative ways to effectively collaborate with tenants to drive energy efficiency under lease and fit-out guidelines	22-23
OUR SUPPLIERS	🔄	■ Work with our new and existing suppliers to agree key performance indicators relating to delivering service excellence and sustainability performance	24-25
	☑	■ Integrate the expanded sustainability key performance indicators into our procurement procedures and tender evaluations	24-25
OUR PEOPLE	☑	■ Enhance employee engagement and take advantage of our leadership capabilities by introducing a formal mentoring program	35
	☑	■ Encourage further transfer of skills across departments	30
	☑	■ Increase training and development programs for professional level employees	34
	☑	■ Expand our relationships with key community groups such as Oasis Work Ready Program	34
OUR COMMUNITY	☑	■ Investigate the introduction of a workplace giving program	38
	🔄	■ Develop a community charter for our retail centres	41
	☑	■ Roll-out year two of our employee volunteering programs	37
OUR ENVIRONMENT	☑	■ Complete three year resource consumption program focused on reducing total energy, GHG emissions and water usage, commencing in 2007	43
	☑	■ Develop a NABERS Improvement Plan across our office portfolio	45
	🔄	■ Complete average 4.5-star NABERS Energy DXS office portfolio rating program in 2012	45, 50
	☑	■ Improve sustainability data capture and auditing	43
	🔄	■ Develop a climate change risk register and corresponding action plan per property	45

KEY: ☑ Achieved 🔄 Underway ☒ Not achieved

LOOKING FORWARD TO 2011



Solaris development at Quarry Industrial Estate, Greystanes, NSW

While we are pleased with our progress and achievements in 2010, we always strive for improvement. We have detailed our objectives and targets in each section of this Report. In summary our areas of focus in 2011 are:

Developing our stakeholder engagement strategy

A priority in 2011 will be to put in place a new stakeholder engagement policy to strengthen stakeholder dialogue and input into our business decisions. Our stakeholder engagement practices will be reviewed for effectiveness and further improvements.

Tenant engagement

To complement our own energy efficiency reduction efforts, we will continue to work closely with our tenants to improve understanding of CR&S and how they can improve their performance. We will continue to focus on signing “green leases” and driving sustainability improvements results through partnering with our tenants, for example establishing additional Green Building Committees in our major properties.

Supplier engagement

We recognise the opportunity to positively influence our suppliers to support CR&S initiatives and we anticipate that working with our suppliers on complementary initiatives will become increasingly important to our performance. Changes to our tender evaluation process in 2010 have positioned us to drive further sustainable performance through our suppliers in 2011.

Waste management performance

During 2010 we undertook a tendering process for the supply of cleaning, waste and security services. This process was expanded to place greater emphasis on sustainability performance including waste management and reporting.

We now have new waste contracts in place covering the majority of our portfolio but since this process was only finalised in June 2010, it is too early to report progress in this year's Report. We will report on the outcomes of these new contracts in 2011.

Developing our US CR&S strategy and program

Supported by the establishment of our first US management office, we commenced the internalisation of property management services in the US in June 2010. These responsibilities were previously outsourced, so while we directed operational activities and CR&S commitment, our properties were not previously under our direct management control and our ability to deliver CR&S performance was limited. This will now become a focus as we progress management internalisation of our core properties and reposition our investments to our core west coast markets.

In the US there are currently few regulatory environmental drivers. However we always seek to exceed minimum compliance requirements and we intend to embed sustainability priorities and programs in the US, consistent with our practices in Australia. We see this as an opportunity to demonstrate market leadership and become a point of differentiation for our US properties.



Resource consumption

Following more than a decade of CR&S improvements, we have spent the past two years focusing on tailored property improvement plans to maximise operational performance and sustainability outcomes. The results have been demonstrated in two years of resource consumption reductions.

As we embark on our 12th year of CR&S programs, the challenge will be to continue to drive higher reductions in resource consumption. This will be achieved through capital investment in our DXS 4.5-star NABERS Energy average office portfolio rating program over the coming years.

Responding to regulatory changes

We will continue to respond to regulatory change, in line with our proactive approach to risk management. In the property sector, regulatory development in CR&S is increasingly shaping our business.

In Australia there are a number of new or proposed reporting requirements which require close monitoring and response plans. As the government's emissions trading scheme is not due to commence until 2013 at the earliest, the government's focus has appeared to shift towards energy efficiency.

The immediate impact on the property sector is legislation requiring mandatory disclosure of energy performance, which comes into effect on 1 November 2010. We are well placed to address these new building reporting requirements through our existing programs, which include undertaking NABERS Energy ratings for our Australian properties, where applicable.

Improving collaboration and communication across teams

Improving team collaboration and communication was identified in our Employee Opinion Survey results as an area for improvement. To address this we plan to redevelop our intranet and continue initiatives such as our series of Lunchtime Learning sessions and monthly business updates. We also plan to increase employee education and engagement on CR&S.

Committed to market leadership

DEXUS remains committed to being a market leader in CR&S. Our overarching CR&S principles and the priority of acting sustainably in our business remain unchanged, however we recognise that market expectation and industry innovation are constantly developing. Accordingly, we are committed to continually reviewing our programs to deliver further improvements and remain an industry leader in CR&S in 2011 and beyond.

To assist with this process, we would welcome feedback on this report and our practices via the feedback function in our online CR&S Report or via email at crs@dexus.com

Christopher T Beare
Chair

Victor P Hoog Antink
Chief Executive Officer

25 October 2010

DEXUS's 2010 CR&S Report will be available in PDF format on www.dexus.com from 25 October 2010. Printed copies are available on request via email at crs@dexus.com

ABOUT DEXUS

OUR VISION

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



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

The DEXUS team has a wealth of experience in asset, property and development management, property funds management, finance and capital management and operations. We own, manage and develop properties which accommodate more than 4,200 tenants, primarily major corporations and governments, in Australia, New Zealand, the United States and Europe. Listed on the Australian Stock Exchange (ASX), DEXUS has a track record of financial strength and prudent capital management.

We pride ourselves on offering world class properties and striving to deliver service excellence to our tenants and long-term returns for our investors. We also seek to be a preferred employer in the property sector and strive to create an environment which actively encourages equal opportunity and diversity, employee recognition, career development, open communication and work-life balance. A key part of our strategy is our commitment to act sustainably and to be a responsible participant in not only the property sector but also in the communities in which we operate.

We understand the responsibility that comes with being the owner and manager of one of Australia's largest property portfolios and for more than a decade we have implemented programs which promote environmental sustainability. We acknowledge the positive impact that sound environmental management of our operations can have on our economic, social and governance performance.

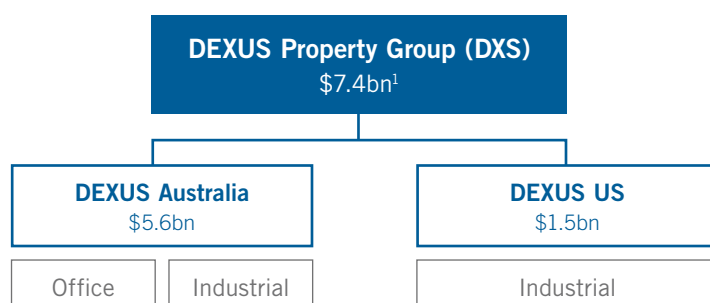
Group structure

DEXUS is one of Australia's leading property groups, specialising in world-class office, industrial and retail properties with total properties under management of \$13.3 billion.

The DEXUS Group has two areas of operation:

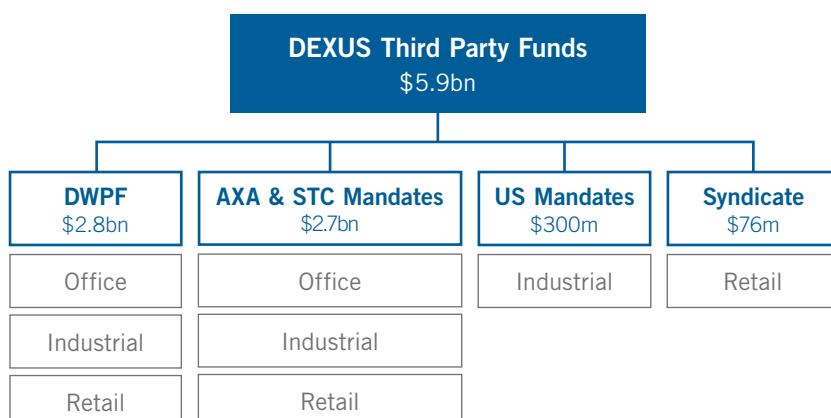
DEXUS Property Group

DEXUS Property Group (ASX code: DXS) is one of Australia's largest listed property trusts which owns, manages and develops a directly managed property portfolio of high quality office and industrial properties primarily in Australia and the US valued at \$7.4 billion as at 30 June 2010.



Third party property funds management business

One of the largest third party property funds platforms in Australia at \$5.9 billion, we manage and develop office, industrial and retail properties on behalf of third party investors. In Australia, this includes the DEXUS Wholesale Property Fund, two blue chip private client mandates on behalf of AXA Group and State Super NSW (STC), a retail property syndicate and we recently secured \$300 million of new private client mandates in the US.



¹ Includes European properties (\$197m) and other including cash (\$98m).

GEOGRAPHIC FOCUS



Sydney CBD including Governor Phillip Tower, Australia Square and Gateway

Our core operations are located in major cities in Australia and the US.

Australia and New Zealand

In Australia, DEXUS is the largest owner/manager of office, the second largest in industrial and on behalf of third party clients, a leading manager and developer of shopping centres. In total we own and/or manage 109 properties in Australia covering 3,368,100 square metres of net lettable area.

In Australia, we are focused on building our leadership position in the office and industrial property sectors and providing excellence in the development and management of shopping centres.

US operations

In the US and Canada, we own 98 industrial properties with 24,778,200 square feet of lettable area, located in 16 industrial and logistics markets in the US and one market in Canada.

We have operated in the US since 2004 and our long-term objective is to build critical mass and become a market leader in industrial property on the west coast.

Until recently we have managed our US portfolio through a strategic partnership with RREEF Alternative Investments, the global alternative investment management business of Deutsche Bank. RREEF Alternative Investments now provides on the ground asset management services for our US portfolio and CB Richard Ellis is responsible for property management in the US.

In 2009, we reviewed our international strategy and determined we would focus on fewer, select markets where we can achieve scale and implement our property management model, consistent with our successful Australian business.

Following extensive research into the US market, we determined our core markets to be on the west coast in California, specifically Los Angeles, Riverside/Inland Empire and San Francisco, and Seattle in Washington State. By concentrating our portfolio in a smaller number of select locations we believe we will be able to deliver a superior value proposition to our tenants and consequently our investors.

Ultimately this will enable us to:

- Own and manage larger, higher quality properties in a market which typically has higher barriers to entry
- Achieve referral benefits and greater opportunities from the market and capital partners
- Strengthen our relationship with tenants, as greater scale and a larger property presence will enable us to better accommodate our tenants' space requirements
- Achieve greater scale and profile in the US market, enabling us to attract and retain talent

We are currently repositioning our US portfolio to four key industrial markets on the west coast. By 30 June 2010, we had reduced our exposure from 21 to 17 markets in the 2009/10 property sale program. We will complete the repositioning in an orderly manner and expect it to be completed over the next two to three years.

During this time we expect to capture the benefits of the US cyclical recovery, ensuring disciplined pricing of new acquisitions, while maximising selling prices.

Our core operations are located in Australia and the US.



3691 North Perris Boulevard, Perris, CA

Europe

As at 30 June 2010, we have 19 industrial properties in Germany and France which are externally managed on our behalf by DTZ. As we reported in 2009, we made a strategic decision to limit our exposure to global markets and focus on our two core markets; Australia and the US.

The European economy and property market have been particularly hit by the downturn and continues to experience weak economic conditions. As such, we have focused our efforts on preparing the properties for sale when property markets and prices recover. Accordingly, we have excluded these properties from our CR&S Report.

CASE STUDY

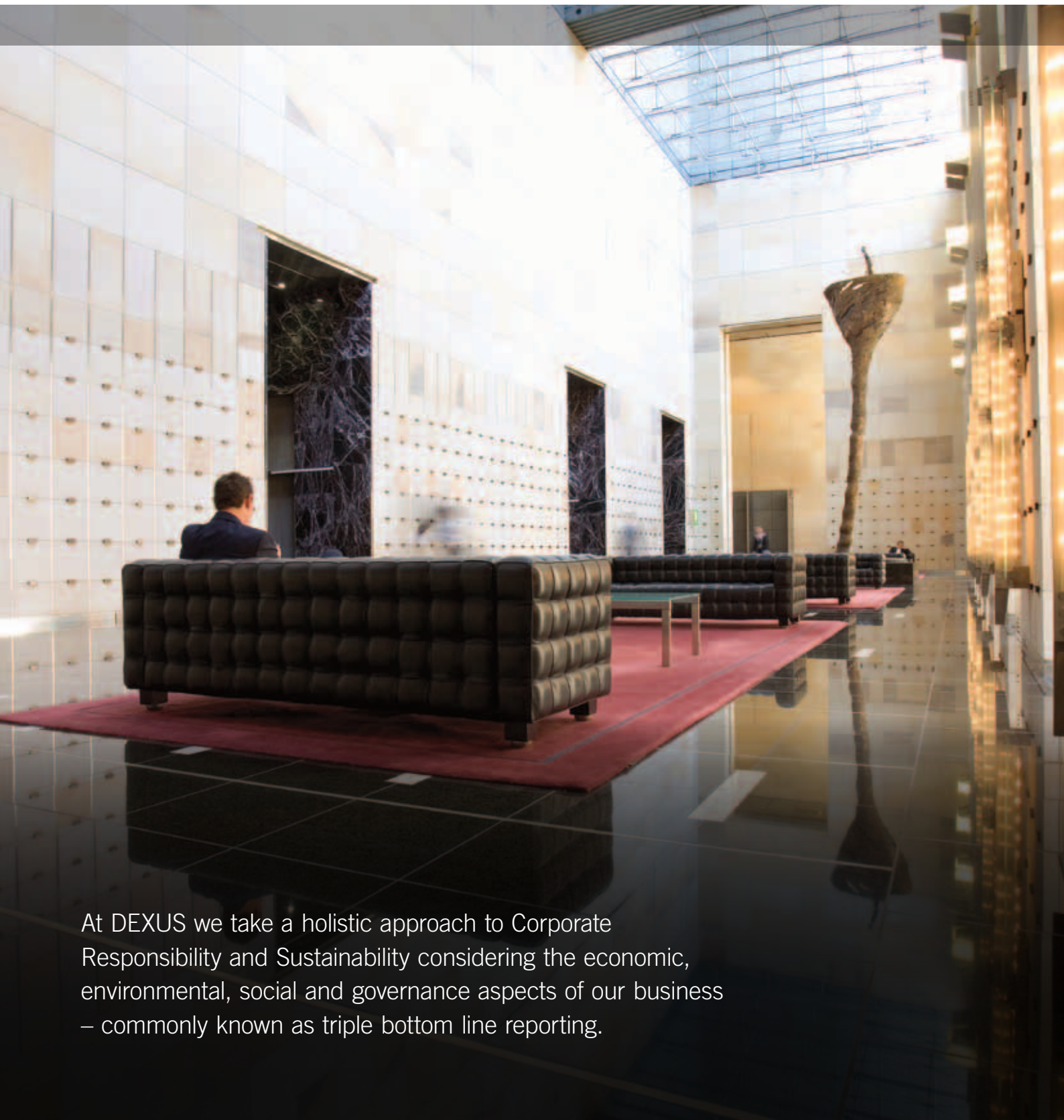
In the US, we opened a management office in California in June 2010. Our US management team, led by DEXUS executive Jane Lloyd, has been expanded to a team of 12 with expertise in property management development, finance and operations. These appointments bring to DEXUS extensive US industrial real estate management, leasing and development expertise, together with established relationships with capital partners, particularly in our preferred west coast markets. The team operates out of our new DEXUS office in Newport Beach, California, centrally located to service our core markets of Los Angeles/Riverside and the Inland Empire.

This expansion of the team supports the progressive internalisation of the management of our west coast and Whirlpool properties, and we will continue to expand the US team during the coming year. We internalised management of the Whirlpool properties in July 2010 and the balance of the west coast properties will be internally managed by 31 December 2010. RREEF will continue to provide asset management services for the remainder of our portfolio and CBRE will continue to provide property management services, while we complete the portfolio repositioning and reinvestment into our preferred west coast markets.



DEXUS US head office, Newport Beach, CA

CR&S APPROACH



At DEXUS we take a holistic approach to Corporate Responsibility and Sustainability considering the economic, environmental, social and governance aspects of our business – commonly known as triple bottom line reporting.

Governor Phillip Tower, 1 Farrer Place, Sydney, NSW

OUR PRINCIPLES

› HOLISTIC APPROACH

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

› ALIGNMENT

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

› TRANSPARENCY

Providing transparent reporting of our CR&S activities and progress

› LEADERSHIP

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

Our CR&S approach

We are committed to embedding the principles of corporate responsibility and sustainability throughout our business.

This enables us to build a business that better responds to the evolving needs of our stakeholders and ensures we are managing and developing properties for the future. This also supports our commitment to invest in our people to drive our performance and achieve our leadership goals.

We have already made good progress in our goals and this year, reflecting our commitment to continuous improvement, we decided to review how we engage with stakeholders across our business.

We focused on:

1. Analysing our approach to stakeholder engagement
2. Assessing which issues are most material to our stakeholders
3. Considering our approach to sustainability performance reporting
4. Reviewing our memberships and affiliations (see page 4)

As a result, we have further focused our CR&S Report on the areas most material and relevant to our business and key stakeholders (tenants, investors, our people and the broader community), including those identified through stakeholder consultation. Reflecting the fact that suppliers are having an impact on our CR&S performance, we have started to report on our supplier relationships in this year's Report.

Developments in our CR&S approach

When reviewing our approach to sustainability, we look at how we can maximise outcomes for our stakeholders, consistent with our business philosophy, and how we can add further value to our business.

Our approach to stakeholder engagement

Gathering stakeholder feedback enables DEXUS to respond appropriately to those who are impacted by our business operations. Stakeholder feedback is a key factor in our determination of the material concerns for our stakeholders and the overall strategy for our CR&S approach. It also helps us ensure our CR&S approach remains relevant.

We will seek to make further improvements to our stakeholder engagement approach in 2011 and will incorporate this into our new service excellence charters.

Our approach to sustainability performance reporting and assessing materiality

We undertook a review of the way we report on CR&S including an assessment of global trends and leading practices in this evolving area. Our analysis indicated we could improve our processes by increasing stakeholder engagement. Accordingly, we conducted a business-wide review of our stakeholder interactions to ensure the interactions were relevant and complete.

We incorporated these results into our own materiality assessment and identified areas where we could refine our reporting approach and improve our stakeholder feedback process. These included:

- Articulating more clearly how we determine our focus
- Prioritising stakeholder feedback by materiality and relevance
- Seeking assurance under ASAE3000
- Considering AccountAbility's AA1000 principles of inclusivity, materiality and responsiveness

Our stakeholders

The key stakeholders of our business operations are investors, tenants, our people and the community, and encompassing all of these, is our approach to the environment. We have structured this year's Report to address our performance in these key areas. Fundamentally we define our management approach and commitments to our key stakeholders as follows:

To our tenants, we provide:

- Quality workspaces
- Proactive property management services
- Service excellence
- A partnership approach to deliver leading edge sustainable features in our new developments

For our investors, we focus on:

- Maximising returns
- Managing risk
- Investing in sustainability to meet market demand now and in the future without compromising economic viability
- Improving transparency and standards of our reporting and achieving external rating recognition

For our people, we are committed to:

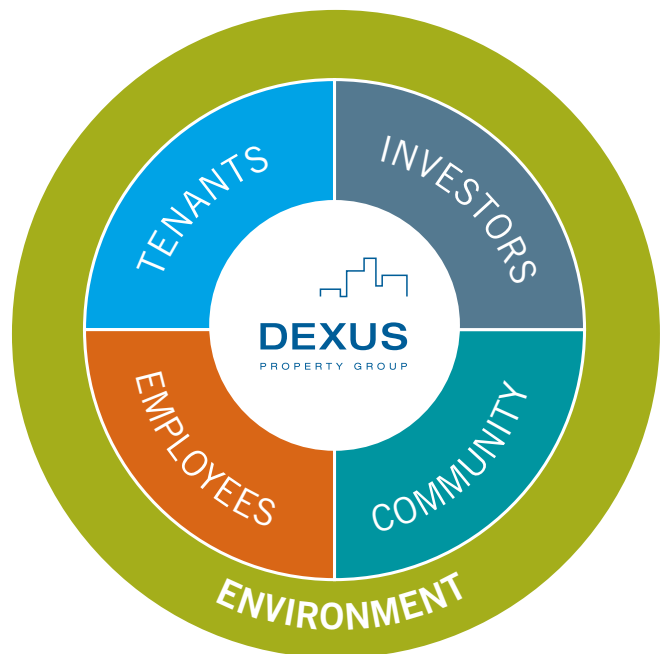
- Being a preferred employer
- Encouraging learning and innovation
- Supporting career development
- Offering competitive reward and recognition
- Improving work-life balance
- Engaging our people in our CR&S initiatives

For our community, we are committed to:

- Minimising the environmental impact of our operations
- Enhanced community engagement through education, fundraising and consultation
- Operating to the highest levels of corporate governance, ethics and integrity

For our environment, we strive to:

- Minimise the environmental impact of our operations
- Reduce the carbon emissions of our operations
- Manage our resources as efficiently as possible



Impacts of our CR&S activities

We recognise the decisions we make and the activities we undertake can have an impact inside and outside our operations. By embedding our CR&S objectives into our broader business strategy, we reinforce the connection between our objectives, our operating environment and the social context within which we operate.

This also recognises the associated risks and opportunities we face, the key resources and relationships on which we depend, and the impact of the governance, reward and remuneration structures we put in place to support our objectives.

Through the review of our existing CR&S reporting, we identified that we could better communicate the benefits and impacts our CR&S activities have on the community and other external stakeholders.

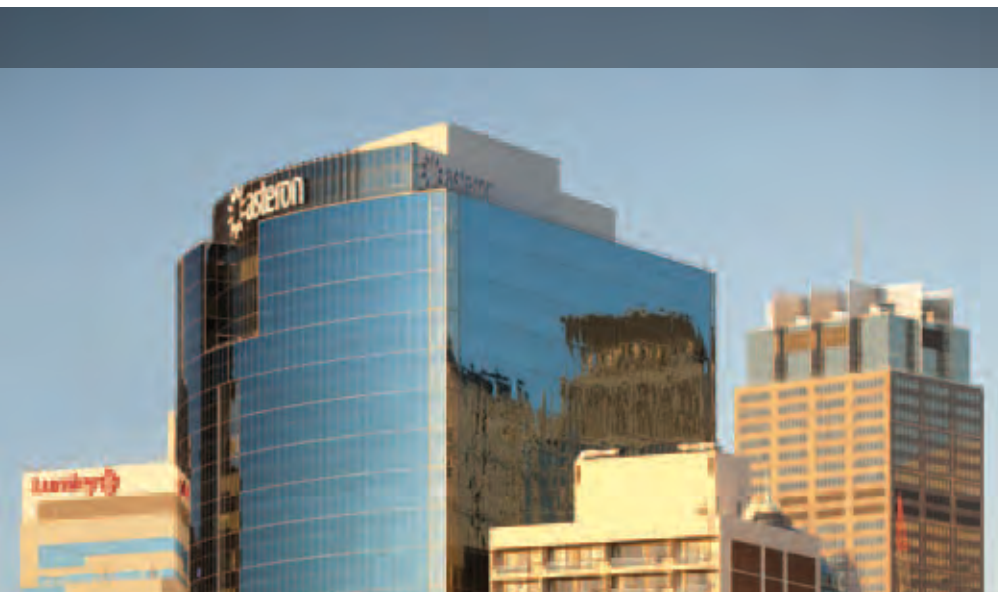
In this year's CR&S Report we have provided additional detail regarding how potential direct impacts or indirect impacts affect our stakeholders following our initial review. We have drawn this connection out in the following examples.

Selected impacts of our CR&S activities by key stakeholders – 2010 review

OUR INVESTORS	<ul style="list-style-type: none"> ■ The responsible investment movement in Australia has grown considerably, with more investors considering non-financial data in their investment analysis indicative of the future role sustainability will play ■ Research suggests that not only do those businesses which embed sustainable practices perform better, but that a proactive CR&S approach can influence the decisions of investors ■ In addition, measuring and reporting is increasingly important to ensure inclusion in key sustainable indices, such as the Dow Jones Sustainability Index and the FTSE4Good, which are increasingly assessed by investors and investment analysts
OUR TENANTS	<ul style="list-style-type: none"> ■ Maintaining high levels of tenant retention minimises the time lettable space is vacant and the associated time and cost of sourcing another suitable tenant ■ Strong tenant relationships and engagement provides us with better insight to offer property solutions which meet their needs now and into the future and ensures our properties remain in high demand ■ In our office, industrial and retail divisions our property managers' performance is measured relative to feedback from our tenant surveys
OUR SUPPLIERS	<ul style="list-style-type: none"> ■ Increasingly we are focusing on our supply chain as an area which presents opportunities and risks to our operations ■ Our work this year on updating our tender evaluation process to broaden the sustainability requirements and criteria assists us manage and/or mitigate the risk our supplier relationships may have on our business. It also allows us to share our sustainability knowledge and experience with other businesses
OUR PEOPLE	<ul style="list-style-type: none"> ■ Critical to the success of our sustainability strategy is educating and engaging our employees. Each year we survey this and we are pleased to report increases in employee satisfaction ■ Diversity of management and its impact on overall financial performance is an increasing area of focus, as demonstrated by the ASX's gender diversity disclosure requirements which become effective on 1 January 2011 ■ We believe in fostering the age, gender, ethnicity and cultural diversity of our team. The Board's establishment of a new diversity policy this year will assist us to benchmark our performance, support our disclosure requirements and demonstrate our commitment to the well being and performance of our people
OUR COMMUNITY	<ul style="list-style-type: none"> ■ Our community program has also been enhanced to ensure it meets objectives and has appropriate employee support and engagement ■ We have been proactive in developing our workplace giving capabilities, volunteering opportunities and relationships with key partners such as our 2010 People's Choice Charity – Cure Cancer Australia. In the coming year we will be measuring our community activity to assess the broader value of our programs
OUR ENVIRONMENT	<ul style="list-style-type: none"> ■ Environmental reporting is an area of considerable change and disclosure in this area is becoming increasingly regulated. We are required to report under the National Greenhouse and Energy Reporting (NGER) Act and there are further mandatory disclosures due to be regulated shortly under the National Strategy on Energy Efficiency ■ Obtaining environmental performance ratings on all properties where possible, and continually driving our overall environmental performance ahead of both reporting and performance requirements, allows us to avoid potential costs associated with non-conformance or non-compliance in the short and long-term



OUR INVESTORS



309-321 Kent Street and Governor Phillip Tower, 1 Farrer Place, Sydney, NSW

Investor relations

We have an experienced investor relations team who produce an annual investor relations plan and calendar of activities. Critical to our relationship with our investors is their access to senior management and other executives.

We engage with our investors through:

- Regular investor presentations
- Bi-annual financial results presentations
- Investor and broker meetings
- Property tours
- Annual General Meeting (AGM)
- Participation in investor industry and broker conferences
- Maintaining an up to date Investor Centre on our website

We are not required to conduct an AGM, however we convene one each year, with all investors invited to attend. This provides investors with another avenue of direct access to our Board, senior executives and our auditors.

We are focused on creating investor value by delivering operational excellence through active property, asset and development management resulting in low risk sustainable returns.

Financial performance

Despite challenging market conditions, we delivered operating earnings before income tax of \$461.3 million.

Property valuations started to recover during the second half and we believe we are now at the end of the Australian devaluation cycle.

We believe that economic recovery and improved business and investor sentiment have boosted the prospect of growth in rents and values in the coming years.

Reflecting the relative underlying stability of the portfolio, rental income made up 98% of our income in 2010. Our revenue composition has only limited exposure to lease expiries in the coming year. We actively manage the tenant profile of our leases to ensure diversity of income by tenant and industry.

2010 Operational achievements

DXS

Each year we set out key objectives and report our performance for our listed portfolio in our Annual Results presentation and Security Holder Review, detailed in pages 18-19 of this Report.

Third party funds

As our third party funds business is comprised of separate private client funds we do not produce aggregate financial reports but we do provide regular private reports and communications directly to investors in these funds.

The CR&S performance of our third party properties is however, included in this Report, where data is available. In 2011 our overall objective for our third party platform is to provide best in class property investment solutions to investors consistent with the skill base and services DEXUS operates.

We utilise our fully integrated property management platform to manage property investment strategies on behalf of institutional investors and to create opportunities for future investment through the acquisition and/or development of properties.

The Group's third party funds under management increased by \$300 million to \$5.9 billion, principally due to new US property mandates secured following the opening of our new US office.

While the investment performance of our third party funds has been impacted by the current economic environment, active portfolio management has enabled it to deliver strong investment performance with a combined total return of 6.5% per annum over one year (against 2.8% benchmark¹) and 1.4% over three years (against 1.1% benchmark¹).

¹ The Mercer/IPD Pre Fee Gross Asset Weighted Index.

Financial sustainability

Our approach to economic sustainability is based on two principles:

1. Sustained financial performance

We are committed to delivering consistently strong financial performance for our investors which, in turn, enables us to invest in initiatives that deliver improved sustainability performance.

DEXUS is a long-term owner, manager and developer of property and we conduct regular asset management strategy reviews to assess each property's long-term value.

DEXUS's consideration of the company and stakeholder value that can be created through investing in Corporate Responsibility and Sustainability

One consideration in our assessment of the financial sustainability of our properties is that they continue to deliver against revenue targets, minimise outgoings and grow in capital value, thereby ensuring long-term retention.

2. Sustainability adds value

Operating sustainably adds to our business by enhancing performance and this long-term contribution to the bottom-line is achieved through appropriate investment in sustainability.

Accordingly, we have established the following business objectives:

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

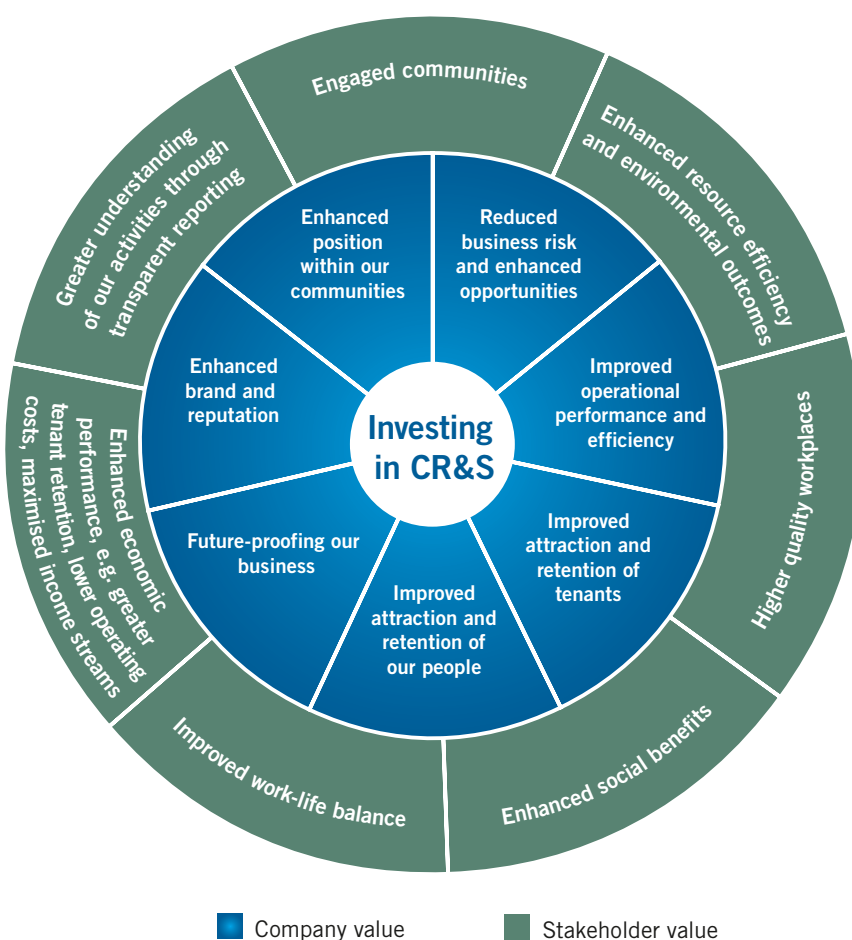
These objectives guide the development of our sustainability practices and initiatives.

In assessing the impact and benefit on our stakeholders of operating sustainably we believe that sustainability adds value as demonstrated in the adjacent diagram.

2011 strategic focus and outlook

We expect conditions to continue to be challenging in the coming year and our focus will remain on:

- Actively managing our property portfolio to create value and deliver sustainable income
- Driving a high performance culture and delivering service excellence for our tenants
- Actively managing our capital and balance sheet and continuing to diversify funding sources



FY11 COMMITMENTS

Investors

- ➔ Deliver at least 5.1 cents per security distribution in FY11
- ➔ Expand 2010 investor survey to capture feedback regarding our CR&S performance

2010 DEXUS PROPERTY GROUP (DXS) OPERATIONAL ACHIEVEMENTS

OWN

WORLD-CLASS QUALITY PORTFOLIO
STRATEGIC LOCATIONS IN AUSTRALIA AND THE US
MARKET LEADER IN OFFICE AND INDUSTRIAL
FINANCIAL STRENGTH
ACTIVE CAPITAL MANAGEMENT

MANAGE

FULLY INTEGRATED PROPERTY
MANAGEMENT MODEL
DELIVERING SERVICE EXCELLENCE
TO OUR TENANTS AND INVESTORS
MAXIMISING RETURNS

DEVELOP

SELECTIVE DEVELOPMENTS CREATING VALUE
SUSTAINABLE DESIGN
HIGH QUALITY WORKSPACE

View from Governor Phillip Tower, 1 Farrer Place, Sydney, NSW

Objectives

2010 Achievements

- › Continued focus on high quality Australian office assets
- › Capitalise on recovery in demand in industrial
- › Continue to reposition US portfolio
- › Progress disposal of European portfolio

- › Sold remaining retail property for \$256m to concentrate on leadership positions in office and industrial
- › Enhanced quality of Australian industrial portfolio with key market acquisitions of \$71m and non-core property sales of \$69m
- › Progressed repositioning of US portfolio from 21 to 17 markets – sold US\$208m of non-core properties
- › European properties prepared for sale when markets recover

- › Outperform domestic operational benchmarks with internalised management driving performance
- › Build US operational platform
- › Further strengthen balance sheet
- › Maintain leadership position in Corporate Responsibility and Sustainability (CR&S)

- › Achieved above market occupancy and like-for-like growth in Australian office and industrial
- › Completed the Australian industrial management internalisation program
- › Established US office
- › Raised \$340m Medium Term Notes (MTN) and issued US\$300m in US public market debt
- › Named for the second year running as one of the world's most sustainable corporations in the "Global 100" list (Davos World Economic Forum)
- › Increased average NABERS Energy rating to 3.3-stars
- › DXS granted \$3m by Green Building Fund

- › Target 6 Star Green Star ratings for our major office developments
- › Progress industrial development pipeline
- › Commitment to sustainable design excellence

- › 1 Bligh, Sydney, NSW
 - Awarded 6 Star Green Star rating and Sydney CBD's first high rise office tower to incorporate blackwater recycling technology
 - 55% leased at 30 June 2010
- › 123 Albert, Brisbane, QLD
 - Awarded 6 Star Green Star rating
 - 80% leased at 30 June 2010
- › Developing quality industrial facilities at:
 - Greystanes, NSW \$95m – three pre-commitments underway
 - Laverton North, VIC \$11m – one development underway

OUR TENANTS



19700 38th Avenue East, Spanaway, WA



Artist's impression of 123 Albert Street, Brisbane, QLD

At DEXUS, we have more than 4,200 tenants in our office, industrial and retail properties. Our tenants consist mainly of major corporate and government organisations:

- Office – major corporate tenants such as Goldman Sachs, Woodside, Credit Suisse, Westpac, local, state and federal governments
- Industrial – some of the world's leading brands such as Whirlpool, FedEx, Visy Steel, Coles, Wesfarmers and IBM
- Retail – major retailers such as Myer, David Jones, Big W, Target, Kmart, Woolworths and Coles

This year we had an average occupancy rate of 90% across our entire portfolio which we attribute to our strong tenant relationships, focus on service excellence and high quality properties.

Internalisation of property management

We commenced the internalisation of our retail properties in 2007/08, followed by our office properties which were completed in May 2009. Our industrial division internalised on a staged basis over 2009/10. We are now making progress in the US, following the establishment of our management office in June 2010.

The internalisation of property management across our portfolio has provided us with greater connectivity with our tenants. Our goal is to achieve greater tenant satisfaction and retention, which we monitor through our tenant surveys and other performance benchmarking activities. In our internalised structure, improving tenant satisfaction is also a key performance indicator for our property managers.

By building and maintaining strong relationships with our tenants, we enhance portfolio performance through the delivery of high quality workspace that meets our tenants' needs, now and into the future.

Engaging with our tenants

As one of our key stakeholders, our tenants' needs are at the forefront of our actions. Property revenue derived from rental income represents 98% of our total revenue for the year ended 30 June 2010. In order to anticipate and meet our tenants' requirements and deliver service excellence, we need a deep understanding of their requirements and plans.

Formal communication mechanisms, such as the Office Tenant Communication Plans, are in place to ensure our approach is consistent and measurable.

We also undertake a number of initiatives designed to engage with our tenants to provide regular, open feedback. We use this feedback to assist us in determining the sustainability issues that are most material to them and to provide us with insights to keep our tenant servicing and property performance on the right track.

We interact with our tenants in a number of ways in our office, industrial and retail sectors, including:

- Tenant surveys
- Tenant and centre newsletters
- Regular tenant meetings
- Social events
- Green Building Committees with tenant representation in our major office properties
- Tenant Service Request (TSR) system for office and industrial properties

Tenant surveys

In order to obtain detailed feedback on our service delivery, we once again conducted tenant surveys in all three divisions this year.



We are collaborating with our anchor tenant Rio Tinto at 123 Albert Street, to achieve a 6 Star Green Star accreditation for their office fit-out.

The surveys for office, were conducted by external consultants and responses were ranked against industry benchmarks. We are proud to confirm we exceeded the majority of these benchmarks. Moreover, the results indicated steady or improved performance from last year. Notable highlights of the divisional surveys include:

- Office – We outperformed the industry benchmark for overall property performance with an average satisfaction rating of 73%
- Industrial – A highlight was tenants' satisfaction with their primary contact person (81%) which improved from last year (77%)
- Retail – 64% satisfaction with our retail property performance

Addressing tenant priorities

Ensuring our activities meet our tenants' short and long-term expectations is key to delivering our commitment to service excellence. How we respond to their changing needs and requirements is what separates us from our peers and protects the long-term sustainability of our business.

As the manager of our properties we are also in a position to impact our tenants' business on a day to day basis in many ways. This includes providing guidance, support and collaborating with them to meet their financial, environmental and community goals. This is part of meeting our objective to help drive sustainable business practice beyond our own company boundaries.

Perception of sustainability initiatives from our tenant surveys

Office

37% indicated NABERS Energy rating was a factor in determining their rental requirements

Industrial

83% of our tenants considered environmental sustainability important
17% would consider partnering with DEXUS on sustainability initiatives

Retail

57% of respondents indicated environmental sustainability was "important" or "very important" for their business

Delivering service excellence

Tenant service management

This year we piloted a more formal approach to our tenant service management in our office division. A tenant service action plan for each property has been developed following feedback from tenant surveys. These plans address areas of improvements in service identified with the objective of responding to that feedback and improving our service delivery. The action plans form part of property managers' KPIs and will be tracked as part of our performance management process.

CASE STUDY

Responding to tenant feedback

Tenant feedback last year and internal benchmarking of our tenant surveys results across the Australian portfolio indicated that our cleaning service scores were inconsistent.

In order to obtain better outcomes from our cleaning activities we decided to consolidate our cleaning contracts with a limited number of key nationwide suppliers. This new national cleaning program addressed the inconsistent level of service by ensuring new contracts were performance-based and aligned with our values.

As part of the tender process we used our new tender evaluation methodology (see page 24). The tenders were subject to a detailed review by a panel of representatives from Property Operations (office and industrial), Sustainability, Risk Management, Legal and Compliance and were approved by senior management.

The goals of the tender process were to:

- Select suppliers and partners who embrace our CR&S objectives
- Target innovation and best practice at all levels of service
- Reduce the current number of disparate service providers through aggregation of services
- Target a 7.5% reduction in costs (externally validated annually throughout the contract)
- Integration of systems

The migration to a new national cleaning provider commenced in June of this year and is expected to be completed within the next 12 months.

OUR TENANTS

CONTINUED



1 Bligh Street, Sydney, NSW



123 Albert Street, Brisbane, QLD

World class sustainable design

Tenants are increasingly demanding more environmentally sound properties. In response, we are working on various environmental initiatives which are designed to meet our tenants' requirements for "green" buildings, and keep our properties in demand. For example, we have a number of ongoing programs in place to ensure that, where possible, all our properties have been rated on sustainability performance under schemes such as NABERS and Green Star (see Environment section of our report for our NABERS Energy and Water ratings).

By providing properties that are designed to the highest sustainability standards, we assist our tenants to meet their own sustainability objectives and priorities. Our tenants also benefit via reduced costs through resource consumption efficiencies, and productivity improvements from better designed and healthier working environments.

Tenant initiatives

Office – Green leases

This year we updated our standard lease terms in the office division to include environmental conditions and formalise mutual obligations to ensure we are working with tenants to achieve our sustainability objectives, commonly known as "Green leases". This year we have signed two office tenants to Green leases and we will be seeking to expand this going forward.

As a requirement under our Green leases, Green Building Committees have been set up and are active in a number of our properties including Gateway and Australia Square in Sydney and Garema Court and 12 and 14 Moore Streets in Canberra.

CASE STUDY

A critical factor in the success of our retail tenant initiatives is the behaviour of tenant employees.

In order to increase the engagement of tenants in our retail properties, in late 2009 we launched our DEXUS STAMP (sales, trading hours, administration, marketing and presentation) awards, which have been very well received. In addition to encouraging retail staff engagement, the awards provide us with a mechanism to publicly reward high performing tenants for their efforts. Winners are awarded each month and prizes include free radio advertising and centre vouchers (to drive additional trade), as well as gift hampers.

At the end of the year we present annual awards for best overall performance. The 2010 winners to date in our Queensland participating centres were ISP Fish Market at Smithfield in Cairns and Athlete's Foot at Capalaba. In New South Wales, winners were Michael Hill Jewellers at Plumpton and Subway at Casula. The remaining shopping centres' awards will be presented later in 2010.





Westfield Miranda, Miranda, NSW



Willows Shopping Centre, Townsville, QLD

Fit-out guidelines

All divisions have fit-out guidelines, tailored to each property. The guidelines detail the everyday operation of buildings and our approach to the safe and efficient fit-out of leased spaces.

These guidelines are provided to all new tenants on lease commencement and enable tenants to manage their tenancies in a manner which protects their safety, as well as maintaining the integrity and quality of our properties.

Retail

Enhanced services

During the year we expanded our customer service offer with the introduction of a number of customer service desks (see adjacent case study).

We have also commenced a program to upgrade our Parents' Rooms in centres across our portfolio. Each room will be rated by the Australian Breastfeeding Association (ABA) and we intend to achieve a 5 Star ABA rating for every Parents' Room over the next 12 months.

Tenant support

In addition to engaging regularly in person with our tenants we monitor occupancy costs to identify in a timely manner tenants who may need assistance managing cash flows.

We engage with our tenants productively so that a workable solution can be found before rent default or serious financial difficulty threatens the long-term viability of their business and the performance of our centres.

In addition, we provide free seminars to retail tenants with advice on a wide range of business aspects including marketing and financial management. This year, due to the tougher economic conditions, these seminars have been especially popular, particularly with retail franchisees and independent store operators.

CASE STUDY

Willows Shopping Centre in Townsville opened a Customer Service Desk in 2009. As part of this service, electric scooters, wheelchairs and cars for children are made available to customers to utilise free of charge. Feedback from customers and employees identified that the requirement to present identification before use sometimes distressed some customers and put a strain on customer service staff during busy times. In response, we introduced Disability Access Cards and Kiddie Car Access Cards. This allows customers to pre-register their details and receive an authority card. The mobility services we offer at Willows are free, which is a point of differentiation to other local shopping centres. We have received very positive feedback regarding these cards, which have become a talking point within the community.

In September 2010, Willows won the QLD Property Council of Australia's Retail award for Centre presentation, reflecting the improved facilities, ambience and services provided through the redevelopment.

FY11 COMMITMENTS

Tenants

All operations – Australia

- ➔ Improve overall tenant satisfaction scores
- ➔ Develop and expand the introduction of Green leases across all sectors
- ➔ Expand sustainability guidelines in tenant fit-outs in all sectors

OUR SUPPLIERS



The Zenith, 821 Pacific Highway, Chatswood, NSW

As part of our everyday operations, we engage with a large number of contractors who form part of our wider sustainability footprint. Some issues affecting suppliers are therefore also material to us. This is due to two factors: operations undertaken by suppliers on our behalf impact their employees and the environment; and their actions, though not directly within our control, reflect on our service delivery, brand and reputation.

In last year's report we committed to further consider and assess the CR&S position of our existing and prospective suppliers, as an important step toward addressing our indirect impacts. This area has been a focus for us this year, with greater rigour around the processes for selection of suppliers and monitoring of supplier performance against CR&S criteria.

We also sought opportunities to partner with our suppliers to achieve environmental benefits such as in the selection and purchase of construction materials and property maintenance supplies.

Selecting suppliers

This year we reviewed our tender selection criteria, increasing our attention to CR&S issues. Incorporating our existing CR&S criteria, a comprehensive list of potential factors was drafted that included:

- Treatment of waste
- Use of innovative recycling approaches
- Environmentally benign cleaning products
- Anti-discrimination measures
- Anti-corruption measures

These measures have been tailored to the services for which we tender, adjusting the weighting as appropriate.

We are currently piloting this new approach and in 2010 applied it to our two largest tenders; security and cleaning and waste. It is intended to be rolled out to all divisions for application on all new tenders following evaluation of the pilot.

Selecting construction materials

Office

Materials that we source for our construction and refurbishment activities are selected on the basis of principles of environmentally sustainable design. This meets the needs and expectations of our stakeholders and we see this as key in future-proofing our properties.

We use the Green Star program as a mechanism to demonstrate our commitment to sustainable design. For those developments that are Green Star rated, we follow the stringent materials purchasing requirements to achieve the desired rating. For our major office development projects, such as 1 Bligh Street and 123 Albert Street, independent sustainability consultants are engaged to ensure we are meeting all our Green Star obligations and demonstrating leading practice. Our building contracts require all workers on our Green Star development sites to undertake Green Star induction training which includes waste management and materials selection.

At our major office developments the majority of materials removed from the site were recycled – 96% at 123 Albert Street and 94% at 1 Bligh Street

By using Green Star rating tools, contractors are incentivised to optimise sustainable performance and ensure products, such as timber used in all development activities, is post-consumer recycled or certified by the Forest Stewardship Council. More broadly, our goal is to select products which will last and therefore it is integral to our development projects that we consider the durability and maintainability of each product as well as its impact on the environment.

For developments and refurbishments that do not have a Green Star rating, we still uphold our high standard of environmentally sustainable design.

CASE STUDY

Since June 2009 South East Water in Melbourne has been working with customers and property owners to identify and achieve water savings through smart changes to water usage. To save water and be more environmentally conscious, we elected to adopt South East Water's Fire Sprinkler Program at a key industrial property in Dandenong and partnered with our tenant Linfox. Adjustments to pressure relief valves resulted in a significant saving of 1.95 million litres of water per year or a 94% decrease in the amount of water normally used when testing fire sprinklers. Water efficient partnerships such as these deliver a range of benefits to our tenants. They also support our tenants in their commitment towards environmental sustainability and their responsibility to the wider community.

When the opportunity arises, for example at lease expiry, we refurbish using sustainable products such as Green Star certified carpet tiles, paints and low energy lighting (T5). Using these materials assists our tenants in achieving their own sustainability objectives and Green Star Interiors rating if required.

Industrial

For industrial properties the Green Star rating tool has only recently been released in May 2010 and we are currently in the process of rating our first industrial developments at Greystanes, NSW. Currently, as a minimum, all of our industrial developments and refurbishments ensure that low VOC carpets and paints are used and we attempt to minimise the use of PVC products where possible.

We are also conscious that the production of steel (steel being a major component of any industrial building) is an energy intensive process. At our first Greystanes project we eliminated 80% of the steel from the office component by introducing laminated timber portal frames into the structure. We will follow the same principles and approach to Green Star, as outlined above, in future industrial projects.

Retail

We have also sought to incorporate sustainable practices in our retail sector developments. In developing the Willows retail centre in Townsville, all reinforced steel for the development was sourced from recycled materials, achieving a total recycled content of 92%.

A tennis court was also demolished and, as the lights removed were still operational, they were provided to a local community group for re-use.

As part of the planning for our redevelopment of the retail component of Southgate in Melbourne we are including initiatives such as water restriction devices, lighting controls, additional bike parking stations and improved waste recycling. A full operational audit will also be conducted.

Supplier partnerships

Considerable benefits to DEXUS and our tenants can be gained when we partner with our suppliers beyond the usual purchasing arrangement. This year we partnered with water providers at two of our properties to understand water usage and metering requirements as well as to reduce overall consumption. Working with Sydney Water we undertook a study of our major office building The Zenith in Chatswood, to identify actions to reduce water consumption.

In the industrial sector, we partnered with our tenant Linfox and South East Water to reduce water consumption, specifically targeting fire sprinkler testing to great success, as detailed in the adjacent case study.

FY11 COMMITMENTS

Suppliers

- Roll-out new CR&S supplier tender evaluation criteria to all divisions
- Incorporate sustainability requirements in standard consultancy agreements
- Measure the ongoing CR&S performance of key suppliers

OUR PEOPLE

KEY HIGHLIGHTS FROM OUR PEOPLE ACTIVITIES

- › Improved our year on year scores across most categories in our annual Employee Opinion Survey
- › Performed favourably against Towers Watson's Australian National Norm and several categories of the Global High Performing Companies Norm benchmarks
- › Increased training and development opportunities resulting in a 70% increase in training hours for our professional level employees
- › Piloted a mentoring program in response to feedback from our people
- › Formalised our approach to diversity with the development of our first Diversity Policy and promoted open dialogue between our CEO and senior female employees on diversity issues
- › Opened a new US management office and recruited a US team



Members of the DEXUS team at Gateway, 1 Macquarie Place, Sydney, NSW

DEXUS TEAM SUMMARY

At 30 June 2010, DEXUS employed 291 people, located predominantly on the eastern seaboard of Australia, with 65% of our employees located in our head office in Sydney.

During the year we continued to focus on our people and enhance our processes and policies to support their development, performance and wellbeing. At DEXUS we are proud to have high employee engagement, which was again reflected in our 2009 Employee Opinion Survey, and is consistent with our aim to remain a preferred employer in the property sector. In 2010 we again worked with our people to demonstrate our core values in their work and in their daily interactions with colleagues and external stakeholders.

Response to global economic conditions

Difficult global economic conditions continued to provide operating challenges so we focused on maximising performance and operational efficiencies and were able to avoid making significant reductions in employee numbers.

Our response to the continued tight economic conditions was to more closely scrutinise recruitment, slow salary growth and reduce the performance payment pool on a per employee basis in 2009/10 financial year. These prudent management measures enabled us to navigate a challenging period in the property industry with minimal impact on our people. While we expect some volatility to continue, we are proud that by working with our people we again delivered strong performance and came through the worst of the global financial crisis in a stronger leadership position, well positioned for future growth.

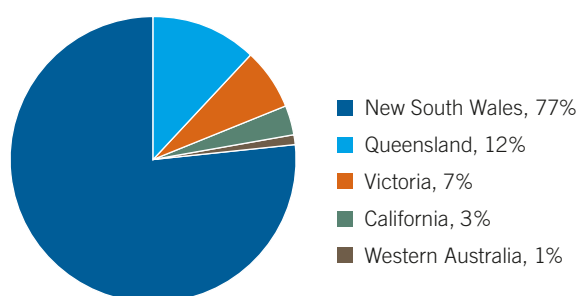
Team structure changes

In June 2010, to assist with the repositioning of our US portfolio, we expanded our operations in the US by establishing a management office in Newport Beach, California to oversee the management of our US properties.

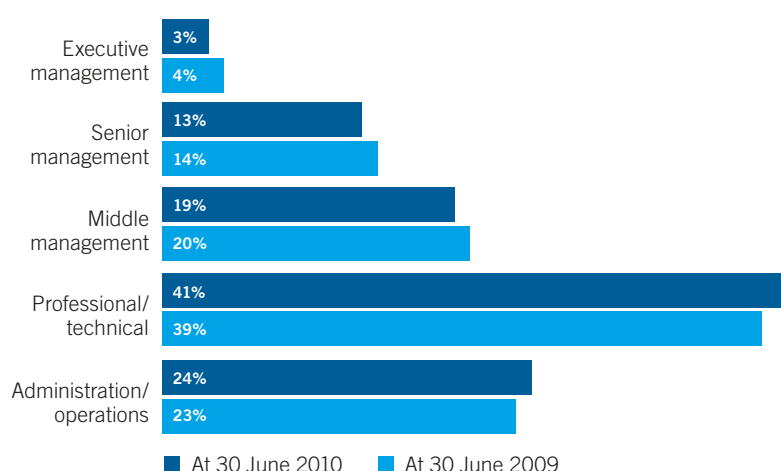
The newly appointed team brings extensive US industrial real estate management, leasing and development expertise to DEXUS. The establishment of the team represents a key step towards internalising the management of our properties in the US.

We streamlined our executive management structure in July 2010 to drive enhanced performance by aligning our structure with our three core operating platforms of Property; Capital and Finance; and Corporate Services. To reflect this, the CEO's direct reports were reduced to five from nine and the Group's Executive Committee was replaced by a smaller Group Management Committee.

Workforce by location



Workforce by category



WORKPLACE CULTURE



DEXUS head office, 343 George Street, Sydney, NSW

One of the first things many of our new employees notice about working at DEXUS is our efforts to create a vibrant and friendly culture. Our intranet site contains employee-focused news, department and policy information and employee initiatives. We have an active Social Committee which is responsible for coordinating our monthly morning teas and popular social events, such as our annual Picnic Day, Family Christmas party and employee Christmas party.

DEXUS values

Harnessing our people's expertise and commitment to deliver excellence creates value for our investors by building strong relationships with our tenants and other stakeholders. This aids the growth and long-term success of our organisation. Our corporate culture is built on the following values, which we believe describe the key characteristics of a positive working environment:

- Respect
- Excellence
- Service
- Integrity
- Teamwork
- Empowerment

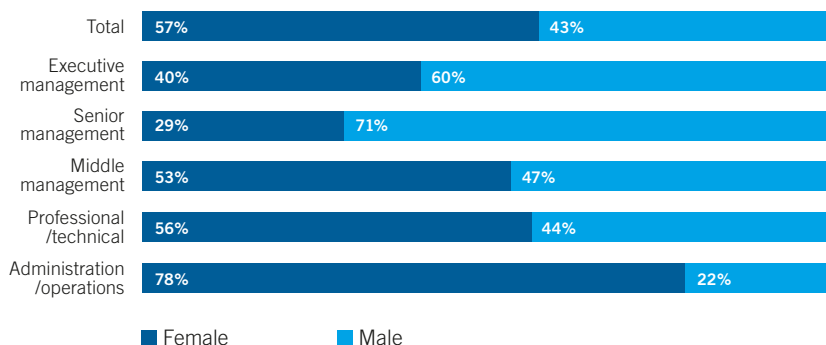
Diversity

At DEXUS we value our people for their expertise and ability to carry out their responsibilities. We believe that decision making is enhanced through diversity, creating a business environment that encourages a range of perspectives and fosters excellence in the creation of security holder value. By diversity we mean an individual's race, colour, gender, age, creed, ethnicity, cultural background, economic circumstance, human capacity, sexual orientation and expression of thought.

We believe that diversity is a competitive advantage that creates real value for our security holders and we support and encourage diversity at all levels; in our Board of Directors, senior management team and throughout our organisation.

We have a socially and culturally diverse workplace which helps create a culture that is tolerant, flexible and adaptive to the changing needs of our environment. We also believe that an inclusive and diverse workforce will assist us to attract and retain the best people.

Workforce gender

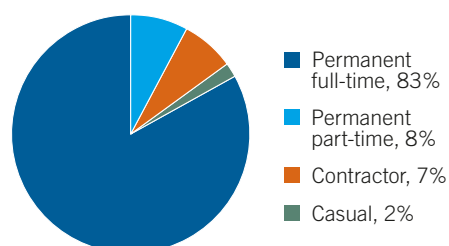


Representation of women in our executive management remained steady at 40%

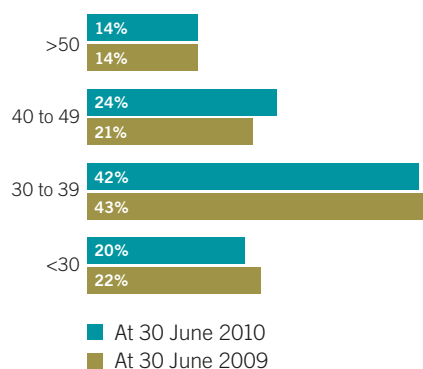
We strive to create a workplace that is free from discrimination or harassment and we are committed to ensuring all our people have an equal opportunity to succeed. Our Employee Code of Conduct sets out policies and guidelines that aim to ensure our employees meet the highest ethical and professional standards and we conduct regular training on our Code of Conduct, which is available on www.dexus.com

We also have in place a process for dealing with employee discrimination and harassment concerns. This year three incidents were investigated and all were satisfactorily resolved by the end of the year.

Workforce by employment type



Workforce by age



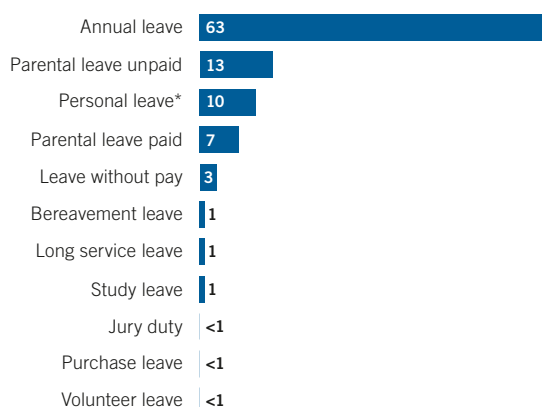
Flexible working environment

To encourage diversity and employee wellbeing we provide flexible work arrangements that assist our people to achieve their preferred work-life balance. Our work-life balance framework provides an opportunity for our people to manage the competing demands placed on them outside of work, in their family and personal lives. We believe that by creating a flexible working environment, our people are better placed to achieve their full potential and strive for excellence in their work. 14% of our people (including permanent, contractor and casual employees) maintain part-time working hours. 27% of people choose some form of flexible working arrangement such as flexible hours and working interstate or at home to meet family and study commitments.

In addition to statutory leave entitlements, we provide a wide selection of leave benefits and options to our people including:

- Additional annual leave purchase
- Sabbatical leave
- Volunteering leave
- Study leave
- Paid parental leave
- Unpaid parental leave
- Bereavement leave
- Leave without pay

Leave days taken by category



* Note: Personal leave includes sick leave and carers leave.

The results from our annual Employee Opinion Survey indicate that working at DEXUS provides a positive work-life balance, with 87% (2008: 78%) of our people stating that their manager is considerate of their life outside of work.

EMPLOYEE ENGAGEMENT



Members of the DEXUS finance team

We value our employees' views and we have established a number of ways to engage with our people and to listen to their opinions about DEXUS.

Employee Opinion Survey

In 2009 we conducted our annual Employee Opinion Survey (EOS), and for the second successive year, we partnered with Towers Watson to facilitate and analyse the results. This enables our results to be compared with an industry benchmark of Australian and global high performing companies. We are now able to present two years of benchmarked results.

The survey is conducted in December each year and results are collated and presented to our employees in the following quarter, representing a calendar year of performance. Results are also reviewed at annual divisional offsites and at the senior management offsite held in late March each year, where action plans are identified to address key areas of improvement for the forthcoming year.

In 2009 we again achieved a high level of participation with 91% of employees responding to the survey. It is also pleasing to report that during difficult

economic conditions our employee engagement score increased to 78% (which is eight points higher than the Australian National Norm and only 1% under the Global High Performing Norm).

For the second year running we have outperformed most categories in the Australian National Norm benchmark, and several categories of the Global High Performing Companies benchmark. While performing well against our industry and the market is an important measure of success, we are even more pleased to have improved on our 2008 results in all but two categories.

While the survey highlighted areas where we are performing well, it also highlighted areas for improvement. Most notable were the results regarding cross-divisional and cross-team sharing and collaboration, with 47% of employees indicating there was insufficient cross-team collaboration in some of our planning processes and 49% indicating that there was ineffective sharing of information between office locations at DEXUS.

These results suggest that there is more work to be done to strengthen our people's ability to share their expertise and specialisation across divisions and

locations. In response, during the first half of 2010 we ran additional business unit presentations at our Lunchtime Learning sessions.

In addition, we expanded the rotation initiative which involves short, mid and long-term cross divisional work experience with 21 cross-team transfers made during the year.

In 2010, we will commence an upgrade of our company intranet to improve access and sharing of information across our business. In respect of our planning processes, we will increase communication to improve information flow across teams.

Through these initiatives, our people can gain greater insight into our business with different departments enhancing our employees' ability to put forward ideas and business solutions outside their traditional area of expertise.

Key results from the 2009 survey:

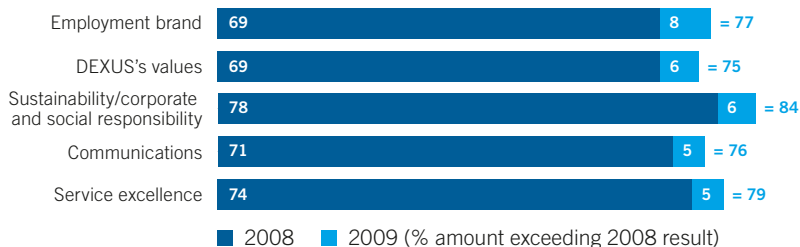
- 94% of employees are proud to be associated with DEXUS (2008: 92%)
- 85% would recommend DEXUS as a good place to work (2008: 82%)



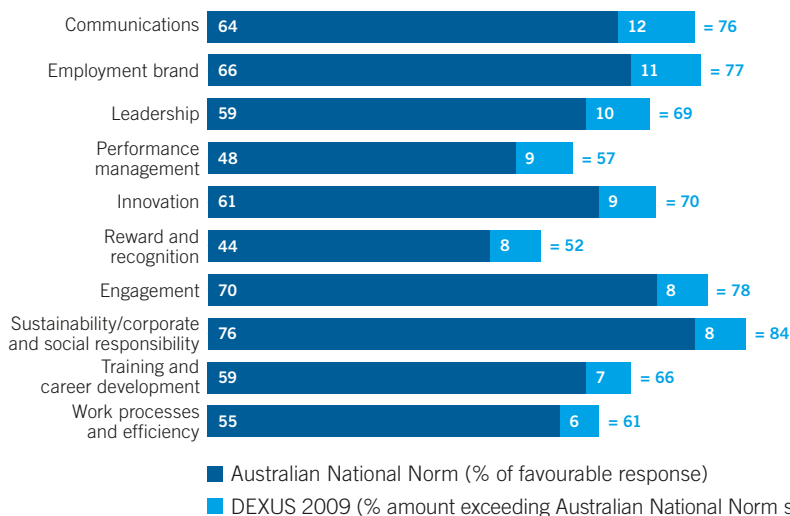
DEXUS head office, 343 George Street, Sydney, NSW

Scores ranked by variance to benchmark

DEXUS EOS results 2009 vs 2008



DEXUS EOS results 2009 vs Australian National Norm 2009



Note: Survey scores represent positive responses to a maximum 100% score.

Employee feedback and corporate communications

In addition to our annual Employee Opinion Survey we encourage regular communication, dialogue and feedback from our people. Employees can anonymously provide feedback on any area of the business via a link on our intranet. We also conduct exit interviews when an employee resigns which enables us to take lessons from their insights. These methods of employee engagement allow us to receive continuous and more timely feedback than our annual survey, assisting us to review and respond to emerging issues as required.

Since 2007 we have conducted Monthly Business Updates which our people are encouraged to attend. These sessions comprise of an update by the CEO and business leaders on current activities and DEXUS priorities, in addition to celebrating our people's achievements. The updates help to ensure that all our people are aware of and are working towards our vision and objectives.

In addition, during 2009/10 we continued to run regular CEO lunches with employee groups and held divisional offsites and functions to encourage the sharing of information, feedback and ideas.

Maintaining our quality workforce

Employee turnover is an important area to monitor and manage. Turnover in 2009 was 24%, down 2% on the prior year. Of this, voluntary turnover comprised 13% of our workforce. Involuntary departures were largely the result of property sales during the year, where the majority of employees were engaged by the acquirer. While improved retention may be partially a result of the uncertain economic conditions, our Employee Opinion Survey indicates that we are doing a better job of retaining our people with 62% of employees believing that DEXUS was doing a good job in retaining our most talented people, up 11% from 2008.

Occupational Health, Safety and Liability

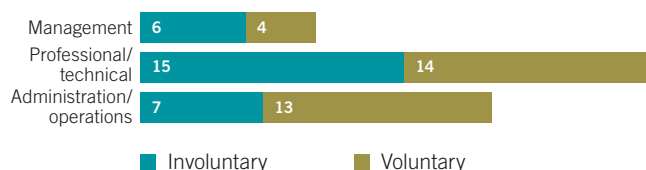
We are committed to providing a healthy and safe working environment for all our employees, in line with Occupational Health, Safety and Liability (OHS&L) legislation. We also recognise our duty of care to our investors, tenants, employees, agents and the wider community to ensure all OHS&L risks in our property portfolio are managed. Our OHS&L policy therefore extends to our contractors, visitors, clients and members of the public who visit our premises.

We have implemented a comprehensive risk management system to ensure that we can effectively manage any OHS&L risks. The Internal Risk Committee has

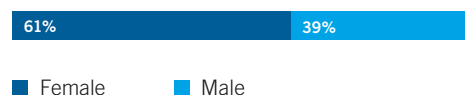
oversight of this system and annually reviews its implementation and effective operation to ensure we meet our objectives. As part of the system, we have an annual OHS&L audit, which ensures that we are compliant with both regulatory and best practice requirements in this area.

We are pleased to report that there were no serious work place injuries during the year. We had three reported OHS&L incidents, none of which resulted in any lost time. Additionally, the rate of absenteeism reduced to 1% in FY09 (vs 1.3% in FY08).

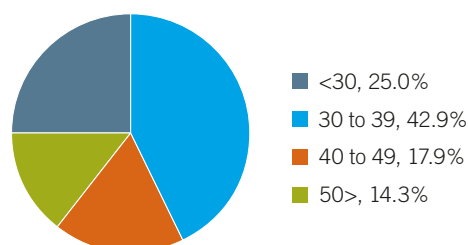
Number of leavers by workforce category



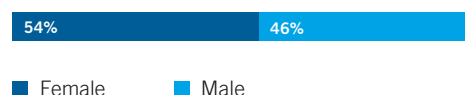
Leavers by gender



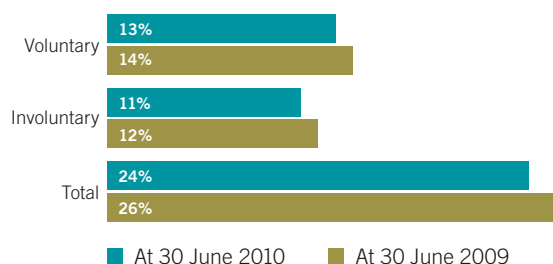
Involuntary leavers by age group



Involuntary leavers by gender

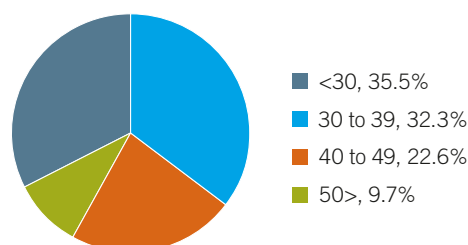


12 month turnover rates – voluntary vs involuntary

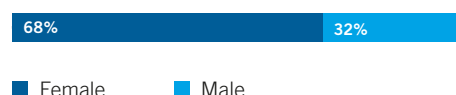


Note: Our reporting of involuntary turnover includes employee exits through sale of properties (three retail centres were sold and employees transferred to new owner), redundancy and termination due to poor performance.

Voluntary leavers by age group



Voluntary leavers by gender



Employee management

At DEXUS we want our people to be engaged and enthusiastic about our business and their own development. We aim to achieve a motivated workforce by:

- Reviewing and rewarding achievement
- Developing our people
- Providing a safe and enjoyable place to work

Employee benefits

Our approach to remuneration principles, structure and quantum is designed to attract, motivate and retain talented employees. Our remuneration principles are focused on long-term deliverables, aligned with the long-term nature of our property investments and tenant relationships.

Our remuneration structure is based on the following criteria:

1. Market competitiveness and reasonableness
2. Alignment of performance payments with achievement of each employee's financial and operational objectives, and cognisant of the risk framework and our values-based culture
3. An appropriate target mix of remuneration components (i.e. immediate performance payments and deferred performance payments which are linked to security holder returns over the longer term)

All our permanent employees (including permanent part-time) have access to a wide range of corporate benefits, including:

- Company paid temporary and total disablement insurance
- Learning and development courses and training
- Study assistance and study leave
- Salary packaging
- Employee Assistance Program
- Years of Service awards
- DEXUS Values awards
- Professional memberships and subscriptions

- Corporate benefits program
- Discounted hotels
- Discounted private health and travel insurance
- Active social committee
- Corporate superannuation plan
- Paid parental leave
- Incentivised employee referral program

Wage analysis – GRI guidelines

Standard entry level wages vs minimum wage

Modern award	Award hourly rate (\$)	DEXUS entry level hourly rate	Ratio (%)
Clerks Private Sector Award 2010	17.46	18.53	106
General Retail Industry Award 2010	17.46	20.88	120

CEO vs average worker pay

The CEO is paid \$1,300,000 compared to average worker pay of \$132,156 as at 30 June 2010. This equates to 9.84 times the salary of the average worker.

Performance development

The professional development of every employee at DEXUS impacts our overall success. Our goals in this area are achieved by ensuring our people understand what is expected of them and that they receive regular feedback and guidance.

Employees undertake a bi-annual Performance Review. This ensures that we can continuously review our talent, and assess promotion and succession potential. Our Performance Review process runs from October to September.

At 30 September 2010, 99% of permanent employees that were required to have a review had received a formal performance appraisal. We also plan for succession both internally and externally for our executive management team.

By supporting learning and development, we are able to recruit and retain a talented workforce, which in turn ensures that we are better positioned to achieve our organisation-wide goals of providing world-class properties and delivering service excellence. We are committed to providing a comprehensive range of learning and development programs which will help our people meet their career development aspirations while assisting DEXUS to achieving our goals.

We also encourage our employees to take ownership of their own learning and development needs. We believe that our people, in partnership with their direct managers, are well placed to determine their own learning and development needs. We encourage our people to participate in a range of internal and external training events each year, which are aligned with their individual performance objectives and development plan.

Enhancing managerial skills was a focus in 2009, following feedback on this area in our 2008 Employee Opinion Survey and 360 degree survey results. We continued our partnership with the University of NSW's Australian School of Business (ASB) during the year. The leadership training programs run by the ASB are designed to help our managers develop their strengths and identify areas for development. The program continues to be popular with our managers, with a total of 50 attending courses during 2009/10.

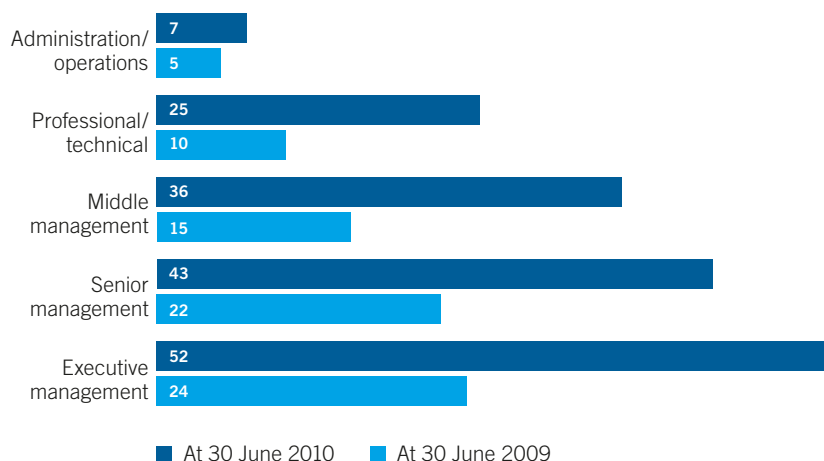
In 2010 we again offered a suite of customised internal and external training programs that encompassed the property industry, technical, governance, business and management topics. We also required all employees to undertake training on a number of responsibilities covered in our Code of Conduct, including OHS&L, anti-discrimination and corruption.

OUR PEOPLE

EMPLOYEE ENGAGEMENT

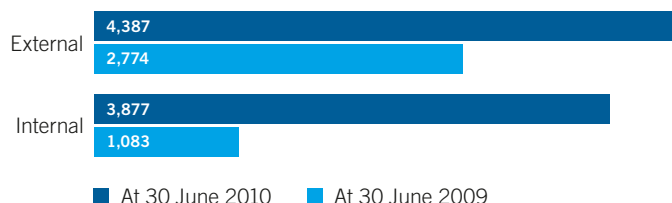
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Average training hours by workforce category



Note: Data for 2010 includes employee participation at internal business and planning off-sites which was not included in 2009 data.

Hours of internal vs external training



Notwithstanding the difficult global economic conditions, we maintained our commitment to invest in our people, meeting our commitment last year to increase training, particularly for our professional level employees. We are pleased to report average training hours per employee has increased by 34% and professional level training hours rose by 70%¹.

Cognisant of managing costs, we are also pleased to report that despite this increase in hours, in 2009/10 we spent an average of \$1,600 (vs \$1,900 in FY09) per employee on training. This is a result of our strengthened focus on internal training events.

Our focus on internal training has also provided our people with the opportunity to share their own expertise and experiences with others at DEXUS. We have particularly focused on developing our monthly Lunchtime Learning program which provides a forum for the exchange of internal knowledge and expertise. As part of the Lunchtime Learning program we have continued our partnership with external training providers to run regular short courses on soft skills such as managing stress, dealing with difficult situations and effective teamwork.

Externally we have strengthened our partnership with the ASB and the National Institute of Dramatic Arts (NIDA) to deliver high quality training programs tailored to our needs.

CASE STUDY

Oasis Work Ready Program

As part of our commitment to community engagement and an inclusive work environment, DEXUS has participated in the Salvation Army's Oasis Work Ready Program since 2009. We were introduced to the program through our association with the Property Industry Foundation.

The Oasis Youth Support Network provides innovative and inspiring programs and services which offer homeless and disadvantaged young people with the opportunity to learn skills to rebuild their lives and develop self esteem, confidence, community engagement and employability.

In addition to on-the-job training and professional development, DEXUS also works closely with the Salvation Army to support participants' personal development.

In 2010, we expanded our participation in the program and appointed additional Oasis work experience people in our Sydney head office.

We have also provided external tailored training and development in areas such as personal productivity and effectiveness, executive coaching, skills mapping and career planning. We also continued to promote professional development by encouraging participation in industry forums, such as those conducted through the Property Council of Australia.

¹ Relates to like-for-like training.

Mentor Me program

The results from last year's Employee Opinion Survey highlighted that our people would value more structured mentoring opportunities. In response to this we launched the Mentor Me program in May 2010. The program is intended to develop a mentoring relationship between experienced employees and those most able to benefit from their guidance and advice in various work-related and personal issues. Although the program is new, it has already delivered meaningful experiences to both mentors and their recipients, and has been popular with our people. 30 employees have participated in the first year. We plan to continue the program in 2011, providing our people with the opportunity to share their experience.

CASE STUDY

Alex Gray, Investor Relations Manager, is a Mentor Me program participant, and commented on her observations of the program to date.



Benefits to me:

"The program encourages a constructive environment where as a mentee I can discuss career plans, gain insight from a Mentor's past experience and be challenged to set my personal bar higher. I've gained confidence and learnt I can accomplish more than I first thought possible."

Benefits to DEXUS:

"It develops broad cross-functional relationships and establishes permanent contacts throughout the business. This has a long-term benefit of opening channels of communication and generates better connectivity within DEXUS."



Members of our Sydney industrial team at Quarry Industrial Estate, Reconciliation Road, Greystanes, NSW

Looking forward

Moving into 2011, our people activities will continue to centre on talent management and people development. Retaining and developing our people is key to our success and we will look to increase external training opportunities and provide improved employee communication and event planning for our various learning and development initiatives.

We will continue to encourage cross-team transfers and collaboration and will enhance the opportunities for internal education on our business strategies and operations.

Our values are core to our people programs and will continue to define how we deliver our day to day activities. Reflecting the holistic view we take to CR&S and our wish to further embed sustainability into our culture, we will look to further reflect, highlight and reward commitments to CR&S goals through our employee rewards and recognition framework.

FY11 COMMITMENTS

People

- ➔ Extend use of Balanced Performance Scorecard
- ➔ Enhance our graduate and internship program
- ➔ Conduct 360 Degree Performance Reviews for managers every two years
- ➔ Review employee benefits program incorporating new US business
- ➔ Expand Values Award program to recognise CR&S achievements
- ➔ Enhance company intranet
- ➔ Develop a tailored leadership executive development program for senior property executives
- ➔ Improve our process and systems for capturing training and human resource data
- ➔ Continue to expand face-to-face dialogue between the executive management and employees
- ➔ Enhance employee participation in CR&S

OUR COMMUNITY

OUR COMMUNITY COMMITMENT

As one of the largest property groups in Australia, we accept that we have a social responsibility to invest in community initiatives. We value having an open and honest relationship with the communities in which we operate and the mutual benefits this delivers.



1 Margaret Street, Sydney, NSW

Community development

In order to generate the greatest value, it is important that our community development activities consider our CR&S strategy and goals, as well as our broader business goals. The key objective of our community development activities is to actively support the community which supports our business. In addition, it allows us to provide an important way for our people to engage with the community.

In 2008, our Community Engagement Working Group (CEWG), through extensive business consultation, determined that the majority of our corporate contributions and volunteering opportunities should be focused in areas aligned with our business operations and values. These remained our focus areas this year:

- Property industry charities
- Environment
- Homelessness
- Young people

Specifically, this year we continued to support the Property Industry Foundation, Barnardos, The Station and the Sir David Martin Foundation through contributions and volunteering events.

Our approach is documented in our Community Engagement Policy, which also outlines specific goals and behaviours regarding our interactions with members of the community.

For example, in order to remain impartial, we do not allow financial donations to, or the endorsement of, political parties.

In 2009 91% of our employees believed DEXUS is socially responsible to the community (2008: 84%)

CASE STUDY

On Friday 31 July 2009, 17 employees from our Head Office in Sydney volunteered to plant trees for Koala Retreat along the Western Sydney International Dragway in Eastern Creek. The volunteers planted 141 trees which will become a source of food for koalas in captivity. On the same day, an additional six volunteers from Plumpton, Casula and Gordon shopping centres joined the local tree planting event held by Liverpool Council.



DEXUS team planting trees at Eastern Creek, NSW

Employee engagement in community initiatives

In addition to our four focus areas, each year employees vote for a "People's Choice" charity which is eligible for corporate support. This year, Cure Cancer Australia Foundation was selected. In addition, employees can nominate charities they wish to personally support through our Workplace Giving Program and through our donation matching program, in which DEXUS matches money raised by employees for charitable causes.

Employee volunteering program

We held a number of events as part of the second year of our employee volunteering program. This year our employees supported six key charities. Specific feedback from activities was obtained and next year we will continue to strive to provide the best opportunities for employee involvement with the maximum benefit for the recipients.

We encourage employee involvement in this program and we provide one paid day of volunteering leave per employee per year. In 2010, employees volunteered in total 90 days.

While DEXUS is committed to supporting the communities in which we operate, we are also proud of the level of community support our employees provide outside work hours. Many of our employees are involved in local charities and undertake a range of activities from providing respite care for foster children to helping out at meal time at homeless shelters.

Senior management and Directors also offer their time and experience to charity boards. We also offer meeting rooms at DEXUS premises to charities for board meetings. In 2010 our employees contributed over 3,000 hours of personal time outside of work to community groups and charities, this is in addition to our reported contributions.

OUR COMMUNITY

CONTINUED



L to R: University of New South Wales Industrial Design Awards, 30 The Bond, 30-34 Hickson Road, Sydney, NSW

Contributions

Despite continued challenging operating conditions we maintained our community engagement contributions with total in-kind and financial support of \$553,000, up 2% on the previous year. We provided \$153,000 in financial contributions and \$400,000 of in-kind support.

Workplace giving

One of our commitments last year was to investigate the introduction of workplace giving. This was implemented in May 2010 through the launch of our new Workplace Giving Program which allows our people to contribute to a charity of their choice directly through their pre-tax salary.

In-kind support

Our retail centres and office properties again this year provided space free of charge to charities, predominantly local community organisations, allowing these groups to conduct critical fundraising and promotional activities. At our Smithfield and Willows shopping centres in Queensland we provided space in the centre and in the car park for community markets every month. A large number of stalls are staffed locally by artists or sellers of locally grown produce.

In-kind contributions including floor space¹ and donations of office furniture to charitable groups during 2010 amounted to over \$400,000.

CASE STUDY

As part of our in-kind support, DEXUS has offered the foyer of one of our unique buildings, 30 The Bond, to the University of New South Wales (UNSW) Industrial Design Awards free of charge for several years to showcase the graduates work. The partnership benefits students, graduates and university employees as a key highlight in their annual calendar.

"Having been to the UNSW Industrial Design exhibition for the past three years, it sets a high degree of anticipation with regards to showcasing our year's graduate work. As students we manage to scrape by paying for all the prototyping and modelling costs and investing hours into our presentations. To be able to showcase it at The Bond is a very unique opportunity. It really is one of the driving factors in participating in the course, to be able to springboard ourselves on one night into the industry."

Kin Jing Ly, UNSW Fourth year industrial design student

"Without doubt The Bond is one of the most stunning buildings in Sydney, inside and out. Moreover it has impressive tenants in the building. As our designs are about the end user, to be able to discuss and hear feedback from high-profile potential users is yet another invaluable opportunity."

Min Kong, UNSW Graduate 2008, BlueSky Design

"The generosity that DEXUS has shown over the years assists the Faculty, and ultimately University, in so many ways that we could never have anticipated. The stunning backdrop of the atrium and the professional atmosphere of the building elevates everything we do and has become a highlight on our calendar. The show's reputation has also seeped through all four years of students, so each is aware that they need to 'lift their game' to be worthy of such a venue. Therefore the standard of design outcomes from all students has risen."

Andrew Fowkes, Design Lecturer and Exhibition Organiser, FBE. UNSW

¹ Floor space value is calculated on the equivalent casual leasing rates as at 30 June 2010.

Initiatives supported

We also lend our support to a number of charitable initiatives largely through our gold coin morning tea program, which raises money and awareness for chosen causes. All employees are invited to attend and are requested to contribute a gold coin donation. DEXUS matches all donations received on a \$1-for-\$1 basis.

In total, over the year, our employees donated \$11,700 to charities such as Cure Cancer Australia Foundation, Australian Heart Foundation and Jeans for Genes which DEXUS has matched. In addition, we donated to emergency community causes such as the Haiti Earthquake Appeal and the Victorian bushfires.

Six of our retail centres; Casula, Plumpton, Capalaba, Smithfield, Tweed City and Willows hosted events this year for the Leukaemia Foundation's World's Greatest Shave. In most centres, employees from hairdressers in the centres volunteered to carry out the shaving and the colouring. Our centres raised in total \$27,689, more than doubling our contribution from last year.

On 28 March of this year we supported Earth Hour for the fourth year running. All the lights at our Sydney head office were turned off and over 97% of tenants took part in our office, industrial and retail properties around Australia.

We designate a proportion of our community donation budget each year to our partnership with the Property Industry Foundation. This year we expanded our support for the annual "Hard Hat Day" with activities which engaged, and raised money through, tenants, employees and suppliers.

89% of employees are proud of DEXUS's contribution to society and the community (2008: 77%)

Monitoring and measuring

Our CEWG, formed in 2008, is the primary mechanism for monitoring and managing our community engagement and development programs. It reports directly to our CR&S Committee and comprises representatives from across the business.

The Group annually reviews our community engagement strategy and is responsible for maintaining regular

contact with our focus organisations and implementing our community approach across the business.

Our contributions and involvement with each charity are monitored and reviewed by the CEWG at regular meetings throughout the year. The CEWG also sets and tracks performance against annual targets, collating the dollar value of employee and corporate donations, and the value of in-kind services provided.

CASE STUDY

DEXUS employees voted for Cure Cancer Australia Foundation as our "People's Choice" charity of the year for 2010/11. During the year, we allocate a proportion of our fundraising efforts including the donation of \$25 for each tenant survey completed in our office, industrial and retail properties.

Cure Cancer Australia was established in 1967 to support cancer research. Their mission is to give young and innovative scientists the support they need to pursue potential breakthrough research and ultimately find a cure. The Foundation has provided vital seed funding of over \$13 million to young researchers at the start of their careers. This money has been strategically targeted to support young researchers with innovative ideas, enabling them to pursue projects identified by the wider community as most promising in their potential to cure cancer. Visit www.curecancer.org.au for further information.

Researchers are funded for one year grants of \$90,000 each. At the time of writing this report in September 2010, DEXUS raised approximately \$16,000 for Cure Cancer Australia, the equivalent of 16 research hours. We are targeting doubling this amount by the year end.

"Cure Cancer Australia is incredibly proud of our partnership with DEXUS. Sadly Cancer touches so many people's lives that there is relevance for us all. I recall early in the year when Dr Phoebe Philips from the University of NSW Faculty of Medicine spoke to over 100 DEXUS employees about her quest to improve outcomes for patients with pancreatic cancer. Pancreatic cancer is a devastating disease with a dismal prognosis. The five-year survival rate is less than 5% and most patients die within a few months of diagnosis. Phoebe has been working for over a decade in this field to improve the way that pancreatic cancer responds to treatment and also to safeguard normal body cells from the effects of chemotherapy and radiotherapy. Her passion is tangible and infectious and so was the very positive response from the DEXUS team. Thank you to all DEXUS stakeholders for championing outstanding young Australian researchers as together we work to achieve our vision of a 'world without cancer, nothing less'."

Leanne Warner, CEO of Cure Cancer Australia



Cure Cancer Australia researcher, Dr Phoebe Philips

OUR COMMUNITY

CONTINUED



Members of the Willows' team with local council members and retailers during development



DEXUS CEO and Mayor of Townsville at the opening of Willows Shopping Centre

Community consultation

Consultation with relevant stakeholders occurs across the business throughout all stages of a property's lifecycle. As part of the planning stage of developments in office, industrial or retail, community consultation is integral. For example, we ensure we consult with key parties such as local councils and businesses and make it a priority that they are adequately informed and feedback mechanisms are in place.

One of the key objectives of community consultation is to embed standard community consultation practices throughout our properties' lifecycles to ensure they maintain their standing and value within the community in which they are located. In turn, this ensures the maximum benefit is obtained from the operation of the property.

As our retail centres are frequented on a daily basis by the public they are the point where our business has the biggest impact on, and interaction with, the general community. In many instances our retail properties represent the largest employer and the business heart of the local community, especially in regional

areas. Therefore we have focused our community consultation efforts here and have provided greater detail in this Report by describing the activities we undertake:

■ *Centres under development*

Prior to development, during the planning stage of a centre refurbishment or development, we engage external consultants to conduct Collaborative Design Workshops with representatives from potential or existing tenants and centre customers. These workshops allow participants to ask questions and provide input into the development process.

Outputs from these workshops are provided to us, prioritised and embedded into the next steps of the design and development stage. During the development stage, we communicate progress back to the community via in centre displays, centre newsletters, media releases and additional signage.

We share feedback and design objectives with various community groups and stakeholders to further enhance our level of engagement.

Our approach to each development is tailored to each centre's specific characteristics. Operating in a sustainable manner is embedded in everything we do during each phase of our retail properties' lifecycle, and we actively seek opportunities where we can make a difference by, for example, donating old food court furniture that was to be replaced, to local groups.

■ *Existing centres*

Through our customer service desks and centre management and operations, our employees have daily interaction with customers and other stakeholders in the community.

More formally, on a two year rolling basis, we engage external consultants to conduct exit surveys with customers as they leave the centre, providing us with valuable centre feedback and statistics. This is incorporated into our ongoing centre management and development plans.



Willows Shopping Centre, Townsville, QLD

Retail centre community charter

It is our priority to develop our relationships with our community and other stakeholders and this year we have made progress on the roll-out of our Retail centre community charter. A draft charter, including a stakeholder chart, was disseminated to all centres for completion and comment. A procedure has been implemented to manage centre donations and in-kind support, together with a set of guiding principles in dealing with our stakeholder engagement processes. This will be reviewed to ensure alignment with our corporate approach and then released later in 2010/11.

Business community involvement

As one of the largest members of the Australian property industry we acknowledge we have a responsibility to work beyond our own operations and participate in wider industry initiatives.

Our industry engagement is focused to ensure we contribute to leading practice and developments within the property and funds management industry.

In particular, several DEXUS executives are represented on the board and committees of the Property Council of Australia. It also allows us to share our own experiences and promote the sustainable approaches that we support. In addition to our employees being members of many professional institutes and bodies, the cost of which we support, we actively participate in and contribute to the community where possible.

Highlights of some of our participation this year have been:

■ *National Greenhouse and Energy Reporting (NGER) Act – Property Industry Working Group*

Within the property industry there is a collaborative approach to managing regulatory risk, particularly in the field of sustainability, including climate change. A recent example of this was a working group established to collate NGER Act guidelines for the property industry, of which DEXUS was a member. The working group developed an industry guideline for distribution through the Property Council of Australia.

■ *Disclosures required under the Building Energy Efficiency Disclosure Act*

In November 2009, the Department of Environment Water Heritage and the Arts co-hosted a seminar on the proposed Commercial Building Disclosure legislation. As part of this project we were invited to present the industry perspective at the forum in Sydney. This presentation provided attendees with an outline of how to practically prepare for mandatory disclosure and followed a previous presentation in Melbourne in July.

We frequently work with government and industry bodies to contribute data and information to studies or issues development. This included participating in the development of the NABERS Shopping Centre Tools, which rate the energy efficiency of centres, and being part of the technical working group for NABERS.

We are currently working with one of our suppliers and the Commonwealth Department of Climate Change and Energy Efficiency to study lift energy efficiency opportunities and Australian Institute of Refrigeration, Airconditioning and Heating on developing training tools and best practice guidelines for the industry.

FY11 COMMITMENTS

Community

- Complete a DEXUS wide community engagement review to ensure alignment with our corporate and stakeholders' objectives
- Achieve a 10% increase in employee volunteering
- Engage with our corporate partners to leverage community engagement and achieve greater outcomes

OUR ENVIRONMENT



Our environmental strategy aims to minimise the overall environmental impact of our operations, both in the development of new properties and in the management and operation of existing properties.

201 Elizabeth Street, Sydney, NSW

ENVIRONMENTAL STRATEGY

Our environmental strategy aims to minimise the overall environmental impact of our operations, both in the development of new properties and in the management and operation of existing properties.

We have a responsibility to our investors, tenants, employees and the wider community to sustain and protect the environment during the ownership, management and development of our property portfolio.

We strive to ensure environmental obligations receive appropriate focus alongside our commercial obligations and objectives.

Capturing comprehensive and accurate data has been a focus of our CR&S approach during the past few years, as it enables the measurement and monitoring of our performance and ensures we are prepared to respond to new legislation and reporting requirements.

In addition to constantly striving to reduce our environmental impact, this year we focused on further enhancing our data quality, including:

- Completing three years of quality, comparable data in our Resource Consumption Database
- Improving data capture, by reviewing our waste practices and partners to improve data availability and ultimately, performance

We have three years of resource consumption data available on a property by property basis. Our Australian and New Zealand environmental data management methodology was rigorously assessed internally and an independent party was appointed to manage data collection and reporting to increase efficiencies this year.

In the United States we engaged a specialist environmental services provider from 1 July 2010 to validate bills and track consumption and reporting for energy and water.

Enhanced reporting and data analysis

Since our last CR&S report we have undertaken a review of our resource consumption data. The last report was based on a March year end. We have since moved to a June year end to align with our financial year and with reporting under the National Greenhouse and Energy Reporting (NGER) Act.

Our total Australian and New Zealand resource consumption is summarised below.

Group performance – Australia and New Zealand¹

	FY08	FY08 v 09	FY09	FY09 v 10	FY10
Total energy (GJ)	705,059	↓ 5.1%	668,994	↓ 2.9%	649,878
Total GHG (tonnes)	155,543	↓ 5.9%	146,400	↓ 2.0%	143,406
Total water (ML)	1,499	↓ 0.1%	1,497	↓ 3.8%	1,440

FY10 totals have been prepared in accordance with our reporting criteria located at www.dexus.com/sustainability/Reports-and-Policies which has been independently assured by PricewaterhouseCoopers.

Intensity metrics

In this, our third year of collecting comprehensive environmental data, we also decided to review our reporting methods. This is mainly because during the year we sold and acquired several properties which impacts data comparability and this is likely to be continued in future years.

We have determined that reporting by intensity metrics is the most appropriate method of consumption to assess the performance of our property portfolio. Intensity metrics measure resource consumption on a per square metre basis and this year, a full analysis of resource consumption by square metre has been completed across the office, industrial and retail portfolios. Where intensity metrics have been reported, they have been prepared on a “like-for-like” basis for the years FY08, FY09 and FY10. This means that properties acquired or disposed of during those years have been excluded from the calculation of intensity.

Monitoring our energy consumption on a square metre basis therefore allows a more transparent comparison of our portfolio performance, irrespective of changes to the number of properties under our operational control.

¹ FY10 property performance data in the CR&S Report is on a like-for-like basis and accordingly will differ from NGER reporting as this includes disposals and all new acquisitions.

OUR ENVIRONMENT

CONTINUED

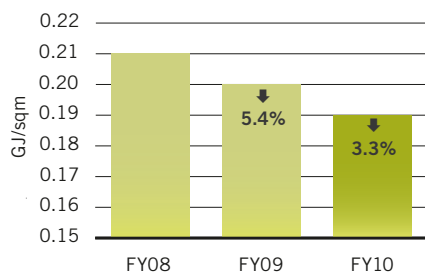


View from Governor Phillip Tower, 1 Farrer Place, Sydney, NSW

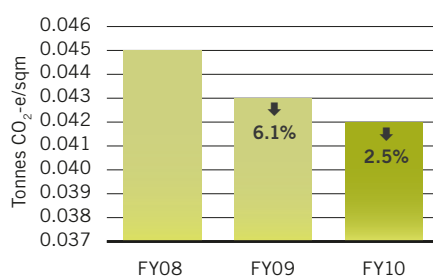
Resource consumption performance

During the year, we continued to focus on reducing our overall consumption of energy, greenhouse gas (GHG) emissions and water usage. As a result of a number of focused initiatives and programs across the business, which are further detailed in this section, we have achieved a 9% reduction in energy, 4% reduction in water and an 8% reduction in GHG emissions over two years to June 2010¹, measured on an intensity metrics basis.

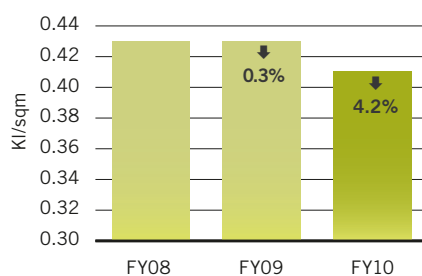
Total energy consumption



Total GHG emissions



Total water consumption



Note: Consolidated data on an intensity metrics basis to financial year end.

Preparedness for regulatory change

Globally, the environmental agenda has been subject to a number of political changes and influences. This year marked the first year of annual reporting obligations for Australian consumption data under the NGER Act. Other key proposed environmental legislation, such as the National Strategy on Energy Efficiency, has led to a greater focus on energy efficiency in the property sector.

The environmental efficiency of our business, including our water and waste performance, represents both a challenge and an opportunity to meet legislative requirements, rising costs and market expectations. We will continue to drive lower emissions intensity across our portfolio to position us ahead of regulatory and market expectations.

¹ The two year percentage change between FY08 and FY10 is not the sum of two years, but the relative change using FY08 as a base.

Property performance initiatives

Strategic Improvement Plans (SIPs)

We progressed Strategic Improvement Plans across our office portfolio this year. These plans are a critical tool to maximise operational performance, reduce resource consumption and will assist us to reach our DXS office portfolio 4.5-star NABERS Energy average portfolio rating target.

Our SIPs cover four elements:

1. Strategic building review
2. Resource consumption performance
3. Energy and water improvement
4. Plant and equipment upgrades

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

The plans also consider longer term issues including climate change, by specifying a 2°C increase in ambient temperature design criteria. As we progress NABERS ratings this coming year for our retail portfolio we will apply lessons learnt from the development of our office SIPs.

Climate change response

Appropriate management of climate change risks requires us to focus on both the immediate and longer term timeframes.

In order to address the impact climate change may have on the DEXUS portfolio we take a proactive approach and seek to reduce the resource consumption of our properties during the development, refurbishment and ongoing property management stages. We believe this demonstrates prudent risk management and is an important step in maintaining the attractiveness of our properties for an increasingly sustainability-conscious tenant market.

In the longer term, we are also conscious of the potential increased risk to our properties of the effects of climate change and our need to adequately address this risk.

We have determined that the risk to our business from climate change is relatively low as our properties are predominantly located in metropolitan areas with good infrastructure and services and do not include land releases for residential development, green field developments, or coastal developments.

Despite this low risk assessment, as part of our commitment to best practice management, we are currently undertaking an externally facilitated climate change risk assessment of our properties in Australia, New Zealand and the US. This risk assessment includes building quality, services security, climate change impact and financial implications.

In addition to our general property management and maintenance process we have the following initiatives in place such as:

- Conduct a risk assessment workshop annually to identify business risks and risk mitigation practices including climate change risks
- Develop a climate change risk register and property action plans

Energy initiatives

■ *Smart meters*

30 minute interval data for electricity, gas and water is provided across the majority of our Australian portfolio. This information is used to validate utility bills and identify consumption and reporting anomalies which have led to resource inefficiency. The use of smart metering information will be expanded in 2011 to identify portfolio-wide and division specific initiatives.

■ *Sub-metering*

In order to obtain more detailed data to enable us to isolate areas and activities within each building which need further attention, we have approved a program to install energy and water sub-metering in key office properties. In buildings that were identified as performing at high levels of resource efficiency, sub-metering will assist in delivering incremental efficiencies to support the achievement of our 4.5-star NABERS Energy average portfolio rating target. In those buildings undergoing major mechanical service upgrades, sub-metering will assist in ensuring high efficiency plant and equipment is operated at optimal levels.

CASE STUDY

Low energy high-rise initiative

This new initiative developed as part of a suite of programs which were instigated after the Low Energy High Rise Building Research Study was conducted in March 2009 by the Warren Centre. DEXUS participated in this study in early 2009 and we have maintained our involvement in this initiative by becoming a sponsor in the second phase of the project. This sponsorship enables the inclusion of our building at 44 Market Street, Sydney in a study of six buildings which will be analysed and included in focus group feedback and test initiatives developed.

The inclusion of one of our properties in this program will provide us with an opportunity to be at the forefront of sustainability development in the property sector. Lessons learnt from this case study will be applied across our portfolio, as well as back to the broader industry as appropriate.



44 Market Street, Sydney, NSW

Renewable energy purchases

We are committed to supporting the development of renewable energy, and have in place a contract to purchase GreenPower.

Alternative energy initiatives

1 Bligh Street in Sydney is a leading example of world's best practice sustainable design and includes a number of low carbon and renewable energy solutions such as:

- Solar energy tubes located on the roof to provide energy for hot water
- A gas fired tri-generation system to provide energy and heating
- Through the use of an absorption chiller, cooling for air conditioning

Tri-generation systems offer far greater thermal and energy efficiency removing the inefficiency of traditional electricity supply that occurs through transmission losses.

Tri-generation is also being installed at 123 Albert Street in Brisbane and is designed to deliver 18.4% of the property's anticipated energy needs.

What is tri-generation?

Tri-generation systems simultaneously produce three forms of energy: electricity, heating and cooling to provide power, hot water, heating and air conditioning. This reduces energy loss through transport and provides greater operational flexibility for businesses with demands for heating as well as cooling. Tri-generation systems also increase energy efficiency by capturing 'waste heat' that results from power generation which can be used to generate hot and cold water.

Water initiatives

As a nation with one of the lowest rainfalls on earth, all Australians understand the value of conserving water. At DEXUS we recognise that as a manager and developer of a large property portfolio we can minimise water use by implementing water saving initiatives and working with our tenants to drive water savings. NABERS Water ratings for office buildings were undertaken across our office portfolio with a current average rating of 2.9 stars in 2010. We plan to increase this to 3.5 stars by 2012.

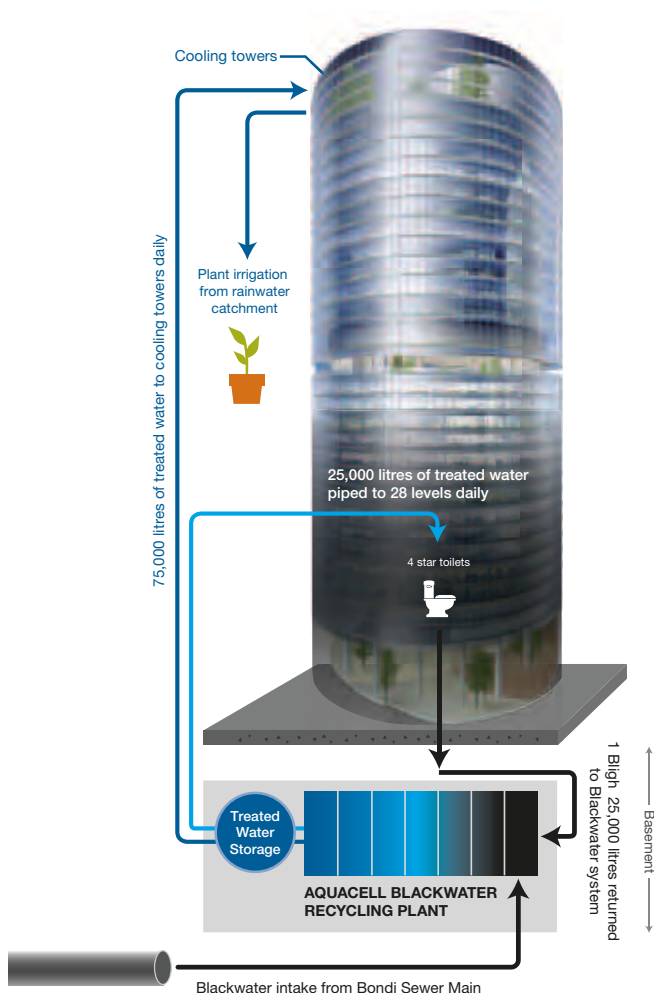
Water saving initiatives include:

■ New office developments

1 Bligh Street, Sydney, will treat waste water, through the first private retailers licence in NSW for a central blackwater treatment plant. This technology will prevent waste water being pumped into the ocean. Blackwater recycling will reduce water consumption via the provision of clean recycled water for the washroom flushing system. This means about 100,000 litres of water will be saved per day, the equivalent of one Olympic swimming pool every two weeks. Recycled rain water will also be used to irrigate a variety of decorative plantings spread throughout the building. Water efficient appliances will be used throughout, with 90% of the water demand met by recycled water.

At 123 Albert Street, Brisbane, regulatory constraints prevented the installation of a full blackwater recycling facility. However we optimised possible water savings by installing a greywater facility. The installation of this facility has meant that 43% of the building's mains water usage will be recycled, sufficient to service all the bathroom facilities in the building.

Blackwater recycling at 1 Bligh Street



■ Retail developments

As part of the Willows centre development in Townsville, a new 30,000 litre bladder tank has been installed under the car deck ramp for stormwater retention and re-use. Stormwater captured from the roof drainage system is re-used in the new toilet facilities within the centre.

■ Property refurbishments

In all refurbishment projects high water efficiency is a key requirement and has achieved significant reductions in water usage. Flow restrictors and ultra low flow urinals are standard across our portfolio with high water efficiency fixtures standard in bathroom upgrades.

Waste initiatives

This year we completed a tender for waste services across our portfolio as part of our cleaning retender. Our new tender evaluation process included greater CR&S criteria. As a result, waste management and recycling will be standardised across our portfolio. The tender process considered detailed sustainability capability which will form key performance indicators within the service contract (see Our Suppliers section). These will enable us to capture much greater data on waste management and recycling.

Comprehensive recycling streams will be standardised and implemented as part of new cleaning and waste services. Recycling opportunities outside of this scope will be implemented on a property by property basis, identified by our project teams. For example:

■ Building and demolition materials

At our 123 Albert Street development site 96% of all materials removed from the site were recycled. At 1 Bligh Street we have recycled 94% of demolition material.

■ Fit-out re-use

As part of the development of the Willows centre in Townsville, a tennis court was demolished. As the lights removed were still operational, they were provided to a local community group for re-use.

Green Building Council Australia – Green Star rating tools

Office

During the year, our office developments underway at 1 Bligh Street in Sydney and 123 Albert Street in Brisbane both achieved a 6 Star Green Star design rating (v2) and are on track to achieve a 6 Star as built rating. Consistent with our objective for these buildings to achieve best practice sustainability design and innovation, 1 Bligh Street achieved the highest awarded high-rise office design rating in NSW, and 123 Albert achieved the highest score awarded in QLD.

In addition we have signed 5-star NABERS Energy rating commitment agreements. We also achieved a 4 Star Green Star rating for a smaller office development in our unlisted funds, Bond One in Sydney CBD, under office design (v2).

Industrial

The Green Building Council of Australia's (GBCA) Industrial Pilot Tool was completed in May 2010 and we are in active dialogue with the GBCA to determine how we can use this tool on projects in the design phase this year and on future projects.

OUR ENVIRONMENT

CONTINUED



Members of the DEXUS office team at Gateway, 1 Macquarie Place, Sydney, NSW



Gateway, 1 Macquarie Place, Sydney, NSW

As part of this, we held a tailored industrial training seminar with the GBCA, tenants and key consultants. Consistent with our ongoing commitment to sustainable development at Greystanes, we are currently building our first 4 Star Green Star development and plan to commence a 5 Star Green Star industrial development at the site later in the year.

Green Building Fund

In Australia this year we successfully applied for Green Building funding which offers financial support from the government for sustainability initiatives in the property sector. We obtained funding to upgrade our chilled water plant at our office towers at Gateway in Sydney and 360 Collins in Melbourne. These projects are currently underway.

We were also successful in obtaining support for a further six properties (45 Clarence Street, 309 and 321 Kent Street, 383 Kent Street and The Zenith in Sydney and Garema Court in Canberra) with work underway in 2010.

Each project was awarded the maximum government support amount of \$500,000, which represents approximately 50% of

the cost of each project. In total, we are due to receive \$4 million in government support over the next three years.

Employee engagement

Critical to the success of our sustainability strategy is educating and engaging our employees. To assist in developing achievable solutions to maintain and enhance our environmental performance, we have established dedicated employee working groups that have put in place mechanisms to drive that performance.

■ *Workplace Working Group*

Formed in 2008, our Workplace Working Group involves participation from our corporate and operations divisions. The group has the objective to improve workplace performance at our head office in Sydney and other DEXUS office locations and initiatives are generated by this group for evaluation by the CR&S Committee. Areas that have been of primary focus have included stationery supplies, in particular ensuring our paper supply is Forest Stewardship Council (FSC) certified and converting our letterhead stationery to 100% recycled stock. Initiatives in our IT operations have also been

implemented including the reduction in temperature of our server control room to save energy costs and default double sided printing to save paper.

■ *Retail Sustainability Working Group*

Recent initiatives from our Retail Sustainability Working Group include encouraging “green” procurement of consumables such as stationery, toilet paper and supplier selection and monitoring. As the working group comprises a representative from each shopping centre, this provides a valuable mechanism to share sustainability ideas and initiatives across the retail portfolio. Recent discussions include circulating water harvesting tips and ideas learnt from the Willows development in Townsville, QLD for potential applicability at other centres.

■ *Industrial Sustainability Working Group*

Last year we established an Industrial Sustainability Working Group which reviewed initiatives applicable to the industrial property sector such as Sydney Water’s Sewerage Fix and Water Pressure Reduction Program.

In addition to sustainability employee working groups, we conduct annual Risk and Sustainability roadshows, which provide training to our property management teams on leading risk management and sustainability practices. By way of example, as part of these roadshows, a retail resource efficiency workshop and a NABERS for Shopping Centres workshop were held for our retail team at Capalaba Central, Brisbane, the outcomes of which will be applied across all our centres. The office and industrial sector roadshows this year reviewed our CR&S strategy and objectives, the role

of each property and current and up-coming legislation.

We encourage our people to pursue professional development in sustainability and in the past year, two of our development managers achieved Green Star professional accreditation from the GBCA.

In our 2009 Employee Opinion Survey 88% of our people believed DEXUS is environmentally responsible (up from 81% in 2008)

Biodiversity

Our operations are primarily in metropolitan areas and our developments are generally on brownfield sites, thereby limiting our carbon footprint and impact on the ecosystem services such as water, air, soil, flora and fauna. In developing brownfield sites, where possible we take the opportunity to improve the ecology and biodiversity of the site through the establishment of new vegetation and water management features such as bioswales. In 2009 this occurred at our Greystanes Estate, which was previously a quarry (see case study below).

CASE STUDY

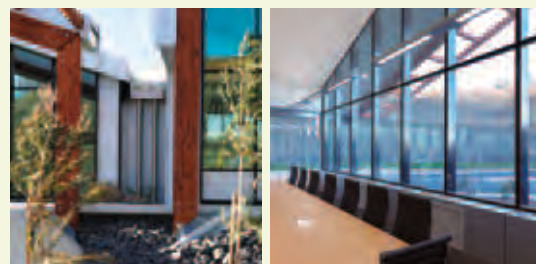
Prospect Quarry operated for 100 years as one of Sydney's largest quarries and provided road surface material to road and infrastructure projects across NSW up until its closure in 1997. DEXUS acquired the site in 2007 and since then the quarry has been remediated and extensive civil works have been undertaken providing a platform for the construction of up to 240,000 square metres of industrial property. The quarry walls are still visible today and we have retained these to form a tribute to its previous use.

Through the development of the estate, we have a unique opportunity to improve the biodiversity of the site, which was previously a highly worked and disturbed area. An open bioswale has been built and runs the perimeter of the former quarry, along the base of the quarry walls. The recently vegetated swale captures the stormwater from the entire site and channels the water into detention basins. We partnered with the local golf club in 2009 to provide access to these basins and pump water from the detention basins to irrigate the greens.

As at September 2010, the first of our industrial developments at the site is nearing completion and we have incorporated the following sustainable measures into the design of this development:

- Balanced earthworks to eliminate the need to import or export fill from the estate
- Laminated timber portal frames used with a roof line projecting beyond the office to offer solar protection to the building interior and weather protection to the opening windows
- Manually operated top hung windows to provide the tenant with the opportunity to naturally ventilate the office space (air conditioning is set to "off mode" and is manually switched on)
- The skillion roof provided an opportunity to eliminate the roof gutter on the office and instead allows the rainwater to fall naturally into a bioswale at the foot of the building with basalt cut from the quarry used to minimise the impact of the falling roof water
- Roof water is collected from the warehouse roof and re-used for irrigation and bathroom facilities
- Native vegetation and grasses have been selected for landscaping

We expect to incorporate the lessons learnt from this first development into the remainder of the estate.



Solaris development at Quarry Industrial Estate, Greystanes, NSW

OUR ENVIRONMENT

CONTINUED

Benchmarking our resource consumption

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

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



6 star rating



Australian office portfolio ratings – NABERS

DXS properties	Suburb	State	NABERS Energy rating without Green Power	NABERS Water rating
45 Clarence Street	Sydney	NSW	3	3
30 The Bond, 30-34 Hickson Road	Sydney	NSW	4.5	2.5
383-395 Kent Street	Sydney	NSW	3	2.5
1 Margaret Street	Sydney	NSW	3	2.5
44 Market Street	Sydney	NSW	2	2.5
11 Talavera Road	Macquarie Park	NSW	3.5	4
40 Talavera Road	Macquarie Park	NSW	2	2
Victoria Cross, 60 Miller Street	North Sydney	NSW	2.5	3.5
130 George Street	Parramatta	NSW	*	*
Garema Court, 140-180 City Walk	Canberra	ACT	3	0
14 Moore Street	Canberra	ACT	3	2.5
189 Flinders Lane	Melbourne	VIC	*	*
172 Flinders Street	Melbourne	VIC	*	*
8 Nicholson Street	Melbourne	VIC	*	*
Southbank Promenade – HWT	Melbourne	VIC	2.5	3
Southbank Promenade – IBM	Melbourne	VIC	3	3
Woodside Plaza, 240 St George's Terrace	Perth	WA	*	*

* Indicates rating currently in progress.

Note: Current developments such as 1 Bligh Street, 123 Albert Street and Greystanes are omitted as properties need to be completed and in operation for 12 months before NABERS ratings can be assessed.

Co-owned properties	Suburb	State	NABERS Energy rating without Green Power	NABERS Water rating
Australia Square Plaza	Sydney	NSW	4.5	4
Australia Square Tower	Sydney	NSW	3.5	3.5
201-217 Elizabeth Street	Sydney	NSW	2	3.5
Governor Macquarie Tower, 1 Farrer Place	Sydney	NSW	3.5	4
Governor Phillip Tower, 2 Farrer Place	Sydney	NSW	3	3
309 Kent Street	Sydney	NSW	3.5	3.5
321 Kent Street	Sydney	NSW	3	3.5
The Zenith, 821-843 Pacific Highway	Chatswood	NSW	2.5	2

Third party funds properties	Suburb	State	NABERS Energy rating without Green Power	NABERS Water rating
83 Clarence Street	Sydney	NSW	3.5	4
Gateway, 1 Macquarie Place	Sydney	NSW	2.5	2
Bond One, 20 Windmill Street, Walsh Bay	Sydney	NSW	4.5	4
1 Innovation Road	Macquarie Park	NSW	3.5	3.5
112 Talavera Road	Macquarie Park	NSW	2	3
124 Walker Street	North Sydney	NSW	2.5	2.5
141 Walker Street	North Sydney	NSW	4.5	4
85 Waterloo Road	North Ryde	NSW	*	*
12 Moore Street	Canberra	ACT	2.5	2.5
324 Queen Street	Brisbane	QLD	2	3
360 Collins Street	Melbourne	VIC	2	1.5
441 St Kilda Road	Melbourne	VIC	3	3
240 St George's Terrace	Perth	WA	*	*
QV1, 250 St George's Terrace	Perth	WA	4.5	3

* Indicates rating currently in progress.

NABERS ratings

Office energy

This year we achieved our commitment to complete NABERS Improvement Plans to support our 2012 4.5-star NABERS Energy average portfolio rating target for the Australian listed office portfolio (DXS). To implement the NABERS Improvement Plans over three years, DXS has committed to a two year capital expenditure budget of \$40 million commencing in 2010, equivalent to an additional 0.5% of the value of ordinary capital expenditure per year. Current progress indicates we are on track to complete the program in 2012.

Retail water and energy

In December 2009, NABERS Energy and Water rating tools for retail centres were released. We took part in a property industry study to develop these rating tools and we will commence rating our eligible retail properties in this financial year.

Green Star ratings

Property address	Suburb	State	Design rating	As built rating
1 Bligh Street	Sydney	NSW	6 (office v2)	6 (target)
123 Albert Street	Brisbane	QLD	6 (office v2)	6 (target)
Bond One, 20 Windmill Street, Walsh Bay	Sydney	NSW	4 (office v2)	–
30 The Bond, 30-34 Hickson Road	Sydney	NSW	–	5 (office v1)
Solaris, Quarry Industrial Estate	Greystanes	NSW	4 (target)	–

United States – LEED Certified Buildings

Property address	Metro area	State	Class
Whirlpool Atlanta, 195 King Mill Road	Georgia	GA	Gold
Whirlpool Seattle, 19700 38th Avenue East, Spanaway	Seattle	WA	Gold
Atlantic Corporate Park, 45600 Woodland Road, Sterling	Northern Virginia	VA	Gold
Summit Oaks, Vanderbilt Way, Santa Clarita	Los Angeles	CA	Silver
Whirlpool Columbus, 6241 Shook Road, Lockbourne	Columbus	OH	Certified

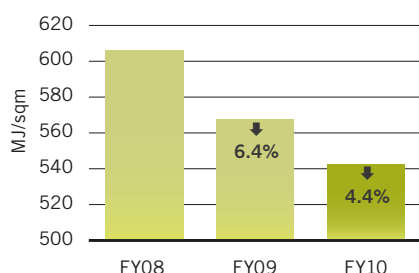
US industrial ratings

In the US, the leading rating tool is the US Green Building Council's Leadership in Energy and Environment Design Green Building Rating System (LEED). As part of our three year US CR&S program we are seeking LEED ratings – equivalent to the GBCA's Green Star system – for our core US properties, as well as the collation of energy and water data in order to analyse environmental performance, which will then feed into improvement plans. Central to this will be completing LEED accreditation for our US property team.

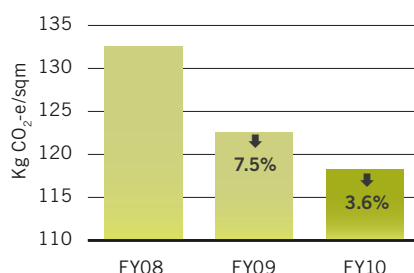
ENERGY AND WATER PERFORMANCE

Office

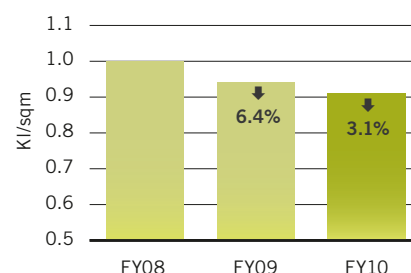
Total energy consumption



Total GHG emissions



Total water consumption



Energy and GHG emissions

The office sector energy consumption has continued to trend downwards, as a result of initiatives such as:

- Implementing capital upgrades to significant plant and equipment, as part of the Strategic Improvement Plans
- Reviewing standard operating hours of plant and equipment to align with tenant leases including detailed site tuning of building management software to better stage and sequence the start up of plant and equipment
- Incorporating performance improvements such as T5 lighting in base building make goods and refurbishments

Energy in FY10 trended down at a lower rate than FY09 (4% versus 6%) as efficiencies gained through previous low cost options (e.g. T5 lighting, variable speed drives, building management systems fine tuning) have been absorbed.

Although the percentage reduction in FY10 is lower, it is important to note that fluctuations in vacancy levels across the portfolio and the timing of these vacancies and reletting has also impacted positively on these results. As an example 44 Market Street, Sydney showed a reduction in resource use of 9%, however this was in part due to the lease expiry and subsequent vacancy of a tenant across three floors of the building.

We expect to see efficiencies on a larger scale in energy and GHG emissions to be achieved in future years after planned capital upgrades of plant and equipment (e.g. chillers, building management system upgrades, lift motor improvements) are undertaken.

In line with our goal of achieving a 4.5-star NABERS Energy average portfolio rating for DXS by 2012, the implementation of Strategic Improvement Plans will also deliver continued operational improvements in performance.

Water

The office sector water consumption has continued to trend downwards, despite a number of isolated incidents of plant and equipment failures which resulted in some sites reporting an increase in use during the year. Through close monitoring, early identification of issues and implementation of strategic initiatives we have continued to:

- Further optimise plant and equipment such as cooling towers and staging of chillers
- Install dual flush toilets, waterless urinals and flow restrictors to all taps, toilet hand basins and kitchens, where possible
- Implement capital upgrades to maximise efficiency of plant and equipment

- Revise garden irrigation systems and strategies to significantly reduce water usage, for example at The Zenith in Chatswood, Sydney

Overall water consumption in FY10 trended down at a lower rate than FY09 (3.1% versus 6.4%) as efficiencies gained through low cost options (e.g. flow restrictors, waterless urinals, dual flush toilets) have been absorbed. These portfolio water savings were partially offset by:

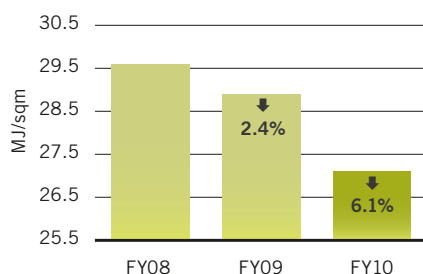
- Significant water feature maintenance at 1 Innovation Place, Macquarie Park
- Cooling tower upgrades at Gateway in Sydney and 360 Collins Street in Melbourne required the draining and refilling of entire cooling systems
- An increase in use of base building facilities by tenants, predominantly an increase in shower use



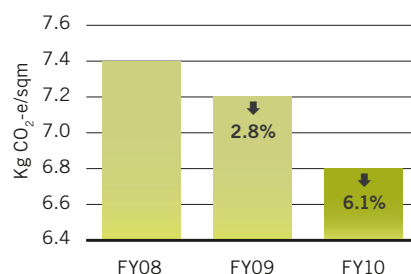
Axxess Corporate Park, Cnr Ferntree Gully & Gilby roads, Mount Waverley, VIC

Industrial

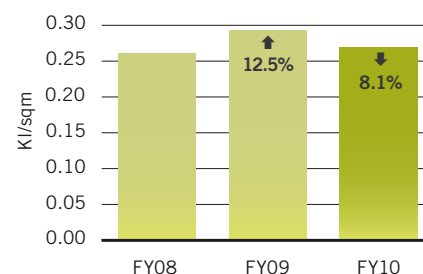
Total energy consumption



Total GHG emissions



Total water consumption



Energy and GHG emissions

Overall energy consumption in the industrial sector is trending downwards. The main drivers of this trend are:

- The implementation of energy efficiency initiatives such as building management systems and the operation of air conditioning at properties located at Axxess Corporate Park in Victoria and Rothschild Avenue, Rosebery, which together contributed 6% improvement on year on year savings
- Installation of new light sensors and timers to replace older, less efficient systems
- Opportunities taken to introduce improved equipment following machinery breakdown (i.e. replacement building

management systems and energy efficient lighting)

- The cumulative impact of slightly increased vacancy across the portfolio during the reporting period

Water

Overall water consumption in the industrial sector is trending marginally upwards. The impact of water leaks, which we reported last year, were more significant during FY09 compared to FY08.

These have been largely offset by improved water management practices notably:

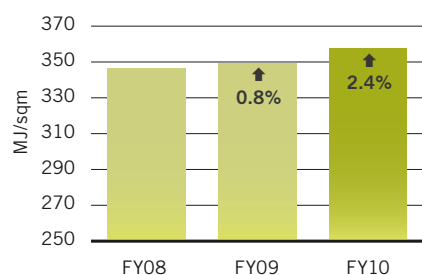
- Implementation of water efficiency initiatives at Donkin Street, South Brisbane and Frederick Street,

St Leonards, Garigal Road, Belrose and sprinkler system upgrades at Minna Close, Belrose

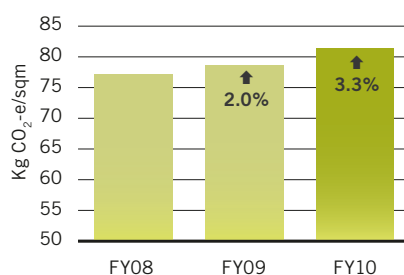
- Eradicating stolen water at Rothschild Avenue, Rosebery
- The introduction of the industrial sustainability program, championed by on-site teams
- The cumulative impact of slightly increased vacancy across the portfolio during the reporting period
- It is important to note in considering water consumption trends that base building water is not metered. Therefore while we work with our tenants to guide efficient water usage, consumption is largely influenced by our tenants

Retail

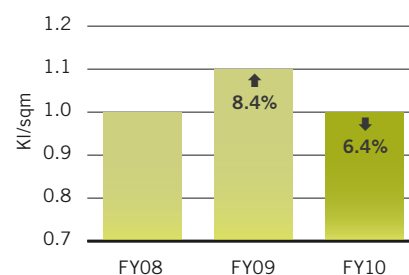
Total energy consumption



Total GHG emissions

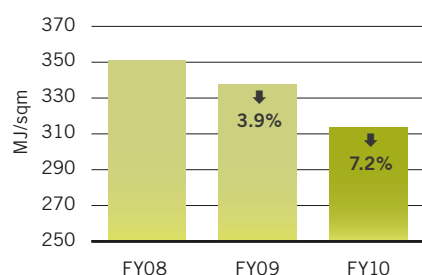


Total water consumption

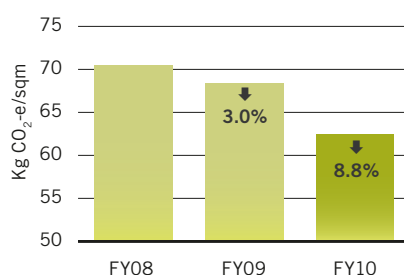


Retail excluding developments

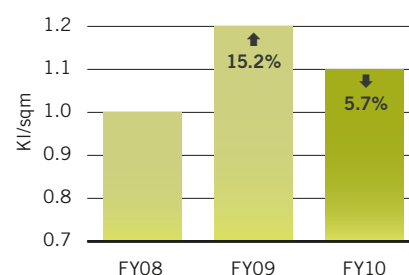
Total energy consumption



Total GHG emissions



Total water consumption



Energy and GHG emissions

Overall energy consumption in the retail sector is trending upward slightly. The main drivers of this trend are:

- Several major redevelopments were undertaken during the reporting period at Willows in Townsville, Capalaba Central in Brisbane and Tweed City in Tweed Heads. Consumption increases are not fully offset by the increased size of centres due to extra services being provided such as lifts and travelators
- Increases in tenancy operating hours, particularly at Casula Mall in NSW

Water

Overall water consumption in the retail sector is trending marginally up as a result of the developments completed. The negative impact of the increased size of centres due to redevelopment during the reporting period have been largely offset by improved water management practices, notably:

- Coordination of WEMP (Water Efficiency Management Program) at Capalaba Central in conjunction with local council

- Installation of water capture and re-use within new amenities as part of the Willows Shopping Centre redevelopment
- Increase in the number of tenancies with individual water meters which enables recovery from the end user and mitigates previous overuse. This will have a positive ongoing impact as more meters are installed.

Impact of redevelopments

If we exclude those properties that underwent major redevelopment, the trends vary, highlighting the impact on resource consumption of developments during construction and in their first period of operation.

Energy consumption excluding developments

Excluding redevelopment sites, energy consumption in the retail sector is trending down. The main drivers of this trend is improvements in building management systems and continued focus on best practice housekeeping.

In addition, we took the opportunity to introduce improved equipment (i.e. replacement air conditioning at Plumpton Marketplace now incorporates economy cycles)

Water consumption excluding developments

Water consumption in the retail sector, excluding redevelopment sites, is trending upwards. This result reflects:

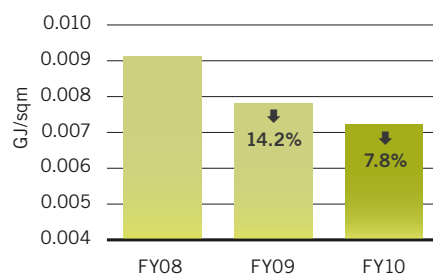
- Inconsistencies in water billing practices at Cannon Park Centre in Townsville resulting from Lot Entitlement rather than metered usage allocation (i.e. FY08 water consumption is understated). Increased usage FY09 to FY10 (+9%) also reflects increased use of irrigation due to a prolonged dry spell
- Water leak at Plumpton Marketplace in FY10 which has now been rectified
- Introduction of additional high water use food tenancies at The Plaza in New Zealand



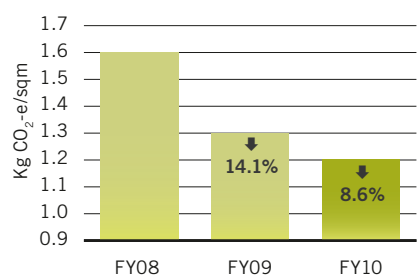
9545 Santa Anita Avenue, Rancho Cucamonga, CA

United States

Total energy consumption



Total GHG emissions



Note: US data includes properties held continuously for the past three years. Properties disposed or acquired during the period have been excluded.

Resource consumption has decreased across the US portfolio, due mainly to lighting upgrades and reduced lighting operating times. Some reductions are also the result of increased vacancies, which increased by 3.2% during the year.

A sustainability strategy is under development for the US portfolio with a number of initiatives under investigation.

These include:

- A LEED rating program for our core properties
- LEED accreditation for the DEXUS US team
- Improved identification and reporting of initiatives through property management teams
- Incorporation of sustainability considerations in all portfolio acquisitions

Key sustainability performance requirements have been embedded in our property management agreements with CBRE and the outsourcing of all resource consumption reporting and analysis to EnTech (a specialist service provider) was effective in July 2010.



OUR ENVIRONMENT

ENERGY AND WATER PERFORMANCE

CONTINUED

Summary of results

All funds

Intensity metrics	Variance from 08 to 09 (June end)	Variance from 09 to 10 (June end)	2 year variance ¹
Office energy	-6.4%	-4.4%	-10.5%
Retail energy	0.8%	2.4%	3.2%
Australia industrial energy	-2.4%	-6.1%	-8.4%
US industrial energy	-14.2%	-7.8%	-20.9%
TOTAL ENERGY	-5.4%	-3.3%	-8.5%
Office GHG	-7.5%	-3.6%	-10.8%
Retail GHG	2.0%	3.3%	5.4%
Australia industrial GHG	-2.8%	-6.1%	-8.7%
US industrial GHG	-14.1%	-8.6%	-21.5%
TOTAL GHG	-6.1%	-2.5%	-8.4%
Office water	-6.4%	-3.1%	-9.3%
Retail water	8.4%	-6.4%	1.4%
Australia industrial water	12.5%	-8.1%	3.4%
TOTAL WATER	-0.3%	-4.2%	-4.4%

DXS portfolio

Intensity metrics	Variance from 08 to 09 (June end)	Variance from 09 to 10 (June end)	2 year variance ¹
Office energy	-6.7%	-4.2%	-10.6%
Australia industrial energy	-5.7%	-8.0%	-13.2%
US industrial energy	-14.2%	-7.8%	-20.9%
TOTAL ENERGY	-6.9%	-4.4%	-11.0%
Office GHG	-8.0%	-3.1%	-10.9%
Australia industrial GHG	-5.8%	-8.1%	-13.4%
US industrial GHG	-14.1%	-8.6%	-21.5%
TOTAL GHG	-8.0%	-3.5%	-11.2%
Office water	-7.7%	-5.8%	-13%
Australia industrial water	11.0%	-4.0%	6.6%
TOTAL WATER	-3.4%	-5.3%	-8.5%

In addition to energy based greenhouse gas emissions, we have estimated our HFC refrigerant losses based on NGER protocols and determined these emissions are approximately 2,969 tonnes CO₂e p.a. (approximately 2% of combined energy/HFC emissions) across our office, industrial and retail properties within Australia and New Zealand.

¹ The two year percentage change between FY08 and FY10 is not the sum of two years, but the relative change using FY08 as a base.

FY11 COMMITMENTS

Environment

Office – Australia

- ➔ Progress 4.5-star NABERS Energy average portfolio rating by 2012
- ➔ Progress 3.5-star NABERS Water average portfolio rating by 2012

Industrial – Australia

- ➔ Achieve a minimum 4 Star Green Star (Australian Best Practice) as built rating at our large scale industrial estate at Greystanes, NSW, under the new Industrial Rating tool v1
- ➔ Obtain a 5 Star Green Star (Australian Excellence) design rating at Greystanes, under the new Industrial Rating tool v1

Retail – Australia

- ➔ Obtain NABERS shopping centre ratings for DEXUS managed centres

All operations – Australia

- ➔ Assess opportunities at existing properties and new developments to improve biodiversity
- ➔ Expand sub-metering performance monitoring programs for water, gas and electricity
- ➔ Develop a new waste management strategy to roll-out across all sectors

Industrial – US

- ➔ Develop a LEED rating plan for our US core properties

All developments

- ➔ Optimise the re-use or recycling of material removed from our developments and refurbishments

Governance Structure

The Board

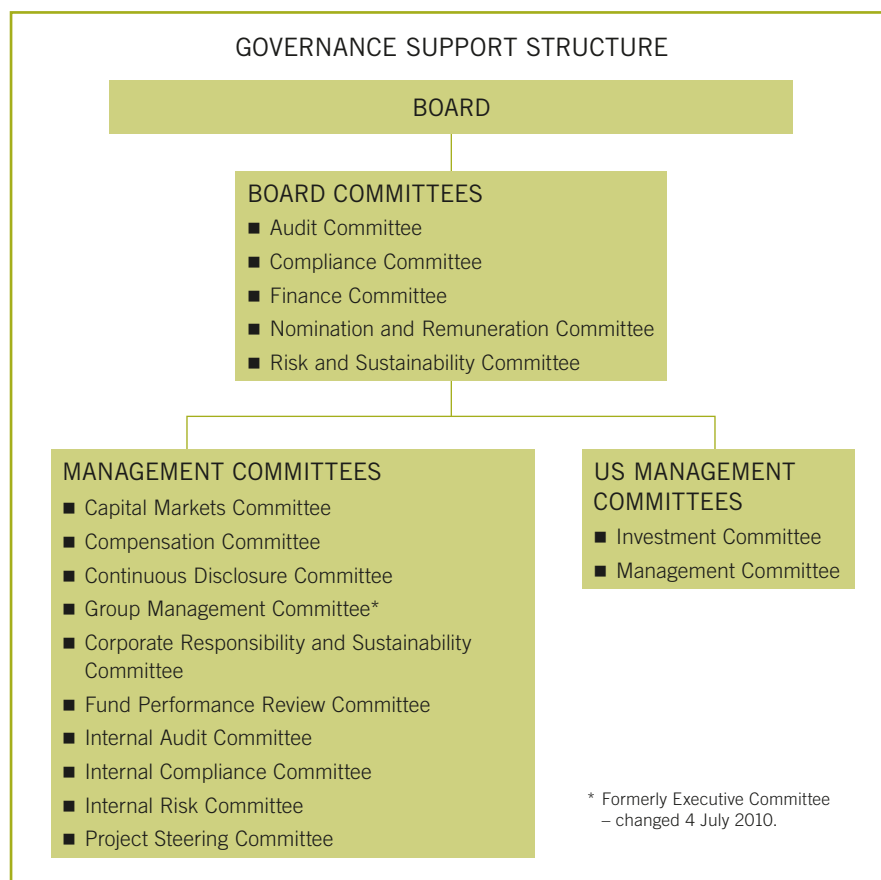
Although DEXUS Property Group is a listed property trust and not a public company, the Board has determined that the Group's governance framework will satisfy the high standards expected of a public company. Accordingly, we voluntarily conduct an annual general meeting, facilitate the appointment of directors by DEXUS security holders and publish a full remuneration report. In addition, we have elected to maintain a Compliance Committee, which provides additional oversight of the compliance function, beyond that required under the *Corporations Act 2001* (see our Annual Report page 8).

Senior executive team

Our senior executive team has a wealth of experience in corporate and investment strategy, property, asset and development management, property funds management and operations.

All newly appointed members of the senior executive team undertake induction training relating specifically to the operations of DEXUS as well as an interactive training session presented by the heads of various business units to ensure they gain a broad knowledge of the whole business. DEXUS is managed by over 290 professionals (see our website www.dexus.com for biographies of our executive team).

In July 2010 we restructured the Group's executive management team to maximise reporting efficiencies and further align our team structure with our core



operational functions of Property, Capital and Finance and Corporate Services. We replaced our existing Executive Committee with a smaller Group Management Committee, comprising the CEO, CFO, CIO, COO and General Counsel. As part of these changes, Tanya Cox – Chief Operating Officer and Chair of the CR&S committee – assumed full responsibility for CR&S, reinforcing that our focus is broader than just environmental and property sustainability.

Governance support structure

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

The Board has established a number of committees to assist in the fulfilment of its responsibilities. Management committees have been established to support the operation and oversight of the board committees. Board and management committees meet at least quarterly with additional meetings convened as required.

DEXUS Group Management Committee

Chief Executive Officer Victor Hoog Antink			
Property	Capital & Finance	Corporate Services	
Chief Investment Officer Paul Say	Chief Financial Officer Craig Mitchell	Chief Operating Officer Tanya Cox	General Counsel John Easy

Board Risk and Sustainability Committee

The Board Risk and Sustainability Committee is responsible for overseeing the effectiveness of our risk management framework, including our operational risk management, environmental management, internal audit and occupational health and safety practices, as well as to review any incidents of fraud. During 2009, to ensure continued focus on environmental, social and governance initiatives the Board Risk Committee assumed oversight of our CR&S initiatives and subsequently changed its name to the Board Risk and Sustainability Committee to better reflect its broader responsibilities.

Corporate Responsibility and Sustainability Committee

Our CR&S Committee was established in 2007 to oversee the development of our strategy and implement systems to progress our CR&S programs and enable us to respond to emerging issues. The Committee reports to the Group Management Committee and in 2009, also reported to the Board Risk and Sustainability Committee. Members of the Committee are the Chief Operating Officer (Chair), Head of Office and Retail and Head of Human Resources. The Committee is supported by the Head of CR&S, the Head of Risk and Governance and the Head of Marketing and Communications. The Board has ultimate responsibility for CR&S and formally reviews progress quarterly. The CR&S Committee is further supported by our Community Engagement Working Group (see Our community section) and our Workplace Working Group.

Our broader governance structure (including Board and management committees) is subject to annual review. Ratings and reviews from agencies such as Governance Metrics International have also assisted us in identifying additional governance disclosures and opportunities to improve practices as part of our commitment to continuous improvement.

Risk management framework

Our Risk and Governance team oversees our risk management and compliance management frameworks and has an independent reporting line to the Board Risk and Sustainability and Board Compliance Committees. These frameworks support the development and implementation of compliance and risk management procedures across our business and clearly allocate responsibility to our employees for the identification and minimisation of risk. The compliance management framework is based on the principles of the Australian Standard for Compliance Programs – AS3806-2006 and the risk management framework is based on the principles of the Australian and New Zealand Standard for Risk Management – Principles and Guidelines AS/NZS ISO 31000:2009.

Policies and procedures

Our risk and compliance framework provides clear guidance for DEXUS employees through specific policies and business procedures. Employees are required to declare their compliance with our Code of Conduct on an annual basis. Compliance training is compulsory for every employee. Compliance policies are reviewed on at least an annual basis by senior management and any amendments approved for release by the Internal Compliance Committee. Where policies are significantly amended, the Risk and Governance team develops and facilitates training to ensure our people are aware of these changes. Relevant risk and compliance policies are available on our website www.dexus.com

Property risk management plan

All DEXUS properties have a comprehensive risk management program in place, addressing occupational health, safety & liability (OHS&L) and environmental management (EM) risks. Each program includes a risk register specific to the property and a corresponding risk management plan. Each property

management team also attends our annual Risk and Sustainability Roadshow, which focuses on updating managers regarding their risk management and sustainability responsibilities. When DEXUS is undertaking development of a site our practice is to engage only highly experienced and industry leading contractors. We consider sustainability criteria in the selection process, as well as each contractor's OHS&L record and reputation.

Audit program

We appoint external service providers to conduct Environmental Management (EM), Occupational Health, Safety & Legislation (OHS&L), security, hazardous materials and dangerous goods risk management audits. Audits are carried out annually and each property receives an audit report, and action plan where required. Results are communicated internally and compared across the portfolio to ensure experiences are shared and any necessary broader changes are implemented.

Any significant issues identified are reported to the Internal Risk Committee and escalated to the Board Risk and Sustainability Committee if appropriate. EM activities within our property portfolio have also been subject to an internal audit, in addition to the external audit described above, during the past year.

Program information

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

EM – This program adopts the principles outlined in the international standard for Environmental Management Systems (ISO 14001: 2004).

Security – This program considers a breadth of security aspects from property terrorism risk to general access, alarms, CCTV and guards.

Risk workshops

Each year we complete a review of our risk management framework, committee structures and policies and procedures to ensure continuous improvement. The program involves the facilitation of risk workshops with senior management to review and update our risk register. These risk workshops cover all aspects of our operations including climate change, environmental, social and fraud risks.

Further information on our approach to corporate governance, including details of all board and management committees and their functions, can be found on pages 4 to 9 of the DEXUS Annual Report.

Interaction with regulators

In the course of doing business we engage with government at a local, state and federal level – through consultation in the property development process and through participation with our industry body, the Property Council of Australia.

We have strict rules in place regarding the payment or acceptance of gifts or benefits to or from third parties, as set out in our Gifts, Benefits and Entertainment Policy. This policy prohibits financial or in-kind contributions to political parties and politicians.

This year we developed and published our Lobbying Policy to ensure consistency and due process in our interactions with both policy makers and industry.

Legislative environment

As previously stated, our business strategy is increasingly impacted and shaped by a number of regulations. We have included below a summary of key existing and proposed legislation which has, or could have, a material impact on our operations and what we are doing to ensure we meet these requirements.

Energy efficiency

Year enacted	Name of policy and brief description	Our actions
2006	Energy Efficiency Opportunities (EEO) Act Large corporate energy users must identify and report on energy saving initiatives	Actively pursuing energy efficiency initiatives was an existing component of our property management framework, prior to the introduction of the EEO Act. 2010 was the first year we were required to report under EEO. As we were already undertaking a number of eligible initiatives we were able to respond quickly and efficiently. Our response will be available on our website in December 2010 www.dexus.com
2010	National Strategy on Energy Efficiency Commercial Building Disclosure Building Energy Efficiency Certificates Proposed greenhouse gas reduction updates to the Building Code of Australia (BCA)	We are well placed to respond to the requirements of the Commercial Building Disclosure legislation, as we already have in place a NABERS Energy rating program across our portfolio. We are currently preparing for the introduction of Building Energy Efficiency Certificates and anticipate full compliance. For our property developments, commitment to sustainable design and green star ratings ensures energy efficiency targets above the minimum standards required by the Building Code of Australia

Greenhouse gas – Australia

Year enacted	Name of policy and brief description	Our actions
2007	National Greenhouse and Energy Reporting (NGER) Act National system for reporting greenhouse gas emissions and energy consumption by corporations	2009 was the first year we reported under NGER Act. As part of our submission, we addressed the scope of our operational control and data quality. More recently our resource consumption database has been helpful in assisting us to manage our obligations under this Act. We have in place a process to ensure that the operational data we collect meets our obligations and we are continually assessing data accuracy. We were also involved in the NGER Property Working Group, an industry body established to advise on the development of NGER reporting

CORPORATE GOVERNANCE

CONTINUED

Diversity

Year enacted	Name of policy and brief description	Our actions
2010	Amendments to 2007 ASX Corporate Governance Principles and Recommendations Recommendations are to be expanded to include a new recommendation requiring each listed entity to establish and publish a diversity policy that includes measurable objectives relating to gender set by the Board.	In 2010 we formalised our approach to diversity by developing a Diversity policy. In addition we have reviewed our reporting processes and data capture in accordance with impending ASX requirements. Measurable diversity objectives are currently being considered by the Board Nomination and Remuneration Committee

Occupational Health and Safety

Year enacted	Name of policy and brief description	Our actions
2012	Proposed National Work Health & Safety Act The intention is to harmonise various state and industry based occupational, health and safety legislation into one national framework.	Next year we will undertake a detailed review of our OHS&L systems including our monitoring program to determine readiness for and compliance with the new legislation.

DEXUS Board of Directors



1 Bligh Street development, Sydney, NSW

Corporate communications and reporting

Last year we set ourselves the target of improving the quality, transparency and accountability of our CR&S reporting and we are pleased to report a number of achievements in this area. For the second year, we were named as one of the Global 100 Most Sustainable Corporations at Davos in Switzerland, the only A-REIT company to achieve this status two years running. The assessment is conducted via an independent review of publicly available information on each company's business performance and sustainability practices.

In 2009 we achieved the Australian SAM Sustainability Index real estate sector mover award for most improved performance. Also in 2009 we produced an enhanced online reporting website to complement and reduce printing and we were proud to win the Australasian Reporting Award for excellence in online reporting.

In addition, we set a target for our 2010 CR&S Report to progress to assurance under the principles of AA1000 and maintain our GRI rating of A+. At the time of writing this report we achieved an A+ rating and had completed external assurance of our environmental data (see pages 64-65).

FY11 COMMITMENTS

Corporate

All operations

- Achieve ISO 14001 and ISO 18001 accreditation
- Undertake a detailed review of OHS&L systems to determine readiness for and compliance with new legislation in 2012
- Progress to assurance of additional CR&S data in next year's CR&S Report
- Roll-out service excellence charters

Industrial – US

- Develop CR&S strategy and program for US business

OUR FY11 COMMITMENTS

CORPORATE	All operations <ul style="list-style-type: none"> ➔ Undertake a detailed review of OHS&L systems ➔ Progress to assurance of additional CR&S data in next year's CR&S Report ➔ Roll-out Service Excellence Charters ➔ Achieve ISO 14001 and ISO 18001 accreditation 	Industrial – US <ul style="list-style-type: none"> ➔ Develop CR&S strategy and program for our US business
OUR INVESTORS	<ul style="list-style-type: none"> ➔ Deliver at least 5.1 cents per security distribution in FY11 ➔ Expand 2010 investor survey to capture feedback regarding our CR&S performance 	
OUR TENANTS	All operations – Australia <ul style="list-style-type: none"> ➔ Improve overall tenant satisfaction scores ➔ Develop and expand the introduction of Green leases across all sectors ➔ Expand sustainability guidelines in tenant fit-outs in all sectors 	
OUR SUPPLIERS	<ul style="list-style-type: none"> ➔ Roll-out new CR&S supplier tender evaluation criteria to all divisions ➔ Incorporate sustainability requirements in standard consultancy agreements ➔ Measure the ongoing CR&S performance of key suppliers 	
OUR PEOPLE	<ul style="list-style-type: none"> ➔ Extend use of Balanced Performance Scorecard ➔ Enhance our graduate and internship program ➔ Conduct 360 Degree Performance Reviews for managers every two years ➔ Review employee benefits program incorporating new US business ➔ Expand Values Award program to recognise CR&S achievements ➔ Enhance company intranet 	<ul style="list-style-type: none"> ➔ Develop a tailored leadership development program for senior property executives ➔ Improve our process and systems for capturing training and human resource data ➔ Continue to expand face-to-face dialogue between the executive management and employees ➔ Enhance employee participation in CR&S
OUR COMMUNITY	<ul style="list-style-type: none"> ➔ Complete a DEXUS wide community engagement review to ensure alignment with our corporate and stakeholders objectives ➔ Achieve a 10% increase in employee volunteering 	<ul style="list-style-type: none"> ➔ Engage with our corporate partners to leverage community engagement and achieve greater outcomes
OUR ENVIRONMENT	Office – Australia <ul style="list-style-type: none"> ➔ Progress towards achieving 4.5-star NABERS Energy average portfolio rating by 2012 ➔ Progress towards achieving 3.5-star NABERS Water average portfolio rating by 2012 Industrial – Australia <ul style="list-style-type: none"> ➔ Achieve a minimum 4 Star Green Star (Australian Best Practice) as built rating at our large scale industrial estate at Greystanes, NSW, under the new Industrial Rating tool v1 ➔ Obtain a 5 Star Green Star (Australian Excellence) design rating at Greystanes, under the new Industrial Rating tool v1 Retail – Australia <ul style="list-style-type: none"> ➔ Obtain NABERS shopping centre ratings for DEXUS managed centres 	All operations – Australia <ul style="list-style-type: none"> ➔ Assess opportunities at existing properties and new developments to improve biodiversity ➔ Expand sub-metering performance monitoring programs for water, gas and electricity ➔ Develop a new waste management strategy to roll-out across all sectors Industrial – US <ul style="list-style-type: none"> ➔ Develop a LEED rating plan for our US core properties All developments <ul style="list-style-type: none"> ➔ Optimise the re-use or recycling of material removed from our developments and refurbishments

STATEMENT OF VERIFICATION



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INDEPENDENT VERIFICATION STATEMENT

To the Board of Directors, Executive and Stakeholders of DEXUS:

DEXUS Property Group (DEXUS) commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent verification of the 'Corporate Responsibility and Sustainability Report 2010' (the Report). The Report presents DEXUS' sustainability performance for the period 1 July 2009 to 30 June 2010. DEXUS was responsible for the preparation of the Report. The verification statement represents Net Balance's independent opinion on the reliability of information presented within the Report. As an independent verification provider, Net Balance is responsible to the DEXUS Board and Executive alone in accordance with the terms of reference agreed. Other stakeholders should perform their own due diligence before taking any action as a result of this statement.

Verification objectives and processes

The main objective of the verification engagement is to provide DEXUS and its stakeholders with an independent opinion on the reliability of the data and information presented within the Reports. This is confirmed by reviewing the underlying systems, processes, information and data used to support the sustainability performance disclosures. A complementary objective is to ensure recommendations focus on continuous improvement in data management systems and reporting processes.

Verification limitations

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

Verification methodology

The verification engagement was undertaken in September to October 2010, and involved the following:

- + a review of the Report for any significant anomalies, particularly in relation to statements and trends in data
- + a review of DEXUS' key systems and processes used for managing, analysing and reporting sustainability performance information
- + a review of the accuracy and source of information presented in the Report by examining 50 statements and data points
- + a series of interviews with key personnel responsible for collating and writing sections of the Report to substantiate the reliability of data and statements selected from the Report.

Our independence

Net Balance was not responsible for preparing any part of the Report. Our team's independence was ensured by selecting members with no other involvement with DEXUS during the reporting period that could impair the team's independence or objectivity.

Our competency

Verification was carried out by an experienced team of professionals led by a Lead Sustainability Assurance Practitioner (Lead CSAP), accredited by the International Register of Certified Auditors UK (IRCA UK). The project included personnel with expertise in environmental, social and economic performance measurement across a range of industry sectors, in particular, the water sector. Net Balance is a global leader in the verification and assurance of environmental and sustainability reports, having undertaken over 80 assurance/verification engagements in Australia over the past three years.

Reliability of performance information

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

- + the findings of the verification engagement provide confidence in the systems and processes used for managing and reporting sustainability performance data and information
- + the level of reliability of sustainability performance data and information was found to be within acceptable limits
- + data trails selected were generally identifiable and traceable, and the personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data
- + the sustainability performance disclosures within the Report appropriately reflect the environmental and social performance achieved during the reporting period
- + the GRI application level check found that the report was classified as A+.

Findings and recommendations

Overall, it is Net Balance's opinion that the data and information presented within the Report is fair and accurate. The Report was found to be a reliable account of DEXUS' non-financial sustainability performance during the reporting period. To ensure DEXUS continues to improve, Net Balance has identified the following key areas for improvement:

Data management procedures

- + DEXUS personnel are adept in data analysis. To help improve the robustness of data management and analysis, Net Balance recommends DEXUS develops data management procedures for the corporate responsibility and sustainability indicators reported annually such as human resource management, environment and community investment. The manual will help to clearly define the type of data to be collected, the boundaries, assumptions and methods of data analysis and management. The procedures are a valuable risk management strategy for ensuring data is collected and analysed in a consistent and reliable way each year.

Environmental reporting

- + DEXUS has transparent processes in place for reporting environmental resource data. To help facilitate stakeholder understanding and industry benchmarking, Net Balance recommends in future reports DEXUS considers including a summary of absolute emissions data, incorporating all assets purchased and sold during the reporting period. To complement the absolute figures, Net Balance recommends DEXUS also include a narrative explaining the key reasons for the trends and compare results to a baseline year.

On behalf of the assurance team

20 October 2010

Melbourne, Australia



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



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Independent Assurance Report to the Directors of DEXUS Property Group (DEXUS) on selected data included in the Corporate Responsibility and Sustainability Report for the 12 months ended 30 June 2010 (CRS Report)

You have engaged us to provide limited assurance on selected data (**the Data**) included in the Corporate Responsibility and Sustainability Report (**CRS Report**) for the 12 months ended 30 June 2010. The data provided to us were chosen by DEXUS. The following Data presented on page 43 of the CRS Report which was subject to assurance:

- Total GHG emissions (tCO₂-e), including scopes 1 and 2 total GHG emissions;
- Total energy consumed (GJ), including electricity and natural gas;
- Total water consumed (ML).

Management's responsibilities

Management of DEXUS are responsible for preparing the Data included in the CRS Report. Management has prepared a criterion (**the Criteria**) which describes the bases of preparing the Data. Management are responsible for determining the adequacy of the Criteria ([website link: dexus.com/sustainability/Reports-and-Policies](http://dexus.com/sustainability/Reports-and-Policies)). Management's responsibility also includes the design, implementation and maintenance of a system of internal control relevant to the preparation and fair presentation of the Data in the CRS Report to ensure that the data is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to form an independent conclusion on whether, based on our limited assurance procedures, anything has come to our attention to indicate the Data in the CRS Report have not been prepared and presented in all material respects in accordance with the Criteria. Our responsibilities do not extend to any other information presented in the CRS Report. Historic data has not been subject to assurance by us.

The procedures selected depend on auditor judgment, including an assessment of the risks of material misstatement of the Data, whether due to fraud or error. In making these risk assessments, we consider internal control relevant to DEXUS' preparation and fair presentation of the Data in the CRS Report in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of DEXUS' internal controls.

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



Use of our report

This Report, including the conclusion, has been prepared for the Directors of DEXUS as a body, for the sole purpose of reporting on the Data within the CRS Report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors as a body and DEXUS for our work or this Report, or for any other purpose other than that for which this Report was prepared.

We consent to this Report being included in the CRS Report and understand that a copy of the Report will be made available on the DEXUS website. We accept no responsibility for the integrity and security of the DEXUS website and this Report is not intended to relate to, or to be read in conjunction with, any other information that may appear on the DEXUS website. Readers of this Report on the DEXUS website (who may read it for their information only) should bear in mind the inherent risks arising from the electronic communication of data.

Inherent limitations

Non-financial data, including GHG emissions and energy consumption data, may be subject to more inherent limitations than financial data, given both its nature and the methods used for the determining, calculating and estimating such data. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgments. It is important to read the Data in the context of DEXUS' Criteria.

A limited assurance engagement generally comprises of making enquiries, primarily of Management, and applying analytical and other review procedures. The conclusion expressed in this Report has been formed on the above basis.

Conclusion

Based on our procedures, nothing has come to our attention, which causes us to conclude that the Data included in the CRS Report for the year ended 30 June 2010 have not been prepared, in all material respects, in accordance with the Criteria.

A handwritten signature in black ink, appearing to read 'JA Dunning'.

PricewaterhouseCoopers Australia

JA Dunning

Sydney

Partner

20 October 2010

GRI INDEX

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

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

DEXUS has reported against GRI since 2007. This Report is produced in accordance with the GRI G3 Sustainability Reporting Guidelines (a full description of the guidelines is available at: www.globalreporting.org). DEXUS believes that by adopting G3, we will provide our stakeholders with a greater ability to understand and benchmark our performance against others and provide greater clarity and transparency on our sustainability strategy and key areas of impact.

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

To achieve a reporting application level of “A+” we are required to report on all core G3 performance indicators and provide an explanation of any core indicator on which we have partially reported.

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

GRI Application Level

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

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

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

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

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

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

This aligns with the Report Application Level guide illustrated below:

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

* Sector supplement in final version.

PROFILE

1. Strategy and analysis

		Status	Section/comment	Report reference
1.1	Statement from CEO and Chair	✓	Introduction from the Chair and CEO	p 2-7
1.2	Description of key risks and opportunities and effects on stakeholders	✓	Introduction from the Chair and CEO Impacts of our CR&S activities	p 2-7 p 14-15

2. Organisational profile

2.1	Name of the organisation	✓	About DEXUS	p 8-11
2.2	Primary brands, products, and/or services	✓	About DEXUS	p 8-11
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures	✓	About DEXUS	p 8-11
2.4	Location of organisation's headquarters	✓	Our people	p 27
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	✓	About DEXUS	p 8-11
2.6	Nature of ownership and legal form	✓	About DEXUS	p 9
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	✓	About DEXUS	p 8-11
2.8	Scale of the reporting organisation, including: number of employees, net sales, total capitalisation broken down, and quantity of products or services provided	✓	About DEXUS Our people	p 8-11 p 27
2.9	Significant changes during the reporting period regarding size, structure, or ownership including location of, or changes in operations, changes in share capital structure and other capital formation	✓	About DEXUS	p 8-11
2.10	Awards received in the reporting period	✓	Introduction from the Chair and CEO Corporate Governance	p 2 p 60

3. Report parameters

3.1	Reporting period	✓	Report scope	TOC
3.2	Date of most recent previous report	✓	Report scope	TOC
3.3	Reporting cycle	✓	Report scope	TOC
3.4	Contact point for questions regarding the report or its contents	✓	Introduction from the Chair and CEO	p 7
3.5	Process for defining materiality, including determining materiality, prioritising topics within the report, and identifying stakeholders the organisation expects to use the report	✓	Introduction from the Chair and CEO CR&S approach	p 3 p 12-15
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	✓	Report scope	TOC
3.7	State any specific limitations on the scope or boundary of the report	✓	Report scope	TOC
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations	✓	Our environment	p 43
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	✓	Our environment	p 43-56
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	✓	Our environment GRI index	p 43-56 p 66
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	✓	Our environment	p 43-56
3.12	Table identifying the location of the Standard Disclosures in the report	✓	GRI index	p 66
3.13	Policy and current practice with regard to seeking external assurance for the report	✓	Reporting application rating Statement of assurance Corporate governance	TOC p 64-65 p 60

KEY = ☒ Met ☒ Not met **PC** Partially competed **NM** Not material **N/A** Not applicable

4. Governance, commitments and engagement

		Status	Section/comment	Report reference
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	✓	DEXUS Annual Report – Corporate governance statement Corporate governance	p 4-11 p 57-60
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	✓	DEXUS Annual Report – Corporate governance statement Corporate governance	p 4-11 p 57-60
4.3	The number of members of the highest governance body that are independent and/or non-executive members	✓	DEXUS Annual Report – Corporate governance statement Corporate governance	p 4-11 p 57-60
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. Include reference to processes regarding: use of shareholder resolutions, and informing and consulting employees about working relationships with form representation bodies	✓	DEXUS Annual Report – Corporate governance statement Our investors Our people	p 4-11 p 16-17 p 30
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance)	✓	DEXUS Annual Report – Remuneration Report Our people	p 12-25 p 33
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	✓	DEXUS Annual Report – Corporate governance statement	p 4-11
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics	✓	DEXUS Annual Report – Corporate governance statement Corporate governance	p 4-11 p 57-58
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	✓	DEXUS Annual Report – Corporate governance statement About DEXUS Our people Corporate governance	p 4-11 p 8 p 28-29 p 57-60
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	✓	DEXUS Annual Report – Corporate governance statement Corporate governance	p 4-11 p 57-58
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	✓	DEXUS Annual Report – Corporate governance statement	p 4-11
Commitments to external initiatives				
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	✓	Our environment Corporate governance	p 43-56 p 57-60
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	✓	Introduction from the Chair and CEO	p 2-7
4.13	Memberships in associations and/or national/international advocacy organisations in which the organisation has positions in governance bodies: – Participates in projects or committees – Provides substantive funding beyond routine membership dues – Views membership as strategic	✓	Introduction from the Chair and CEO Our community	p 2-7 p 36-41
Stakeholder engagement				
4.14	List of stakeholder groups engaged by the organisation	✓	CR&S approach	p 14-15
4.15	Basis for identification and selection of stakeholders with whom to engage	✓	CR&S approach	p 12-15
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	✓	CR&S approach Our investors Our tenants Our suppliers Our people – Employee engagement Our community	p 12-15 p 16-19 p 20-23 p 24-25 p 26-35 p 36-41
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	✓	CR&S approach Our investors Our tenants Our suppliers Our people – Employee engagement Our community	p 12-15 p 16-19 p 20-23 p 24-25 p 26-35 p 36-41

PERFORMANCE INDICATORS

Economic		Status	Section/comment	Report reference
Economic management approach				p 2-7, 9-11, 14-15, 16-19
Economic performance				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments	✓	DEXUS Annual Report Our investors Our people Our community	p 14-34 p 16-19 p 33 p 38-39
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	PC	Our environment DEXUS's Carbon Disclosure Project submission 2009	p 45
EC3	Coverage of the organisation's defined benefit plan obligations	✓	DEXUS does not operate a defined benefit superannuation scheme. Consistent with Australian legislation, superannuation contributions are made to superannuation funds selected by employees	N/A
EC4	Significant financial assistance received from government	✓	Our environment – Environmental strategy – Green Building Fund	p 48
Market presence				
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	✓	Our people – Employee engagement – Employee benefits	p 33
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	PC	Our suppliers Though the majority of our suppliers are locally-based, this data is not currently available. We will examine the percentage of locally-based suppliers in the mid-term	p 24-25
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	✓	DEXUS hires employees based on merit and the appropriateness of their skill set for all advertised positions. The majority of our employees are hired from within the region in which each of our businesses operates. We source and recruit our employees using local recruitment providers and vacancies are also advertised internally to ensure existing team members have the opportunity to progress their career	N/A
Indirect market presence				
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	✓	CR&S approach – Impacts of our CR&S activities Our community Data on the impact of DEXUS's infrastructure investments is not currently available, this will be investigated in the mid-term as part of our improved stakeholder engagement strategy	p 14-15 p 36-41
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	PC	CR&S approach – Impacts of our CR&S activities Our community	p 14-15 p 36-41

KEY = ☒ Met ☐ Not met **PC** Partially competed **NM** Not material **N/A** Not applicable

Environment

		Status	Section/comment	Report reference
Environmental management approach			Our Environment	p43-56
Materials				
EN1	Materials used by weight or volume	NM	Our suppliers – Selecting construction materials We believe this to be outside our direct control and therefore focus on partnering with our suppliers to achieve the most environmentally sound material use. As part of our new tender selection process greater data on materials selection and waste management will be available for reporting in the medium-term	p 24-25
EN2	Percentage of materials used that are recycled input materials	NM	See description in EN1 Our suppliers Our environment	p 24-25 p 48
DRAFT CRESS 1	Percentage of procured materials of its type that are certified to sustainability standards	PC	See description in EN1 Our environment We encourage our suppliers to work to best practice industry and sustainability standards and during the year we enhanced our supplier selection criteria to include additional CR&S criteria (see page 24). In our office developments we contract our construction partners to procure supplies to certified sustainability standards such as recycled content of concrete and timber sources to comply with Green Star rating certification. During the year we converted our Australian offices letterhead stationery to 100% recycled stock and ensured that our paper supply is Forest Stewardship Council (FSC) certified. We are currently reviewing our procurement strategies and will seek to enhance our approach in relation to the selection and procurement to certified sustainability standards	p 24-25 p 48
Energy				
EN3	Direct energy consumption by primary energy source	✓	Our environment – Energy and water performance	p 43-56
EN4	Indirect energy consumption by primary source	✓	Our environment – Energy and water performance	p 43-56
DRAFT CRESS 2	Building energy intensity by square metres or occupant (buildings use only)	✓	Our environment – Energy and water performance	p 44, 52-56
EN5	Energy saved due to conservation and efficiency improvements	✓	Our environment	p 43-56
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	✓	Our environment	p 43-56
Water				
EN8	Total water withdrawal by source	✓	Our environment	p 43-56
EN9	Water sources significantly affected by withdrawal of water	NM	All water used in DEXUS operations is sourced from regionally based water authorities	N/A
DRAFT CRESS 3	Initiatives to reduce water consumption, including improvements to water quality in water re-use and recycling solutions	PC	Our environment	p 43-56
DRAFT CRESS 4	Water intensity (buildings in use only) by occupant or square metres	✓	Our environment	p 43-56
Biodiversity				
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	PC	Our environment DEXUS operates primarily in metropolitan areas and our developments are generally on brown-field sites, thereby limiting our biodiversity footprint and impact on ecosystem services such as water, air, soil, flora and fauna	p 49 N/A
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	NM	See description in EN11 Our suppliers – Selecting construction materials DEXUS does not operate in protected areas or areas of high biodiversity	p 24-25
EN13	Habitats protected or restored	✓	Our environment	p 49

		Status	Section/comment	Report reference
Emissions, effluents and waste				
EN16	Total direct and indirect greenhouse gas emissions by weight	✓	Our environment	p 43-56
EN17	Other relevant indirect greenhouse gas emissions by weight	NM	Our greenhouse gas data reported does not include any Scope 3 emissions, for example those associated with employee travel. This is not likely to represent a large component of our greenhouse gas emissions, however we intend to increase our data collation in this area in the short-term	N/A
DRAFT CRESS 5	CO ₂ e intensity from building energy (buildings in use only)	✓	Our environment	p 44, 52-56
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	✓	Our environment	p 43-56
EN19	Emissions of ozone-depleting substances by weight	✓	Our environment	p 44, 52-56
EN20	NOx, SOx, and other significant air emissions by type and weight	NM	DEXUS has not reported NOx or SOx or any other air emissions as they are not material to our operations	N/A
EN21	Total water discharge by quality and destination	NM	DEXUS currently does not have data collection systems in place to capture this data, however this is planned in the short-term	N/A
EN22	Total weight of waste by type and disposal method	PC	Our environment – Waste initiatives DEXUS currently does not have data collection systems in place to capture this data, however this is planned in the short-term	p 47
EN23	Total number and volume of significant spills	✓	There have been no significant spills from any DEXUS facility this year	N/A
Products and services				
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	✓	Our environment	p 43-56
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	NM	DEXUS does not provide the types of business products and services relevant to this indicator and therefore it has not been reported against	N/A
Compliance				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	✓	DEXUS did not receive any significant fines or non-monetary sanctions for non-compliance this year	N/A
Transport				
DRAFT CRESS 6	Proportion of land, by area, held or projects designated as “contaminated” according to applicable legal designations	NM	DEXUS is not involved in any projects where land is deemed “contaminated”	N/A
DRAFT CRESS 7	Proportion of contaminated land held that has been remediated	NM	See DRAFT CRESS 6 above	N/A

KEY = ✓ Met ✗ Not met PC Partially competed NM Not material N/A Not applicable

Human rights

		Status	Section/comment	Report reference
Human rights management approach			Our people	p26-35
Investment and procurement practices				
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	<input checked="" type="checkbox"/>	Not applicable to DEXUS as we have no investment agreements in place. All DEXUS investments are managed by DEXUS employees or appointed service providers. DEXUS's operations are in OECD countries which have legislation addressing human rights issues	N/A
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	PC	Our suppliers	p 24-25
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	PC	All employees are required, on at least an annual basis, to undertake training on our Code of Conduct. The policy outlines DEXUS's expectations of all our employees	N/A
Non-discrimination				
HR4	Total number of incidents of discrimination and actions taken	<input checked="" type="checkbox"/>	Our people – Workplace culture	p 29
Freedom of association and collective bargaining				
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	PC	No DEXUS operations have been identified as putting our employees right to exercise freedom of association and collective bargaining at any significant risk	N/A
Child labour				
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	NM	No DEXUS operations have been identified as having significant risk of incidents of child labour	N/A
Forced and compulsory labour				
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	NM	No DEXUS operations have been identified as having significant risk of incidents of forced or compulsory labour	N/A
Security practices				
DRAFT CRESS 9	Percentage of total workforce by employment type and employment contract working on projects in insecure areas	NM	Not applicable to DEXUS as we have no operations in insecure areas	N/A

KEY = ☒ Met ☐ Not met **PC** Partially competed **NM** Not material **N/A** Not applicable

Labour practices

		Status	Section/comment	Report reference
Labour practices management approach				p26-35
Employment				
LA1	Total workforce by employment type, employment contract, and region	✓	Our people – DEXUS team summary and Workplace culture	p 27-29
LA2	Total number and rate of employee turnover by age group, gender, and region	✓	Our people – Employee engagement	p 32
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	✓	Our people – Employee engagement	p 29-35
Labour/management relations				
LA4	Percentage of employees covered by collective bargaining agreements	✓	DEXUS does not have any collective agreements as all employees are employed under individual contracts	N/A
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	✓	There is a minimum of a one month notice period for termination of an employee in DEXUS employment contracts	N/A
Occupational Health and Safety				
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region	✓	Our people – Employee engagement	p 29-32
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	✓	None of our operations are in countries which have high incidence of serious disease. Occupational risks directly impacting our employees and their families are covered by our OHS&L policies and processes	N/A
Training and education				
LA10	Average hours of training per year per employee by employee category	✓	Our people – Employee engagement	p 34
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	✓	Our people – Employee engagement	p 33-35
LA12	Percentage of employees receiving regular performance and career development reviews	✓	Our people – Employee engagement	p 33-34
Diversity and equal opportunity				
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	PC	Our people – Employee engagement Minority group representation data is not currently available and captured by DEXUS, but we will seek to capture this data in the mid-term	p 28-34
LA14	Ratio of basic salary of men to women by employee category	✓	The ratio of basic salary of men to women by employee category is 104% as at 30 June 2010	N/A
DRAFT CRESS 8	Number of women in management and on board	✓	Our people – Workplace culture Security Holder Review Annual Report	p 28-29 p 35 p 4-5

KEY = ☒ Met ☐ Not met **PC** Partially competed **NM** Not material **N/A** Not applicable

Social performance

		Status	Section/comment	Report reference
Social management approach			Our community	p 36-41
Community				
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	PC	CR&S approach Our community – Community consultation Data on the effectiveness of activities is currently not recorded, however as part of our stakeholder engagement process we will look to address this in the near-term	p 14-15 p 40-41
DRAFT CRESS 10	Number of people physically or economically displaced, and compensation, broken down by type of project	✓	No people were physically or economically displaced as a result of DEXUS operations	N/A
Corruption				
S02	Percentage and total number of business units analysed for risks related to corruption	PC	Corporate governance – Policies and procedures Recent risk workshops have addressed the risk of fraud across the DEXUS business. All employees are required, on at least an annual basis, to undertake training on our Code of Conduct. The policy outlines DEXUS's expectations of all our employees including the requirement that employees will at all times avoid any corrupt or dishonest behaviour.	p 58
S03	Percentage of employees trained in organisation's anti-corruption policies and procedures	✓	Corporate governance – Risk management framework Refer comment to S02	p 58-59
S04	Actions taken in response to incidents of corruption	✓	DEXUS recorded no incidents of corruption this year	N/A
Public policy				
S05	Public policy positions and participation in public policy development and lobbying	✓	Corporate governance – Interaction with regulators	p 59
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	✓	Nil	N/A
Anti-competitive behaviour				
S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	✓	There were no legal actions brought against DEXUS for anti-competitive, anti-trust or monopoly practices this year	N/A
Compliance				
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	✓	This year we received no significant fines or non-monetary sanctions for non-compliance with any financial or environmental laws and regulations	N/A

KEY = ☒ Met ☐ Not met **PC** Partially completed **NM** Not material **N/A** Not applicable

Product responsibility

		Status	Section/comment	Report reference
Product responsibility management approach				p 30-34, 48-51, 61-66
Customer health and safety				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	PC	Our people – Employee engagement – Occupational, health, safety and liability Corporate governance – Property risk management plan	p 32 p 58
Product and service labelling				
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	✓	Our environment – Green Building Council Australia – Green Star Rating Tools and NABERS Corporate governance – Legislative environment	p 47-51 p 59-60
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	✓	Our tenants – Tenant surveys Our community – Community consultation	p 20-21 p 40-41
Marketing communications				
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	PC	To ensure appropriate and accurate customer communications, all marketing and communications materials are reviewed and signed off by the respective heads of Marketing and Communications, Legal, Compliance and the relevant property or corporate department. We have in place an online marketing approval database to facilitate this sign-off process, which also acts as a database and audit trail for all external marketing and communications materials	N/A
DRAFT CRESS 11	Initiatives to promote positive social, environmental, and economic legacy following completion, and perceived results, as well as initiatives to mitigate and manage negative legacy impacts	PC	Our community – Community consultation	p 40-41
DRAFT CRESS 12	Initiatives beyond minimum statutory requirements to ensure consideration of design and configuration issues for building, community and infrastructure design	PC	Our environment – Green Building Council Australia – Green Star Rating Tools	p 47-48
Customer privacy				
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	✓	DEXUS has numerous policies in place to ensure customer privacy and compliance with applicable regulations and laws. There were no substantiated complaints against DEXUS regarding breaches of customer privacy during 2009/10.	N/A
Compliance				
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	✓	DEXUS received no significant fines for non-compliance with product responsibility laws and regulations this year	N/A

KEY = ☒ Met ☐ Not met **PC** Partially competed **NM** Not material **N/A** Not applicable

GLOSSARY

ASX	Australian Stock Exchange
BCA	Building Code of Australia
Biodiversity	The variety of life on earth – plants, animals and microorganisms, the variety of genetic material they contain and the ecological systems in which they occur.
Bioswales	Bioswales are landscape elements designed to remove silt and pollution from surface runoff water. They consist of a swaled drainage course with gently sloped sides (less than 6%) and filled with vegetation, compost and/or gravel.
Building Management System (BMS)	A central computerised system for managing and operating systems within a building. A BMS usually incorporates controls for air conditioning, energy consumption, security, access and fire systems.
Carbon Disclosure Project (CDP)	As stated on the CDP website, an independent, not-for-profit organisation aiming to create a lasting relationship between shareholders and corporations regarding the implications for shareholder value and commercial operations presented by climate change. www.cdproject.net/index.asp
Carbon footprint	The direct effect an organisation's operations have on the environment in terms of carbon dioxide emissions, including electricity use and employee travel.
Climate change	Also known as global warming, refers to the build up of greenhouse gases (GHG), primarily carbon dioxide, in the atmosphere, resulting in changes to our climate and weather systems.
DXS	DEXUS Property Group
EEO	Energy Efficiency Opportunities Act (EEO)
Equal Employment Opportunities (EEO)	EEO in a workplace context means that all employees have equal access to the opportunities that are available at work. This means all employees are treated with fairness and respect in that they are not subject to discrimination or harassment in the workplace.
FTSE4Good	The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognised corporate responsibility standards.
Future proof	The assessment of a building's environmental performance and subsequent capital works to ensure the building can perform in the changing environment now and in the future.
GBCA	Green Building Council of Australia (GBCA)
Global Reporting Index (GRI)	A globally recognised framework through which organisations – companies, public agencies, non-profits – can transparently report on economic, environmental and social sustainability.
Green Star	An environmental rating tool for commercial office design and construction, which evaluates a building's impact against eight environmental impact categories.
Greenhouse Gas (GHG)	The build up of gases, such as carbon dioxide and methane, in the atmosphere that absorb energy from the sun.
Green Power	Certified Green Power is renewable energy sourced from the sun, the wind, water and waste that is purchased by an organisation's energy company on its behalf. greenpower.gov.au/home.aspx
Landfill	A method for disposal of solid waste on land whereby the waste is compacted and covered with soil to minimise the effects on the environment.
Leadership in Energy and Environmental Design (LEED) Green Building Rating System™	The nationally accepted benchmark in the US for the design, construction, and operation of high performance green buildings. An initiative of the US Green Building Council.
National Australian Built Environment Rating System (NABERS)	Managed by the NSW Department of Environment, Climate Change and Water (DECCW), the NABERS scheme assists office building owners and tenants to reduce resource use and costs, and greenhouse gas emissions. www.nabers.com.au
NGER	National Greenhouse and Energy Reporting Act
Resources	For the purposes of this report, DEXUS defines resources as energy and water, and waste to landfill.
Smart metering	Also known as advanced metering systems, smart meters are electronic devices which track "real time" resource (electricity, gas and water) consumption, allowing all consumption data to be measured, tracked and monitored remotely.
tCO₂-e	Tonnes of carbon dioxide equivalent, the standard unit all GHGs are equated to.
VOC	Volatile organic compound products



DEXUS Annual Reporting Structure

DEXUS reports annually in several documents:

1. This report, the 2010 Corporate Responsibility and Sustainability (CR&S) Report, contains an overview of the Group's operations for the year ending 30 June 2010.
2. The DEXUS Property Group 2010 Security Holder Review, contains an overview of the Group's operations for the year ending 30 June 2010.
3. The DEXUS Property Group 2010 Annual Report contains the Group's consolidated Financial Statements, Corporate Governance Statement and information about DEXUS's Board of Directors. This document should be read in conjunction with the 2010 Security Holder Review.
4. The DEXUS Property Group 2010 Combined Financial Statements provide the financial statements of DEXUS Industrial Trust, DEXUS Office Trust and DEXUS Operations Trust on an individual basis. This document should be read in conjunction with the DEXUS Property Group 2010 Annual Report which contains the Group's consolidated Financial Statements. In accordance with statutory reporting, DEXUS Diversified Trust has been chosen as the "deemed acquirer" of these three Trusts.

The above reports will be available as part of our 2010 online suite of reports at www.dexus.com

In addition, the PDF of each report will be located at www.dexus.com/Investor-Centre/DXS/Reports



Mixed Sources
Product group from well-managed
forests, controlled sources and
recycled wood or fiber
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