



DEXUS
PROPERTY GROUP

21 August 2008

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

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

Level 9, 343 George Street
Sydney NSW 2000

PO Box R1822
Royal Exchange NSW 1225

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

Email: karol.oreilly@dbbreef.com

Dear Sir / Madam

DEXUS Property Group, ASX: DXS
Annual results for the period ending 30 June 2008

Results for Announcement to the Market

DEXUS Funds Management Limited, as responsible entity for DEXUS Property Group (DXS), provides the following documents to the Australian Stock Exchange:

- ASX Release - DEXUS Property Group - Annual Results to 30 June 2008;
- Appendix 4E Statement - "Results for announcement to the market"; and
- Financial Statements of DEXUS Diversified Trust for the period ending 30 June 2008, including Independent Audit Report from PricewaterhouseCoopers.

For further information, please contact:

CEO, DEXUS Property Group:	Victor Hoog Antink	(02) 9017 1129
Chief Financial Officer	Craig Mitchell	(02) 9017 1183
Investor Relations:	Karol O'Reilly	(03) 8611 2930
Media Relations:	Emma Parry	(02) 9017 1133

Yours sincerely

Tanya Cox
Company Secretary

DEXUS Property Group (ASX: DXS)

2008 Annual Results

21 August 2008

DEXUS Property Group delivers distribution growth of 5% for the full year

DEXUS Property Group today announced earnings from operating activities of \$498 million which resulted in a distribution of 11.9 cents per stapled security, a 5.3% increase on last year's distribution.

Announcing the results, CEO Victor Hoog Antink said, "These results are particularly pleasing against a background of volatile financial markets. During the year, we have achieved a number of key strategic milestones - including the sale of five retail assets in October 2007, the acquisition of Calwest's 20% Joint Venture interest in our US portfolio, the acquisition of the remaining 50% management rights from Deutsche Bank and the re-branding to DEXUS Property Group in February 2008.

The quality of our portfolio combined with our focus on active portfolio management and our prudent and conservative financial management approach, have delivered solid results in the period and have contributed to the further strengthening of our balance sheet".

Key financial highlights:

- Revenue from ordinary activities \$700 million (2007: \$702 million)
- Earnings from operating activities \$498 million (2007: \$513 million)
- Net profit attributable to security holders \$438 million (2007: \$1,169 million)
(Primarily due to revaluations of \$185 million in 2008 versus \$865 million in 2007)
- Total distributions \$355.4 million, up 9.5%
- Distribution per security 11.9 cents, up 5.3%
- Funds under management total \$15.3 billion, up 12.5%
- Total assets \$9.3 billion down 1.45%
- Net tangible assets of \$1.77 per security, down 2.75% for the year
- Gearing has reduced to 33.2%, from 35.6% at 30 June 2007

Through continued proactive capital management we have further reduced gearing and are well within all our debt covenants. DEXUS has a strong capital management framework, limited secured debt and no off balance sheet debt. DEXUS has successfully refinanced all 2008 debt maturities well ahead of their expiries and has already secured financing commitments to refinance over 40% of 2009 maturities.

Key operational highlights:

- Like for like income growth 4.5%
- Portfolio occupancy steady at 93.7%
- Lease duration steady at 4.8 years
- Developments underway exceed \$834m and the future pipeline is \$1.2 billion
- Revaluations increased by \$185m, up 2% despite a softening in capitalisation rates

DEXUS Property Group (ASX: DXS)

2008 Annual Results

Office

Highlights:

- Office contributed \$242 million or 48% of net property income
- Like for like rental growth 4.4%

DEXUS Property Group's high-quality office portfolio (95% Premium or A-grade) continued to perform well driven by rental growth and following revaluation uplift of \$268 million.

Office net property income of \$242 million decreased by 4.7% over the year due to disposals, however on a like for like basis has gone up by 4.4%. Active portfolio management saw new leases and renewals negotiated on 93,000 square metres of office space with an average rental increase of 6.9%. The occupancy rate by area remains high at 97.7%, with an average lease duration of 5.7 years.

During the period, DEXUS made substantial progress with the \$1.2 billion development pipeline, with construction commencing at two premium-grade developments: 123 Albert Street, Brisbane and 1 Bligh in Sydney. Both projects are designed to achieve 6 Star Green Star and 5 Star NABERS Energy ratings, delivering world's best practice in sustainability and providing the highest levels of tenant amenity and quality workspace.

Retail

Highlights:

- Strategic disposal of five retail assets to our unlisted platform for \$950 million

CEO Victor Hoog Antink commented, "The disposal of the retail portfolio was in line with our strategy to build on our leadership positions in the office and industrial sectors in Australia. The sale proceeds were used to retire debt and further strengthen the balance sheet."

Industrial

Highlights:

- The combined Industrial portfolio contributed \$237.6 million or 47% of net property income
- Portfolio value declined to \$3.57 billion, down 2.4%
- Roll-out of development pipeline to provide future product and long-term growth

Australia: The Australian industrial portfolio, valued at \$1.6 billion, contributed \$106 million or 21% of net property income. Occupancy by area remains high at 98.6% and the average lease duration remains steady at 4.4 years. Three development projects were completed in the period, valued at approximately \$54 million. A further five projects are currently underway or in the planning phase, bringing the total future industrial development pipeline in Australia to approximately \$935 million.

In August 2007, the Group sold 50% of the Coles chilled distribution centre for \$58 million, to one of the Group's direct mandate clients. "This transaction further demonstrates our ability to realise the benefits of our integrated platform, recycling capital to fund future growth, while at the same time extracting value created through the development process" said Mr Hoog Antink.

Europe: The Group's assets in France and Germany are valued at \$314 million, contributed \$21 million or 4% of net property income. Occupancy and lease durations are at 85.1% and 3.6 years respectively.

DEXUS Property Group (ASX: DXS)

2008 Annual Results

North America: Our North American portfolio, valued at \$1.9 billion, contributed \$110 million or 22% of net property income. Occupancy remains strong at 91.8% with average lease duration increasing to 3.9 years. Under the Whirlpool program, DEXUS acquired two additional distribution centres in Toronto, Canada and Perris, California, USA for a total of A\$225 million, bringing the total purchased to A\$257 million. Site assessment of three further properties has been completed in the period, construction has commenced and it is expected that DEXUS will acquire these properties, with an estimated value of A\$238 million, in 2009 and early 2010. No further Whirlpool acquisitions are currently contemplated.

Third party funds

The Group's third party funds under management grew by \$1.8 billion to \$6.4 billion, over half of which was represented by the acquisition of the retail portfolio. The funds continued to deliver a strong investment performance, with a combined total return over five years ending 30 June 2008 of 14.3% p.a.

Outlook

Mr Hoog Antink said, "Our high quality portfolio continues to perform well and we are working proactively to deliver further growth and maximise its potential through a continued focus on active portfolio management, development management and prudent financial management to build on our leadership positions in the office and industrial sectors in Australia.

Internationally, we are reviewing the portfolio strategies in the US and Europe to recycle non-core and non-performing assets and restructure the location of our assets to maximise portfolio performance and achieve scale in fewer, selected markets.

We will continue to focus on delivering service excellence to our customers and being the partner of choice to our corporate and government tenants. In the coming financial year, we will bring property management in-house in our Australian office portfolio. In addition to forging closer relationships with our tenants, these operational changes will enable DEXUS to maximise synergies and drive further efficiencies across the platform.

We have a strong, lowly geared balance sheet positioned to fund future prudent expansion and deliver development pipelines to meet the needs of our tenants today and in the future.

Our superior portfolio, experienced management team and focused strategy means we are well-positioned to weather the current market conditions and deliver sustainable returns for our investors.

The group is positioned to deliver increased earnings and distributions in the coming year".

For further information, please contact:

Victor Hoog Antink, CEO (02) 9017 1129 Craig Mitchell, CFO (02) 9017 1183

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

About DEXUS

DEXUS is one of Australia's largest diversified property groups and a leading owner, manager, developer of world-class industrial, office and retail properties with total assets under management of \$15.3 billion in Australia, New Zealand, the United States, Canada and Europe. DEXUS is committed to the long-term integration of sustainability practices throughout its property portfolio. www.dexus.com

DEXUS Property Group (ASX:DXS)

ASX Announcement: Appendix 4E - Preliminary Final Report

DEXUS Property Group
ARSN 089 324 541

Financial report for the year ended 30 June 2008

DEXUS Diversified Trust (ARSN 089 324 541)	Note 1			
		30 Jun 2008	30 Jun 2007	% change
		\$'000	\$'000	
Revenue from ordinary activities		699,725	701,536	-0.26%
Earnings from operating activities ¹		498,000	513,300	-2.98%
Net profit attributable to security holders after tax and after minority interests		438,277	1,168,819	-62.50%
Distribution to security holders		355,380	324,638	9.47%
Distributions per security for the period ending		CPU	CPU	
31 December		5.90	5.60	5.36%
30 June		6.00	5.70	5.26%
Total distributions	Note 2	11.90	11.30	5.31%
Basic and diluted earnings ²		14.80	40.90	
Basic earnings before transaction costs ²		14.80	40.90	
Tax deferred component of distribution (%)³		4.72%	36.42%	
		\$'000	\$'000	
Total assets		9,348,987	9,486,836	-1.45%
Total borrowings		3,006,919	3,353,327	-10.33%
Security holders equity		5,629,055	5,266,770	6.88%
Market capitalisation		4,195,227	5,702,362	-26.43%
		\$ per unit	\$ per unit	
Net tangible assets (excluding minority interests)		1.77	1.82	-2.75%
Securities price		1.38	1.97	-29.95%
Securities on issue		3,040,019,487	2,894,600,006	
Record date		30 June 2008	29 June 2007	
Payment date		29 August 2008	29 August 2007	

- 1 This is represented by net profit attributable to security holders after tax and after minority interest as adjusted for, net fair value gain of investment properties, finance costs (including unrealised interest rate swaps mark to market losses), corporate costs, tax and minority interests
- 2 This calculation is based on the consolidated profit of DXS
- 3 Excludes CGT Concession of 1.70% (2007: 10.19%)

Distribution Reinvestment Plan (DRP)

DXS operates a DRP and details of the terms and conditions can be obtained from the DXS website at www.dexus.com

The record date for DRP election notices for the distribution period ended 30 June 2008 was 30 June 2008.

New entities

No new entities were acquired during the year ended 30 June 2008.

Results commentary

DEXUS Property Group's distributions for the year to 30 June 2008 have increased 5.3 percent to 11.9 cents per security. Total assets decreased 1.5 percent over the period to \$9.3 billion at 30 June 2008. Net tangible assets per security decreased 2.8 percent to \$1.77 per security. Gearing has reduced to 33.2 percent as at 30 June 2008 from 35.6 percent at 30 June 2007.

Specific movements in the income statements for the year ended 30 June 2008 were:

Revenue from ordinary activities was \$700 million (2007: \$702 million), down 0.3 percent, primarily as a result of:

- the disposal of the retail properties to DEXUS Wholesale Property Fund for \$950 million in October 2007;
- the disposal of a 50% interest in the Zenith, North Sydney, NSW for \$126 million in January 2007; and
- demolition of the Bligh Street properties in Sydney and the Albert St car-park in Brisbane.

offset by:

- an increase in income arising from the underlying property portfolio;

- Asset, property and development management fees resulting from the internalisation and consolidation of the management company from 21 February 2008; and
- Acquisition of US property assets for \$324 million during the year.

Earnings from operating activities was \$498 million (2007: \$513 million), down 3.0 percent, primarily as a result of:

- the disposal of the retail properties to DEXUS Wholesale Property Fund for \$950 million in October 2007;
- the disposal of a 50% interest in the Zenith, North Sydney, NSW for \$126 million in January 2007; and
- demolition of the Bligh Street properties in Sydney and the Albert St car-park in Brisbane.

offset by:

- an increase in income arising from the underlying property portfolio;
- Asset, property and development management fees resulting from the internalisation and consolidation of the management company from 21 February 2008; and
- Acquisition of US property assets for \$324 million during the year.

Net Profit attributable to security holders after minority holders was \$438 million (2007: \$1,169 million) down 62.5 percent, primarily as a result of:

- the disposal of the retail properties to DEXUS Wholesale Property Fund for \$950 million in October 2007;
- the disposal of a 50% interest in the Zenith, North Sydney, NSW for \$126 million in January 2007;
- demolition of the Bligh Street properties in Sydney and the Albert St car-park in Brisbane;
- impact of revaluations during the period compared to the prior period; and
- net movements in the fair value of debt and currency derivatives;

offset by:

- profits resulting from the sale of a 50 percent interest in the Coles Chilled Distribution Facility at North Laverton, Vic for \$58 million in December 2007;
- an increase in income arising from the underlying property portfolio; and
- Acquisition of US property assets totalling \$324 million during the year.

Distributions to security holders were 11.9 cents per unit (2007: 11.3 cents per unit) an increase of 5.3 percent reflecting an overall increase in income arising from the underlying property portfolio along with profits resulting from the sale of a 50 percent interest in the Coles Distribution Facility at North Laverton.

DEXUS Property Group (ASX:DXS)

ASX Announcement: Appendix 4E - Preliminary Final Report

Specific movements in the Balance Sheets for the year ended 30 June 2008 were:

- the disposal of the retail portfolio together with the disposal of the Coles Distribution Facility at North Laverton offset by, acquisitions and capital expenditure, revaluations during the period together with the impact of derivative financial instruments and the recognition of management rights primarily resulted in total asset decline of 1.5 percent to \$9.3 billion (June 2007: \$9.5 billion);
- total borrowings for the group decreased 10.3 percent to \$3.0 billion (June 2007: \$3.4 billion) primarily as a result of the disposal of the Retail portfolio, the disposal of the Coles Distribution Facility at North Laverton together with the impact of the June and December 2007 Distribution Reinvestment Plan. This was partially offset by acquisitions and capital expenditure settled and incurred during the period. Gearing, on a look through basis, as at 30 June 2008 was 33.2 percent (June 2007: 35.6 percent);
- Security holders equity increased by 6.9 percent to \$5.6 billion (June 2007: \$5.3 billion). Net tangible assets per security were \$1.77 (June 2007: \$1.82), a decrease of 2.8 percent primarily as a result of revaluations during the period, net movements in the fair value of debt and currency derivatives, impact of the group DRP and the management rights for the period.

For additional information regarding the results of DEXUS Property Group for the year ended 30 June 2008, refer to the attached ASX Release. Attached with this Appendix 4E is a copy of the Financial Statements for the year ended 30 June 2008, together with the Independent Auditors Audit Report from PricewaterhouseCoopers.

Notes

Note 1: For the purposes of statutory reporting, the stapled entity, known as DXS, must be accounted for as a consolidated group. Accordingly, one of the stapled entities must be the “deemed acquirer” of all other entities in the group. DEXUS Diversified Trust has been chosen as the deemed acquirer of the balance of the DXS stapled entities, comprising DEXUS Industrial Trust, DEXUS Office Trust and DEXUS Operations Trust.

Note 2: The distribution for the period 1 July 2007 to 30 June 2008 is the aggregate of the distributions from DEXUS Diversified Trust, DEXUS Industrial Trust and DEXUS Office Trust and a fully franked dividend from DEXUS Operations Trust. The Annual Tax Statement, issued as at 30 June 2008, will provide details of the components of DXS’s distribution.

FINANCIAL STATEMENTS
DEXUS DIVERSIFIED TRUST
(FORMERLY DB RREEF DIVERSIFIED TRUST)
(ARSN 089 324 541)

ANNUAL FINANCIAL REPORT
30 JUNE 2008

Contents	Page
Directors' Report	1
Auditor's Independence Declaration	14
Income Statements	15
Balance Sheets	16
Statement of Changes in Equity	17
Cash Flow Statements	18
Notes to the Financial Statements	19
Directors' Declaration	70
Independent auditor's report	71

DEXUS Property Group (formerly DB RREEF Trust) (DXS) (ASX Code: DXS), consists of DEXUS Diversified Trust (formerly DB RREEF Diversified Trust) (DDF), DEXUS Industrial Trust (formerly DB RREEF Industrial Trust) (DIT), DEXUS Office Trust (formerly DB RREEF Office Trust) (DOT), and DEXUS Operations Trust (formerly DB RREEF Operations Trust) (DXO), (the Trusts).

Under Australian equivalents to International Financial Reporting Standards (AIFRS), DDF has been deemed the parent entity for accounting purposes. Therefore the DDF consolidated Financial Statements include all entities forming part of DXS.

All press releases, financial reports and other information are available on our website: www.dexus.com.

**DEXUS DIVERSIFIED TRUST
(FORMERLY DB RREEF DIVERSIFIED TRUST)
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2008**

Page No. 1 of 72

The Directors of DEXUS Funds Management Limited (formerly DB RREEF Funds Management Limited) (DXFM) as Responsible Entity of DEXUS Diversified Trust (formerly DB RREEF DIVERSIFIED TRUST) (the Trust) and its consolidated entities, DEXUS Property Group (formerly DB RREEF Trust) (DXS) present their Directors' Report together with the consolidated Financial Statements for the year ended 30 June 2008.

The Trust together with DEXUS Industrial Trust (formerly DB RREEF Industrial Trust), DEXUS Office Trust (formerly DB RREEF Office Trust) and DEXUS Operations Trust (formerly DB RREEF Operations Trust) form the DEXUS Property Group stapled security.

1. Directors and secretaries

1.1 Directors

The following persons were Directors or alternate Directors of DXFM at all times during the year, and to the date of this Directors' Report:

Directors	Appointed
Christopher T Beare	4 August 2004
Elizabeth A Alexander AM	1 January 2005
Barry R Brownjohn	1 January 2005
Stewart F Ewen OAM	4 August 2004
Victor P Hoog Antink	1 October 2004
Charles B Leitner III	10 March 2005
Brian E Scullin	1 January 2005
Alternate Director	
Andrew J Fay for Charles B Leitner III	30 January 2006

Particulars of the qualifications, experience and special responsibilities of current Directors and alternate Directors at the date of this Directors' Report are set out in the Directors section of the Annual Report and form part of this Directors' Report.

1.2 Company secretaries

The names and details of the Company Secretaries of DXFM as at 30 June 2008 are as follows:

Tanya L Cox MBA MAICD ACIS (Company Secretary)

Appointed: 1 October 2004

Tanya Cox joined Deutsche Asset Management in July 2003 as Chief Operating Officer for the real estate funds management business, responsible for the overall operational efficiency of the business in Australia. Tanya has held various general management positions over the past 16 years, including Director and Chief Operating Officer of NM Rothschild & Sons (Australia) Ltd and General Manager – Finance, Operations and IT of Bank of New Zealand (Australia).

Tanya is Chief Operating Officer and Company Secretary of DXFM, DEXUS Holdings Pty Limited (formerly DB RREEF Holdings Pty Limited) (DXH) and DEXUS Wholesale Property Limited (formerly DB RREEF Wholesale Property Limited) (DWPL) and is a member of the Board Compliance Committee.

John C Easy B Comm LLB ACIS (Company Secretary)

Appointed: 1 July 2005

John Easy joined Deutsche Asset Management as a senior lawyer in 1997 and was involved in the listing of Deutsche Office Trust and a number of major acquisition, disposal and leasing transactions for DXS. John has responsibility for all legal issues affecting DXS. John was formerly a senior associate with law firms Allens Arthur Robinson and Gilbert & Tobin.

John is General Counsel and Company Secretary for DXFM, DXH and DWPL and is a member of the Board Compliance Committee.

2. Attendance of Directors at Board meetings and Board Committee meetings

The number of Directors' meetings held during the year and each Director's attendance at those meetings is set out in the table below.

The Directors met 17 times during the year. Ten Board meetings were main meetings and seven meetings were held to consider specific business. While the Board continuously considers strategy, in March 2008 it met with the executive and senior management over two days to consider DXS's strategic plans.

Board Meetings	Main meetings held	Main meetings attended ¹	Specific meetings held	Specific meetings attended ¹
Christopher T Beare	10	10	7	7
Elizabeth A Alexander AM	10	10	7	6
Barry R Brownjohn	10	10	7	7
Stewart F Ewen OAM	10	10	7	7
Victor P Hoog Antink	10	10	7	6
Charles B Leitner III ²	10	9	7	7
Brian E Scullin	10	10	7	6

¹Indicates where a Director attended either personally or an Alternate was in attendance.

²Based in New York, USA.

2. Attendance of Directors at Board meetings and Board Committee meetings (continued)

Special meetings are held at a time to enable the maximum number of Directors to attend and are generally held to consider specific items that cannot be held over to the next scheduled main meeting.

During the year the Board reviewed its Board Committee structure and on 1 October 2007 the Board implemented a number of committee changes to enable the Directors to dedicate more time to the varying priorities of each Committee.

The table below sets out the number of Board Committee meetings held during the year for the Committees in place at the end of the year and each Directors' attendance at those meetings.

	Board Audit Committee		Board Risk Committee		Board Compliance Committee		Board Nomination and Remuneration Committee		Board Finance Committee	
	held	attended	held	attended	held	attended	held	attended	held	attended
Christopher T Beare	-	-	-	-	-	-	3	3	3	3
Elizabeth A Alexander AM	5	5	3	3	3	3	-	-	3	3
Barry R Brownjohn	5	5	3	3	-	-	-	-	3	3
Stewart F Ewen OAM	-	-	-	-	-	-	3	3	-	-
Victor P Hoog Antink	-	-	-	-	-	-	-	-	-	-
Charles B Leitner III	-	-	-	-	-	-	-	-	-	-
Brian E Scullin	5	5	3	3	3	3	3	3	-	-

The table below sets out each Director's attendance at the Board Risk and Compliance Committee meeting held prior to it being disbanded on 1 October 2007. In addition, the Board Treasury Policy Committee did not meet before it was disbanded during the year.

	Board Risk and Compliance Committee		Board Treasury Policy Committee	
	held	attended	held	attended
Christopher T Beare	-	-	-	-
Elizabeth A Alexander AM	1	1	-	-
Barry R Brownjohn	-	-	-	-
Stewart F Ewen OAM	-	-	-	-
Victor P Hoog Antink	-	-	-	-
Charles B Leitner III	-	-	-	-
Brian E Scullin	1	1	-	-

3. Remuneration report

The Directors of DXFM as Responsible Entity of the Trust and its consolidated entities (DEXUS Property Group or DXS) present the Remuneration Report. Sections 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7 and 3.8 of this Remuneration Report for the year ended 30 June 2008 have been prepared by the Board Nomination Remuneration Committee and adopted by the Board in accordance with AASB 124: *Related Party Disclosures which has been transferred from the financial report and has been audited*. The remaining disclosures required by the Corporations Law have not been audited.

Please note that a reference to remuneration in this Report has the same meaning as compensation for the purposes of AASB 124.

3.1 Board nomination and remuneration committee

The Board Nomination and Remuneration Committee oversees the remuneration of Directors and Senior Executives. The role and membership of the Board Nomination and Remuneration Committee is set out in the Corporate Governance Statement in this Annual Report. The terms of reference of the Board Nomination and Remuneration Committee can be found on the web page <http://www.dexus.com/Corporate-Governance.aspx>

3.2 Non-executive director remuneration

The disclosures in this section of the report relate to the Non-Executive Directors of DXFM who held office during the year ended 30 June 2008.

3.2.1 Non-Executive Directors' remuneration framework

The objective of the Non-Executive Directors' remuneration framework is to ensure Non-Executive Directors' fees reflect the responsibilities of Directors and the demands which are made on them, as well as ensuring they are in line with market.

Non-Executive Directors' fees are reviewed annually by the Board Nomination and Remuneration Committee. The Committee also obtains advice from independent remuneration consultants from time to time. Non-Executive Directors, other than the Chair, receive a base fee plus an additional fee for membership of a Board Committee. Taking into account the greater time commitment required, the Chair receives a higher fee than other Directors, which is benchmarked to the market median for comparably sized ASX listed organisations. The Chair receives no Board Committee fees, nor is the Chair present during any discussion relating to the determination of his fees.

Fees paid to Non-Executive Directors are paid from a remuneration pool of up to \$1,250,000 per annum, which was approved by DEXUS Property Group investors at the Annual General Meeting held on 25 November 2005.

3.2.1 Non-Executive Directors' remuneration framework (continued)

Board and Committee fees paid to Non-Executive Directors for the years ended 30 June 2007 and 30 June 2008 are set out in the table below:

Name	Directors' fees	Committee fees						Total cash salary and fees
		Chair DWPL	Board Audit & Risk ²	Board Compliance	Board Nomination and Remuneration	Board Treasury Policy ³	Board Finance ⁴	
	Board (\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Christopher T Beare								
2008	300,000	-	-	-	-	-	-	300,000
2007	272,500	-	-	-	-	-	-	272,500
Elizabeth A Alexander AM								
2008	130,000	-	30,000	8,125	-	-	5,625	173,750
2007	110,000	-	20,000	833	-	-	-	130,833
Barry R Brownjohn								
2008	130,000	-	15,000	-	-	-	15,000	160,000
2007	110,000	-	10,000	-	-	15,000	-	135,000
Stewart F Ewen OAM								
2008	130,000	-	-	-	7,500	-	-	137,500
2007	110,000	-	-	-	7,500	-	-	117,500
Charles B Leitner III¹								
2008	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-
Brian E Scullin								
2008	130,000	30,000	15,000	16,250	7,500	-	-	198,750
2007	110,000	15,000	10,000	20,000	7,500	-	-	162,500
Total								
2008	820,000	30,000	60,000	24,375	15,000	-	20,625	970,000
2007	712,500	15,000	40,000	20,833	15,000	15,000	-	818,333

¹ As an employee of the Deutsche Bank group Mr Leitner has waived his right to receive Directors' fees. Accordingly, Mr Leitner's alternate director, Mr Fay, does not receive directors' fees when acting as his alternate.

² Board Audit & Risk Committee was separated into two discrete committees on 1 October 2007.

³ Treasury Policy Committee was discontinued on 1 October 2007.

⁴ Finance Committee was newly constituted on 1 October 2007.

All Non-Executive Directors also receive reimbursement for reasonable travel, accommodation and other expenses incurred whilst undertaking DEXUS Property Group business.

During the year ended 30 June 2008, Charles B Leitner, Non-Executive Director, was an employee of RREEF America Inc., a Deutsche Bank group company, and was not paid fees or any other remuneration by DXFM or DXH or any of their subsidiaries.

The Chief Executive Officer, Victor P Hoog Antink, does not receive fees in respect of his role as a Director, but does receive remuneration as a Senior Executive of DXFM.

A private company associated with Mr Fay, received a consulting/advisory fee of \$65,000 from DXFM for services rendered during the year ended 30 June 2008.

3.2.2 Remuneration paid

Details of the nature and amount of each element of remuneration for each Non-Executive Director of DXFM for the years ended 30 June 2007 and 30 June 2008 are set out in the following table.

Name (\$)	Short-term employee benefits (\$)	Post-employment benefits¹ (\$)	Other long-term benefits (\$)	Total (\$)
Christopher T Beare 2008	286,871	13,129	-	300,000
2007	259,814	12,686	-	272,500
Elizabeth A Alexander AM 2008	160,621	13,129	-	173,750
2007	25,720	105,113	-	130,833
Barry R Brownjohn 2008	123,379	36,621	-	160,000
2007	29,887	105,113	-	135,000
Stewart F Ewen OAM 2008	126,147	11,353	-	137,500
2007	107,798	9,702	-	117,500
Brian E Scullin 2008	139,605	59,145	-	198,750
2007	119,797	42,703	-	162,500
Total 2008	836,623	133,377	-	970,000
2007	543,016	275,317	-	818,333

¹ Post-employment benefits represent compulsory and salary sacrificed superannuation benefits.

3.3 Executive remuneration framework

The disclosures in this section of the Report relate to the executives listed below, being the Chief Executive Officer and the Senior Executives with authority and responsibility for planning, directing and controlling the activities of DEXUS Property Group during the financial year.

Name	Title	The date they qualified or ceased to qualify as a Senior Executive during the 12 months ended 30 June 2008
Victor P Hoog Antink	Chief Executive Officer	Qualified 14 January 2008
Tanya L Cox	Chief Operating Officer	
Pat A Daniels	Head of Human Resources	
John C Easy	General Counsel	Ceased to qualify 27 March 2008
Ben J Lehmann	Fund Manager, DEXUS Property Group	
Louise J Martin	Head of Office	Qualified 27 March 2008
Craig D Mitchell	Chief Financial Officer	Qualified 17 September 2007
Paul G Say	Head of Corporate Development	Qualified 28 April 2008
Mark F Turner	Head of Unlisted Funds	
Andrew P Whiteside	Head of Industrial	

The objective of DXFM's executive remuneration framework is to ensure remuneration for performance is competitive and appropriate for the results delivered.

The framework for Senior Executive remuneration is based on the following key criteria:

- transparency, competitiveness and reasonableness;
- linked to performance;
- the ability to attract high quality executives;
- the retention of high performing executives; and
- alignment of executives' and investors' interests

Alignment to investors' interests is achieved by a substantial proportion of Senior Executive remuneration being dependent upon performance. This ensures that remuneration for Senior Executives, including the Chief Executive Officer, is closely linked to:

- overall share price performance, relative to peer performance; and
- achievement of key non-financial value drivers

The DXFM performance management program incorporates the establishment of specific, measurable, financial and non-financial objectives for all employees, which are then monitored throughout the year. Each of these individual objectives contribute to the achievement of DEXUS's overall strategic plans. At each year end the degree of an employee's achievement against objectives is assessed and the results reflected in their "at risk" performance incentive allocation.

3.3 Executive remuneration framework (continued)

Employee remuneration structure is a mix of:

- fixed salary, subject to annual review; and
- variable "at risk" pay earned according to short-term and long-term performance incentive plans

The balance of an employee's remuneration between these components changes to reflect the employee's accountability and responsibility for results. As an employee's accountability and responsibility increases the lower will be the fixed component and the greater the "at risk" incentive component of their remuneration.

The DXFM target remuneration mix between fixed salary, short-term and long-term incentives for the Chief Executive Officer and other Senior Executives is outlined below:

	2008			2007		
	Fixed	STI	LTI	Fixed	STI	LTI
Chief Executive Officer	40	30	30	45	25	30
Senior Executives - Property	45	30	25	50	25	25
Senior Executives - Other	50	25	25	50	25	25

No employee receives DEXUS Property Group securities or securities in any other DEXUS product as part of their remuneration package. This practice is in line with the DEXUS trading policy outlined in the Corporate Governance Statement.

The Board has made this decision because DXFM has responsibility for the performance of DEXUS Property Group itself, as well as a number of third party funds and mandates. To minimise any appearance of conflict that may arise by being a manager of both listed and unlisted funds, the Directors and Senior Executives have determined that they will not directly invest in any fund managed by the DEXUS Property Group, including DEXUS Property Group's own securities. This action ensures that the Directors and Senior Executives are not motivated to act in the interests of any one group of investors over another.

Recognising the need to achieve an alignment of interest with DXS investors, and the contribution third party funds make to the performance of the DEXUS Property Group, the Board has implemented a long-term incentive plan based on the combined performance of DEXUS Property Group and each fund managed by DEXUS. A detailed description of the long-term incentive plan is outlined below.

Fixed remuneration

Fixed remuneration is positioned at the market median. External remuneration consultants are retained to provide analysis and advice regarding market remuneration for comparable roles, responsibility and accountability. The fixed pay for all employees is reviewed annually.

Performance incentive pool

All short-term incentive payments and long-term incentive allocations are taken from a single performance incentive pool. The size of the performance incentive pool in any year is determined after reference to the group's performance against specific financial and non-financial targets determined by the Board. Should these predetermined performance targets be achieved, an incentive pool, approved by the Board following the recommendation of the Board Nomination and Remuneration Committee, is made available for allocation to all employees, including Senior Executives and the Chief Executive Officer, for the financial year.

Short-term performance incentive

At the end of each year, performance against set targets is assessed and the results reflected in the short-term performance incentive allocation from the incentive pool to each employee. The performance assessment is weighted to non-financial measures that vary between positions but include matters such as achieving delivery of projects, operational improvements, performance enhancements, leadership and team work.

Where performance falls below minimum threshold levels, no short term performance incentive is paid. Short-term performance incentives are payable in cash in August/September each year.

The Board reserves the right to exercise discretion in the final determination of short term incentives.

Long-term incentive plan

In 2005 the Board implemented a long-term incentive plan, which has operated without change. The plan is designed to:

- more closely align participants' interests with those of investors;
- provide participants with an incentive to create long-term, sustainable value for investors by enabling them to benefit from the long-term success of DEXUS activities; and
- assist in attracting and retaining high quality executives

At the end of each year, performance against set targets is assessed and the results reflected in the long-term performance incentive allocation from the incentive pool to each participant. The performance assessment is weighted to financial measures that vary between positions but include matters such as DXS total shareholder return relative to its peer group, earnings growth, net tangible asset backing and third party fund performance. No long-term performance incentive allocation is granted for less than satisfactory performance. The Board Nomination and Remuneration Committee recommends to the Board the employees, including Senior Executives, who will be eligible to participate in the long-term incentive plan and the amount of long term incentive that should be allocated to each participant.

3.3 Executive remuneration framework (continued)

The long-term incentive plan employs the following concepts:

- the "Composite Total Return" is 50 percent of the total return of DEXUS Property Group, plus 50 percent of the combined asset weighted total return of its unlisted funds and mandates; and
- the "Performance Benchmark" is 50 percent of the S&P/ASX 200 Property Accumulation Index for DEXUS Property Group and 50 percent of the Mercers Unlisted Property Fund Index for its unlisted funds and mandates

In determining the construction of the Composite Total Return and in particular the relative weighting between the returns of DEXUS Property Group and its unlisted funds and mandates, the Board considered the following factors:

- the desire of DEXUS Property Group to attract and retain third party funds and mandates based on the assurance that incentives are in place to ensure their equitable treatment;
- the economic contribution to DEXUS Property Group of management fees arising from third party funds under management;
- the increased investment in its management team and infrastructure, enabled by third party funds management fees, which benefit investors in both the unlisted funds platform and the DEXUS Property Group, including an in-house research team, valuations team, building services team and sustainability team, the cost of which is defrayed by those fees;
- the greater market presence that the third party business brings to the DEXUS Property Group.

The Board also considered whether the construction of the Composite Total Return should reflect the actual value of the unlisted funds and mandates, and DEXUS Property Group's own funds under management. However, the Board determined that a 50/50 allocation would provide greater assurance that all investors were treated equitably, than an uneven allocation.

Consequently, the Board is satisfied that the composition of the long term incentive plan reflects the value contribution of third party funds to the DEXUS Property Group.

The DXFM long-term incentive plan operates as follows:

- each year the Board, following a recommendation from the Board Nomination and Remuneration Committee, allocates participants a long term incentive value. The long-term incentive value allocated varies depending on the role of the participant and the participant's performance against key performance indicators
- the long-term incentive value is held by DXH until the end of the three year vesting period, and is notionally reinvested during the vesting period in DEXUS Property Group securities (50 percent of long-incentive value) and its other unlisted funds and mandates (50 percent of long-term incentive value). The resulting "banked value" of each participant's long-term incentive allocation fluctuates in line with changes in the Composite Total Return
- at the end of the three year vesting period the final long-term incentive payment is determined by grossing up the final "banked value" by the Performance Multiplier
- the relevant Performance Multiplier is determined by comparing the Composite Total Return over the three year vesting period, to the Benchmark. The table below sets out the appropriate Performance Multiplier based on the comparison of Composite Total Return to the relevant Benchmark performance:

Performance hurdle	Less than 95% of benchmark	Up to 100% of benchmark	Up to 115% of benchmark	Up to 130% of benchmark	Greater than 130% of benchmark
Performance Multiplier	100%	110%	120%	140%	150%

- consequently, the long-term incentive payment made to each participant at the end of the vesting period reflects the overall return received by DEXUS investors, with performance exceeding the benchmark being recognised by a greater long-term incentive payment

Participants in the long-term incentive plan only receive cash payments. In addition, if a participant terminates their employment during the vesting period their long-term incentive grant is forfeited, unless otherwise determined by the Board Nomination and Remuneration Committee.

The rules of the plan allow the Board Nomination and Remuneration Committee to exercise discretion in regard to the allocation of long term incentives.

The Board regularly reviews the construction of the long term incentive plan. To ensure that the long term incentive plan fairly reflects the interests of DXS and other funds' investors, during the 2008/09 year the Board will conduct a review of the plan, including consultation with investors. Suggested plan improvements will be considered by the Nomination and Remuneration Committee and changes deemed to more effectively motivate participants to create long term, sustainable value for investors will be adopted in the 2008/09 plan year.

3.3 Executive remuneration framework (continued)

Performance indicators

Key performance indicators are typically a combination of financial and non-financial indicators which reflect the employee's role, seniority, accountability and responsibility and their personal objectives, and may include one or more of the following measures:

Performance indicators	Reason for use
Financial performance indicators	
Total shareholder return, relative to its peers	to ensure focus on total return to investors, relative to its peer group
Earnings growth	to ensure focus on improving earnings
Distributions growth	to ensure focus on distributions to investors
Third party funds performance	to ensure focus on achieving each funds objectives
Property performance indicators	
Net property income per property	to ensure focus on target income returns to investors
Percentage of vacant space per property	to ensure focus on target income returns to investors
Expenses against budget	to ensure focus on appropriate cost model
Non-financial indicators	
Project Delivery	to ensure focus on achievement of non-financial drivers of performance
Team work	to ensure focus on achievement of non-financial drivers of performance

3.4 DEXUS performance

DEXUS Property Group was created as a single stapled security in September 2004. Since stapling, DEXUS Property Group's operational and financial performance has been in line with expectations.

Funds under management

As at 30 June	DEXUS funds under Management (\$ billion)	Third party funds under Management (\$ billion)	Total DEXUS funds under management (\$ billion)
2008	8.86	6.41	15.27
2007	9.03	4.63	13.66
2006	7.85	3.90	11.75
2005	7.00	3.50	10.50

DEXUS Property Group – ASX Market Capitalisation

Year to 30 June	Market capitalisation (\$ billion)
2008	4.20
2007	5.69
2006	4.10
2005	3.70

Source: IRESS

DEXUS Property Group – Earnings, Distributions and Net Tangible Assets (NTA)

Year to 30 June	Earnings per Security ¹	Distribution per Security	NTA Per Security
2008	14.80 Cents	11.9 Cents	\$1.77
2007	40.90 Cents	11.3 Cents	\$1.82
2006	36.44 Cents	11.0 Cents	\$1.53
2005	18.25 Cents	10.5 Cents	\$1.28

¹ Earnings attributable to staple security holders.

Total return analysis

- Composite Total Return – 50 percent of the total return of DEXUS Property Group, plus 50 percent of the combined asset weighted total return of its unlisted funds and mandates
- Composite Performance Benchmark – 50 percent of the Mercers Unlisted Property Fund Index and 50 percent of the S&P/ASX 200 Property Accumulation Index

3.4 DEXUS performance (continued)

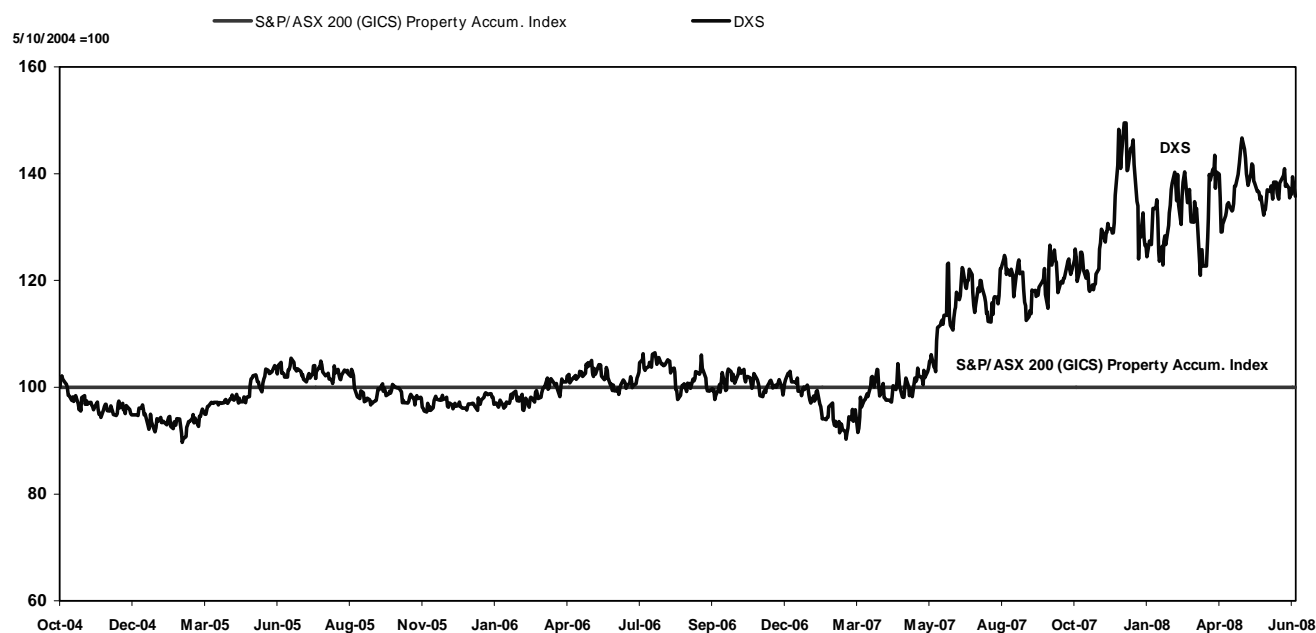
Period to 30 June 2008	1 year (% per annum)	2 years (% per annum)	3 years (% per annum)	Since 1 October 2004 ¹ (% per annum)
Composite Total Return	(7.2)	8.3	11.5	12.4
Composite Performance Benchmark	(10.8)	3.2	7.4	8.7
DEXUS Property Group	(24.7)	3.6	7.6	9.4
S&P/ASX 200 Property Accumulation Index	(36.3)	(10.5)	(2.1)	0.9

¹ Inception date is 1 October 2004.

During the year DEXUS Property Group did not buy back or cancel any of its securities.

DEXUS Property Group Security Price Performance

DXS relative market price performance compared to S&P/ASX 200 (GICS) Property Accum. Index
6 October 2004 to 30 June 2008



Source: IRESS/DEXUS

3.5 Details of senior executive remuneration paid/payable

Details of the nature and amount of each element of remuneration for the Chief Executive Officer and other Senior Executives for the years ended 30 June 2007 and 30 June 2008 are set out in the following table. This table includes details of the five highest paid Directors or Executives.

Name	Short-term employee benefits			Post-employment benefits	Other long-term benefits		Total
	Cash salary and fees	Short-term incentive	Other short term benefit	Pension and superannuation benefits	Long-term incentive value	Termination benefits	
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Victor P Hoog Antink							
2008	1,100,000	900,000	-	100,000	900,000	-	3,000,000
2007	907,167	550,000	-	92,833	650,000	-	2,200,000
Tanya L Cox							
2008	339,059	200,000	-	10,941	175,000	-	725,000
2007	311,828	175,000	-	3,172	110,000	-	600,000
Pat A Daniels¹							
2008	103,470	60,000	-	5,471	100,000	-	268,941
2007	-	-	-	-	-	-	-
John C Easy							
2008	297,871	150,000	-	37,129	120,000	-	605,000
2007	286,314	110,000	-	28,686	75,000	-	500,000
Ben J Lehmann²							
2008	346,344	-	-	9,847	-	1,105,000	1,461,191
2007	407,314	250,000	-	12,686	250,000	-	920,000
Louise J Martin³							
2008	116,607	225,000	-	1,250	250,000	-	592,857
2007	-	-	-	-	-	-	-
Craig D Mitchell⁴							
2008	273,768	250,000	162,592	42,899	250,000	-	979,259
2007	-	-	-	-	-	-	-
Peter Roberts⁵							
2008	-	-	-	-	-	-	-
2007	292,438	-	-	39,206	-	500,000	831,644
Paul G Say							
2008	466,871	225,000	-	13,129	250,000	-	955,000
2007	122,438	20,000	280,000	4,229	-	-	426,667
Mark F Turner							
2008	377,172	200,000	-	42,828	200,000	-	820,000
2007	297,615	200,000	-	42,385	180,000	-	720,000
Andrew P Whiteside⁶							
2008	61,228	200,000	-	3,282	100,000	-	364,510
2007	-	-	-	-	-	-	-
Total							
2008	3,482,390	2,410,000	162,592	266,776	2,345,000	1,105,000	9,771,758
2007	2,625,114	1,305,000	280,000	223,197	1,265,000	500,000	6,198,311

¹ Pat Daniels qualified as a Senior Executive on 14 January 2008 .

² Ben Lehmann ceased to qualify as a Senior Executive on 27 March 2008.

³ Louise Martin qualified as a Senior Executive on 27 March 2008.

⁴ Craig Mitchell qualified as a Senior Executive on 17 September 2007.

⁵ Peter Roberts ceased to qualify as a Senior Executive on 8 June 2007.

⁶ Andrew Whiteside qualified as a Senior Executive on 28 April 2008.

In addition to the above remuneration, Ben Lehmann received salary payments until 20 June 2008.

3.6 Details of senior executive long term incentive plan grants

The table below sets out details of the long term incentive plan grants to each senior executive.

Name	Year granted	LTI Grant value	Movement in "Banked Value"	Closing "Banked Value" as at 30 June 2008	Award Vested as at 30 June 2008	Year that award will vest
Victor P Hoog Antink	2008	900,000				2011
	2007	650,000	(46,605)	603,395		2010
	2006	250,000	43,625	293,623		2009
	2005	187,500	73,556	261,056	391,584	2008
Tanya L Cox	2008	175,000				2011
	2007	110,000	(7,887)	102,113		2010
	2006	60,000	10,470	70,470		2009
	2005	10,000	3,923	13,923	20,885	2008
Pat A Daniels ¹	2008	100,000				2011
John C Easy	2008	120,000				2011
	2007	75,000	(5,378)	69,622		2010
	2006	50,000	8,725	58,725		2009
	2005	12,500	4,904	17,404	26,106	2008
Ben J Lehmann ²	2007	250,000	(17,923)	232,077	232,077	2010
	2006	120,000	20,940	140,940	140,940	2009
	2005	50,000	19,615	69,615	104,423	2008
Louise J Martin ³	2008	250,000				2011
Craig Mitchell ⁴	2008	250,000				2011
Paul G Say	2008	250,000				2011
Mark F Turner	2008	200,000				2011
	2007	180,000	(12,906)	167,094		2010
	2006	70,000	12,215	82,215		2009
	2005	10,000	3,923	13,923	20,885	2008
Andrew P Whiteside ⁵	2008	100,000				2011

¹ Pat Daniels qualified as a Senior Executive on 14 January 2008.

² Ben Lehmann ceased to qualify as a Senior Executive on 27 March 2008.

³ Louise Martin qualified as a Senior Executive on 27 March 2008.

⁴ Craig Mitchell qualified as a Senior Executive on 17 September 2007.

⁵ Andrew Whiteside qualified as a Senior Executive on 28 April 2008.

Differences in closing "banked value" and vested amounts shown in the above table reflect the impact of the performance multiplier described in the terms of the long term incentive plan outlined on page 6.

3.7 Equity plans and loans

DXFM does not operate a security or option participation plan or a loan plan for any Director or Senior Executive.

3.8 Employment agreements

The table below outlines employment arrangements for the Chief Executive Officer and other Senior Executives:

Name and title	Commencement date	Term	Termination provisions/benefits
Non-Executive Directors		3 years	Non-executive directors are appointed for a maximum three year term, at which time they may stand for re-election.
Victor P Hoog Antink Chief Executive Officer	1 October 2004	Unlimited in term	In the event of termination DXH will provide six months notice and may elect to pay out all or part of the notice period.
			In the event that DXH initiates the termination for reasons outside the control of the CEO, a severance payment, equal to 100% of fixed remuneration, is payable.
Other Senior Executives	Various	Unlimited in term	In the event of termination DXH will provide three months notice and may elect to pay out all or part of the notice period.
			In the event that DXH initiates the termination for reasons outside the control of the executive, a severance payment will be made taking into account the seniority of the executive, the length of service, performance of the executive and the reasons for termination.

The Nomination and Remuneration Committee will determine whether any STI or LTI payment is made. No notice is required in the event that termination is for misconduct or serious or persistent breach of the agreement.

4. Directors' interests

The Board's policy on insider trading and trading in DXS securities or securities in any of the funds managed by DEXUS, by any Director or employee is outlined in the Corporate Governance Statement.

While the trading policy described in the Corporate Governance Statement applies to Directors and Senior Executives, the Board has determined that Directors will not trade in any security managed by DEXUS.

Directors have made this decision because the Board of DEXUS has responsibility for DXS as well as the third party business. Directors are obliged to act in the best interests of each group of investors independently of each other. Therefore, to minimise the appearance of conflict that may arise by being a Director of multiple funds, the Directors have determined that they will not invest in any fund managed by DEXUS including DXS. This position is periodically reviewed by the Board.

As a direct result of DEXUS's policy regarding Directors holding DXS securities, or securities in any of the funds managed by DEXUS, as at the date of this Directors' Report no Director or alternate Director directly or indirectly held:

- securities in DXS; or
- options over, or any other contractual interest in, securities in DXS; or
- an interest in any other fund managed by DXFM or any other entity that forms part of DXS.

5. Directors' directorships in other listed entities

The following table sets out directorships of other listed entities, not including DXFM, held by the Directors at any time in the three years immediately prior to the end of the year, and the period for which each directorship was held:

Director	Company	Date appointed	Date resigned or ceased being a director of a listed security
Elizabeth A Alexander AM	CSL Limited	12 July 1991	
	Boral Limited	15 Dec 1999	
	AMCOR Limited	Apr 1994	Oct 2005
Brian E Scullin	Deutsche Asset Management (Australia) Limited ¹	24 Oct 2000	17 Oct 2006
	IYS Instalment Receipt Limited ¹	24 Oct 2000	17 Oct 2006
	SPARK Infrastructure RE Limited ²	1 Nov 2005	24 Aug 2007
	BT Investment Management Limited	17 Sep 2007	
Alternate Director			
Andrew J Fay (alternate to Charles B Leitner III)	Deutsche Asset Management (Australia) Limited ¹	20 Oct 2004	17 Oct 2006
	IYS Instalment Receipt Limited ¹	20 Oct 2004	17 Oct 2006
	SPARK Infrastructure RE Limited ²	7 Dec 2006	12 Dec 2007

¹IYS Instalment Receipt Limited had until 29 November 2006 issued ASX listed instalment receipts over units in the Deutsche Retail Infrastructure Trust, a managed investment scheme that was until 17 October 2006 listed but not quoted on the ASX and whose responsible entity was Deutsche Asset Management (Australia) Limited. Deutsche Asset Management (Australia) Limited ceased to be the Responsible Entity of IYS Instalment Receipt Limited on 17 October 2006.

²SPARK Infrastructure RE Limited has issued ASX listed stapled securities trading as SPARK Infrastructure Group (ASX:SKI).

6. Principal activities

During the year the principal activity of DXS was real estate funds management and investment in real estate assets. There were no significant changes in the nature of DXS's activities during the year.

The number of employees of DXS at the end of the reporting period being 30 June 2008 was 270 (2007: 227).

7. Total value of trust assets

The total value of the assets of DXS as at 30 June 2008 was \$9,349.0 million (2007: \$9,486.8 million). Details of the basis of this valuation are outlined in note 1 of the notes to the financial statements and form part of this Directors' Report.

8. Review and results of operations

A review of the results, financial position, operations including business strategies and the expected results of operations of DEXUS Property Group, are set out in the Chief Executive Officer's Report in this Annual Report and forms part of this Directors' Report.

9. Likely developments and expected results of operations

In the opinion of the Directors, disclosure of any further information regarding business strategies and the future developments or results of DXS, other than the information already outlined in this Directors' Report or the financial statements accompanying this Directors' Report would be unreasonably prejudicial to DXS.

10. Significant changes in the state of affairs

The Directors are not aware of any matter or circumstance, not otherwise dealt with in this Directors' Report or the financial statements that has significantly or may significantly affect the operations of DXS, the results of those operations, or the state of DXS's affairs in future financial years.

11. Matters subsequent to the end of the financial year

Since the end of the year the Directors of DXFM are not aware of any matter or circumstance not otherwise dealt with in this Directors' Report or the financial statements that has significantly or may significantly affect the operations of DXS, the results of those operations, or the state of DXS's affairs in future financial years.

12. Distributions

Distributions paid or payable by DXS for the year ended 30 June 2008 were 11.9 cents per security (2007: 11.3 cents per security) as outlined in note 30 of the notes to the financial statements.

13. DXFM's fees and associate interests

Details of fees paid or payable by DXS to DXFM for the year ended 30 June 2008 are outlined in note 34 of the notes to the financial statements and form part of this Directors' Report.

The number of interests in DXS held by DXFM or its associates as at the end of the financial year are nil (2007: nil).

14. Interests in DXS

The movement in securities on issue in DXS during the year and the number of securities on issue as at 30 June 2008 are detailed in note 27 of the notes to the financial statements and form part of this Directors' Report.

DXS did not have any options on issue as at 30 June 2008 (2007: nil).

15. Environmental regulation

DXS senior management, through its Risk Management Committee, oversee the policies, procedures and systems that have been implemented to ensure the adequacy of its environmental risk management practices. It is the opinion of this Committee that adequate systems are in place for the management of its environmental responsibilities and compliance with its various licence requirements and regulations. Further, the Committee is not aware of any breaches of these requirements and to the best of its knowledge all activities have been undertaken in compliance with environmental requirements.

16. Indemnification and insurance

The insurance premium for a policy of insurance indemnifying Directors, officers and others (as defined in the relevant policy of insurance) is paid by DXH. The auditors are in no way indemnified out of the assets of DXS.

17. Audit

17.1 Auditor

PricewaterhouseCoopers (PwC or the Auditor) continues in office in accordance with section 327 of the *Corporations Act 2001*.

17.2 Non-audit services

Details of the amounts paid to the Auditor, which include amounts paid for non-audit services are set out in note 6 of the notes to the financial statements.

The Board Audit Committee is satisfied that the provision of non-audit services provided during the year by the Auditor (or by another person or firm on the Auditor's behalf) is compatible with the standard of independence for auditors imposed by the *Corporations Act 2001*. The reasons for the Directors being satisfied are:

- Board Audit Committee has determined that the external auditor will not provide services that have the potential to impair the independence of its audit role, including:
 - participating in activities that are normally undertaken by management; and
 - being remunerated on a "success fee" basis.
- Board Audit Committee has determined that the Auditor will not provide services where the Auditor may be required to review or audit its own work, including:
 - the preparation of accounting records;
 - the design and implementation of information technology systems;
 - conducting valuation, actuarial or legal services;
 - promoting, dealing in or underwriting securities; or
 - providing internal audit services.
- Board Audit Committee regularly reviews the performance and independence of the Auditor and whether the independence of this function has been maintained having regard to the provision of non-audit services. The Auditor has provided a written declaration to the Board regarding its independence at each reporting period and Board Audit Committee approval is required before the engagement of the Auditor to perform any non-audit service for a fee in excess of \$100,000.

The above Directors' statements are in accordance with the advice received from the Board Audit Committee.

17.3 Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out in the financial statements and forms part of this Directors' Report.

18. Corporate governance

DXFM's Corporate Governance Statement is set out in a separate section of the Annual Report.

19. Rounding of amounts and currency

DXS is a registered scheme of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in this Directors' Report and the financial statements. Amounts in this Directors' Report and financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise indicated. All figures in this Directors' Report and the financial statements, except where otherwise stated, are expressed in Australian dollars.

20. Management representation

The Chief Executive Officer and Chief Financial Officer have received certificates from DXS's senior executives, certifying that its financial reporting processes, policies and procedures together with its risk management and internal control and compliance policies and procedures are adequate and it is their opinion that DXS's financial records for the financial year have been properly maintained in accordance with the *Corporations Act 2001* and the financial statements and their notes comply with the accounting standards and give a true and fair view.

21. Directors' authorisation

This Directors' Report is made in accordance with a resolution of the Directors. The financial report was authorised for issue by the directors on 20 August 2008. The directors have the power to amend and reissue the financial report.



Christopher T Beare

Chair

20 August 2008



Victor P Hoog Antink

Chief Executive Officer

20 August 2008

Auditor's Independence Declaration

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

As lead auditor for the audit of DEXUS Diversified Trust (formerly known as DB RREEF Diversified Trust) for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of DEXUS Diversified Trust and the entities it controlled during the period.



JA Dunning
Partner
PricewaterhouseCoopers

Sydney
20 August 2008

DEXUS DIVERSIFIED TRUST
(FORMERLY DB RREEF DIVERSIFIED TRUST)
INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Page No. 15 of 72

		Consolidated		Parent Entity	
		2008	2007	2008	2007
	Note(s)	\$'000	\$'000	\$'000	\$'000
Revenue from ordinary activities					
Property revenue	2	664,831	693,430	142,190	153,063
Distribution revenue		-	-	36,810	49,050
Interest revenue		8,134	8,106	715	560
Management fees		26,760	-	-	-
Total revenue from ordinary activities		699,725	701,536	179,715	202,673
Share of net profits of associates accounted for using the equity method					
	16	2,467	52,715	-	-
Proceeds from sale of inventory		-	3,959	-	-
Net gain on sale of investment properties		2,297	3,355	(5,743)	15
Net fair value gain of investment properties		184,444	831,330	30,733	217,847
Net fair value (loss)/ gain of investments		-	-	(96,517)	73,909
Net fair value (loss)/ gain of derivatives		(3,503)	727	(2,203)	838
Net foreign exchange gain		3,442	1,349	48,314	33,322
Other income		1,253	1,672	478	87
Total income		890,125	1,596,643	154,777	528,691
Expenses					
Property expenses		(159,565)	(170,120)	(34,803)	(39,470)
Responsible Entity fees	34	(21,869)	(33,147)	(9,397)	(11,961)
Finance costs	3	(213,233)	(133,055)	(23,560)	(31,823)
Carrying value of inventory sold		-	(3,478)	-	-
Depreciation and amortisation		(3,002)	(2,488)	-	-
Impairment of goodwill		(61)	-	-	-
Employee benefits expense		(23,340)	-	-	-
Other expenses	5	(15,892)	(11,091)	(1,213)	(1,580)
Total expenses		(436,962)	(353,379)	(68,973)	(84,834)
Profit before tax		453,163	1,243,264	85,804	443,857
Tax expense					
Income tax benefit	4 (a)	1,542	1,110	-	-
Withholding tax (expense)	4 (c)	(9,444)	(33,583)	-	-
Total tax expense		(7,902)	(32,473)	-	-
Profit after tax		445,261	1,210,791	85,804	443,857
Profit attributable to:					
Equity holders of the parent entity		83,470	446,378	85,804	443,857
Equity holders of other stapled entities (minority interest)		354,807	722,441	-	-
Stapled security holders		438,277	1,168,819	85,804	443,857
Net profit attributable to other minority interests		6,984	41,972	-	-
Net profit		445,261	1,210,791	85,804	443,857
Earnings per unit					
		Cents	Cents	Cents	Cents
Basic earnings per unit on profit attributable to equity holders of the parent entity	40	2.82	15.62	2.90	15.53
Diluted earnings per unit on profit attributable to equity holders of the parent entity	40	2.82	15.62	2.90	15.53

The above Income Statements should be read in conjunction with the accompanying notes.

Earnings per unit

Basic earnings per unit on profit attributable to stapled security holders	40	14.80	40.90
Diluted earnings per unit on profit attributable to stapled security holders	40	14.80	40.90

DEXUS DIVERSIFIED TRUST
(FORMERLY DB RREEF DIVERSIFIED TRUST)
BALANCE SHEETS
AS AT 30 JUNE 2008

Page No. 16 of 72

	Note(s)	Consolidated 2008 \$'000	2007 \$'000	Parent Entity 2008 \$'000	2007 \$'000
Current assets					
Cash and cash equivalents	7	99,214	59,603	31,004	9,096
Receivables	8	40,669	36,389	8,419	19,495
Derivative financial instruments	10	191,162	145,425	70,059	33,124
Other financial assets	11	-	51,936	-	-
Current tax assets		124	112	-	-
Other	12	9,372	9,664	1,307	2,439
Total current assets		340,541	303,129	110,789	64,154
Non-current assets					
Investment properties	13	8,182,295	8,585,703	1,589,089	1,987,034
Property, plant and equipment	14	443,633	314,021	62,644	-
Other financial assets at fair value through profit and loss	15	-	-	-	294,901
Investments accounted for using the equity method	16	107,734	270,155	-	-
Investments in associates	16	-	-	314,989	481,712
Loans with related parties	9	-	-	119,533	-
Deferred tax assets	17	14,882	3,921	-	-
Intangible assets	18	255,113	-	-	-
Other	19	4,789	9,907	566	803
Total non-current assets		9,008,446	9,183,707	2,086,821	2,764,450
Total assets		9,348,987	9,486,836	2,197,610	2,828,604
Current liabilities					
Payables	20	118,396	124,509	13,968	24,129
Interest bearing liabilities	21	576,131	18,443	-	-
Loans with related parties	9	-	-	34,332	34,332
Current tax liabilities		1,019	1,930	-	-
Provisions	22	194,314	164,992	102,300	68,470
Derivative financial instruments	10	97,078	21,333	43,429	7,861
Other	23	1,799	3,150	-	-
Total current liabilities		988,737	334,357	194,029	134,792
Non-current liabilities					
Interest bearing liabilities	21	2,430,788	3,334,884	-	-
Loans with related parties	9	-	-	-	702,914
Deferred tax liabilities	24	76,543	73,809	-	-
Financial liability with other minority interests	25	-	28,305	-	-
Provisions	22	9,818	-	-	-
Other	26	8,048	10,538	959	1,210
Total non-current liabilities		2,525,197	3,447,536	959	704,124
Total liabilities		3,513,934	3,781,893	194,988	838,916
Net assets		5,835,053	5,704,943	2,002,622	1,989,688
Equity					
Equity attributable to equity holders of the parent entity					
Contributed equity	27	1,297,831	1,151,526	1,297,831	1,151,526
Reserves	28	1,248	(925)	-	-
Undistributed income	28	705,510	839,248	704,791	838,162
Parent entity security holders' interest		2,004,589	1,989,849	2,002,622	1,989,688
Equity attributable to equity holders of other entities stapled to DDF (minority interest)					
Contributed equity	27	2,280,052	2,182,833	-	-
Reserves	28	49,689	3,054	-	-
Undistributed income	28	1,294,725	1,091,034	-	-
Other stapled security holders' interest		3,624,466	3,276,921	-	-
Stapled security holders' interest		5,629,055	5,266,770	2,002,622	1,989,688
Other minority interest	29	205,998	438,173	-	-
Total equity		5,835,053	5,704,943	2,002,622	1,989,688

The above Balance Sheets should be read in conjunction with the accompanying notes.

**DEXUS DIVERSIFIED TRUST
(FORMERLY DB RREEF DIVERSIFIED TRUST)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008**

Page No. 17 of 72

	Note(s)	Consolidated 2008 \$'000	2007 \$'000	Parent Entity 2008 \$'000	2007 \$'000
Total equity at the beginning of the year		5,704,943	4,715,513	1,989,688	1,619,954
Exchange differences on translation of foreign operations	28	(14,486)	1,951	-	-
Revaluation increment on investment	28	63,294	-	-	-
Net income recognised directly in equity		48,808	1,951	-	-
Net profit		445,261	1,210,791	85,804	443,857
Total recognised income and expense for the year		494,069	1,212,742	85,804	443,857
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs	27	243,524	145,328	146,305	57,382
Distributions provided for or paid	30	(355,380)	(324,638)	(219,175)	(131,505)
Acquisition of investment		402	-	-	-
Transactions with other minority interest:					
Contributions of equity, net of transaction costs		1,899	4,130	-	-
Distributions provided for or paid	30	(17,536)	(19,045)	-	-
Disposal of minority interest		(265,989)	-	-	-
Foreign currency translation reserve		29,121	(29,087)	-	-
Total transactions with equity holders		(363,959)	(223,312)	(72,870)	(74,123)
Total equity at the end of the year		5,835,053	5,704,943	2,002,622	1,989,688
Total recognised income and expense for the year is attributable to:					
Equity holders of the parent entity - DDF unitholders		85,643	444,714	85,804	443,857
Equity holders of other entities stapled to DDF (minority interest)		401,442	726,056	-	-
Security holders of DEXUS Diversified Trust		487,085	1,170,770	85,804	443,857
Other minority interest		6,984	41,972	-	-
Total recognised income and expense for the year		494,069	1,212,742	85,804	443,857

The above Statements of Changes In Equity should be read in conjunction with the accompanying notes.

DEXUS DIVERSIFIED TRUST
(FORMERLY DB RREEF DIVERSIFIED TRUST)
CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Page No. 18 of 72

	Note(s)	Consolidated 2008 \$'000	2007 \$'000	Parent Entity 2008 \$'000	2007 \$'000
Cash flows from operating activities					
Receipts in the course of operations (inclusive of GST)		783,742	768,804	179,091	178,475
Payments in the course of operations (inclusive of GST)		(252,212)	(280,014)	(74,314)	(81,829)
Interest received		10,149	9,702	606	560
Finance costs (paid to)/received from financial institutions		(174,204)	(191,047)	8,189	(11,015)
Distributions received		9,862	13,177	36,810	49,050
Dividends received		3,250	4,750	-	-
Income and withholding taxes paid		(6,142)	(5,637)	-	-
Net cash inflow from operating activities	38 (a)	374,445	319,735	150,382	135,241
Cash flows from investing activities					
Proceeds from sale of investment properties		793,200	194,160	446,799	-
Proceeds from sale of inventory		-	3,959	-	-
Payments for capital expenditure on investment properties	38 (b)	(167,642)	(167,233)	(58,198)	(84,637)
Payments for investment properties		(321,327)	(393,627)	(2,800)	-
Proceeds from sale of investments		215,200	-	503,601	-
Payments for acquisition of investments net of cash		(321,191)	-	(96)	-
Payments for investments accounted for using the equity method		(18,630)	(8,897)	(141,178)	(1,131)
Wind up of investment		67	-	-	-
Payments for property, plant and equipment		(80,661)	(69,683)	-	-
Payments for capital expenditure on property, plant and equipment		(87,951)	(96,591)	(15,605)	-
Net cash inflow/(outflow) from investing activities		11,065	(537,912)	732,523	(85,768)
Cash flows from financing activities					
Establishment expenses and unit issue cost		(154)	-	-	-
Increase in other minority interest		1,651	2,343	-	-
Borrowings provided to the Trusts		-	-	(606,896)	(141,644)
Borrowings provided by the Trusts		-	-	104,348	80,165
Proceeds from borrowings		2,487,200	2,053,575	264,620	111,340
Repayment of borrowings		(2,662,111)	(1,693,134)	(584,032)	(46,150)
Repayment of loan notes		(51,936)	-	-	-
Distributions paid to security holders		(94,306)	(169,841)	(39,037)	(59,831)
Dividends paid to related parties		(5,974)	-	-	-
Distributions paid to other minority interests		(16,884)	(18,577)	-	-
Net cash (outflow)/inflow from financing activities		(342,514)	174,366	(860,997)	(56,120)
Net increase/(decrease) in cash and cash equivalents		42,996	(43,811)	21,908	(6,647)
Cash and cash equivalents at the beginning of the year		59,603	106,428	9,096	15,743
Effects of exchange rate changes on cash and cash equivalents		(3,385)	(3,014)	-	-
Cash and cash equivalents at the end of the year	7	99,214	59,603	31,004	9,096

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

In accordance with AASB Interpretation 1002: *Post-Date-of-Transition Stapling Arrangements*, the Trusts must be consolidated. The parent entity and deemed acquirer of the Trusts is DDF.

The DDF consolidated column represents the consolidated result of DDF, which comprises DDF and its controlled entities, DIT and its controlled entities, DOT and its controlled entities, DXO and its controlled entities. Equity attributable to other trusts stapled to DDF is a form of minority interest in accordance with AASB 1002 and, in the DDF consolidated column, represents the equity of DIT, DOT and DXO. Other minority interests represent the equity attributable to parties external to the Trusts.

DEXUS Property Group (formerly DB RREEF Trust) stapled securities (DXS) are quoted on the Australian Stock Exchange under the code "DXS" and comprise one unit in each of DDF, DIT, DOT and DXO. Each entity forming part of DXS continues as a separate legal entity in its own right under the Corporations Act 2001 and is therefore required to comply with the reporting and disclosure requirements under the *Corporations Act 2001* and Australian Accounting Standards.

DEXUS Funds Management Limited (formerly DB RREEF Funds Management Limited) (DXFM) as Responsible Entity for each of the Trusts may only unstaple the Trusts if approval is obtained by special resolution of the stapled security holders.

This general purpose financial report for the year ended 30 June 2008 has been prepared in accordance with the requirements of the Trusts' Constitutions, the *Corporation Act 2001*, Australian Equivalents to International Financial Reporting Standards (AIFRS) and Urgent Issues Group Interpretations. Compliance with AIFRS ensures that the consolidated financial statements and notes comply with International Financial Reporting Standards (IFRS).

This financial report is prepared on the going concern basis and in accordance with historical cost conventions and has not been adjusted to take account of either changes in the general purchasing power of the dollar or changes in the values of specific assets, except for the revaluation of certain non-current assets and financial instruments (refer notes 1(e), 1(o), and 1(t)).

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Critical accounting estimates

The preparation of Financial Statements in conformity with AIFRS may require the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Trusts' accounting policies. Other than the estimation of fair values described in notes 1(e), 1(o), and 1(t), no key assumptions concerning the future or other estimation of uncertainty at the reporting date have a significant risk of causing material adjustments to the Financial Statements in the next annual reporting period.

(b) Principles of consolidation

Controlled entities

The Financial Statements have been prepared on a consolidated basis in recognition of the fact that while the securities issued by the Trusts are stapled into one trading security and cannot be traded separately, the Financial Statements must be presented on a consolidated basis. The parent entity and deemed acquirer of the Trusts is DDF. The accounting policies of the subsidiary trusts are consistent with those of the parent.

The Financial Statements incorporate an elimination of inter-entity transactions and balances to present the Financial Statements on a consolidated basis. Net profit and equity in controlled entities, which is attributable to the unitholdings of minority interests, are shown separately in the Income Statements and Balance Sheets respectively.

Where control of an entity is obtained during a financial year, its results are included in the Income Statements from the date on which control is gained.

The Financial Statements incorporate all the assets, liabilities and results of the parent and its controlled entities.

Partnerships and joint ventures

Where assets are held in a partnership or joint venture with another entity directly, the Trusts' share of the results and assets of this partnership or joint venture are consolidated into the Income Statements and Balance Sheets of the Trusts. Where assets are jointly controlled via ownership of units in single purpose unlisted unit trusts or shares in companies, the Trusts apply equity accounting to record the operations of these investments (refer note 1(r)).

Note 1. Summary of significant accounting policies (continued)

(c) Revenue recognition

Rent

Rental income is brought to account on a straight-line basis over the lease term for leases with fixed rent review clauses. In all other circumstances rental income is brought to account on an accruals basis. If not received at balance date, rental income is reflected in the Balance Sheets as a receivable. Recoverability of receivables is reviewed on an ongoing basis. Debts which are known to be not collectable are written off.

Interest income

Interest income is brought to account on an accruals basis using the effective interest rate method and, if not received at balance date, is reflected in the Balance Sheets as a receivable.

Dividends and distribution income

Income from dividends and distributions are recognised when declared. Amounts not received at balance date are included as a receivable in the Balance Sheets.

(d) Expenses

Expenses are brought to account on an accruals basis and, if not paid at the balance date, are reflected in the Balances Sheets as a payable.

Property expenses

Property expenses include rates, taxes and other property outgoings incurred in relation to investment properties and property plant and equipment where such expenses are the responsibility of the Trusts.

Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation or ancillary costs incurred in connection with arrangement of borrowings and foreign exchange losses net of hedged amounts on borrowings, including trade creditors and lease finance charges. Borrowing costs are expensed as incurred unless they relate to qualifying assets.

Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the asset. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

(e) Derivatives and other financial instruments

(i) Derivatives

The Trust's activities expose it to a variety of financial risks including foreign exchange risk and interest rate risk. Accordingly, the Trust enters into various derivative financial instruments such as interest rate swaps and foreign exchange contracts to manage its exposure to certain risks. Written policies and limits are approved by the Board of Directors of the Responsible Entity, in relation to the use of financial instruments to manage financial risks. The Responsible Entity continually reviews the Trust's exposures and updates its treasury policies and procedures. The Trust does not trade in derivative instruments for speculative purposes.

Even though derivative financial instruments are entered into for the purpose of providing the Trusts with an economic hedge, the Trusts' have elected not to apply hedge accounting under AASB 139: *Financial Instruments: Recognition and Measurement*. Accordingly, derivatives including interest rate swaps, cross currency swaps and foreign exchange contracts, are measured at fair value with any changes in fair value recognised in the income statement.

(ii) Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in the Income Statements.

(iii) Debt and equity instruments issued by the Trusts

Financial instruments issued by the Trusts are classified as either liabilities or as equity in accordance with the substance of the contractual arrangements. Accordingly, ordinary units issued by DDF, DIT, DOT and DXO are classified as equity.

Interest and distributions are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments.

Transaction costs arising on the issue of equity instruments are recognised directly in equity (net of tax) as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Note 1. Summary of significant accounting policies (continued)

(e) Derivatives and other financial instruments (continued)

(iv) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in the net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(v) Other financial assets

Loans and other receivables are measured at amortised cost using the effective interest rate method less impairment.

(f) Goods and services tax/value added tax

Revenues, expenses and capital assets are recognised net of any amount of Australian/New Zealand/Canada goods and services tax (GST) or French and German value added tax (VAT), except where the amount of GST/VAT incurred is not recoverable. In these circumstances the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.

Cash flows are included in the cash flow statements on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to the Australian Taxation Office is classified as operating cash flows.

(g) Taxation

Under current Australian income tax legislation DDF, DIT and DOT, are not liable for income tax provided they satisfy certain legislative requirements. These Trusts may be liable for income tax in jurisdiction where foreign property is held (i.e. USA, France, Germany, Canada, New Zealand).

DXO is a trading trust and is subject to Australian income tax as follows:

- The income tax expense for the year is the tax payable on the current year's taxable income based on a tax rate of 30 percent adjusted for changes in deferred tax assets and liabilities and unused tax losses;
- Deferred tax assets and liabilities are recognised for temporary differences arising from differences between the carrying amount of assets and liabilities and the corresponding tax base of those items. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax assets or liabilities. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability (where they do not arise as a result of a business combination and did not affect either accounting profit/loss or taxable profit/loss);
- Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses;
- Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future; and
- Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Withholding tax payable on distributions received by the Trusts from DEXUS Industrial Properties Inc (formerly DB RREEF Industrial Properties Inc) (US REIT) and DEXUS US Properties Inc (formerly DB RREEF US Properties Inc) (US REIT II) are recognised as an expense when tax is withheld.

In addition, a deferred tax liability or asset and related deferred tax expense/benefit is recognised on differences between the tax cost base of US assets and liabilities in the Trusts (held by US REIT and US REIT II) and their accounting carrying values at balance date. Any deferred tax liability or asset is calculated using a blend of the current withholding tax rate applicable to income distributions and the applicable US federal and state taxes.

Under current Australian income tax legislation, the security holders will generally be entitled to receive a foreign tax credit for US withholding tax deducted from distributions paid by the US REIT and US REIT II.

DIT France Logistique SAS (DIT France), a wholly owned sub trust of DIT, is liable for French corporation tax on its taxable income at the rate of 34.43 percent. In addition, a deferred tax liability or asset and its related deferred tax expense/benefit is recognised on differences between the tax cost base of the French real estate assets and their accounting carrying value at balance date.

Note 1. Summary of significant accounting policies (continued)

(g) Taxation (continued)

DEXUS GLOG Trust (formerly DB RREEF GLOG Trust), a wholly owned Australian sub trust of DIT, is liable for German income tax on its German taxable income at the rate of 15.82 percent from 1 January 2008 (this rate was 26.375 percent prior to 1 January 2008). In addition, a deferred tax liability or asset and its related deferred tax expense/benefit is recognised on differences between the tax cost base of the German real estate assets and their accounting carrying value at balance date.

DOT NZ Sub-Trust No. 1, a wholly owned Australian sub trust of DOT, is liable for New Zealand corporate tax on its New Zealand taxable income at the rate of 33 percent. In addition, a deferred tax liability or asset and its related deferred tax expense/benefit is recognised on differences between the tax cost base of the New Zealand real estate asset and the accounting carrying value at balance date.

DEXUS Canada Trust (formerly DB RREEF Canada Trust), a wholly owned Australian sub trust of DIT, is liable for Canada income tax on its Canadian taxable income at the rate of 25 percent. In addition, a deferred tax liability or asset and its related deferred tax expense/benefit is recognised on differences between the tax cost base of the Canadian real estate asset and the accounting carrying value at balance date.

Tax consolidation

DXH is the head entity in the DXH tax consolidated group comprising DEXUS Funds Management Limited (formerly DB RREEF Funds Management Limited), DEXUS Property Services Pty Limited (formerly DB RREEF Property Services Pty Limited), DEXUS Financial Services Pty Limited (formerly DB RREEF Financial Services Pty Limited) and DEXUS Wholesale Property Limited (formerly DB RREEF Wholesale Property Limited). The implementation date for the tax-consolidated group was 1 October 2004.

The entities in the DXH tax consolidated group entered into a Tax Sharing Deed on 29 June 2007 (effective 1 July 2006). In the opinion of the directors, this limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, DXH.

DXH and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These notional tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right pursuant to the Tax Funding Deed entered into on 29 June 2007 (effective 1 July 2006).

Under the Tax Funding Deed, the wholly owned entities fully compensate DXH for any current tax payable assumed and are compensated by DXH for any current tax receivable. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements and are recognised as current intercompany receivables or payables.

(h) Distributions

In accordance with the Trusts' Constitutions, the Trusts distribute their distributable income to unitholders by cash or reinvestment. Distributions are provided for when they are approved by the Board of Directors and declared.

(i) Repairs and maintenance

Plant is required to be overhauled on a regular basis and is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the replaced component will be derecognised and the replacement costs capitalised in accordance with note 1(o). Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, which is based on the invoiced amount less provision for doubtful debts. Trade receivables are required to be settled within 30 days and are assessed on an ongoing basis for impairment. Receivables which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Trusts will not be able to collect all amounts due according to the original terms of the receivables.

(l) Other financial assets at fair value through profit and loss

Interests held by the Trust in controlled entities and associates are measured at fair value with changes in fair value recognised immediately in the Income Statements.

Note 1. Summary of significant accounting policies (continued)

(m) Property, plant and equipment

Property under development is carried at historical cost until development is complete. All costs of development are capitalised against the property and are not depreciated. Upon completion of development, the assets are classified as investment property.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to its acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the trust and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(n) Depreciation of property, plant and equipment

Land is not depreciated. Depreciation on buildings (including fit-out) is calculated on a straight-line basis so as to write off the net cost of each non-current asset over its expected useful life. Estimates for remaining useful lives are reviewed on a regular basis for all assets and are as follows:

Buildings (including fit-out)	5 - 50 years
IT equipment	3 - 5 years

(o) Investment properties

Investment properties consist of properties held for long term rental yields, capital appreciation or both. Investment properties are initially recognised at cost including transaction costs. Investment properties are subsequently recognised at fair value in the Financial Statements. Each valuation firm and its signatory valuer are appointed on the basis that they are engaged for no more than three consecutive valuations.

The basis of valuations of investment properties is fair value being the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. Where this is not available, an appropriate valuation method is used, which may include the discounted cashflow and the capitalisation method. Discount rates and capitalisation rates are determined based on industry expertise and knowledge, and where possible a direct comparison to third party rates for similar assets in a comparable location. Rental income from current leases and assumptions about future leases, as well as any expected operational cash outflows in relation to the property, are also reflected in fair value.

External valuations of the individual investments are carried out in accordance with the Trusts' Constitutions, or may be earlier where the Responsible Entity believes there is a potential for a material change in the fair value of the property.

Changes in fair values are recorded in the Income Statements. The gain or loss on disposal of an investment property is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the Income Statements in the year of disposal.

Subsequent redevelopment and refurbishment costs (other than repairs and maintenance) are capitalised to the investment property where they result in an enhancement in the future economic benefits of the property. Repairs and maintenance are accounted for in accordance with 1(i).

Held for sale investment properties

Investment properties intended for sale are separately disclosed on the Balance Sheets as "Held for sale investment properties". Such properties are measured using the same methodology as investment properties.

(p) Leasing fees

Leasing fees incurred are capitalised and amortised over the lease periods to which they relate.

(q) Lease incentives

Prospective lessees may be offered incentives as an inducement to enter into operating leases. These incentives may take various forms including cash payments, rent free periods, or a contribution to certain lessee costs such as fit out costs or relocation costs.

The costs of incentives are recognised as a reduction of rental income on a straight-line basis from the earlier of the date which the tenant has effective use of the premises or the lease commencement date to the end of the lease term. The carrying amount of the lease incentives is reflected in the fair value of investment properties.

(r) Investments accounted for using the equity method

Some property investments are held through the ownership of units in single purpose unlisted trusts or shares in unlisted companies where the Trusts exert significant influence or joint control but does not have a controlling interest. These investments are considered to be associates and the equity method of accounting is applied in the consolidated Financial Statements.

Under this method, the entity's share of the post-acquisition profits of associates is recognised as revenue in the Consolidated Income Statements. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends or distributions receivable from associates are recognised in the parent entity's Income Statements, while in the consolidated Financial Statements they reduce the carrying amount of the investment.

When the Trusts' share of losses in an associate equal or exceed its interest in the associate (including any unsecured receivables) the Trusts do not recognise any further losses unless it has incurred obligations or made payments on behalf of the associate.

Note 1. Summary of significant accounting policies (continued)

(s) Business combinations

The purchase method of accounting is used for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values. The excess of the acquisition cost over the fair value of the assets and liabilities acquired is recorded as goodwill (refer note 1(t)). If the cost is less than the fair value of the net assets acquired, the difference is recognised directly in the Income Statements.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange at the entity's incremental financing rate.

(t) Intangible assets

(i) Goodwill

Where a business combination is acquired, the identifiable net assets acquired are measured at fair value. The excess of the acquisition costs over the fair value of the identifiable net assets is brought to account as goodwill in the Balance Sheets. The carrying value of the goodwill is tested for impairment at each reporting date with any decrement in value taken to the Income Statements as an expense.

(ii) Management rights

Management rights represent the asset management rights owned by the Trust which entitle it to management fee revenue from both finite and infinite trusts. The carrying value of these management rights is tested for impairment annually. If there is any impairment, this will be recognised through the Income Statements and separately disclosed. Those rights that are deemed to have a finite useful life, are measured at cost and amortised using the straight-line method over their estimated useful lives which vary from six to twenty-two years.

(u) Financial assets and liabilities

(i) Classification

DXS has classified its financial assets and liabilities as follows:

Financial Asset/Liability	Classification	Valuation basis	Reference
Cash	Fair value through profit and loss	Fair value	Refer note 1(j).
Receivables	Loans and receivables	Amortised Cost	Refer note 1(k).
Other financial assets	Loans and receivables	Amortised Cost	Refer note 1(e) (v).
Other financial assets	Fair value through profit and loss	Fair value	Refer note 1(l).
Payables	Financial liability at amortised cost	Amortised Cost	Refer note 1(v).
Interest bearing liabilities	Financial liability at amortised cost	Amortised Cost	Refer note 1(w).
Derivatives	Fair value through profit and loss	Fair value	Refer note 1(e).

Financial assets and liabilities are classified in accordance with purpose for which they were acquired.

(ii) Fair value estimation of financial assets and liabilities

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and available for sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Trusts are the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques including dealer quotes for similar instruments and discounted cash flows. In particular, the fair value of interest-rate swaps and cross currency swaps are calculated as the present value of the estimated future cash flows, the fair value of forward exchange rate contracts is determined using forward exchange market rates at the balance sheet date, and the fair value of barrier interest rate swaps and interest rate option contracts are calculated as the present value of the estimated future cash flows taking into account the time value and implied volatility of the underlying instrument.

(v) Payables

These amounts represent liabilities for amounts owing at balance date. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 1. Summary of significant accounting policies (continued)

(w) Interest bearing liabilities

Subsequent to initial recognition at fair value, net of transaction costs incurred, interest bearing liabilities are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

(x) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Trusts expect to pay as at reporting date including related on-costs, such as workers compensation, insurance and payroll tax.

(ii) Long service leave

The provision for employee benefits for long service leave represents the present value of the estimated future cash outflows, to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government bonds at reporting date which most closely match the term of the maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

(y) Earnings per unit

Earnings per unit are determined by dividing the net profit attributable to equity holders of the parent entity by the weighted average number of ordinary units outstanding during the year.

(z) Foreign currency

Items included in the Financial Statements of the Trust are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Financial Statements are presented in Australian dollars, which is the functional and presentation currency of the Trust.

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of financial assets and liabilities denominated in foreign currencies are recognised in the Income Statements.

(ii) Foreign operations

Foreign operations are located in the United States of America, New Zealand, France, Germany and Canada. These operations have a functional currency of US Dollars, NZ Dollars, Euros and Canadian Dollars respectively, which are translated into the presentation currency.

The assets and liabilities of the foreign operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after the date of transition to AIFRS are treated as assets and liabilities of the foreign operation and translated at exchange rates prevailing at the reporting date.

(aa) Segment reporting

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing services within a particular geographic environment and is subject to risks and returns that are different from those of segments operating in other geographic environments.

(ab) Rounding of amounts

The Trusts are the kind referred to in Class Order 98/0100, issued by the Australian Securities and Investment Commission, relating to the rounding off of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 1. Summary of significant accounting policies (continued)

(ac) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2008 reporting period. Our assessment of the impact of these new standards and interpretations is set out below:

- (i) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a "management approach" to reporting on financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Trusts intend to apply the revised standard from 1 July 2009. Application of AASB 8 may result in different segments, segment results and different type of information being reported in the segment note of the financial report. However, it will not affect any of the amounts recognised in the financial statements.
- (ii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*. The revised AASB 101 that was issued in September 2007 is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the Statement of Changes in Equity but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or a reclassification of items in the financial statements, it will also need to disclose a third balance sheet (Statement of Financial Position), this one being as at the beginning of the comparative period. The Trusts intend to apply the revised standard from 1 July 2009.
- (iii) Revised AASB 123 *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]*. The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Trusts, as the Trusts already capitalise borrowing costs relating to qualifying assets.
- (iv) Revised AASB 3 *Business Combinations*, AASB 127 *Consolidated and Separate Financial Statements* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*. Revised accounting standards for business combinations and consolidated financial statements were issued in March 2008 and are operative for annual reporting periods beginning on or after 1 July 2009, but may applied earlier. The Trusts will apply the revised standards from 1 July 2009. However, the new rules generally apply only prospectively to transactions that occur after the application date of the standard. Their impact will therefore depend on whether the Trusts will enter into any business combinations or other transactions that affect the level of ownership held in the controlled entities in the year of initial application. For example, under the new rules:
- all payments (including contingent consideration) to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments subsequently remeasured at fair value through income
 - all transaction cost will be expensed
 - the Trusts will need to decide whether to continue calculating goodwill based only on the parent's share of net assets or whether to recognise goodwill also in relation to the non-controlling (minority) interest, and
 - when control is lost, any continuing ownership interest in the entity will be remeasured to fair value and a gain or loss recognised in profit or loss.
- (v) Amendments to IFRS 1 and IAS 27 *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*. In May 2008, the IASB made amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements. The new rules will apply to financial reporting periods commencing on or after 1 January 2009. Amendments to the corresponding Australian Accounting Standards are expected to be issued shortly. The Trusts will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.
- (vi) Improvements to IFRSs. In May 2008, the IASB issued a number of improvements to existing International Financial Reporting Standards. The amendments will generally apply to financial reporting periods commencing on or after 1 January 2009, except for some changes to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations regarding the sale of the controlling interest in a subsidiary which will apply from 1 July 2009. We expect the AASB to make the same changes to Australian Accounting Standards shortly. The Trusts will apply the revised standards from 1 July 2009. The Trusts do not expect that any adjustments will be necessary as the result of applying the revised rules.

Note 2. Property revenue

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Rent and recoverable outgoings	682,038	705,205	146,070	155,332
Incentive amortisation	(42,034)	(37,661)	(5,822)	(6,220)
Other revenue	24,827	25,886	1,942	3,951
Total property revenue	664,831	693,430	142,190	153,063

Note 3. Finance costs

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Interest paid/payable	183,164	197,462	-	97
Interest paid to related party	-	-	10,429	46,321
Amount capitalised	(17,949)	(14,639)	(6,141)	(3,746)
Other finance costs	3,281	1,963	237	-
Net fair value loss/(gain) of interest rate swaps	44,737	(51,731)	19,035	(10,849)
Total finance costs	213,233	133,055	23,560	31,823

The average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 6.40% (2007: 6.58%).

Note 4. Income Tax

(a) Income tax benefit

	Consolidated	
	2008	2007
	\$'000	\$'000
Current tax	4,256	2,241
Deferred tax	(5,798)	(3,351)
Income tax benefit	(1,542)	(1,110)
Deferred income tax expense included in income tax expense comprises:		
(Increase) in deferred tax assets	(6,135)	(3,729)
Increase in deferred tax liabilities	337	378
	(5,798)	(3,351)

Note 4. Income Tax (continued)

(b) Reconciliation of income tax benefit to net profit

	Consolidated	
	2008	2007
	\$'000	\$'000
Profit before tax	453,163	1,243,264
Profit not subject to income tax (note 1(g))	(492,953)	(1,241,409)
	(39,790)	1,855
Prima facie Tax at the Australian tax rate of 30% (2007: 30%)	(11,937)	557
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Depreciation and amortisation	(1,640)	(430)
Share of net profits of associates	700	47
Revaluation of investment properties	13,445	1,628
Difference in overseas tax rates	-	(194)
Previously unrecognised tax losses now recognised	(641)	(390)
Tax offset for franked dividends	(1,567)	(1,950)
Sundry items	25	(3)
	10,322	(1,292)
Under/(over) provision in prior year	73	(375)
Income tax benefit	(1,542)	(1,110)

(c) Withholding tax expense

Withholding tax expense of \$9,444,000 (2007: \$33,583,000) includes \$7,236,000 (2007: \$31,178,000) of deferred tax expense which is recognised on differences between the tax cost base of the US assets and liabilities and their accounting carrying value at balance date. The majority of the deferred tax expense arises due to the tax depreciation and revaluation of US investment properties as well as mark-to-market of derivatives.

Note 5. Other expenses

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Audit and other fees	3,114	2,829	386	562
Custodian fees	489	515	136	172
Legal and other professional fees	1,413	448	378	1
Bad and doubtful debts	-	2,083	-	644
Registry costs and listing fees	511	443	161	142
Occupancy expenses	463	-	-	-
Administration expenses	1,716	-	-	-
Other staff expenses	1,015	-	-	-
RREEF management fees	2,828	1,907	-	-
Other expenses	4,343	2,866	152	59
Total other expenses	15,892	11,091	1,213	1,580

Note 6. Audit and advisory fees

During the year the auditor of the parent entity and its related practices and non-related audit firms earned the following remuneration:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
(a) Assurance services				
<i>Audit Services</i>				
PwC audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	1,262,986	1,111,630	385,980	426,183
PwC fees paid in relation to outgoing audit ¹	171,118	194,627	24,206	38,250
<i>Remuneration for audit services to PwC</i>	1,434,104	1,306,257	410,186	464,433
Fees paid to non-PwC audit firms	885,981	691,626	-	22,941
Total remuneration for assurance services	2,320,085	1,997,883	410,186	487,374
(b) Taxation services				
Fees paid to PwC Australia	518,070	318,843	117,359	112,307
Fees paid to PwC US	269,105	443,588	-	-
<i>Remuneration for taxation services to PwC</i>	787,175	762,431	117,359	112,307
Fees paid to non-PwC audit firms	295,648	263,815	370	-
Total remuneration for taxation services²	1,082,823	1,026,246	117,729	112,307
Total remuneration for assurance and taxation services	3,402,907	3,024,129	527,915	599,681

¹ Included in property expenses are PwC fees paid in relation to outgoing audits.

² These services include general compliance work, one off project work and advice with respect to the management of day to day tax affairs of the Trusts.

Note 7. Current assets - cash and cash equivalents

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Cash at bank	88,516	59,603	31,004	9,096
Short term deposits	10,698	-	-	-
Total current assets - cash and cash equivalents	99,214	59,603	31,004	9,096

Note 8. Current assets - receivables

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Rent receivable	12,254	17,671	1,802	2,840
Less: Provision for doubtful debts	(1,487)	(2,232)	(377)	(681)
Total rental receivables	10,767	15,439	1,425	2,159
Dividend receivable	-	6,500	-	-
Fee receivable	11,907	-	-	-
Other receivables from controlled entities	-	-	4,700	12,559
GST receivable	-	1,513	-	891
Interest receivable	4,532	6	-	-
Other receivables	13,463	12,931	2,294	3,886
Total other receivables	29,902	20,950	6,994	17,336
Total current assets - receivables	40,669	36,389	8,419	19,495

Other receivables from controlled entities

Other receivables from controlled entities is an inter-entity loan, which is a non-interest bearing loan between the Trust and its controlled entities.

Note 9. Loan with related parties

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Non-current assets - loans with related parties				
Intercompany loans ²	-	-	119,533	-
Total non-current assets - loan with related parties	-	-	119,533	-
Current liabilities - loans with related parties				
Non-interest bearing loans with the Trusts ¹	-	-	34,332	34,332
Total current liabilities - loan with related parties	-	-	34,332	34,332
Non-current liabilities - loans with related parties				
Intercompany loans ²	-	-	-	702,914
Total non-current liabilities - loan with related parties	-	-	-	702,914

¹Non-interest bearing loans with the Trusts were created to effect the stapling of the Trust, DIT, DOT and DXO. These loan balances eliminate on consolidation.

²The intercompany loans represent interest-bearing loans with DEXUS Finance Pty Limited (formerly DB RREEF Finance Pty Limited) (DXF) to or from the Trusts. These loan balances eliminate on consolidation.

Note 10. Derivative financial instruments

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Current assets				
Interest rate swap contracts	138,359	136,160	34,470	28,961
Cross currency swap contracts	42,141	-	30,567	-
Forward foreign exchange contracts	10,662	9,265	5,022	4,163
Total current assets - derivative financial instruments	191,162	145,425	70,059	33,124
Current liabilities				
Interest rate swap contracts	95,602	21,196	42,539	7,861
Forward foreign exchange contracts	1,476	137	890	-
Total current liabilities - derivative financial instruments	97,078	21,333	43,429	7,861
Net current derivative financial instruments	94,084	124,092	26,630	25,263

Refer note 31 for further discussion regarding derivative financial instruments.

Note 11. Current assets - other financial assets

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Loan notes receivable from DEXUS Holdings Pty Limited	-	51,936	-	-
Total current assets - other financial assets	-	51,936	-	-

On 27 September 2004, DEXUS Holdings Pty Limited (formerly DB RREEF Holdings Pty Limited) (DXH) issued an equal amount of loan notes to its two owners - First Australian Property Group Holdings Pty Limited (FAP) and DXO, in order to fund its 100 percent acquisition of DXFM (the Responsible Entity of DXO). On 31 October 2006, DXH issued further loan notes of equal amounts to its two owners to fund the acquisition of DWPL, the Responsible Entity of DEXUS Wholesale Property Fund (formerly DB RREEF Wholesale Property Fund) (DWPF). These loan notes pay a coupon of 11 percent per annum, mature on 1 October 2024 and may be redeemed at any time prior to maturity.

On 21 February 2008, DXO purchased the remaining 50% interest in DXH from FAP resulting in DXH being consolidated from that date and loan notes on issue to DXO being eliminated on consolidation. At the same time, DXH repaid the loan notes on issue to FAP.

Note 12. Current assets - other

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Prepayments	9,372	9,651	1,307	2,439
Tenant bonds	-	13	-	-
Total current assets - other	9,372	9,664	1,307	2,439

Note 13. Non-current assets - investment properties

(a) Properties

Held by parent entity

	Ownership	Acquisition date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 30 June 2008 \$'000	Consolidated book value 30 June 2007 \$'000
Kings Park Industrial Estate, Bowmans Road, Marayong, NSW	100%	May 1990	80,649	Jun 2008	104,000	(e)	104,000	101,000
Target Distribution Centre, Lot 1, Taras Avenue, Altona North, VIC	100%	Oct 1995	25,536	Dec 2007	37,500	(a)	34,200	36,512
Axxess Corporate Park, 164-180 Forster Road, 11 & 21-45 Gilby Road, 307-355 Ferntree Gully Road, Mount Waverley, VIC	100%	Oct 1996	156,657	Jun 2008	192,650	(i)	192,650	184,000
Knoxfield Industrial Estate, 20 Henderson Road, Knoxfield, VIC	100%	Aug 1996	30,269	Jun 2006	37,050	(f)	35,300	37,098
12 Frederick Street, St Leonards, NSW	100%	Jul 2000	25,551	Jun 2007	38,000	(f)	37,000	38,000
40 Talavera Road, North Ryde, NSW	100%	Oct 2002	33,451	Dec 2006	31,200	(d)	33,910	33,800
2 Alspec Place, Eastern Creek, NSW	100%	Mar 2004	23,606	Dec 2006	26,000	(a)	24,800	26,010
Redwood Gardens Industrial Estate Stages 3,5,6 & 7 and Lot 4, Dingley, VIC	100%	Dec 1994	24,982	Jun 2008	30,250	(e)	30,250	29,950
44 Market Street, Sydney, NSW	100%	Sep 1987	178,262	Jun 2008	225,000	(e)	225,000	220,000
8 Nicholson Street, Melbourne, VIC	100%	Nov 1993	69,846	Dec 2007	106,500	(e)	99,000	98,000
130 George Street & 105 Phillip Street, Parramatta, NSW	100%	May 1997	98,016	Jun 2006	80,000	(d)	92,000	93,059
Flinders Gate Complex, 172 Flinders Street and 189 Flinders Lane, Melbourne, VIC	100%	Mar 1999	15,573	Jun 2006	18,000	(d)	21,350	18,265
383-395 Kent Street, Sydney, NSW	100%	Sep 1987	106,283	Jun 2008	153,000	(f)	153,000	131,378
14 Moore Street, Canberra, ACT **	100%	May 2002	37,706	Dec 2007	49,500	(a)	46,500	45,000
Sydney CBD Floor Space ¹	100%	Jul 2000	2,174	n/a	-	-	2,174	2,173
Westfield Whitford City Shopping Centre Marmion & Whitfords Avenue, Hillarys, WA ²	50%	Oct 1984	130,506	Jun 2007	252,350	(f)	255,350	252,350
Westfield Whitfords Avenue Lot 6 Endeavour Road, Hillarys, WA ²	50%	Dec 1992	5,506	Jun 2007	24,650	(f)	24,650	24,650
West Lakes Shopping Centre, West Lakes, SA	-	Nov 1998	-	n/a	-	-	-	174,000
Plenty Valley Town Centre, 330-464 McDonald's Road, South Morang, VIC	-	Nov 1999	-	n/a	-	-	-	66,750
Westfield North Lakes Shopping Centre, Cnr Anzac Avenue and Northlakes Drive, Mango Hill, QLD	-	Aug 2004	-	n/a	-	-	-	164,500
Albert & Charlotte Streets Carpark, Brisbane, QLD	100%	Oct 1984	35,102	Jun 2006	38,500	(e)	-	39,354
34-60 Little Collins Street, Melbourne, VIC **	100%	Nov 1984	16,186	Jun 2006	37,500	(d)	41,000	39,500
32-44 Flinders Street, Melbourne, VIC	100%	Jun 1998	21,331	Jun 2006	32,500	(d)	32,592	32,585
Flinders Gate Carpark, 172-189 Flinders Street, Melbourne, VIC	100%	Mar 1999	47,306	Jun 2006	39,000	(d)	39,263	39,000
383-395 Kent Street, Sydney, NSW	100%	Sep 1987	30,257	Jun 2008	65,000	(f)	65,000	60,000
John Martin's Carpark & Retail Plaza Joint Venture	1%	Sep 1994	-	n/a	-	-	100	100
Total parent entity			1,194,755		1,618,150		1,589,089	1,987,034

¹This relates to heritage floor space retained following the disposal of 1 Chifley Square, Sydney.

²The valuation reflects 50 percent of the independent valuation amount.

The title to all properties is freehold, with the exception of the properties marked ** which are leasehold.

Note 13. Non-current assets - investment properties (continued)

(a) Properties (continued)

	Ownership	Acquisition date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 30 June 2008	Consolidated book value 30 June 2007
Other consolidated investment properties - non-current								
79-99 St Hilliers Road, Auburn, NSW	100%	Sep 1997	38,373	Jun 2007	45,250	(a)	47,281	45,250
3 Brookhollow Avenue, Baulkham Hills, NSW	100%	Dec 2002	46,896	Jun 2008	54,800	(f)	44,800	54,700
1 Garigal Road, Belrose, NSW	100%	Dec 1998	23,446	Jun 2007	31,000	(d)	28,800	31,000
2 Minna Close, Belrose, NSW	100%	Dec 1998	34,851	Jun 2007	35,000	(d)	33,000	35,000
114-120 Old Pittwater Road, Brookvale, NSW	100%	Sep 1997	34,876	Jun 2006	45,500	(f)	51,500	52,900
145-151 Arthur Street, Flemington, NSW	100%	Sep 1997	24,457	Dec 2007	37,900	(i)	35,000	36,900
436-484 Victoria Road, Gladesville, NSW	100%	Sep 1997	28,803	Jun 2007	53,000	(e)	55,000	53,000
1 Foundation Place, Greystanes, NSW	100%	Dec 2002	39,286	Jun 2008	48,000	(a)	48,000	48,055
5-15 Rosebery Avenue & 25-55 Rothschild Avenue, Rosebery, NSW	100%	Apr 1998 & Oct 2001	73,885	Jun 2008	102,700	(d)	102,700	98,438
10-16 South Street, Rydalmere, NSW	100%	Sep 1997	36,758	Dec 2006	47,000	(f)	48,000	47,425
19 Chifley Street, Smithfield, NSW	100%	Dec 1998	12,164	Jun 2008	18,350	(i)	18,350	18,500
Pound Road West, Dandenong, VIC	100%	Jan 2004	72,160	Dec 2007	81,550	(g)	91,486	74,000
352 Macaulay Road, Kensington, VIC	100%	Oct 1998	7,668	Dec 2007	10,000	(a)	9,100	9,300
DEXUS Industrial Estate Boundary Road, Laverton North, VIC ¹	100%	Jul 2002	74,520	Dec 2007	85,900	(i)	81,400	26,900
250 Forest Road, South Lara, VIC	100%	Dec 2002	33,808	Jun 2008	44,750	(a)	44,750	43,700
15-23 Whicker Road, Gillman, SA	100%	Dec 2002	20,282	Dec 2006	25,500	(d)	25,800	25,500
25 Donkin Street South, Brisbane, QLD	100%	Dec 1998	19,267	Dec 2007	35,600	(e)	35,800	28,000
52 Holbeche Road, Arndell Park, NSW	100%	Jul 1998	11,367	Jun 2008	13,500	(f)	13,500	14,000
3-7 Bessemer Street, Blacktown, NSW	100%	Jun 1997	11,167	Sep 2006	10,250	(d)	11,100	10,800
30-32 Bessemer Street, Blacktown, NSW	100%	May 1997	12,428	Jun 2006	17,850	(f)	19,044	19,000
27-29 Liberty Road, Huntingwood, NSW	100%	Jul 1998	8,108	Jun 2008	9,650	(a)	9,650	9,228
154 O'Riordan Street, Mascot, NSW	100%	Jun 1997	11,023	Dec 2006	16,000	(a)	15,000	16,065
11 Talavera Road, North Ryde, NSW	100%	Jun 2002	135,236	Jun 2008	160,000	(f)	160,000	152,000
DEXUS Industrial Estate, Egerton Street, Silverwater, NSW	100%	May 1997	36,878	Dec 2007	50,000	(i)	48,200	47,583
239-251 Woodpark Road, Smithfield, NSW	100%	May 1997	5,117	Jun 2006	6,450	(f)	6,800	7,100
40 Biloela Street, Villawood, NSW	100%	Jul 1997	6,867	Jun 2006	8,750	(a)	8,100	8,797
114 Fairbank Road, Clayton, VIC	100%	Jul 1997	15,748	Jun 2006	12,800	(i)	16,200	12,800
30 Bellrick Street, Acacia Ridge, QLD	100%	Jun 1997	13,291	Jun 2008	22,700	(e)	22,700	20,650
68 Hasler Road, Herdsman, WA	100%	Jul 1998	9,740	Jun 2008	17,500	(i)	17,500	10,800
Zone Industrial Epone II, Epone	100%	Jul 2006	12,604	Jun 2008	10,417	(d)	10,417	12,629
19 rue de Bretagne, Saint-Quentin Fallavier	100%	Jul 2006	23,919	Jun 2008	18,389	(d)	18,389	19,343
21 rue du Chemin Blanc, Champlan	100%	Jul 2006	22,723	Jun 2008	16,913	(d)	16,913	15,845
32 avenue de l'Océanie, Villejust	100%	Jul 2006	18,236	Jun 2008	13,533	(d)	13,533	15,160

¹ This site comprises, Lot 1 Boundary Road which was externally valued at 31 December 2007 for \$20 million and two remaining lots which were internally valued at 30 June 2008 for \$61.4 million.

Note 13. Non-current assets - investment properties (continued)

(a) Properties (continued)

Other consolidated investment properties - non-current (continued)	Ownership	Acquisition date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 30 June 2008 \$'000	Consolidated book value 30 June 2007 \$'000
RN 19 ZAC de L'Ormes Road, Servon (1)	100%	Jul 2006	31,687	Jun 2008	21,867	(d)	21,867	33,038
RN 19 ZAC de L'Ormes Road, Servon (2)	100%	Jul 2006	10,872	Jun 2008	7,923	(d)	7,923	10,917
Im Holderbusch 3, Industriestraße, Sulmstraße, Ellhofen-Weinsberg	100%	Dec 2006	25,319	Jun 2008	23,376	(d)	23,376	25,319
Schillerstraße 51, Ellhofen	100%	Dec 2006	20,972	Jun 2008	19,537	(d)	19,537	20,972
Schillerstraße 42, 42a, Bahnhofstraße 44, 50, Ellhofen	100%	Dec 2006	13,168	Jun 2008	12,156	(d)	12,156	13,168
Im Gewerbegebiet 18, Friedewald	100%	Dec 2006	8,492	Jun 2008	6,611	(d)	6,611	8,492
Im Steinbruch 4, 6, Knetzgau	100%	Dec 2006	16,654	Jun 2008	17,520	(d)	17,520	16,654
Carl-Leverkus-Straße 3-5, Winkelsweg 182-184, Langenfeld	100%	Dec 2006	16,675	Jun 2008	15,059	(d)	15,059	16,675
Schneiderstraße 82, Langenfeld 3	100%	Dec 2006	9,564	Jun 2008	8,809	(d)	8,809	9,564
Über der Dingelstelle, Langenweddingen	100%	Dec 2006	12,112	Jun 2008	10,728	(d)	10,728	12,112
Nordstraße 1, Löbau	100%	Dec 2006	2,045	Jun 2008	1,427	(d)	1,427	2,045
Former Straße 6, Unna	100%	Dec 2006	27,708	Jun 2008	27,297	(d)	27,297	27,708
Niedesheimer Straße 24, Worms	100%	Dec 2006	6,582	Jun 2008	6,578	(d)	6,578	6,582
Liverpooler-/ Kopenhagener-/ Osloer Straße, Duisburg	100%	Dec 2006	32,840	Jun 2008	33,153	(d)	33,153	32,840
Bremer Ring, Hansestraße, Berlin-Wustermark	100%	Dec 2006	17,747	Jun 2008	17,142	(d)	17,142	17,747
TheodorStraße, Düsseldorf	100%	Dec 2006	27,152	Jun 2008	25,509	(d)	25,509	27,152
13201 South Orange Avenue, Orlando	100%	Jun 2007	23,629	Jun 2008	30,646	(c)	30,646	29,867
8574 Boston Church Road, Milton, Ontario	100%	Dec 2007	73,237	Jun 2008	70,304	(c)	70,304	-
Governor Phillip Tower & Governor Macquarie Tower Office Complex, 1 Farrer Place, Sydney, NSW ²	50%	Dec 1998	490,555	Dec 2006	638,750	(f)	744,993	646,710
45 Clarence Street, Sydney, NSW	100%	Dec 1998	221,398	Jun 2007	265,000	(e)	290,163	265,000
309-321 Kent Street, Sydney, NSW ²	50%	Dec 1998	170,258	Dec 2006	183,500	(a)	210,483	194,000
1 Margaret Street, Sydney, NSW	100%	Dec 1998	144,078	Dec 2007	200,000	(a)	194,000	181,000
Victoria Cross 60 Miller Street, North Sydney, NSW	100%	Dec 1998	95,068	Dec 2005	90,000	(f)	110,068	103,101
The Zenith, 821-843 Pacific Highway, Chatswood, NSW ²	50%	Dec 1998	108,402	Jun 2007	130,000	(a)	130,000	130,000
Woodside Plaza, 240 St Georges Terrace, Perth, WA	100%	Jan 2001	240,091	Jun 2008	446,500	(i)	446,500	390,000
30 The Bond, 30-34 Hickson Road, Sydney, NSW	100%	May 2002	117,986	Jun 2006	150,000	(e)	179,036	170,000
Southgate Complex, 3 Southgate Avenue, Southgate, VIC	100%	Aug 2000	363,638	Jun 2007	380,000	(i)	370,000	380,000
O'Connell House, 15-19 Bent Street, Sydney, NSW	-	Aug 2000	-	Sep 2004	-	(e)	-	54,464
201-217 Elizabeth Street, Sydney, NSW ²	50%	Aug 2000	119,221	Jun 2007	158,750	(d)	164,130	158,750
Garema Court, 140-180 City Walk, Civic, ACT **	100%	Aug 2000	43,970	Jun 2008	60,000	(i)	60,000	63,500
Australia Square Complex, 264-278 George St, Sydney, NSW ²	50%	Aug 2000	210,683	Dec 2007	312,500	(e)	303,000	261,739
Lumley Centre, 88 Shortland St, Auckland, New Zealand ¹	100%	Sep 2005	89,726	Jun 2008	122,928	(i)	122,928	131,519
Westfield Hurstville, 262-264 Forest Road and 292 Forest Road, Hurstville, NSW ²	-	May 2005	-	n/a	-	-	-	307,500
3765 Atlanta Industrial Drive, Atlanta	100%	Sep 2004	5,475	Jun 2008	4,571	(c)	4,571	5,302
7100 Highlands Parkway, Atlanta	100%	Sep 2004	15,300	Jun 2008	13,401	(c)	13,401	18,735
Town Park Drive, Atlanta	100%	Sep 2004	6,848	Jun 2008	8,934	(c)	8,934	10,015
Williams Drive, Atlanta	100%	Sep 2004	10,440	Jun 2008	10,285	(c)	10,285	13,904
Stone Mountain, Atlanta	100%	Sep 2004	7,601	Jun 2008	6,233	(c)	6,233	7,305
MD Food Park, Baltimore	100%	Sep 2004	20,569	Jun 2008	24,102	(c)	24,102	31,187
West Nursery, Baltimore	100%	Sep 2004	8,308	Jun 2008	9,038	(c)	9,038	10,015
Cabot Techs, Baltimore	100%	Sep 2004	21,704	Jun 2008	30,646	(c)	30,646	32,874
9112 Guildford Road, Baltimore	100%	Sep 2004	8,502	Jun 2008	9,557	(c)	9,557	12,608
8155 Stayton Drive, Baltimore	100%	Sep 2004	7,282	Jun 2008	9,038	(c)	9,038	9,780
Patuxent Range Road, Baltimore	100%	Sep 2004	12,477	Jun 2008	13,609	(c)	13,609	15,789
Bristol Court, Baltimore	100%	Sep 2004	11,345	Jun 2008	12,466	(c)	12,466	13,197
NE Baltimore, Baltimore	100%	Sep 2004	7,786	Jun 2008	9,038	(c)	9,038	10,487

¹The property was externally valued at NZ\$155,000,000 at 30 June 2008. This valuation has been translated in to Australian dollars at the spot rate on 30 June 2008.

²The valuation reflects 50 percent of the independent valuation amount.

The title to all properties is freehold, with the exception of the properties marked ** which are leasehold.

Note 13. Non-current assets - investment properties (continued)

(a) Properties (continued)

Other consolidated investment properties - non-current (continued)	Ownership	Acquisition date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 30 June 2008 \$'000	Consolidated book value 30 June 2007 \$'000
1181 Portal, 1831 Portal and 6615 Tributary, Baltimore	100%	Jun 2005	10,980	Jun 2008	12,258	(c)	12,258	13,786
10 Kenwood Circle, Boston	100%	Sep 2004	11,156	Jun 2008	10,596	(c)	10,596	14,774
Commerce Park, Charlotte	100%	Sep 2004	7,744	Jun 2008	9,246	(c)	9,246	10,251
9900 Brookford Street, Charlotte	100%	Sep 2004	4,266	Jun 2008	4,571	(c)	4,571	5,302
Westinghouse, Charlotte	100%	Sep 2004	21,360	Jun 2008	25,660	(c)	25,660	28,541
Airport Exchange, Cincinnati	100%	Sep 2004	4,554	Jun 2008	3,532	(c)	3,532	4,566
Empire Drive, Cincinnati	100%	Sep 2004	6,544	Jun 2008	6,960	(c)	6,960	7,070
International Way, Cincinnati	100%	Sep 2004	10,829	Jun 2008	12,258	(c)	12,258	13,668
Kentucky Drive, Cincinnati	100%	Sep 2004	11,680	Jun 2008	15,791	(c)	15,791	15,612
Spiral Drive, Cincinnati	100%	Sep 2004	6,272	Jun 2008	6,233	(c)	6,233	6,716
Turfway Road, Cincinnati	100%	Sep 2004	5,528	Jun 2008	5,298	(c)	5,298	6,245
124 Commerce, Cincinnati	100%	Sep 2004	2,435	Jun 2008	2,597	(c)	2,597	3,181
Kenwood Road, Cincinnati	100%	Sep 2004	19,524	Jun 2008	21,816	(c)	21,816	22,387
Lake Forest Drive, Cincinnati	100%	Sep 2004	12,662	Jun 2008	14,648	(c)	14,648	16,025
World Park, Cincinnati	100%	Sep 2004	13,174	Jun 2008	13,245	(c)	13,245	15,435
Equity/Westbelt/Dividend, Columbus	100%	Sep 2004	39,135	Jun 2008	41,554	(c)	41,554	48,780
2700 International Street, Columbus	100%	Sep 2004	4,663	Jun 2008	5,194	(c)	5,194	4,961
3800 Twin Creeks Drive, Columbus	100%	Sep 2004	4,899	Jun 2008	5,714	(c)	5,714	5,950
SE Columbus, Columbus	100%	Sep 2004	14,196	Jun 2008	12,155	(c)	12,155	14,139
Arlington, Dallas	100%	Sep 2004	9,096	Jun 2008	9,350	(c)	9,350	10,840
1900 Diplomat Drive, Dallas	100%	Sep 2004	4,756	Jun 2008	4,259	(c)	4,259	5,420
2055 Diplomat Drive, Dallas	100%	Sep 2004	3,779	Jun 2008	3,013	(c)	3,013	4,507
1413 Bradley Lane, Dallas	100%	Sep 2004	3,216	Jun 2008	2,805	(c)	2,805	3,535
North Lake, Dallas	100%	Sep 2004	10,129	Jun 2008	12,466	(c)	12,466	15,671
555 Airline Drive, Dallas	100%	Sep 2004	6,739	Jun 2008	6,649	(c)	6,649	8,012
455 Airline Drive, Dallas	100%	Sep 2004	3,229	Jun 2008	3,532	(c)	3,532	4,595
Hillguard, Dallas	100%	Sep 2004	9,125	Jun 2008	10,077	(c)	10,077	10,958
11011 Regency Crest Drive, Dallas	100%	Sep 2004	7,498	Jun 2008	8,207	(c)	8,207	8,955
East Collins, Dallas	100%	Sep 2004	3,707	Jun 2008	3,740	(c)	3,740	4,419
3601 East Plano/1000 Shiloh, Dallas	100%	Sep 2004	13,567	Jun 2008	18,439	(c)	18,439	18,282
East Plano Parkway, Dallas	100%	Sep 2004	22,085	Jun 2008	25,452	(c)	25,452	27,807
820-860 Avenue F, Dallas	100%	Sep 2004	7,099	Jun 2008	6,233	(c)	6,233	7,729
10th Street, Dallas	100%	Sep 2004	10,135	Jun 2008	11,116	(c)	11,116	11,841
Capital Avenue Dallas	100%	Sep 2004	6,445	Jun 2008	6,545	(c)	6,545	7,859
CTC @ Valwood, Dallas	100%	Sep 2004	3,553	Jun 2008	4,155	(c)	4,155	5,184
Brackbill, Harrisburg	100%	Sep 2004	23,256	Jun 2008	21,623	(c)	21,623	28,632
Mechanicsburg, Harrisburg	100%	Sep 2004	18,896	Jun 2008	19,946	(c)	19,946	23,801
181 Fulling Mill Road, Harrisburg	100%	Sep 2004	9,382	Jun 2008	10,103	(c)	10,103	11,311
Glendale, Los Angeles	100%	Sep 2004	53,226	Jun 2008	73,759	(c)	73,759	85,425
14489 Industry Circle, Los Angeles	100%	Sep 2004	7,492	Jun 2008	12,523	(c)	12,523	13,079
14555 Alondra/6530 Altura, Los Angeles	100%	Sep 2004	18,171	Jun 2008	24,413	(c)	24,413	33,109
San Fernando Valley, Los Angeles	100%	Sep 2004	15,168	Jun 2008	25,971	(c)	25,971	28,868
Memphis Industrial, Memphis	100%	Sep 2004	9,793	Jun 2008	6,441	(c)	6,441	11,429
2950 Lexington Avenue S, Minneapolis	100%	Sep 2004	9,234	Jun 2008	9,360	(c)	9,360	12,496
Mounds View, Minneapolis	100%	Sep 2004	21,961	Jun 2008	22,024	(c)	22,024	26,255
6105 Trenton Lane, Minneapolis	100%	Sep 2004	8,153	Jun 2008	8,207	(c)	8,207	9,544
8575 Monticello Lane, Minneapolis	100%	Sep 2004	1,796	Jun 2008	2,182	(c)	2,182	2,828
7401 Cahill Road, Minneapolis	100%	Sep 2004	3,562	Jun 2008	3,272	(c)	3,272	3,653

Note 13. Non-current assets - investment properties (continued)

Other consolidated investment properties - non-current (continued)	Ownership	Acquisition date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 30 June 2008 \$'000	Consolidated book value 30 June 2007 \$'000
CTC @ Dulles, Northern Virginia	100%	Sep 2004	25,508	Jun 2008	30,646	(c)	30,646	37,704
Alexandria, Northern Virginia	100%	Sep 2004	47,362	Jun 2008	54,153	(c)	54,153	69,384
Nokes Boulevard, Northern Virginia	100%	Sep 2004	20,831	Jun 2008	48,203	(c)	48,203	40,061
Guildford, Northern Virginia	100%	Sep 2004	18,187	Jun 2008	22,231	(c)	22,231	30,635
Beaumeade Telecom, Northern Virginia	100%	Sep 2004	33,682	Jun 2008	45,710	(c)	45,710	49,487
Orlando Central Park, Orlando	100%	Sep 2004	62,553	Jun 2008	76,252	(c)	76,252	88,962
7500 Exchange Drive, Orlando	100%	Sep 2004	5,669	Jun 2008	7,376	(c)	7,376	8,248
105-107 South 41st Avenue, Phoenix	100%	Sep 2004	14,550	Jun 2008	22,173	(c)	22,173	22,479
1429-1439 South 40th Avenue, Phoenix	100%	Sep 2004	10,470	Jun 2008	15,063	(c)	15,063	15,612
10397 West Van Buren St., Phoenix	100%	Sep 2004	8,849	Jun 2008	15,375	(c)	15,375	16,142
844 44th Avenue, Phoenix	100%	Sep 2004	6,623	Jun 2008	8,415	(c)	8,415	9,780
220 South 9th Street, Phoenix	100%	Sep 2004	7,338	Jun 2008	10,492	(c)	10,492	10,958
431 North 47th Avenue, Phoenix	100%	Sep 2004	6,255	Jun 2008	9,246	(c)	9,246	10,015
601 South 55th Avenue, Phoenix	100%	Sep 2004	4,781	Jun 2008	5,921	(c)	5,921	6,775
1000 South Priest Drive, Phoenix	100%	Sep 2004	5,174	Jun 2008	6,233	(c)	6,233	8,248
1120-1150 W. Alameda Drive, Phoenix	100%	Sep 2004	8,223	Jun 2008	10,389	(c)	10,389	12,608
1858 East Encanto Drive, Phoenix	100%	Sep 2004	4,471	Jun 2008	6,649	(c)	6,649	6,952
3802-3922 East University Drive, Phoenix	100%	Sep 2004	10,060	Jun 2008	11,947	(c)	11,947	12,254
Chino, Riverside	100%	Sep 2004	6,356	Jun 2008	9,661	(c)	9,661	11,783
Mira Loma, Riverside	100%	Sep 2004	10,843	Jun 2008	20,777	(c)	20,777	24,979
Ontario, Riverside	100%	Sep 2004	30,046	Jun 2008	50,384	(c)	50,384	61,624
4190 East Santa Ana Street, Riverside	100%	Sep 2004	5,053	Jun 2008	9,350	(c)	9,350	11,488
Rancho Cucamonga, Riverside	100%	Sep 2004	22,442	Jun 2008	37,918	(c)	37,918	46,660
12000 Jersey Court, Riverside	100%	Sep 2004	4,345	Jun 2008	7,688	(c)	7,688	9,132
Airway Road, San Diego	100%	Sep 2004	9,612	Jun 2008	10,389	(c)	10,389	15,612
5823 Newton Drive, San Diego	100%	Sep 2004	17,065	Jun 2008	23,998	(c)	23,998	31,224
2210 Oak Ridge Way, San Diego	100%	Sep 2004	5,185	Jun 2008	6,732	(c)	6,732	8,484
Kent West, Seattle	100%	Sep 2004	29,466	Jun 2008	36,360	(c)	36,360	41,829
26507 79th Avenue - South, Seattle	100%	Sep 2004	2,745	Jun 2008	3,740	(c)	3,740	4,124
8005 S. 266th Street, Seattle	100%	Sep 2004	7,243	Jun 2008	9,038	(c)	9,038	10,133
West Palm Beach, South Florida	100%	Sep 2004	22,034	Jun 2008	21,296	(c)	21,296	30,753
Calvert/Murry's, Northern Virginia	100%	Sep 2004	5,494	Jun 2008	5,090	(c)	5,090	7,470
Turnpike Distribution Center	100%	Sep 2005	22,840	Jun 2008	29,919	(c)	29,919	30,635
7700 68th Avenue, Brooklyn Park	100%	Nov 2005	5,791	Jun 2008	4,467	(c)	4,467	6,007
7500 West 78th Street, Bloomington	100%	Nov 2005	5,244	Jun 2008	5,402	(c)	5,402	7,116
1285 & 1301 Corporate Center Drive, 1230 & 1270 Eagan Industrial Road, Eagan	100%	Nov 2005	19,542	Jun 2008	16,102	(c)	16,102	20,178
850 E Devon Ave 1260 N Ellis St 371 Meyer Rd Bensenville, Chicago (O'Hare)	100%	Dec 2007	31,499	Jun 2008	30,646	(c)	30,646	-
3722 Redlands Avenue, Perris, Riverside County	100%	Jan 2008	134,085	Jun 2008	131,934	(c)	131,934	-
8151 and 8161 Interchange Parkway, San Antonio	100%	Jul 2007	16,857	Jun 2008	16,102	(c)	16,102	-
Cornerstone I and II, 5411 Interstate 10 East and 1228 Cornerway Boulevard, San Antonio	100%	Aug 2007	14,404	Jun 2008	13,920	(c)	13,920	-
302 and 402 Tayman Road, Port of San Antonio	100%	Oct 2007	17,456	Jun 2008	19,842	(c)	19,842	-
1803 Grandstand Avenue, Alamo Downs, San Antonio	100%	Aug 2007	11,192	Jun 2008	11,116	(c)	11,115	-
Total other consolidated investment properties - non-current			5,204,392		6,404,522		6,593,206	6,598,669
Total investment properties - non-current			6,399,147		8,022,672		8,182,295	8,585,703

Note 13. Non-current assets - investment properties (continued)

(a) Properties (continued)

- (a) Colliers International
- (b) Landmark White
- (c) Cushman & Wakefield
- (d) Jones Lang LaSalle
- (e) Knight Frank Valuations
- (f) FPD Savills
- (g) M3 Property
- (h) Weiser Realty Advisors (USA)
- (i) CB Richard Ellis

Valuation basis

The basis of valuation of investment properties is fair value, being the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. Properties independently valued in the last 12 months were based on independent assessments by a member of the Australian Property Institute, the New Zealand Institute of Valuers, the Appraisal Institute in the United States of America, the French Real Estate Valuation Institution, the Society of Property Researchers, Germany or the Appraisal Institute in Canada.

Acquisitions

On 22 August 2006, DIT, DDF and DEXUS US Properties, LLC (formerly DB RREEF US Properties, LLC) (collectively, the Investor) entered into an investor agreement with Whirlpool Corporation. Under this agreement, the Investor or its affiliate has committed to investing up to US\$415.0 million (AUD\$489.0 million) to acquire certain facilities across the US, Canada and Europe, to be built over the subsequent three years and leased long term to Whirlpool Corporation or its affiliates. The acquisition of the first facility in Orlando, Florida was completed in June 2007 with a purchase price of US\$24.3 million (AUD\$28.6 million). The acquisition of the second facility in Toronto, Canada was completed in December 2007 with a purchase price of CAD\$71.4 million (AUD\$79.9 million). The acquisition of the third facility in Perris, Southern California was completed on 17 January 2008 with a purchase price of USD128.6 million (AUD\$145.4 million). Acquisition of the remaining facilities will occur following construction completion and occupancy by Whirlpool Corporation. DDF sold its interest in DEXUS US Properties, LLC to DIT in June 2007 and accordingly, DDF is no longer an investor in this program.

San Antonio, Texas, USA

In July 2007, US REIT entered into a contract to acquire and develop certain real property commonly known as The Titan Industrial Portfolio (Titan Portfolio). Since July 2007, US REIT acquired seven stabilised assets as shown below:

Property	Purchase price AUD\$'000
Cornerstone I and II, 5411 Interstate 10 East and 1228 Cornerway Boulevard, San Antonio	16,068
302 and 402 Tayman Road, Port of San Antonio	15,801
1803 Grandstand Avenue, Alamo Downs, San Antonio	13,063
8151 and 8161 Interchange Parkway, San Antonio	18,700
	<u>63,632</u>

Chicago, Illinois, USA

In December 2007, DEXUS Industrial, LLC (formerly DB RREEF Industrial, LLC) acquired a three building industrial portfolio totaling 255,387 square feet located in the O'Hare submarket of Chicago. The portfolio is comprised of newly constructed distribution facilities developed by Seefried Properties. The acquisition price was US\$29.5 million (AUD\$34.5 million).

Developments

Pound Rd West, Dandenong, VIC

The development at Lot 17, Pound Rd West consists of office and warehouse of some 4,965 square metres. Construction of this building was completed in April 2008 for a total cost of \$9.5 million.

Redwood Garden, Dingley, VIC

The development consists of an office / warehouse facility for Sperian Protection Australia totalling some 3,400 square metres. Construction of this building is expected to be completed by October 2008 with an estimated cost to complete of \$3.7 million.

60 Miller Street, North Sydney, NSW

The development consists of a new 4,532 square metres annex building at 60 Miller Street, North Sydney. Development costs are estimated to be \$24.2 million and completion is expected in May 2009.

Note 13. Non-current assets - investment properties (continued)

(a) Properties (continued)

Developments (continued)

105 Phillip St, Parramatta

Development approval has been received to construct a thirteen level office tower with approximately 20,380 square metres of floorspace at 105 Phillip St, Parramatta, a site at the rear of the existing building at 130 George St, Parramatta. No decision has been made to proceed with the development at this stage, however the manager is marketing the potential development to tenants. Development costs are estimated to be \$88.6 million.

Disposals

50 percent interest in shopping centres

On 17 October 2007, DDF sold its 50 percent interest in West Lakes Shopping Centre, North Lakes Shopping Centre, Plenty Valley Town Centre and Westfield Hurstville to DWPF for \$735.2 million.

(b) Reconciliation

	Consolidated		Parent entity	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the year	8,585,703	7,558,945	1,987,034	1,673,804
Additions	112,923	132,438	44,594	94,638
Acquisitions	317,765	396,178	2,800	-
Transfer from/(to) property, plant and equipment	(2,376)	30,328	(44,416)	-
Lease incentives	49,962	59,655	4,023	6,965
Amortisation of lease incentives	(42,034)	(37,661)	(5,822)	(6,220)
Rent straightlining	3,536	9,986	-	-
Disposals	(737,457)	(165,918)	(429,857)	-
Transfer to equity accounted investment ¹	(54,478)	-	-	-
Net gain from fair value adjustments	184,444	831,330	30,733	217,847
Foreign exchange differences on foreign currency translation	(235,693)	(229,578)	-	-
Carrying amount at the end of the year	8,182,295	8,585,703	1,589,089	1,987,034

¹ On 15 October 2007, the Bent Street Trust was transferred to equity accounted investments due to the sale of 31.8 percent to DWPF.

Note 14. Non-current assets - property, plant and equipment

(a) Property, plant and equipment

30 June 2008	Construction in progress \$'000	Consolidated Land and freehold buildings \$'000	IT and office \$'000	Total \$'000	Construction in progress \$'000	Parent entity Land and freehold buildings \$'000	IT and office \$'000	Total \$'000
Opening balance as at 1 July 2007	181,919	132,102	-	314,021	-	-	-	-
Additions	141,436	43,177	6,686	191,299	18,228	-	-	18,228
Foreign exchange differences on foreign currency translation	(9,227)	-	-	(9,227)	-	-	-	-
Depreciation charge	-	(2,211)	(585)	(2,796)	-	-	-	-
Disposal of interest	(49,222)	(2,818)	-	(52,040)	-	-	-	-
Transfer to/from investment properties	(44,844)	47,220	-	2,376	3,116	41,300	-	44,416
Closing balance as at 30 June 2008	220,062	217,470	6,101	443,633	21,344	41,300	-	62,644
Cost	220,062	223,192	6,686	449,940	21,344	41,300	-	62,644
Accumulated depreciation	-	(5,722)	(585)	(6,307)	-	-	-	-
Net book value as at 30 June 2008	220,062	217,470	6,101	443,633	21,344	41,300	-	62,644

30 June 2007	Construction in progress \$'000	Consolidated Land and freehold buildings \$'000	IT and office \$'000	Total \$'000	Construction in progress \$'000	Parent entity Land and freehold buildings \$'000	IT and office \$'000	Total \$'000
Opening balance as at 1 July 2006	104,190	69,278	-	173,468	-	-	-	-
Additions	114,937	65,312	-	180,249	-	-	-	-
Foreign exchange differences on foreign currency translation	(6,880)	-	-	(6,880)	-	-	-	-
Depreciation charge	-	(2,488)	-	(2,488)	-	-	-	-
Transfer to investment properties	(30,328)	-	-	(30,328)	-	-	-	-
Closing balance as at 30 June 2007	181,919	132,102	-	314,021	-	-	-	-
Cost	181,919	135,613	-	317,532	-	-	-	-
Accumulated depreciation	-	(3,511)	-	(3,511)	-	-	-	-
Net book value as at 30 June 2007	181,919	132,102	-	314,021	-	-	-	-

(b) Non-current assets pledged as security

Refer to note 21 for information on non-current assets pledged as security by the parent entity and its controlled entities.

Note 14. Non-current assets - property, plant and equipment (continued)

(c) Acquisitions and developments

Acquisitions

San Antonio, Texas, USA

In July 2007, eight parcels of land were acquired in San Antonio, Texas for US\$6.6 million (AUD\$7.6 million).

Southern Employment Lands, Greystanes Estate, NSW

On 21 December 2007, settlement occurred for the acquisition of a site at Greystanes. \$23.6 million was paid on settlement and a further \$50.2 million prior to 30 June 2008. The remaining \$91.0 million to be paid upon completion of each of the four stages of site improvement being undertaken by Boral. As a fully completed development, costs are expected to total approximately \$327 million.

Developments

Boundary Road, North Laverton, VIC

In August 2006, DIT entered into an agreement to lease and build a distribution centre for Fosters Limited. Practical completion was achieved on 6 July 2007 with a development cost of \$32.9 million.

In October 2007, DIT entered into an agreement to lease and build an office warehouse facility for Best Bar (VIC) Pty Ltd. Completion is estimated to occur during August 2008. The total budgeted cost for the project is \$12.3 million.

144 Wicks Road, North Ryde NSW

In November 2006, DOT (through its sub-trust Wicks Road Trust), acquired a 50 percent ownership interest in the former Peter Board High School site, 144 Wicks Road, North Ryde NSW for a consideration of \$25.9 million. The DA for stage 1 (estimated 24,000 square metre net lettable area) was lodged in August 2008 with Ryde City Council.

Atlantic Corporate Park, Sterling, Virginia (formerly Dulles Town Crossing)

The development consists of two four-storey office buildings comprising 219,982 square feet in Virginia. The total budgeted cost for the project is US\$47.6 million (AUD\$49.4 million). The current plan calls for construction completion by end of August 2008 with stabilization occurring approximately 12-15 months thereafter.

Titan Development Properties, San Antonio, Texas

The development of the Titan properties acquired in the initial phase consists of eight warehouse and office buildings comprising 659,580 square feet in San Antonio, Texas. Total budgeted cost for this project is US\$43.3 million (AUD\$45.0 million). The current plan calls for construction completion by March 2010 with stabilization occurring approximately 12-15 months thereafter.

Beaumeade, Ashburn, Virginia

The development of this land consists of two buildings comprising 137,131 square feet in Ashburn, Virginia. The total budgeted cost for the project is US\$20.1 million (AUD\$20.9 million). Market conditions have recently weakened. As a result, it is anticipated that once entitlements are obtained later in 2008, further development will not commence until a tenant has been identified or market conditions improve to warrant speculative development.

Summit Oaks, Valencia, California

The development of this land consists of a five-story office building comprising 139,392 square feet in Santa Clarita, California. The total budgeted cost for the project is US\$45.2 million (AUD\$47.0 million). The current plan calls for construction completion by the end of July 2008 with stabilization occurring approximately 12-15 months thereafter.

123 Albert Street, Brisbane, QLD

On 11 December 2007, approval was obtained from Brisbane City Council to build a 38,667 square metre office tower at 123 Albert Street, Brisbane. Development costs are estimated to be \$347.9 million and completion is expected in December 2010. Rio Tinto have entered into an agreement for lease over 26,245 square metres of the building. This asset was previously known as Albert and Charlotte Streets Carpark and has been transferred from investment properties in June 2008.

Norwest Estate, Brookhollow Road, NSW

Norwest Estate includes vacant land capable of accommodating some 23,083 square metres of lettable area. Negotiations are under way with a number of tenants for a potential business park developments.

Disposals

Boundary Road, North Laverton, VIC

In May 2007, DIT entered into an agreement for the sale of 50 percent of the Coles Myer development at Boundary Rd, Laverton North for \$58.0 million. Settlement occurred on 18 December 2007. The remaining 50% has been transferred to investment properties at 31 December 2007.

Note 15. Non-current assets - other financial assets at fair value through profit or loss

Investments are adjusted to their fair value through the Income Statements.

Name of Entity	Principal activity	Ownership interest		Parent Entity	
		2008 %	2007 %	2008 \$'000	2007 \$'000
Controlled Entities					
DEXUS Hurstville Trust ¹	Retail property investment	-	100.0	-	294,901
DEXUS Industrial Trust ²	Industrial property investment	100.0	100.0	-	-
DEXUS Office Trust ²	Commercial property investment	100.0	100.0	-	-
DEXUS Operations Trust ²	Financial services	100.0	100.0	-	-
DEXUS Finance Pty Limited ³	Financial services	25.0	-	-	-
Total non-current assets - other financial assets at fair value through profit and loss				-	294,901
Reconciliation				Parent Entity	
Opening balance as at 1 July 2007				294,901	247,172
Acquisitions				96	-
Fair value (loss)/ gain				(6,596)	47,729
Disposal				(288,401)	-
Closing balance as at 30 June 2008				-	294,901

All controlled entities are wholly owned by the Trust. Both the parent entity and the controlled entities were formed in Australia.

¹ DEXUS Hurstville Trust (formerly DB RREEF Hurstville Trust) was sold to DWPF on 17 October 2007.

² In accordance with AASB Interpretation 1002, DDF is the deemed acquirer of DIT, DOT and DXO and therefore they are reflected in the financial statements as controlled entities of DDF.

³ On 27 June 2008, DEXUS Finance Pty Limited (formerly DB RREEF Finance Pty Limited) (DXF) issued 3 additional units to DDF, DIT and DOT for \$96,400 each. Prior to this date, the entity was wholly owned and therefore consolidated by DXO.

Note 16. Non-current assets - investments accounted for using the equity method

Investments are accounted for in the consolidated financial statements using the equity method of accounting (refer note 1).

Information relating to these entities is set out below.

Name of Entity	Principal activity	Ownership interest	Ownership interest	Consolidated		Parent Entity	
		2008 %	2007 %	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Held by parent entity							
Mt Druitt Shopping Centre Trust ¹	Retail property investment	-	50.0	-	211,517	-	211,517
DEXUS Industrial Properties, Inc. ²	Asset, property and funds management	50.0	50.0	-	-	314,989	270,195
Held by controlled entities							
2 O'Connell Street Trust	Commercial property investment	-	50.0	-	8,565	-	-
4 O'Connell Street Trust	Commercial property investment	-	50.0	-	16,054	-	-
Bligh Street Trust	Commercial property investment	-	50.0	-	16,133	-	-
Bent Street Trust ³	Commercial property investment	68.2	100.0	107,734	-	-	-
DEXUS Holdings Pty Limited ⁴	Asset, property and funds management	100.0	50.0	-	17,886	-	-
Total				107,734	270,155	314,989	481,712

These entities were formed in Australia with the exception of DEXUS Industrial Properties, Inc. (formerly DB RREEF Industrial Properties, Inc.) which was formed in the United States.

¹ On 17 October 2007, Mt Druitt Shopping Centre Trust was sold to DWPF for a settlement price of \$215.2 million.

² The remaining 50% of this entity is owned by DIT. As a result, this entity is classed as controlled on a DDF consolidated basis.

³ On 15 October 2007, the Bent Street Trust was transferred from investment properties due to the sale of 31.8 percent to DWPF. Both the Trusts and DWPF have joint control over the Bent Street Trust.

⁴ On 21 February 2008, DXO purchased the remaining 50% interest in DXH from First Australian Property Group Holdings Pty Limited. From this date DXH became a wholly owned subsidiary of DXO and is now consolidated.

Note 16. Non-current assets - investments accounted for using the equity method (continued)

Movements in carrying amounts of investments accounted for using the equity method

	Consolidated	
	2008	2007
	\$'000	\$'000
Opening balance as at 1 July 2007	270,155	235,062
Interest acquired during the year	62,858	2,053
Transfer from investment properties	54,478	-
Share of net profits after tax	2,467	52,715
Distributions/Dividends received	(12,587)	(19,675)
Transfer to other financial assets	(18,054)	-
Disposal of investment	(210,768)	-
Wind up of investment	(40,815)	-
Closing balance as at 30 June 2008	107,734	270,155

Results attributable to associates

Operating profits before income tax	3,744	55,550
Income tax expense	(1,277)	(2,835)

Operating profits after income tax

Less: Distributions/Dividends received	2,467	52,715
	(12,587)	(19,675)
	(10,120)	33,040

Undistributed income attributable to associates as at 1 July 2007	46,339	13,299
Undistributed income attributable to associates as at 30 June 2008	36,219	46,339

Summary of the performance and financial position of investments accounted for using the equity method

The Trusts' share of aggregate profits, assets and liabilities of investments accounted for using the equity method are:

	Consolidated	
	2008	2007
	\$'000	\$'000
Profits from ordinary activities after income tax expense	2,467	52,715
Assets	117,024	534,997
Liabilities	9,296	190,754
Share of associates' expenditure commitments		
Capital commitments	191,742	-

Note 17. Non-current assets - deferred tax assets

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
The balance comprises temporary differences attributable to:				
Derivative financial instruments	4,103	2,140	-	-
Tax losses	2,552	1,497	-	-
Employee provision	6,849	-	-	-
Other	1,378	284	-	-
Net deferred tax assets	14,882	3,921	-	-
Movements				
Opening balance at 1 July 2007	3,921	116	-	-
Acquisition	4,811	-	-	-
Credited to the Income Statements	6,150	3,805	-	-
Closing balance at 30 June 2008	14,882	3,921	-	-

Note 18. Intangible assets

Management rights

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007	-	-	-	-
Additions	252,382	-	-	-
Amortisation charge	(206)	-	-	-
Closing balance as at 30 June 2008	252,176	-	-	-
	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Cost	252,382	-	-	-
Accumulated amortisation	(206)	-	-	-
Total management rights	252,176	-	-	-

Management rights represent the asset management rights owned by DXH which entitle it to management fee revenue from both finite life trusts (\$9,790,648) and infinite life trusts (\$242,385,471). Those rights that are deemed to have a finite useful life, are measured at cost and amortised using the straight-line method over their estimated useful lives which vary from six to twenty-two years.

Goodwill

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007	-	-	-	-
Additions	2,998	-	-	-
Impairment	(61)	-	-	-
Closing balance as at 30 June 2008	2,937	-	-	-
	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Cost	2,998	-	-	-
Accumulated impairment	(61)	-	-	-
Total goodwill	2,937	-	-	-
Total intangibles	255,113	-	-	-

Note 19. Non-current assets - other

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Tenant and other bonds	1,240	2,631	566	803
Other	3,549	7,276	-	-
Total non-current assets - other	4,789	9,907	566	803

Note 20. Current liabilities - payables

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Trade creditors	51,383	41,554	7,015	6,423
Accruals	8,052	9,646	1,840	879
Amount payable to other minority interest	4,631	3,978	-	-
Accrued capital expenditure	13,419	24,284	500	13,204
Prepaid income	7,218	4,944	2,118	690
Responsible Entity fee payable	-	3,375	505	1,342
GST payable	1,554	2,797	158	-
Accrued interest	32,139	33,931	1,832	1,591
Total current liabilities – payables	118,396	124,509	13,968	24,129

Note 21. Interest bearing liabilities

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Current				
Secured				
Commercial mortgage backed securities	(a) 500,000	-	-	-
Bank loans	(d) 79,208	12,828	-	-
Total secured	579,208	12,828	-	-
Unsecured				
Bank loans	-	7,070	-	-
Total unsecured	-	7,070	-	-
Deferred borrowing costs	(3,077)	(1,455)	-	-
Total current liabilities - interest bearing liabilities	576,131	18,443	-	-
Non-current				
Secured				
Commercial paper	-	344,500	-	-
Commercial mortgage backed securities	-	684,693	-	-
Bank loans	(d), (e) 235,725	357,195	-	-
Total secured	235,725	1,386,388	-	-
Unsecured				
US senior notes	415,541	471,309	-	-
Bank loans	(b), (c) 1,328,060	1,026,957	-	-
Medium term notes	455,425	456,153	-	-
Preference shares	(f) 96	109	-	-
Total unsecured	2,199,122	1,954,528	-	-
Deferred borrowing costs	(4,059)	(6,032)	-	-
Total non-current liabilities - interest bearing liabilities	2,430,788	3,334,884	-	-
Total interest bearing liabilities	3,006,919	3,353,327	-	-

Note 21. Interest bearing liabilities (continued)

Financing arrangements

Type of Facility	Note	Currency	Security	Maturity date	Consolidated	
					2008 \$'000 Utilised	2008 \$'000 Facility Limit
Commercial mortgage backed securities	(a)	AUD	Secured	Apr-09	500,000	500,000
US senior notes		USD	Unsecured	Feb-11 to Mar-17	415,542	415,542
Medium term notes		AUD	Unsecured	Feb-10 to Feb-11	450,000	450,000
Multi-option revolving credit facilities	(b)	USD	Unsecured	Sep-10	5,425	5,425
		Multi currency	Unsecured	Dec-10 to Dec-13	861,521	1,307,162
Syndicated revolving credit facility	(c)	Multi currency	Unsecured	Mar-10 to Sep 10	466,539	518,159
Bank debt - secured	(d)	USD	Secured	Mar-09 to Jan-15	81,191	81,191
	(e)	USD	Secured	Sep-11	233,742	233,742
Total					3,013,960	3,511,221
Bank guarantee utilised					6,621	
Unused at balance date					490,641	

Each of the Trust's unsecured borrowing facilities are supported by the Trusts' guarantee arrangements, and have negative pledge provisions which limit the amount and type of encumbrances that the Trusts' can have over their assets and ensures that all senior unsecured debt ranks pari pasu.

The current debt facilities will be refinanced as at / or prior to their maturity.

(a) Commercial mortgage backed securities and commercial paper

The commercial mortgage backed securities (CMBS) are secured by mortgages over seven investment properties of DOT with a total value of \$2,065.2 million as at 30 June 2008. The mortgage over one of the investment properties (St Georges Terrace, Perth WA) was removed during the period.

During the period, \$344.5 million (facility limit of \$346.0 million) of asset backed commercial paper (CP) was repaid and the associated standby and liquidity facilities were cancelled.

A US\$156.7 million (AUD\$162.8 million) CMBS issue was repaid during the period and associated mortgages cancelled.

(b) Multi-option revolving credit facilities

This includes 12 facilities maturing between December 2010 and December 2013 with a weighted average maturity of June 2012.

Of the total facility limit, \$4.3 million and US\$2.2 million (AUD\$2.3 million) are utilised as bank guarantees for developments.

(c) Syndicated revolving credit facility

Consists of a \$300 million facility and a US\$210 million (AUD\$218.2 million) facility, maturing in March 2010 and September 2010 respectively. A\$300 million facility with a maturity date of September 2008 was refinanced in May 2008 with new multi-option facilities.

(d) Bank loans - secured

The facilities include a total of US\$78.2 million (AUD\$81.2 million) of secured bank debt facilities that amortise through monthly principal and interest payments with a weighted average maturity date of March 2009. These facilities are secured by mortgages over investment properties totalling US\$222.0 million (AUD\$230.6 million) as at 30 June 2008.

(e) Bank loans - secured

A US\$225.0 million (AUD\$233.7 million) secured interest only bank loan maturing in September 2011 (maximum assuming a two year extension option is executed). This facility is secured by mortgages over investment properties totalling US\$561.9 million (AUD\$583.8 million) as at 30 June 2008.

(f) Preferred Shares

US REIT has issued US\$92,550 (\$96,146) of preferred shares as part of the requirement to be classified as a Real Estate Investment Trust (REIT) under US tax legislation. These preferred shares will remain on issue until such time that the Board decides that it is no longer in the company's interest to qualify as a REIT.

Note 22. Provisions

Current	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Provision for distribution	182,388	164,992	102,300	68,470
Provision for employee benefits	11,926	-	-	-
	194,314	164,992	102,300	68,470

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Provision for distribution

Opening balance as at 1 July 2007	164,992	155,523	68,470	54,178
Additional provisions	355,380	324,638	219,175	131,505
Payments and reinvestment of distributions	(337,984)	(315,169)	(185,345)	(117,213)
Closing balance as at 30 June 2008	182,388	164,992	102,300	68,470

Provision for distribution

Provision is made for distributions to be paid for the period ended 30 June 2008 payable on 29 August 2008.

Non-current	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Provision for employee benefits	9,818	-	-	-
	9,818	-	-	-

Note 23. Current liabilities - other

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Tenant bonds	-	13	-	-
Other borrowing costs	1,799	3,137	-	-
Total current liabilities - other	1,799	3,150	-	-

Note 24. Non-current liabilities - deferred tax liabilities

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
The balance comprises temporary differences attributable to:				
Derivative financial instruments	352	-	-	-
Goodwill	2,937	-	-	-
Investment properties	72,326	73,360	-	-
Other	928	449	-	-
Total non-current liabilities - deferred tax liabilities	76,543	73,809	-	-
Movements				
Opening balance at 1 July 2007	73,809	48,726	-	-
Acquisition	3,390	-	-	-
Credited to income tax benefit	3,344	378	-	-
(Debited)/credited to withholding tax expense	(4,000)	24,705	-	-
Closing balance at 30 June 2008	76,543	73,809	-	-

Note 25. Non-current liabilities - financial liabilities with minority interest

US REIT owned 80% of DEXUS Industrial, LLC, (formerly DB RREEF Industrial LLC) a joint venture with Calwest Industrial Properties, LLC (Calwest), the 20% owner. The joint venture agreement entitled Calwest to receive 40% of certain cashflows arising from the joint venture, rather than the 20% that it would be entitled to in terms of its ownership interest, up until 30 June 2014, after which time the rights to the cashflows revert to the ownership percentages. This additional entitlement is known as the "special interest" or "Calwest promote".

The joint venture agreement entitles US REIT to purchase the special interest from Calwest at any time up until 30 June 2014 at an agreed predetermined price (which increases over time) (the agreed price). Calwest has a right to sell the special interest to the US REIT, from 1 July 2009 to 30 June 2014, at a price not exceeding the agreed price.

The agreed price at 30 June 2007 was \$28,305,000, which was the value recognised in the financial statements.

On 30 September 2007, US REIT purchased Calwest's 20% interest in DEXUS Industrial, LLC (formerly DB RREEF Industrial LLC) and purchased the Calwest promote.

Note 26. Non-current liabilities - other

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Tenant bonds	7,543	7,975	959	1,210
Other borrowing costs	441	2,541	-	-
Other	64	22	-	-
Total non-current liabilities - other	8,048	10,538	959	1,210

Note 27. Contributed equity

	Consolidated 2008 \$'000	2007 \$'000	Parent Entity 2008 \$'000	2007 \$'000
(a) Contributed equity of equity holders of the parent entity				
Opening balance as at 1 July 2007	1,151,526	1,094,144	1,151,526	1,094,144
Distributions reinvested	146,305	57,382	146,305	57,382
Closing balance as at 30 June 2008	1,297,831	1,151,526	1,297,831	1,151,526

	Consolidated 2008 \$'000	2007 \$'000	Parent Entity 2008 \$'000	2007 \$'000
(b) Contributed equity of equity holders of other entities stapled to DDF (minority interest)				
Opening balance as at 1 July 2007	2,182,833	2,094,887	-	-
Distributions reinvested	97,373	87,946	-	-
Cost of issuing units	(154)	-	-	-
Closing balance as at 30 June 2008	2,280,052	2,182,833	-	-

	Consolidated 2008 No. of securities	2007 No. of securities	Parent Entity 2008 No. of units	2007 No. of units
(c) Number of securities on issue				
Opening balance as at 1 July 2007	2,894,600,006	2,802,209,393	2,894,600,006	2,802,209,393
Distributions reinvested	145,419,481	92,390,613	145,419,481	92,390,613
Closing balance as at 30 June 2008	3,040,019,487	2,894,600,006	3,040,019,487	2,894,600,006

Terms and conditions

Each stapled security ranks equally with all other stapled securities for the purposes of distributions and on termination of the Trust. Each stapled security entitles the holder to one vote, either in person or by proxy, at a meeting of each of the Trusts.

Distribution reinvestment plan

Under the distribution reinvestment plan (DRP), stapled security holders may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities, rather than being paid in cash.

On 29 August 2007, 37,466,012 units were issued at a unit price of \$1.8867 in relation to the June 2007 distribution period.

On 29 February 2008, 107,953,469 units were issued at a unit price of \$1.6021 in relation to the December 2007 distribution period.

Note 28. Reserves and undistributed income

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
(a) Reserves				
Foreign currency translation reserve	(12,357)	2,129	-	-
Asset revaluation reserve	63,294	-	-	-
Total reserves	50,937	2,129	-	-

Movements:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Foreign currency translation reserve				
Opening balance as at 1 July 2007	2,129	178	-	-
Exchange difference arising from the translation of the financial statements of foreign operations	(14,486)	1,951	-	-
Total movement in foreign currency translation reserve	(14,486)	1,951	-	-
Closing balance as at 30 June 2008	(12,357)	2,129	-	-

Movements:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Asset revaluation reserve				
Opening balance as at 1 July 2007	-	-	-	-
Revaluation increment on investment	63,294	-	-	-
Total movement in asset revaluation reserve	63,294	-	-	-
Closing balance as at 30 June 2008	63,294	-	-	-

(b) Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations.

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

(c) Undistributed income

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Undistributed income as at 1 July 2007	1,930,282	1,098,453	838,162	525,810
Net profit attributable to security holders	438,277	1,168,819	85,804	443,857
Transfer of capital reserve of minority interest	(13,346)	(12,352)	-	-
Acquisition of investment	402	-	-	-
Distributions provided for or paid	(355,380)	(324,638)	(219,175)	(131,505)
Undistributed income as at 30 June 2008	2,000,235	1,930,282	704,791	838,162

Note 29. Other minority interests

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Interest in				
Contributed equity	200,019	348,062	-	-
Reserves	41,352	(1,119)	-	-
Undistributed income	(35,373)	91,230	-	-
Total other minority interests	205,998	438,173	-	-

Note 30. Distributions paid and payable

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
(a) Distribution to security holders				
31 December (paid 29 February 2008)	172,992	159,646	116,875	63,035
30 June (payable 29 August 2008)	182,388	164,992	102,300	68,470
Total distributions	355,380	324,638	219,175	131,505
(b) Distribution to other minority interests				
DEXUS Industrial Holdings, LLC (paid)	421	3,599	-	-
DEXUS RENTS Trust (paid 16 October 2007)	3,978	3,737	-	-
DEXUS RENTS Trust (paid 16 January 2008)	4,202	3,856	-	-
DEXUS RENTS Trust (paid 15 April 2008)	4,304	3,876	-	-
DEXUS RENTS Trust (payable 15 July 2008)	4,631	3,977	-	-
	17,536	19,045	-	-
Total distributions	372,916	343,683	219,175	131,505
(c) Distribution rate				
	Consolidated		Parent Entity	
	2008	2007	2008	2007
	Cents per	Cents per	Cents per	Cents per
	security	security	unit	unit
31 December (paid 29 February 2008)	5.90	5.60	3.99	2.21
30 June (payable 29 August 2008)	6.00	5.70	3.37	2.37
Total distributions	11.90	11.30	7.36	4.58
(d) Franked dividends				

The franked portions of the final dividends recommended after 30 June 2008 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 June 2008.

Franking credits	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007	3,512	744	-	-
Franking credits arising during the year on payment of tax at 30 percent	4,694	3,261	-	-
Franking debits arising from payment of interim dividend	(5,296)	(493)	-	-
Franking credits arising on receipt of dividend	5,024	-	-	-
Franking credits on acquisition	6,205	-	-	-
Closing balance as at 30 June 2008	14,139	3,512	-	-

Note 31. Financial risk management

To ensure the effective and prudent management of the Trust's capital and financial risks, DXS has a well established framework consisting of a Board Finance Committee and a Capital Markets Committee. The Board Finance Committee is accountable to and primarily acts as an advisory body to the DXFM Board and includes 3 Directors of the DXFM Board. Its responsibilities include reviewing and recommending for approval financial risk management policies and funding strategies.

The Capital Markets Committee is a management committee that is accountable to both the Board Finance Committee and the DXS Executive Committee. It convenes at least quarterly and conducts a review of financial risk management exposures including liquidity, funding strategies and hedging. It is also responsible for the development of funding strategies for recommendation to the Board Finance Committee, and the approval of treasury transactions within delegated limits and powers.

Further information on the Trusts' governance structure, including terms of reference, is available at www.dexus.com

(1) Capital risk management

The Trust manages its capital to ensure that entities within the Trust will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Trust consists of debt (see note 21), cash and cash equivalents, and equity attributable to unit holders (including hybrids securities). The capital structure is monitored and managed in consideration of a range of factors including:

- the cost of capital and the financial risks associated with each class of capital
- gearing levels and other covenants
- potential impacts on the Trust's rating, and
- other market factors and circumstances.

The Trust has a stated target gearing range of between 40 percent and 45 percent. On a look through basis, the gearing ratio at 30 June 2008 was 33.2% percent, which is below the stated gearing range.

Gearing ratio	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Total net debt ¹	2,914,841	3,301,211	-	694,346
Total tangible assets ²	8,788,492	9,277,775	2,096,547	2,786,384
Gearing ratio %	33.2%	35.6%	0.0%	24.9%

¹ Total net debt comprises Interest bearing liabilities less cash and cash equivalents as reported internally to management

² Total tangible assets comprise total tangible assets less cash and cash equivalents, derivatives and deferred and current tax balances as reported internally to management

The Trust has been rated BBB+ by Standard and Poor's since its first rating in July 2006. The Trust considers potential impacts upon the rating when assessing the strategy and activities of the Trust.

The Responsible Entity (DXFM) for the managed investment schemes that are stapled to form DXS has been issued with an Australian Financial Services Licence (AFSL). The licence is subject to certain capital requirements including the requirement to hold minimum net tangible assets (of \$5 million), and maintaining a minimum level of surplus liquid funds. Further more, the Responsible Entity maintains trigger points in accordance with the requirements of the licence. These trigger points maintain a headroom value above the AFSL requirements and the entity has in place a number of processes and procedures should a trigger point be reached.

DWPF, a wholly owned controlled entity, has also been issued with an AFSL as it is the Responsible Entity for DEXUS Wholesale Property Fund. It is subject to the same requirements.

During the period, both responsible entities have complied with the AFSL requirements.

(2) Financial risk management

The Trust's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk, interest rate risk and price risk), and liquidity risk. The Trust's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Trust.

Accordingly, the Trust enters into various derivative financial instruments such as interest rate swaps and foreign exchange contracts to manage its exposure to certain risks. The Trust does not trade in derivative instruments for speculative purposes. The Trust uses different methods to measure the different types of risks to which it is exposed, including monitoring the levels of exposure and conducting sensitivity analysis in the case of interest rate, foreign exchange and other price risks.

Note 31. Financial risk management (continued)

Risk management is implemented by a centralised treasury department (Group Treasury) whose members act under written policies approved by the Board of Directors of the Responsible Entity. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Trust's business units. The treasury policies approved by the Board of Directors cover overall risk management, as well as policies and limits covering specific areas such as liquidity risk, interest rate risk, foreign exchange risk, credit risk and the use of derivatives and other financial instruments. In conjunction with its advisers, the Responsible Entity continually reviews the Trust's exposures and updates its treasury policies and procedures.

(a) Liquidity risk

Liquidity risk is the risk that the Trust will not have sufficient available funds to meet financial obligations in an orderly manner when they fall due or at an acceptable cost.

The Trust identifies and manages liquidity risk across short, medium and long-term categories:

- Short-term liquidity management includes continuously monitoring forecast and actual cash flows;
- Medium-term liquidity management includes maintaining a level of committed borrowing facilities that include a headroom value above the forecast committed debt requirements. Committed debt includes future expenditure that has been approved by the Board or Investment Committee (as required within delegated limits), and may also include projects that have a very high probability of proceeding and in consideration of other risk factors such as the level of regulatory approval, tenant pre-commitments and portfolio considerations; and
- Long-term liquidity risk is managed through ensuring an adequate spread of maturities of borrowing facilities so that refinancing risk is not concentrated, and ensuring an adequate diversification of funding sources.

Refinancing risk

A key liquidity risk is the Trust's ability to refinance its current debt facilities. As the Trust's debt facilities mature, they are usually required to be refinanced with a replacement facility or alternative form of capital. The Trust's policy is to distribute the majority of its realised operating income and therefore is not available to be used for funding requirements. The refinancing of existing facilities or the requirement to raise new debt also result in margin price risk, whereby market conditions may result in an unfavourable change in credit margins on the new or refinanced facilities.

The Trust's key risk management strategy for refinancing risk is to spread the maturities of debt facilities over different time periods to reduce the volume of facilities to be refinanced and the exposure to unfavourable market conditions in any one period.

An analysis of the contractual maturities of the Trust's interest bearing liabilities and derivative financial instruments are shown in the table below. The amounts in the table represent undiscounted cash flows.

Maturity profile

	Consolidated 30 June 2008			Consolidated 30 June 2007		
	Expiring within one year	Expiring between one and five years	Expiring after five years	Expiring within one year	Expiring between one and five years	Expiring after five years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables	40,669	-	-	36,389	-	-
Payables	118,396	-	-	124,509	-	-
	(77,727)	-	-	(88,120)	-	-
Interest bearing liabilities						
- Fixed interest bearing liabilities	234,208	900,215	190,893	12,828	1,155,287	266,805
- Floating interest bearing liabilities	345,000	1,028,371	315,272	536,263	1,268,269	121,253
Total interest bearing liabilities¹	579,208	1,928,586	506,165	549,091	2,423,556	388,058
Derivative financial instruments						
- Derivative assets	606,517	223,022	22,976	51,992	83,472	7,863
- Derivative liabilities	557,309	160,311	11,178	38,081	58,581	3,919
Total net derivative financial instruments²	49,208	62,711	11,798	13,911	24,891	3,944

¹ Refer to note 21 (interest bearing liabilities). Excludes deferred borrowing costs and preference shares.

² The notional maturities on derivatives is only shown for cross currency interest rate swaps (refer foreign exchange rate risk) and forward foreign exchange contracts as they are the only instruments where a principal amount is exchanged, and therefore are exposed to liquidity risk. For interest rate swaps, only the net interest cashflows (not the notional principal) are included.

Note 31. Financial risk management (continued)

	Parent 30 June 2008			Parent 30 June 2007		
	Expiring within one year	Expiring between one and five years	Expiring after five years	Expiring within one year	Expiring between one and five years	Expiring after five years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables	8,419			19,495	-	-
Payables	13,968			24,129	-	-
	(5,549)	-	-	(4,634)	-	-
Loans with related parties			119,533	-	-	(702,914)
Derivative financial instruments						
- Derivative assets	520,595	55,892	4,313	17,335	26,905	358
- Derivative liabilities	478,687	60,287	4,567	11,740	21,899	1,529
Total net derivative financial instruments²	41,907	(4,395)	(254)	5,595	5,006	(1,171)

¹ Refer to note 21 (interest bearing liabilities)

² The notional maturities on derivatives is only shown for cross currency interest rate swaps (refer foreign exchange rate risk) and forward foreign exchange contacts as they are the only instruments where a principal amount is exchanged, and therefore are exposed to liquidity risk. For interest rate swaps, only the net interest cashflows (not the notional principal) are included.

(b) Market Risk

Market risk is the risk that the fair value or future cash flows of the Trust's financial instruments will fluctuate because of changes in market prices. The market risks that Trust is exposed to are detailed further below.

(i) Interest rate risk

Interest rate risk is the risk that fluctuating interest rates will cause an adverse impact on interest payable (or receivable), or an adverse change on the capital value (present market value) of long term fixed rate instruments.

Interest rate risk for the Trust arises from interest bearing financial assets and liabilities that the Trust holds. Borrowings issued at variable rates expose the Trust to cash flow interest rate risk. Borrowings issued at fixed rates expose the Trust to fair value interest rate risk.

The primary objective of the Trust's risk management policy for interest rate risk is to minimise the effects of interest rate movements on the Trust's portfolio of financial assets and liabilities and financial performance. The policy sets out the minimum and maximum hedging amounts for the Trust which is managed on a portfolio basis.

Cash flow interest rate risk on borrowings is managed through the use of interest rate swaps, whereby a floating interest rate exposure is converted to a fixed interest rate exposure. Fair value interest rate risk on borrowings is also managed through the use of interest rate swaps, whereby a fixed interest exposure is converted to a floating interest rate exposure. The mix of fixed and floating rate exposures is monitored regularly to ensure that the interest rate exposure on the Trust's cash flows is managed within the parameters defined by the Group Treasury Policy.

As at 30 June 2008, 85% (2007: 89%) of the financial assets and liabilities (including DEXUS RENTS Trust) of the Trust have an effective fixed interest rate.

The Trust holds borrowings in multiple currencies with both fixed and floating rate exposures and is exposed to interest rate risk related to each particular currency.

The net notional amount of fixed rate debt and interest rate swaps in place in each year and the weighted average effective hedge rate per currency is set out in the next table.

Note 31. Financial risk management (continued)

Consolidated 30 June 2008	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	> Jun-13
Fixed rate debt						
AUDm fixed rate debt ¹	566,250	345,833	116,667	-	-	-
USDm fixed rate debt ¹	668,155	617,131	569,446	289,495	208,837	103,116
Interest rate swaps						
AUDm hedged ¹	49,700	254,967	494,467	488,200	494,167	278,000
AUD hedge rate (%) ²	4.54%	4.30%	4.81%	4.64%	5.13%	5.98%
USDm hedged ¹	908,185	956,770	934,738	1,187,596	1,175,315	500,086
USD hedge rate (%) ²	4.75%	4.87%	4.91%	4.88%	4.89%	4.99%
EURm hedged ¹	180,000	180,000	177,500	167,500	145,000	52,000
EUR hedge rate (%) ²	3.96%	3.96%	3.97%	3.97%	3.98%	4.00%
NZDm hedged ¹	-	-	-	-	-	-
NZD hedge rate (%) ²	N/A	N/A	N/A	N/A	N/A	N/A
CADm hedged ¹	70,000	70,000	70,000	70,000	70,000	61,833
CAD hedge rate (%) ²	4.77%	4.77%	4.77%	4.77%	4.77%	4.77%
Combined fixed debt and swaps (A\$ Equiv)	2,620,865	2,603,181	2,536,987	2,369,505	2,242,012	1,053,588
Hedge rate (%)	4.61%	4.63%	4.77%	4.72%	4.84%	5.16%

¹ Average amounts for the period. Hedged amounts above do not include potential hedges that are cancellable at the counterparty's option.

² The above hedge rates do not include margins payable on borrowings.

Sensitivity on interest expense

The table below shows the impact on net interest expense of a 25bps increase or decrease in market interest rates. The sensitivity on cash flow arises due to the impact that a change in interest rates will have on the Trust's floating rate debt and derivative cash flows.

		Consolidated		Parent	
		2008	2007	2008	2007
		(+/-) '000s	(+/-) '000s	(+/-) '000s	(+/-) '000s
+/- 0.25% (25 basis points)	AUD	237	(176)	255	(80)
+/- 0.25% (25 basis points)	USD	402	256	(308)	4
+/- 0.25% (25 basis points)	EUR	26	76	-	-
+/- 0.25% (25 basis points)	CAD	-	-	-	-
	Total A\$ Equivalent	698	247	(66)	(75)

The sensitivity on A\$ interest expense for 30 June 2007 is shown as a negative as it reflects the sensitivity of floating rate debt and does not take into consideration the exposure to floating interest rates associated with RENTS securities.

The increase or decrease in interest expense is proportional to the increase or decrease in interest rates.

Sensitivity on fair value

The table below shows the impact on the income statement for changes in the fair value of interest rate swaps for a 25bps increase and decrease in market rates. The sensitivity on the fair value arises from the impact that changes in market rates will have on the mark-to-market valuation of the interest rate swaps. Although interest rate swaps are transacted for the purpose of providing the Trust with an economic hedge, the Trust has elected not to apply hedge accounting to its interest rate derivatives. Accordingly, gains or losses arising from changes in the fair value are reflected in the income statement.

		Consolidated		Parent	
		2008	2007	2008	2007
		(+/-) '000s	(+/-) '000s	(+/-) '000s	(+/-) '000s
+/- 0.25% (25 basis points)	AUD	4,153	10,454	(4,505)	2,967
+/- 0.25% (25 basis points)	USD	16,448	8,061	4,215	1,147
+/- 0.25% (25 basis points)	EUR	2,297	2,520	-	-
+/- 0.25% (25 basis points)	CAD	1,352	-	-	-
	Total A\$ Equivalent	26,399	23,944	(126)	4,319

(ii) Foreign Exchange Risk

Foreign exchange risk is the risk that movements in exchange rates used to convert foreign currency revenues, expenses, assets, or liabilities to the Trust's functional currency will have an adverse affect on the Trust.

Note 31. Financial risk management (continued)

The Trust's foreign exchange risk primarily arises from:

- Translation of investments in foreign operations;
- Borrowings denominated in foreign currencies; and
- Earnings distributions and other transactions denominated in foreign currencies.

The Trust operates internationally with investments in the United States, New Zealand, France, Germany and Canada and is exposed to the relative functional currency of each country. The foreign exchange risk is measured using cash flow forecasting and sensitivity analysis.

When hedging its exposures to foreign investments, the Trust adopts a strategy that combines the use of both natural hedges and derivative financial instruments. Natural hedges occur when foreign debt is used to generate foreign denominated interest expense, which offsets foreign denominated income and foreign denominated net operating assets. The Trust uses derivative financial instruments to supplement its natural hedges.

Foreign exchange risk on cash flows is hedged to ensure that movements in exchange rates have a minimal adverse impact on the Trust's cash flows and foreign earnings.

Foreign currency assets and liabilities

Exposure to foreign exchange risk is minimised by the way the Trust manages its borrowing arrangements. The Trust predominately matches the currency of its debt with the currency of its investment to form a natural hedge against movements in exchange rates. Where the borrowing is in Australian dollars, foreign currency derivatives are used to manage the foreign exchange risk.

The Trust's net foreign currency exposures for net investments in foreign operations and hedging instruments are as follows:

	Footnotes	Consolidated		Parent	
		2008	2007	2008	2007
		\$'000	\$000	\$'000	\$000
USD net assets	1	783,161	545,247	312,905	259,578
USD net borrowings	2	(311,200)	(417,500)	86,926	(202,609)
USD cross currency swaps	3	(420,000)	-	(420,000)	-
USD denominated net investment		51,961	127,747	(20,169)	56,969
% hedged		97%	92%	103%	92%
EUR net assets	1	161,400	222,491	-	-
EUR net borrowings	2	(163,500)	(220,500)	-	-
EUR denominated net investment		(2,100)	1,991	-	-
% hedged		101%	99%		
CAD net assets	1	68,300	-	-	-
CAD cross currency swaps	3	(70,000)	-	-	-
CAD denominated net investment		(1,700)	-	-	-
% hedged		102%			
NZD net assets	1	157,509	142,824	-	-
NZD denominated net investment		157,509	142,824	-	-
% hedged		0%	0%		

¹. Net assets excludes working capital & cash as reported internally to management.

². Net borrowings is equal to interest bearing liabilities less cash.

³. Cross currency swap amounts comprise the foreign currency denominated leg of the cross currency swaps. The US\$420m cross currency swap was transacted for cash flow management purposes, with the exchange of the principal amount at commencement and maturity. The maturity date is matched to the maturity of the A\$500m CMBS (refer note 21). The CAD70m cross currency swap was transacted for balance sheet management purposes, and has an exchange of principal at commencement and maturity.

The Trust transacts cross currency swaps which are used to:

- manage the currency impacts that arise from cash flows denominated in different currencies; and
- swap Australian dollar borrowings into foreign currency borrowings and vice versa.

In each case, the Trust has committed foreign currency borrowing capacity in place that can replace the foreign currency amounts that are due under the cross currency swaps.

Note 31. Financial risk management (continued)

Sensitivity on fair value of cross currency swaps

The table below shows the impact on the income statement for changes in the fair value of cross currency swaps for a 10% increase and decrease in market rates. The sensitivity on the fair value arises from the impact that changes in market rates will have on the mark-to-market valuation of the cross currency swaps. The Trusts' have elected not to apply hedge accounting to its cross currency swaps. Accordingly, gains or losses arising from changes in the fair value are reflected in the income statement.

		Consolidated		Parent	
		2008	2007	2008	2007
		(+/-) '000s	(+/-) '000s	(+/-) '000s	(+/-) '000s
+/- 10% (9.6 cents)	USD (AUD equivalent)	1,545	-	1,545	-
+/- 10% (9.7 cents)	CAD (AUD equivalent)	347	-	-	-

Net foreign currency denominated cash flows

Foreign exchange risk exists in relation to net cash flows and transactions with foreign operations that are denominated in foreign currencies. This risk is managed through the use of forward foreign exchange contracts (after taking into account the natural hedging through foreign denominated interest expense).

Forward foreign exchange contracts outstanding at 30 June 2008 are as follows:

Contracts to receive A\$ and pay US\$ at an agreed exchange rate:	2008	2008	2008	2007	2007	2007
	To pay US\$ million	To receive A\$ million	Weighted average exchange rate	To pay US\$ million	To receive A\$ million	Weighted average exchange rate
1 year or less	9.5	13.9	0.6844	12.8	18.4	0.6957
Over 1 and less than 2 years	5.2	7.7	0.6725	13.6	19.5	0.6971
More than 2 years	17.2	25.0	0.6868	19.6	27.3	0.7170
Contracts to receive A\$ and pay NZ\$ at an agreed exchange rate:	2008	2008	2008	2007	2007	2007
	To pay NZ\$ million	To receive A\$ million	Weighted average exchange rate	To pay NZ\$ million	To receive A\$ million	Weighted average exchange rate
1 year or less	7.5	6.6	1.1311	7.9	6.9	1.1417
Over 1 and less than 2 years	4.0	3.4	1.1780	-	-	-
More than 2 years	2.0	1.7	1.1847	-	-	-
Contracts to receive A\$ and pay € at an agreed exchange rate:	2008	2008	2008	2007	2007	2007
	To pay € million	To receive A\$ million	Weighted average exchange rate	To pay € million	To receive A\$ million	Weighted average exchange rate
1 year or less	-	-	-	2.7	4.8	0.5702
Over 1 and less than 2 years	-	-	-	1.7	3.1	0.5560
More than 2 years	-	-	-	2.6	4.8	0.5370

Sensitivity on fair value of foreign exchange contracts

The table below shows the impact on the income statement for changes in the fair value of forward foreign exchange contracts for a 10% increase and decrease in market rates. The sensitivity on the fair value arises from the impact that changes in market rates will have on the mark-to-market valuation of the forward foreign exchange contracts.

Although forward foreign exchange contracts are transacted for the purpose of providing the Trust with an economic hedge, the Trusts' have elected not to apply hedge accounting to its forward foreign exchange contracts. Accordingly, gains or losses arising from changes in the fair value are reflected in the income statement.

		Consolidated		Parent	
		2008	2007	2008	2007
		(+/-) '000s	(+/-) '000s	(+/-) '000s	(+/-) '000s
+/- 10% (9.6 cents)	USD (AUD equivalent)	2,945	4,769	1,444	2,384
+/- 10% (12.6 cents)	NZD (AUD equivalent)	959	665	-	-
+/- 10% (6.1 cents)	EUR (AUD equivalent)	-	1,006	-	-
	Total (AUD equivalent)	3,904	6,440	1,444	2,384

The increase or decrease in cash flow is proportional to the movement in the exchange rate.

Note 31. Financial risk management (continued)

(iii) Price risk

The Trust is exposed to equity securities price risk from equity securities and derivative financial instruments that the Trust transacts. Equity securities price risk is subject to a number of risks, the key risk variable is the quoted market price of equity securities which are affected by a number of factors which are largely out of the control of the Trust. The Trust does not use financial instruments to hedge the price risk.

As at 30 June 2008, the Trust does not have a material exposure to price risk.

(c) Credit risk

Credit risk is the risk of loss to the Trust in the event of non-performance by the Trust's financial instrument counterparties. Credit risk arises from cash and cash equivalents, loans and receivables, and derivative financial instruments. The Trust and parent entity have exposure to credit risk on all financial assets.

The Trust manages this risk by:

- adopting a process for determining an approved counterparty, with consideration of qualitative factors as well as the counterparty's rating;
- regularly monitoring counterparty exposure within approved credit limits that are based on a S&P credit rating range. The exposure includes the current market value of in-the-money contracts as well as potential exposure, which is measured with reference to credit conversion factors as per APRA guidelines;
- entering into ISDA Master Agreements once a financial institution counterparty is approved;
- ensuring tenants, together with approved credit limits, are approved and ensuring that leases are undertaken with a large number of tenants;
- for some trade receivables, obtaining collateral where necessary in the form of bank guarantees and tenant bonds; and
- regularly monitoring loans and receivables on an ongoing basis.

A minimum S&P rating of A- is required to become or remain an approved counterparty. As at 30 June 2008, the lowest rating of counterparties the Trust is exposed to was A-.

The maximum exposure to credit risk at 30 June 2008 is the carrying amounts of financial assets recognised on the balance sheet of the Trust and parent entity.

As at 30 June 2008, the Trust and the parent have no significant concentrations of credit risk for trade receivables. Trade receivable balances and the credit quality of trade debtors are consistently monitored on an ongoing basis. As a result, the Trust and parent entity's exposure to bad debts is not significant.

For the consolidated entity, the aging analysis of loans and receivables at 30 June 2008 is (\$'000): 36,226.9 (0-30 days), 1,313.1 (31-60 days), 702.6 (61-90 days), 2,456.4 (91+ days). The ageing analysis of loans and receivables at 30 June 2007 is (\$'000): 27,906.1 (0-30 days), 2,047.1 (31-60 days), 1,618.7 (61-90 days), 4,817.1 (91+ days). Amounts over 31 days are past due, however, no receivables are impaired.

For the parent entity, the aging analysis for loans and receivables at 30 June 2008 is (\$'000): 8,124.3 (0-30 days), 123.7 (31-60 days), 37.6 (61-90 days), 133.4 (91+ days). The ageing analysis of loans and receivables for the parent entity at 30 June 2007 is (\$'000): 17,435.5 (0-30 days), 517.8 (31-60 days), -39.6 (61-90 days), 1,581.3 (91+ days). Amounts over 31 days are past due, however, no receivables are impaired.

The credit quality of financial assets that are neither past due or impaired is consistently monitored to ensure that there are no adverse changes in credit quality.

Financial instrument transactions are spread amongst a number of approved financial institutions within specified credit limits to minimise the Trust's exposure to any one counterparty. As a result, there are no significant concentrations of credit risk for financial instruments.

Fair value of financial instruments

Fair value interest rate risk is the risk of an adverse change in the net fair (or market) value of an asset or liability due to movements in interest rates.

Note 31. Financial risk management (continued)

At 30 June 2008, the carrying amounts and fair values of financial assets and liabilities are shown as follows:

	Consolidated 2008		Consolidated 2007	
	Carrying amount ¹	Fair value ²	Carrying amount ¹	Fair value ²
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	99,214	99,214	59,603	59,603
Loans and receivables (current)	40,669	40,669	36,389	36,389
Derivative assets	191,162	191,162	145,425	145,425
Total financial assets	331,045	331,045	241,417	241,417
Financial Liabilities				
Trade payables	118,396	118,396	124,509	124,509
Derivative liabilities	97,078	97,078	21,333	21,333
Interest bearing liabilities				
Multi-option facility	861,521	861,521	253,561	253,561
Multi-option syndicated facility	466,539	466,539	780,465	780,465
US private placements	415,542	438,050	471,309	460,740
Commercial paper	-	-	344,500	344,500
Commercial mortgage backed securities	500,000	494,108	684,693	683,511
Medium term notes	455,425	445,510	456,153	451,185
Other	314,933	318,913	370,024	355,823
Intercompany loans	-	-	-	-
Preference shares	96	96	109	109
Total financial liabilities	3,229,530	3,240,211	3,506,656	3,475,736
	Parent 2008		Parent 2007	
	Carrying amount ¹	Fair value ²	Carrying amount ¹	Fair value ²
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	31,004	31,004	9,096	9,096
Loans and receivables (current)	8,419	8,419	19,495	19,495
Derivative assets	70,059	70,059	33,124	33,124
Intercompany loans	119,533	119,533	-	-
Total financial assets	229,015	229,015	61,715	61,715
Financial Liabilities				
Trade payables	13,968	13,968	24,129	24,129
Derivative liabilities	43,429	43,429	7,861	7,861
Intercompany loans	34,332	34,332	702,914	702,914
Total financial liabilities	91,729	91,729	734,904	734,904

¹ Carrying value is equal to the value of the financial instruments on the balance sheet.

² Fair value is the amount for which the financial instrument could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, however, not recognised on the balance sheet.

The fair values of fixed rate interest bearing liabilities have been determined by discounting the expected future cash flows by the relevant market rates. The discount rates applied range from 3.11% to 4.60% for USD and 7.81% to 7.93% for AUD. The fair values of floating rate interest bearing liabilities have been determined by adjusting for transaction costs where appropriate. Refer note 1(u) for fair value methodology for financial assets and liabilities.

Note 32. Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Bank guarantees by the Trusts in respect of variations and other financial risks associated with the development of:				
Coles Myer development at Boundary Road, Laverton, VIC	-	1,000	-	-
60 Miller Street, North Sydney, NSW	496	496	-	-
Atlantic Corporate Park, Sterling, Virginia (formerly Dulles Town Crossing)	1,596	1,810	-	-
The Titan Industrial Portfolio	709	-	-	-
Bligh Street, Sydney	3,820	-	-	-
Total contingent liabilities	6,621	3,306	-	-

The Trusts are also guarantors of a AUD\$300 million and USD\$210 million syndicated bank debt facility and a total of AUD\$1,182.5 million and USD\$120 million (AUD\$124.7 million) of bank bi-lateral facilities, a total of \$450 million of medium term notes and a total of USD\$400 million (AUD\$415.6 million) of privately placed notes, which have all been negotiated to finance the Trusts. The guarantees have been given in support of debt outstanding and drawn against these facilities.

The guarantees are issued in respect of the Trusts and do not constitute an additional liability to those already existing in interest bearing liabilities on the Balance Sheet.

The Directors of the Responsible Entity are not aware of any other contingent liabilities in relation to the Trusts, other than those disclosed in the Financial Statements, which should be brought to the attention of security holders as at the date of completion of this report.

Note 33. Commitments

(a) Capital commitments

The following amounts represent capital expenditure on investment properties contracted at the reporting date but not recognised as liabilities payable:

Capital expenditure commitments in relation to development works:	Consolidated		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Not longer than one year				
Plenty Valley Town Centre, 330-464 McDonald's Road, South Morang, VIC	-	81,576	-	81,576
North Lakes Shopping Centre, Mango Hill, QLD	-	48,398	-	48,398
3 Brookhollow Avenue, Norwest, NSW	227	-	-	-
10-16 South Street Rydalmere, NSW	189	-	-	-
5-13 Rosebery Avenue, Rosebery, NSW	200	-	-	-
Egerton Street, Silverwater, NSW	475	-	-	-
Boundary Road, Laverton North VIC	6,890	3,547	-	-
Pound Road West, Dandenong, VIC	1,257	8,539	-	-
114 Fairbank Road, Clayton, VIC	-	3,170	-	-
21 rue du Chemin Blanc, Champlan	-	339	-	-
32 avenue de L'Oceanie, Villejust	-	157	-	-
201 Elizabeth Street, Sydney NSW	-	215	-	-
Governor Phillip Tower & Governor Macquarie Tower Office Complex 1 Farrer Place, Sydney, NSW	39	2,446	-	-
309-321 Kent Street, Sydney, NSW	163	2,323	-	-
Australia Square, 264 George St, Sydney, NSW	-	3,115	-	-
Southgate Complex, 3 Southgate Avenue, Southgate, VIC	203	20	-	-
Williams Drive , Atlanta	-	124	-	-
Westinghouse Blvd, Charlotte	87	471	-	-
O'Hare, Chicago	347	-	-	-
Kenwood Rd, Cincinnati	203	42	-	-
Turfway Road, Cincinnati	141	-	-	-
Airport Exchange Blvd, Cincinnati	-	390	-	-
SE, Columbus	460	-	-	-
Regency Crest Drive, Dallas	26	474	-	-
E Plano/Shiloh, Dallas	-	219	-	-
Capital Ave, Dallas	31	231	-	-
Avenue F, Dallas	222	-	-	-
Mechanicsburg, Harrisburg	-	149	-	-
Glendale, Los Angeles	264	340	-	-
Memphis Industrial, Memphis	-	13	-	-
Lexington Avenue, Minneapolis	126	-	-	-
Mounds View, Minneapolis	856	229	-	-
Trenton Lane, Minneapolis	557	906	-	-
Braemar Ridge, Minneapolis	17	277	-	-
Eagandale Business Campus, Minneapolis	114	2,355	-	-
Alexandria, North Virginia	838	-	-	-
West Alameda Drive, Phoenix	96	196	-	-
44th Ave, Phoenix	73	274	-	-
South Priest Drive, Pheonix	105	-	-	-
East University, Pheonix	348	-	-	-
South 41st Avenue, Pheonix	205	-	-	-
South 40 th Avenue, Pheonix	208	-	-	-
Southern Employment Lands, Greystanes	63,848	-	-	-

Note 33. Commitments (continued)

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Not longer than one year (continued)				
Kent West , Seattle	277	571	-	-
189 Flinders Lane	340	-	340	-
8 Nicholson Street, East Melbourne	255	-	255	-
The Zenith, 821-843 Pacific Highway	1,191	-	-	-
60 Miller Street	10,921	-	-	-
144 Wicks Road	325	-	-	-
123 Albert Street	57,293	-	57,293	-
	149,417	161,106	57,888	129,974

Later than one year but not later than five years

Governor Phillip Tower & Governor Macquarie Tower Office	7,664	11,037	-	-
Complex 1 Farrer Place, Sydney, NSW	-	176	-	-
Australia Square, 264 George St, Sydney, NSW	-	118	-	-
North Lake Drive, Dallas	-	295	-	-
10th Street, Dallas	-	353	-	-
Eq/West/Div, Columbus	27,174	-	-	-
Southern Employment Lands, Greystanes	148,767	-	148,767	-
123 Albert Street				
	183,605	11,979	148,767	-

Later than five years

Australia Square, 264 George St, Sydney, NSW	-	836	-	-
	-	836	-	-

Total capital commitments

333,023	173,921	206,655	129,974
----------------	----------------	----------------	----------------

(b) Lease payable commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Within one year	290	290	290	290
Later than one year but not later than five years	1,162	1,162	1,162	1,162
Later than five years	6,970	7,260	6,970	7,260
Total lease payable commitments	8,422	8,712	8,422	8,712

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

The Trust has a commitment for ground rent payable in respect of a leasehold property included in property investments. An amount of \$290,356 was paid in respect of the year ended 30 June 2008 (2007: \$290,356). This commitment was reviewed in 2003 and annual lease payments were increased by a CPI factor as per the lease agreement. This commitment is next subject for review in 2012 and expires in 2037.

No provisions have been recognised in respect of non-cancellable operating leases.

(c) Lease receivable commitments

The future minimum lease payments receivable by the Trusts are:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Within one year	457,594	572,632	90,728	173,502
Later than one year but not later than five years	1,447,477	1,677,318	291,568	549,873
Later than five years	666,413	1,018,754	187,665	435,658
Total lease receivable commitments	2,571,484	3,268,704	569,961	1,159,033

Note 34. Related parties

Responsible Entity

DXFM is the Responsible Entity of the Trusts.

On 21 February 2008, DXO purchased the remaining 50% interest in DXH (the parent entity of DXFM) from FAP, a subsidiary of Deutsche Bank.

DXFM is also the Responsible Entity of Abbotsford Property Trust, Abbotsford Property Investment Trust, Gordon Property Trust, Gordon Property Investment Trust, Northgate Property Trust and Northgate Property Investment Trust (collectively known as "the Syndicates").

DXH is the parent entity of DEXUS Wholesale Property Limited (formerly DB RREEF Wholesale Property Limited) (DWPL), the Responsible Entity for DWPF.

Responsible Entity fees

Under the terms of the Trusts' Constitutions, the Responsible Entities are entitled to receive fees in relation to the management of the Trusts.

DXH is entitled to be reimbursed for administration expenses incurred on behalf of the Trusts.

DEXUS Property Services Pty Limited (DXPS), a wholly owned subsidiary of DXH is entitled to property management fees from the Trusts.

Related party transactions

Prior to DXO's acquisition of the remaining 50% interest in DXH on 21 February 2008, all related party transactions were conducted on normal commercial terms and conditions unless otherwise stated. Following the acquisition, Responsible Entity fees in relation to DXS assets moved to cost recovery. All agreements with third party funds remain unchanged.

Investments

On 21 February 2008, DXO purchased the remaining 50% interest from FAP. Deutsche Bank ceased to be a related party on this date.

DEXUS Funds Management Limited and its related entities

There were a number of transactions and balances between the Trust and the Responsible Entity and its related entities as detailed below:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Responsible Entity fees paid and payable ¹	21,869,324	33,147,164	9,397,076	11,961,394
Loan note interest earned from DEXUS Holdings Pty Limited	3,693,880	5,461,329	-	-
Property management fees to DEXUS Holdings Pty Limited	8,400,054	9,273,393	736,069	728,000
Recovery of administration expenses paid to DEXUS Holdings Pty Limited	4,952,925	8,510,965	1,188,892	2,516,480
Aggregate amounts payable to the Responsible Entity at reporting date	-	3,374,190	504,613	1,342,379
DEXUS Wholesale Property Fund (formerly DB RREEF Wholesale Property Fund)²				
Responsible Entity fee income	6,200,512	-	-	-
Property management fee income	993,255	-	-	-
Recovery of administration expenses	797,068	-	-	-
Aggregate amount receivable from the trust at reporting date	1,853,954	-	-	-
The Syndicates²				
Responsible Entity fee income	742,994	-	-	-
Property management fee income	235,080	-	-	-
Recovery of administration expenses	300,100	-	-	-
Aggregate amount receivable from trust at reporting date	329,230	-	-	-
Bent Street Trust²				
Property management fee income	6,400,740	-	-	-
Recovery of administration expenses	18,286	-	-	-
Aggregate amount receivable from trust at reporting date	3,446,957	-	-	-

¹ Amounts in 2008 reflect transactions from 1 July 2007 to 20 February 2008.

² Amounts in 2008 reflect transactions between 21 February 2008 and 30 June 2008.

Note 34. Related parties (continued)

RREEF¹

RREEF (a subsidiary of Deutsche Bank AG), as fund manager of the DEXUS Industrial Properties, Inc. (formerly DB RREEF Industrial Properties, Inc) is entitled to the following fees:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Investment management fee	2,174,822	1,561,000	-	-
Asset management fee	229,230	343,761	-	-
Acquisition fee	3,245,899	3,549,000	-	-
Property management fees	3,081,512	4,901,006	-	-
Construction supervision fee	622,598	791,821	-	-
Development fees	1,444,421	917,705	-	-
Leasing commissions	1,772,242	2,841,166	-	-
Performance fees	64,411	(10,121)	-	-

Deutsche Bank AG¹

Dealings with the bank include, not only transactions in its capacity as part owner of the Responsible Entity, but also in the provision of financial services. There were a number of transactions and balances between the Trust and the Responsible Entity and related entities as detailed below:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Deutsche Bank AG in its capacity as a financier:				
Interest paid on swaps for whom the counterparty was Deutsche Bank AG	9,955,000	14,826,000	226,271	(294,922)
Interest and financing fees on borrowings to Deutsche Bank AG	431,000	601,000	-	-
Borrowings from Deutsche Bank AG	-	13,034,000	-	-
Proceeds from Borrowings from Deutsche Bank AG	7,033,000	14,688,000	-	-
Loan repayment to Deutsche Bank AG	10,650,755	11,757,000	-	-
Interest received on swaps for whom the counterparty was Deutsche Bank AG	10,315,000	16,890,000	870,762	-
Other transactions with Deutsche Bank AG:				
Interest paid and payable to FAP	814,000	233,724	-	-
Purchase of DXH shares	79,829,700	-	-	-
Redemption of loan notes	51,936,300	-	-	-
Dividends paid	5,974,000	-	-	-

¹ Amounts in 2008 reflect transactions between 1 July 2007 and 20 February 2008.

Note 34. Related parties (continued)

The following persons were directors or alternate directors of DXFM during the whole of the financial year and up to the date of this report, unless otherwise stated:

C T Beare BSc, BE (Hons), MBA, PhD, FAICD ^{1,4,5}
E A Alexander AM, BComm, FCA, FAICD, FCPA ^{1,2,3,5,6,7}
B R Brownjohn BComm ^{1,2,5,6,7}
S F Ewen OAM, FILE ^{1,4}
V P Hoog Antink BCom, MBA, FCA, FAPI, MAICD
C B Leitner III BA
B E Scullin BEc ^{1,2,3,4,6,7}
A J Fay BAg.Ec (Hons), ASIA (Alternate to C B Leitner) ⁸

¹ Independent Director

² Audit and Risk Committee Member (Committee ceased on 30 September 2007)

³ Compliance Committee Member

⁴ Nomination and Remuneration Committee Member

⁵ Finance Committee Member

⁶ Audit Committee Member (Committee commenced on 1 October 2007)

⁷ Risk Committee Member (Committee commenced on 1 October 2007)

⁸ Nomination & Remuneration Committee Member from 1 July 2007 to 21 February 2008

No directors held an interest in the Trust as at 30 June 2008 or at the date of this report.

Other key management personnel

In addition to the directors listed above the following persons were deemed by the Board Nomination and Remuneration Committee to be key management personnel during all or part of the financial year and up to the date of this report:

Name	Position	Qualification date of other key management personnel during the 12 months ended 30 June 2008
Victor P Hoog Antink	Chief Executive Officer	
Tanya L Cox	Chief Operating Officer	
Pat A Daniels	Head of Human Resources	Qualified 14 January 2008
John C Easy	General Counsel	
Ben J Lehmann	Fund Manager, DEXUS Property Group	Ceased to qualify 27 March 2008
Louise J Martin	Head of Office	Qualified 27 March 2008
Craig D Mitchell	Chief Financial Officer	Qualified 17 September 2007
Paul G Say	Head of Corporate Development	
Mark F Turner	Head of Unlisted Funds	
Andrew P Whiteside	Head of Industrial	Qualified 28 April 2008

No key management personnel or their related parties held an interest in the Trust for the years ended 30 June 2007 and 30 June 2008 or at the date of this report.

There were no loans or other transactions with key management personnel or their related parties during the years ended 30 June 2007 and 30 June 2008 or at the date of this report.

	2008	2007
	\$	\$
Compensation		
Short-term employee benefits	6,891,605	4,753,130
Post-employment benefits	400,153	998,514
Other long term benefits	3,450,000	1,265,000
	10,741,758	7,016,644

The Trust has shown the detailed remuneration disclosures in the Directors Report. The relevant information can be found in section 3 of the Directors Report on pages 2 to 10.

Note 35. Business Combinations

(a) Summary of acquisition

On 21 February 2008, DXO acquired the remaining 50% interest in DXH.

Prior to this acquisition DXO held a 50% share in DXH and accounted for DXH on an equity accounting basis. The acquisition of the remaining 50% has resulted in DXO effectively controlling DXH and thus this acquisition was accounted for as a 'business combination achieved in stages' as described in AASB 3 'Business Combinations'. The acquisition resulted in goodwill of \$2.998 million.

The acquired business contributed revenues of \$37.428 million and net profit of \$2.278 million to the Trusts for the period from 21 February 2008 to 30 June 2008. If the acquisition had occurred on 1 July 2007, consolidated revenue and consolidated profit for the year ended 30 June 2008 would have been \$943.197 million and \$441.169 million respectively. These amounts have been calculated using the Trusts' accounting policies.

	\$'000
Purchase consideration (refer to (b) below):	
Cash paid ¹	79,830
Direct costs related to acquisition	768
Total purchase price	80,598

Fair value of net identifiable assets acquired (refer below)	77,600
--	--------

Goodwill	2,998
-----------------	--------------

(b) Purchase consideration

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Outflow of cash to acquire subsidiary, net of cash acquired				
Cash consideration	79,830	-	-	-
Less: Cash balances acquired	12,486	-	-	-
Outflow of cash	67,344	-	-	-

(c) Assets and Liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Property plant and equipment	4,529	4,529
Deferred tax assets	1,467	1,467
Intangible assets - management rights	125,796	252,382
Other non current assets	40	40
Cash and cash equivalents	12,486	12,486
Receivables	22,688	22,688
Other current assets	877	877
Provisions	(14,556)	(14,556)
Payables	(13,360)	(13,360)
Interest bearing liabilities	(111,353)	(111,353)
Net assets	28,614	155,200
Identifiable net assets acquired		77,600

¹ Represents consideration for the remaining 50% of DXH shares. In addition to this \$51,936,300 of loan notes were repaid resulting in total cash outlay of \$131,766,000.

Note 36. Events occurring after reporting date

Refinance of Commercial Mortgage Backed Securities

Subsequent to the reporting date, a commitment has been received for a \$250.0 million, 3 year facility to partially refinance the \$500.0 million Commercial Mortgage Backed Securities due to mature in April 2009. The facility is subject to the execution of legal documentation that is to be in a form and substance satisfactory to the financier. There are market standard conditions precedent to signing of the documentation.

Since 30 June 2008, other than the matter discussed above, the directors of the Responsible Entity are not aware of any matter or circumstance not otherwise dealt with in their report or the financial statements that has significantly or may significantly affect the operations of the Trust, the results of those operations, or state of the Trust's affairs.

Note 37. Segment information

Business segments

The Trusts operate in the following segments:

Retail - investment in the retail property sector

Commercial and car park - investment in the commercial and car park property sectors

Industrial - investment in the industrial property sector

2008	Retail \$'000	Commercial & Car Park \$'000	Industrial \$'000	Eliminations/ Unallocated \$'000	Consolidated \$'000
Property revenue	35,673	323,501	306,304	(647)	664,831
Interest revenue	136	1,034	4,634	2,330	8,134
Management fees	-	-	-	26,760	26,760
Share of net profits/(losses) of associates accounted for using the equity method	3,629	(4,055)	-	2,893	2,467
	39,438	320,480	310,938	31,336	702,192
Net (loss)/gain on sale of investment properties	(3,114)	(476)	5,887	-	2,297
Net fair value gain/(loss) of investment properties	3,058	268,356	(86,695)	(275)	184,444
Net fair value (loss) of derivatives	-	-	-	(3,503)	(3,503)
Net foreign exchange gain	-	-	-	3,442	3,442
Other income	-	4	129	1,120	1,253
Total segment income	39,382	588,364	230,259	32,120	890,125
Segment result	24,013	509,152	46,933	(141,821)	438,277
Segment assets	281,958	4,736,899	4,096,314	233,816	9,348,987
Segment liabilities	2,295	1,249,601	2,424,004	(161,966)	3,513,934
Investments accounted for using the equity method	-	107,734	-	-	107,734
Acquisition of investment properties	-	2,800	314,965	-	317,765
Additions to property plant and equipment	-	22,368	162,245	6,686	191,299
Incentive amortisation expense	952	29,404	11,678	-	42,034
Other non-cash expenses	-	2,796	-	267	3,063

Note 37. Segment information (continued)

2007	Retail \$'000	Commercial & Car Park \$'000	Industrial \$'000	Eliminations/ Unallocated \$'000	Consolidated \$'000
Property revenue	66,079	318,122	309,229	-	693,430
Interest revenue	264	1,159	2,094	4,589	8,106
Share of net profits of associates accounted for using the equity method	40,656	5,717	-	6,342	52,715
	106,999	324,998	311,323	10,931	754,251
Net gain on sale of investment properties	-	-	3,959	-	3,959
Net fair value (loss) gain of investment	-	(105)	3,460	-	3,355
Net fair value gain of investment properties	184,424	448,406	198,500	-	831,330
Net fair value gain of derivatives	-	-	-	727	727
Net foreign exchange (loss)/gain	-	(166)	1,515	-	1,349
Other income	-	1,508	-	164	1,672
Total segment income	291,423	774,641	518,757	11,822	1,596,643
Segment result	309,610	625,653	284,482	(50,926)	1,168,819
Segment assets	1,229,217	4,104,675	3,931,679	221,265	9,486,836
Segment liabilities	4,006	938,666	2,273,561	565,660	3,781,893
Investments accounted for using the equity method	211,517	40,750	-	17,888	270,155
Acquisition of investment properties	-	-	396,178	-	396,178
Additions to property plant and equipment	-	31,495	148,754	-	180,249
Incentive amortisation expense	2,174	24,585	10,902	-	37,661
Other non-cash expenses	-	2,488	-	-	2,488

Geographical segments

The Trusts' investments are located in Australia, New Zealand, the United States of America, France, Germany and Canada.

	Australia \$'000	New Zealand \$'000	United States of America \$'000	France \$'000	Germany \$'000	Canada \$'000	Consolidated \$'000
2008							
Rental and other property income	478,574	9,807	146,570	9,396	17,887	2,597	664,831
Segment assets	6,844,831	124,484	1,968,077	99,390	231,065	81,140	9,348,987
Acquisitions of investment properties	-	-	241,175	-	-	76,590	317,765
Additions to property plant and equipment	120,813	-	70,486	-	-	-	191,299
2007							
Rental and other property income	515,435	10,041	150,173	9,583	8,198	-	693,430
Segment assets	7,692,110	133,617	1,303,064	112,441	245,604	-	9,486,836
Acquisitions of investment properties	-	-	29,867	118,856	247,455	-	396,178
Additions to property plant and equipment	148,632	-	31,617	-	-	-	180,249

Note 38. Reconciliation of net profit to net cash inflow from operating activities

(a) Reconciliation

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Net profit	445,261	1,210,791	85,804	443,857
Capitalised interest	(17,949)	(14,639)	(6,141)	(3,746)
Depreciation and amortisation	3,002	2,488	-	-
Impairment of goodwill	61	-	-	-
Net increment on revaluation of investments	(184,444)	(831,330)	65,784	(307,406)
Share of net profits of associates accounted for using the equity method	(2,467)	(52,715)	-	-
Net fair value loss/(gain) of derivatives	3,503	(727)	2,203	(838)
Net gain on sale of investment properties	(2,297)	(3,355)	5,743	(15)
Profit on sale of inventories	-	(481)	-	-
Net foreign exchange loss/ (gain)	30,597	(1,027)	(9,515)	(32,301)
Provision for doubtful debts	(290)	640	-	408
Change in operating assets and liabilities				
Decrease/(increase) in receivables	460	(120,872)	11,078	2,203
(Increase)/decrease in prepaid expenses	(3,554)	(1,853)	1,132	(1,212)
Decrease/(increase) in other non-current assets - investments	147,936	75,941	(13,693)	21,867
(Increase)/decrease in other current assets	23,758	113	-	-
Decrease in other non-current assets	(85,989)	30,115	237	(53)
Increase/(decrease) in payables	1,282	768	2,544	(4,748)
(Decrease) in other current liabilities	(21,785)	(49,795)	(3,569)	(7,422)
Increase in other non-current liabilities	31,624	43,620	8,775	24,647
Increase in deferred tax liabilities	5,736	32,053	-	-
Net cash inflow from operating activities	374,445	319,735	150,382	135,241

(b) Payment for capital expenditure on investment properties includes \$90.8 million of maintenance and incentive capital expenditure.

Note 39. Non-cash financing and investing activities

		Consolidated		Parent Entity	
	Note	2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Distributions reinvested	27	243,678	145,328	146,305	57,382

Note 40. Earnings per unit

(a) Basic earnings per unit on profit attributable to equity holders of the parent entity

Consolidated		Parent Entity	
2008	2007	2008	2007
cents	cents	cents	cents
2.82	15.62	2.90	15.53

(b) Diluted earnings per unit on profit attributable to equity holders of the parent entity

Consolidated		Parent Entity	
2008	2007	2008	2007
cents	cents	cents	cents
2.82	15.62	2.90	15.53

(c) Basic earnings per unit on profit attributable to stapled security holders

Consolidated	
2008	2007
cents	cents
14.80	40.90

(d) Diluted earnings per unit on profit attributable to stapled security holders

Consolidated	
2008	2007
cents	cents
14.80	40.90

(e) Reconciliation of earnings used in calculating earnings per unit

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	cents	cents	cents	cents
Net profit	445,261	1,210,791	85,804	443,857
Net profit attributable to equity holders of other entities stapled to DDF (minority interests)	(354,807)	(722,441)	-	-
Net profit attributable to other minority interests	(6,984)	(41,972)	-	-
Net profit attributable to the unitholders of the Trust in calculating basic and diluted earnings per unit	83,470	446,378	85,804	443,857

(f) Weighted average number of units used as a denominator

Weighted average number of units outstanding used in the calculation of basic and diluted earnings per unit	2,962,305,859	2,857,716,193	2,962,305,859	2,857,716,193
---	----------------------	---------------	----------------------	---------------

**DEXUS DIVERSIFIED TRUST
(FORMERLY DB RREEF DIVERSIFIED TRUST)
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2008**

Page No. 70 of 72

The Directors of DEXUS Funds Management Limited as Responsible Entity of DEXUS Diversified Trust (the Trust) declare that the Financial Statements and notes set out on pages 15 to 69:

- (i) comply with applicable Australian Equivalents to International Financial Reporting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (ii) give a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2008 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001* ;
- (b) there are reasonable grounds to believe that the Trust and its consolidated entities will be able to pay their debts as and when they become due and payable; and

the Trust has operated in accordance with the provisions of the Constitution dated 15 August 1984 (as amended) during the year ended 30 June 2008.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001* .

This declaration is made in accordance with a resolution of the Directors.



Christopher T Beare
Chair
Sydney
20 August 2008

Independent auditor's report to the stapled security holders members of DEXUS Diversified Trust (formerly known as DB RREEF Diversified Trust)

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Report on the financial report

We have audited the accompanying financial report of DEXUS Diversified Trust (formerly known as DB RREEF Diversified Trust) (the Trust), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both DEXUS Diversified Trust and the DEXUS Diversified Trust Group (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of DEXUS Funds Management Limited (formerly known as DB RREEF Funds Management Limited) as responsible entity for the Trust, are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of DEXUS Diversified Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 2 to 10 of the directors' report for the year ended 30 June 2008. The directors of the responsible entity DEXUS Funds Management Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of DEXUS Diversified Trust for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of DEXUS Diversified Trust (the Trust) for the year ended 30 June 2008 included on DEXUS Diversified Trust's web site. The directors of the responsible entity, DEXUS Funds Management Limited are responsible for the integrity of the DEXUS Diversified Trust's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.


PricewaterhouseCoopers



JA Dunning
Partner

Sydney
20 August 2008