



**DEXUS**  
PROPERTY GROUP

18 February 2009

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

Dear Sir / Madam

**DEXUS Property Group (ASX: DXS) 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:

- Appendix 4D Statement - "Results for announcement to the market"; and
- Financial Statements of DEXUS Diversified Trust for the period ending 31 December 2008, including an Independent Auditor's Review Report from PricewaterhouseCoopers.

For further information, please contact:

CEO, DEXUS Property Group:	Victor Hoog Antink	(02) 9017 1129
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Yours sincerely

Tanya Cox  
Company Secretary

# DEXUS Property Group (ASX: DXS) Appendix 4D

Results for announcement to the market

DEXUS Property Group  
ARSN 089 324 541

Financial reporting for the half year ended 31 December 2008

DEXUS Diversified Trust (ARSN 089 324 541)	Note 1	31 Dec 2008 \$'000	31 Dec 2007 \$'000	% change
Revenue from ordinary activities		373,087	344,538	8.3%
Earnings from operating activities		251,400	254,400	-1.2%
Net profit attributable to security holders after tax and after minority interests		(954,260)	432,680	-320.6%
<b>Distributions per security for the period ending 31 December</b>	<b>Note 2</b>	<b>CPU 3.80</b>	<b>CPU 5.90</b>	<b>-35.6%</b>
Total assets		9,574,976	9,692,728	-1.2%
Total borrowings		3,455,303	2,876,271	20.1%
Security holders equity		4,862,417	5,585,453	-12.9%
Market capitalisation		2,850,987	5,864,132	-51.4%
Net tangible assets (excluding minority interests)		\$ per unit \$1.33	\$ per unit \$1.90	-30.0%
Securities price		\$0.82	\$2.00	-59.0%
Securities on issue ('000)		3,476,813	2,932,066	18.6%
Record date		31 Dec 2008	31 Dec 2007	
Payment date		27 Feb 2009	29 Feb 2008	



### 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](http://www.dexus.com)

The record date for DRP election notices for the distribution period ending 31 December 2008 was 31 December 2008.

### New entities

No new entities were acquired during the half year ended 31 December 2008.

### Results commentary

DEXUS Property Group's distribution for the half year has decreased 35.6% to 3.8 cents per security primarily as a result of a reduction in the pay out ratio to 70% of funds from operations. Total assets decreased 1.2% over the period to \$9.6 billion at 31 December 2008. Net tangible assets per security decreased 30% to \$1.33 per security. Gearing (net of cash) has increased to 37.3% as at 31 December 2008.

Specific movements in the Income Statement for the half year ended 31 December 2008 were:

- Revenue from ordinary activities was \$373 million (2007: \$345 million), up 8.3% primarily as a result of:
  - Asset, property and development management fees resulting from the internalisation and consolidation of the management company from 21 February 2008
  - Acquisition of Toronto, Canada in December 2007 and Perris, California in January 2008
  - Currency impact in respect of international assets
  - An increase in income arising from the underlying property portfolio

offset by:

- Disposal of the retail properties to DEXUS Wholesale Property Fund for \$950 million in October 2007
- Demolition of the Bligh St properties in Sydney and Albert St car park in Brisbane in early 2008
- Earnings from operating activities were \$251 million (2007: \$254 million) down 1.2 % primarily as a result of:
  - Disposal of the retail properties to DEXUS Wholesale Property Fund for \$950 million in October 2007
  - Profits arising from the sale of a 50% interest in the Coles Chilled Distribution Facility at North Laverton in the December 2007 period
  - An increase in income arising from the underlying property portfolio

offset by:

- Asset, property and development management fees resulting from the internalisation and consolidation of the management company from 21 February 2008
- Acquisition of Toronto, Canada in December 2007 and Perris, California in January 2008
- Currency impacts in respect of international assets
- Demolition of the Bligh St properties in Sydney and Albert St car park in Brisbane in early 2008

- Net loss attributed to security holders after minority interests was \$954 million (2007: profit of \$433 million) down 320.6%, primarily as a result of:
  - Impact of revaluation and impairments during the period compared to the prior period
  - Net movements in the fair value of derivatives
  - Profits arising from the sale of a 50% interest in the Coles Chilled Distribution Facility at North Laverton in the December 2007 period

offset by:

- Asset, property and development management fees resulting from the internalisation and consolidation of the management company from 21 February 2008
- Acquisition of CalWest's 20% minority interest in the US JV in October 2007

Funds from operations per security was 5.43 cents (2007: 5.9 cents) resulting in a distribution per security of 3.8 cents (2007: 5.9 cents) a decrease of 35.6% primarily as a result of a reduction in the pay out ratio to 70% of funds from operations and the movement in earnings from operating activities referred to above.

Specific movements in the Balance Sheet for the half year ended 31 December 2008 were:

- Impact of revaluations and impairments during the period offset by currency impact in respect of international assets (\$825.3 million), recognition of the management rights, acquisitions and capital expenditure resulted in a decrease in total assets of 1.2% to \$9.6 billion (December 2007: \$9.7 billion).
- Total borrowings for the group increased 20.1% to \$3.5 billion (December 2007: \$2.9 billion) primarily as a result of currency impact (\$605.8 million) in relation to foreign denominated borrowings together with capital expenditure incurred during the period. This was partially offset by the December 2008 placement proceeds. Gearing (net of cash), on a look through basis, as at 31 December 2008 was 37.3% (December 2007: 31.3%).
- To ensure that group NTA is not impacted by currency fluctuations, the group has a fully hedged balance sheet, whereby currency translation movements in assets and liabilities are offsetting. This is represented by the natural hedge position reflected above. That is, currency related movements in international assets of \$825.3 million, and broadly equivalent movements in international liabilities of \$804.2 million, represented by movement in foreign denominated borrowings of \$605.8 million and unrealised currency movement in the value of cross currency swaps of \$198.4 million liability.
- Net tangible assets per security were \$1.33 (December 2007: \$1.90), a decrease of 30 % primarily as a result of revaluations and impairments, movement in fair value of derivatives and impact of placement and DRP during the period.

For additional information regarding the results of DEXUS Property Group for the half year ended 31 December 2008, refer to the attached ASX Release. Attached with this Appendix 4D is a copy of the Financial Statements for the half year ended 31 December 2008, together with the Independent Auditors Review 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 2008 to 31 December 2008 is the aggregate of the distributions from DEXUS Diversified Trust, DEXUS Industrial Trust and DEXUS Office Trust. The Annual Tax Statement, issued as at 30 June 2009, will provide details of the components of DXS’ distributions.



# **FINANCIAL STATEMENTS DEXUS DIVERSIFIED TRUST (ARSN 089 324 541)**

## **HALF YEAR FINANCIAL REPORT 31 DECEMBER 2008**

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

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](http://www.dexus.com)

The Directors of DEXUS Funds Management Limited (DXFM) as Responsible Entity of DEXUS Diversified Trust (DDF or the Trust) and its consolidated entities, DEXUS Property Group (DXS or the Group) present their Directors' Report together with the consolidated Financial Statements for the half year ended 31 December 2008.

The Trust together with DEXUS Industrial Trust, DEXUS Office Trust and DEXUS Operations Trust form the DEXUS Property Group stapled security.

### **Directors**

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

C T Beare BSc, BE (Hons), MBA, PhD, FAICD <sup>1,5,6</sup>  
E A Alexander AM, BComm, FCA, FAICD, FCPA <sup>1,2,3,4,6</sup>  
B R Brownjohn, BComm <sup>1,2,3,6</sup>  
S F Ewen OAM, FILE <sup>1,5</sup>  
V P Hoog Antink, BComm, MBA, FCA, FAPI, FRICS, MAICD  
C B Leitner III, BA  
B E Scullin, BEc <sup>1,2,3,4,5</sup>  
A J Fay, BA, Ag. Ec (Hons), ASIA (Alternate to C B Leitner)

<sup>1</sup> Independent Director

<sup>2</sup> Audit Committee Member

<sup>3</sup> Risk Committee Member

<sup>4</sup> Compliance Committee Member

<sup>5</sup> Nomination and Remuneration Committee Member

<sup>6</sup> Finance Committee Member

No Directors held an interest in the Trust as at 31 December 2008 or at the date of this report.

### **Review and results of operations**

During the half year, the operations of DEXUS Property Group consisted of investment in real property in Australia, Europe, New Zealand, Canada and the United States.

The results for the half year ended 31 December 2008 were:

- (Loss)/profit attributable to stapled security holders was (\$954.3 million) (2007: \$432.7 million);
- Funds From Operations (FFO)<sup>1</sup> was \$188.7 million (2007: \$173.0 million);
- Distributions paid and payable to stapled security holders was \$132.1 million being 70% of FFO (2007: \$173.0 million);
- Total assets were \$9.6 billion (Jun 2008: \$9.3 billion); and
- Net assets were \$5.1 billion (Jun 2008: \$5.8 billion).

### **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 the DXS's affairs in future financial years.

### **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.

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<sup>1</sup> Funds From Operations (FFO) or distributable income is often used as a measure of real estate operating performance after finance costs and taxes. It represents AIFRS profit after tax attributable to stapled security holders adjusted for: property revaluations, derivative and FX mark to market impacts, amortisation of tenant incentives and lease commissions, profit and loss on sale of assets, straight line rent adjustments, deferred tax expense and DEXUS RENTS Trust capital distribution

**Auditor**

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

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3 and forms part of this Directors' Report.

**Management representation**

The Chief Executive Officer and Chief Financial Officer have reviewed the Group's financial reporting processes, policies and procedures together with its risk management and internal control and compliance policies and procedures. Following their review, it is their opinion that the Group's financial records for the financial period 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.

**Directors' authorisation**

The Directors' Report is made in accordance with a resolution of the Directors. The Financial Report was authorised for issue by the Directors on 17 February 2009. The Directors have the power to amend and reissue the Financial Report.



**Christopher T Beare**  
Chair  
17 February 2009



**Victor P Hoog Antink**  
Chief Executive Officer  
17 February 2009



PricewaterhouseCoopers  
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## Auditor's Independence Declaration

As lead auditor for the review of DEXUS Diversified Trust for the half year ended 31 December 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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



JA Dunning  
Partner  
PricewaterhouseCoopers

Sydney  
17 February 2009

**DEXUS DIVERSIFIED TRUST  
INCOME STATEMENT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

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	Notes	31 Dec 2008 \$'000	31 Dec 2007 \$'000
<b>Revenue from ordinary activities</b>			
Property revenue		342,767	339,304
Management fee income		28,333	-
Interest revenue		1,987	5,234
<b>Total revenue from ordinary activities</b>		<b>373,087</b>	<b>344,538</b>
Share of net profits of associates accounted for using the equity method		27	1,472
Net (loss)/gain on sale of investment properties		(437)	7,285
Net fair value gain of investment properties		-	336,090
Net foreign exchange gain		154	2,220
Other income		523	67
<b>Total income</b>		<b>373,354</b>	<b>691,672</b>
<b>Expenses</b>			
Property expenses		(82,630)	(82,192)
Responsible Entity fees		-	(17,243)
Finance costs	2	(485,817)	(144,776)
Net fair value loss of investment properties		(702,172)	-
Net fair value loss of derivatives		(20,736)	(10,837)
Depreciation and amortisation		(2,440)	(1,063)
Impairment		(70,872)	-
Employee benefits expense		(30,829)	-
Other expenses		(12,672)	(4,176)
<b>Total expenses</b>		<b>(1,408,168)</b>	<b>(260,287)</b>
<b>(Loss)/profit before tax</b>		<b>(1,034,814)</b>	<b>431,385</b>
<b>Tax benefit</b>			
Income tax (expense)/benefit		(647)	1,832
Withholding tax benefit		83,568	4,400
<b>Total tax benefit</b>		<b>82,921</b>	<b>6,232</b>
<b>(Loss)/profit after tax</b>		<b>(951,893)</b>	<b>437,617</b>
<b>(Loss)/profit attributable to:</b>			
Equity holders of the parent entity		(177,477)	70,271
Equity holders of other stapled entities (minority interest)		(776,783)	362,409
<b>Stapled security holders</b>		<b>(954,260)</b>	<b>432,680</b>
Net (loss)/profit attributable to other minority interests		2,367	4,937
<b>Net (loss)/profit</b>		<b>(951,893)</b>	<b>437,617</b>
<b>Earnings per unit</b>			
		Cents	Cents
Basic earnings per unit on (loss)/profit attributable to equity holders of the parent entity	13	(5.69)	2.41
Diluted earnings per unit on (loss)/profit attributable to equity holders of the parent entity	13	(5.69)	2.41
The above Income Statement should be read in conjunction with the accompanying notes.			
<b>Earnings per unit</b>			
Basic earnings per unit on (loss)/profit attributable to stapled security holders	13	(30.61)	14.82
Diluted earnings per unit on (loss)/profit attributable to stapled security holders	13	(30.61)	14.82

**DEXUS DIVERSIFIED TRUST  
BALANCE SHEET  
AS AT 31 DECEMBER 2008**

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	Notes	31 Dec 2008 \$'000	30 Jun 2008 \$'000
<b>Current assets</b>			
Cash and cash equivalents		98,368	99,214
Receivables		46,392	36,457
Derivative financial instruments		200,165	191,162
Current tax assets		6,041	124
Other		15,698	9,372
<b>Total current assets</b>		<b>366,664</b>	<b>336,329</b>
<b>Non-current assets</b>			
Investment properties	3	8,334,930	8,182,295
Property, plant and equipment	4	483,282	443,633
Investments accounted for using the equity method	5	130,334	111,946
Deferred tax assets		19,422	14,882
Intangible assets	6	233,851	255,113
Other		6,493	4,789
<b>Total non-current assets</b>		<b>9,208,312</b>	<b>9,012,658</b>
<b>Total assets</b>		<b>9,574,976</b>	<b>9,348,987</b>
<b>Current liabilities</b>			
Payables		125,624	118,396
Interest bearing liabilities	7	603,745	576,131
Current tax liabilities		1,491	1,019
Provisions		140,629	194,314
Derivative financial instruments		732,469	97,078
Other		878	1,799
<b>Total current liabilities</b>		<b>1,604,836</b>	<b>988,737</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	7	2,851,558	2,430,788
Deferred tax liabilities		27,598	76,543
Provisions		10,929	9,818
Other		10,511	8,048
<b>Total non-current liabilities</b>		<b>2,900,596</b>	<b>2,525,197</b>
<b>Total liabilities</b>		<b>4,505,432</b>	<b>3,513,934</b>
<b>Net assets</b>		<b>5,069,544</b>	<b>5,835,053</b>
<b>Equity</b>			
<b>Equity attributable to equity holders of the parent entity</b>			
Contributed equity	8	1,437,220	1,297,831
Reserves		(5,467)	1,248
Undistributed income		478,216	705,510
<b>Parent entity equity holders' interest</b>		<b>1,909,969</b>	<b>2,004,589</b>
<b>Equity attributable to equity holders of other stapled entities (minority interest)</b>			
Contributed equity	8	2,492,517	2,280,052
Reserves		30,767	49,689
Undistributed income		429,164	1,294,725
<b>Other stapled security holders' interest</b>		<b>2,952,448</b>	<b>3,624,466</b>
<b>Stapled security holders' interest</b>		<b>4,862,417</b>	<b>5,629,055</b>
Other minority interests		207,127	205,998
<b>Total equity</b>		<b>5,069,544</b>	<b>5,835,053</b>

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

**DEXUS DIVERSIFIED TRUST  
STATEMENT OF CHANGES OF EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

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	Notes	31 Dec 2008 \$'000	31 Dec 2007 \$'000
<b>Total equity at the beginning of the year</b>		<b>5,835,053</b>	5,704,943
Exchange differences on translation of foreign operations		<b>(4,744)</b>	(5,174)
Impairment of intangible asset	6	<b>(20,893)</b>	-
<b>Net income recognised directly in equity</b>		<b>(25,637)</b>	(5,174)
<b>Net (loss)/profit for the period</b>		<b>(951,893)</b>	437,617
<b>Total recognised income and expense for the period</b>		<b>(977,530)</b>	432,443
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transaction costs	8	<b>351,854</b>	70,687
Distributions provided for or paid	9	<b>(132,119)</b>	(172,992)
Transactions with other minority interest:			
Contributions of equity, net of transaction costs		<b>372</b>	1,690
Distributions provided for or paid	9	<b>(8,894)</b>	(8,601)
Disposal of other minority interests		-	(265,989)
Foreign currency translation reserve		<b>808</b>	29,293
<b>Total transactions with equity holders</b>		<b>212,021</b>	(345,912)
<b>Total equity at the end of the period</b>		<b>5,069,544</b>	5,791,474
<b>Total recognised income and expense for the period is attributable to:</b>			
Equity holders of the parent entity - DDF unitholders		<b>(184,192)</b>	69,742
Equity holders of other stapled entities (minority interest)		<b>(795,705)</b>	357,764
<b>Equity holders of DEXUS Diversified Trust</b>		<b>(979,897)</b>	427,506
Other minority interests		<b>2,367</b>	4,937
<b>Total recognised income and expense for the period</b>		<b>(977,530)</b>	432,443

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

**DEXUS DIVERSIFIED TRUST  
CASH FLOW STATEMENT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

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	31 Dec 2008 \$'000	31 Dec 2007 \$'000
<b>Cash flows from operating activities</b>		
Receipts in the course of operations (inclusive of GST)	427,828	381,477
Payments in the course of operations (inclusive of GST)	(172,263)	(136,829)
Interest received	1,920	5,337
Finance costs paid to financial institutions	(98,748)	(94,693)
Distributions received	-	4,810
Dividends received	-	3,250
Income and withholding taxes paid	(8,332)	(3,686)
<b>Net cash inflow from operating activities</b>	<b>150,405</b>	<b>159,666</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investment properties	8,184	1,007,909
Disposal of cash in Bent St Trust	-	(46)
Payments for capital expenditure on investment properties	(66,607)	(95,667)
Payments for investment properties	-	(177,226)
Payments for acquisition of investments net of cash	-	(253,179)
Payments for investments accounted for using the equity method	(14,323)	
Payments for property, plant and equipment	(14,337)	(28,470)
Payments for capital expenditure on property, plant and equipment	(83,454)	(53,527)
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(170,536)</b>	<b>399,794</b>
<b>Cash flows from financing activities</b>		
Issue of units	301,617	-
Establishment expenses and unit issue costs	(7,849)	-
Equity issued to other minority interests	372	1,444
Proceeds from borrowings	1,256,260	1,278,681
Repayment of borrowings	(1,412,798)	(1,708,867)
Distributions paid to security holders	(124,301)	(94,305)
Distributions paid to other minority interests	(4,651)	(8,361)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>8,650</b>	<b>(531,408)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(11,481)</b>	<b>28,052</b>
Cash and cash equivalents at the beginning of the period	99,214	59,603
Effects of exchange rate changes on cash and cash equivalents	10,635	1
<b>Cash and cash equivalents at the end of the period</b>	<b>98,368</b>	<b>87,656</b>

The above Cash Flow Statement 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 entities within DXS must be consolidated. The parent entity and deemed acquirer of DIT, DOT and DXO 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 and DXO and its controlled entities. Equity attributable to other entities 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 DXS.

DEXUS Property Group 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 as Responsible Entity for each entity within DXS may only unstaple if approval is obtained by special resolution of the stapled security holders.

This general purpose interim financial report for the half year ended 31 December 2008 has been prepared in accordance with the requirements of the Trust's Constitution, AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

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 derivatives, other financial instruments and investment properties and the impairment of intangible assets and property, plant and equipment.

The financial report does not include notes of the type normally included in an annual financial report. Accordingly this report is to be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public pronouncements made by DXS during the half year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

### (b) Critical accounting estimates

The preparation of Financial Statements may require the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Trust's accounting policies. Other than the estimation of fair values relating to derivatives and other financial instruments, investment properties and intangible assets, 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 reporting period. The accounting policies followed in relation to the determination of these critical accounting estimates are the same as those applied in the Financial Statements of DDF for the year ended 30 June 2008.

### Uncertainty around property valuations

The global market for many types of real estate has been severely affected by the recent volatility in global financial markets. The lower levels of liquidity and volatility in the banking sector have translated into a general weakening of market sentiment towards real estate and the number of real estate transactions has significantly reduced.

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is not a forced seller prepared to sell at any price. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

The current lack of comparable market evidence relating to pricing assumptions and market drivers means that there is less certainty in regard to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be significantly prolonged.

The fair value of investment property has been adjusted to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the balance sheet date, the current market uncertainty means that if investment property is sold in future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the Financial Statements.

(c) Rounding of amounts

The Trust is 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 2. Finance costs**

	<b>31 Dec 2008</b>	31 Dec 2007
	<b>\$'000</b>	\$'000
Interest paid/payable	<b>100,280</b>	99,402
Amount capitalised	<b>(18,227)</b>	(7,042)
Other finance costs	<b>1,548</b>	1,672
Net fair value loss of interest rate swaps	<b>402,216</b>	50,744
<b>Total finance costs</b>	<b>485,817</b>	144,776

The average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 6.70% (2007: 6.13%).

**Note 3. Investment properties**

(a) Properties	Ownership	Acquisition date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 31 Dec 2008 \$'000	Consolidated book value 30 June 2008 \$'000
Kings Park Industrial Estate, Bowmans Road, Marayong, NSW	100%	May 1990	80,980	Jun 2008	104,000	(e)	<b>99,000</b>	104,000
Target Distribution Centre, Lot 1, Tara Avenue, Altona North, VIC	100%	Oct 1995	25,538	Dec 2007	37,500	(a)	<b>32,000</b>	34,200
Axxess Corporate Park, 164 - 180 Forster Road, 11 & 21 - 45 Gilby Road, 307 - 355 Ferntree Gully Road, Mount Waverley, VIC	100%	Oct 1996	157,441	Jun 2008	192,650	(i)	<b>193,437</b>	192,650
Knoxfield Industrial Estate, 20 Henderson Road, Knoxfield, VIC	100%	Aug 1996	30,312	Jun 2006	37,050	(f)	<b>35,344</b>	35,300
12 Frederick Street, St Leonards, NSW	100%	Jul 2000	25,591	Jun 2007	38,000	(f)	<b>37,056</b>	37,000
40 Talavera Road, North Ryde, NSW	100%	Oct 2002	33,112	Dec 2006	31,200	(d)	<b>31,000</b>	33,910
2 Alspeg Place, Eastern Creek, NSW	100%	Mar 2004	23,620	Dec 2008	24,800	(f)	<b>24,800</b>	24,800
Redwood Gardens Industrial Estate Stages 3, 5, 6 & 7 and Lot 4, Dingley, Vic	100%	Dec 1994	26,751	Jun 2008	30,250	(e)	<b>30,000</b>	30,250
44 Market Street, Sydney, NSW	100%	Sep 1987	180,075	Jun 2008	225,000	(e)	<b>218,000</b>	225,000
8 Nicholson Street, Melbourne, VIC	100%	Nov 1993	70,092	Dec 2007	106,500	(e)	<b>99,246</b>	99,000
130 George Street & 105 Phillip Street, Parramatta, NSW	100%	May 1997	100,839	Dec 2008	90,000	(a)	<b>90,000</b>	92,000
Flinders Gate Complex, 172 Flinders Street & 189 Flinders Lane, Melbourne, VIC	100%	Mar 1999	16,142	Dec 2008	25,150	(i)	<b>25,150</b>	21,350
383 - 395 Kent Street, Sydney, NSW	100%	Sep 1987	106,282	Jun 2008	153,000	(f)	<b>139,000</b>	153,000
14 Moore Street, Canberra, ACT**	100%	May 2002	37,804	Dec 2007	49,500	(a)	<b>46,701</b>	46,500
Sydney CBD Floor Space <sup>1</sup>	9%	Jul 2000	196	n/a	-	-	<b>196</b>	2,174
Westfield Whitford City Shopping Centre Marmion & Whitfords Avenue, Hillarys, WA <sup>2</sup>	50%	Oct 1984	130,927	Jun 2007	252,350	(f)	<b>255,771</b>	255,350
Westfield Whitfords Avenue Lot 6 Endeavour Road, Hillarys, WA <sup>2</sup>	50%	Dec 1992	5,506	Jun 2007	24,650	(f)	<b>24,650</b>	24,650
34 - 60 Little Collins Street, Melbourne, VIC**	100%	Nov 1984	16,186	Dec 2008	40,900	(i)	<b>40,900</b>	41,000
32 - 44 Flinders Street, Melbourne, VIC	100%	Jun 1998	21,331	Dec 2008	38,800	(i)	<b>38,800</b>	32,592
Flinders Gate Carpark, 172 - 189 Flinders Street, Melbourne, VIC	100%	Mar 1999	47,328	Dec 2008	54,600	(i)	<b>54,600</b>	39,263
383 - 395 Kent Street, Sydney, NSW	100%	Sep 1987	30,257	Jun 2008	65,000	(f)	<b>62,000</b>	65,000
John Martin's Carpark & Retail Plaza Joint Venture	1%	Sep 1994	-	n/a	-	-	<b>100</b>	100
77 - 79 St Hilliers Road, Auburn, NSW	100%	Sep 1997	39,441	Jun 2007	45,250	(a)	<b>47,000</b>	47,281
3 Brookhollow Avenue, Baukham Hills, NSW	100%	Dec 2002	34,610	Jun 2008	54,800	(f)	<b>42,346</b>	44,800
1 Garigal Road, Belrose, NSW	100%	Dec 1998	23,446	Jun 2007	31,000	(d)	<b>25,700</b>	28,800

<sup>1</sup> This relates to heritage floor space retained following the disposal of 1 Chifley Square, Sydney. During the interim period a portion of this floor space was disposed of for \$ 1.4 million.

<sup>2</sup> The 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.



**DEXUS DIVERSIFIED TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

**Note 3. Investment properties (continued)**

(a) Properties	Ownership	Acquisition date	Cost including all additions	Independent valuation date	Independent valuation amount	Independent valuer	Consolidated book value 31 Dec 2008	Consolidated book value 30 June 2008
			\$'000		\$'000		\$'000	\$'000
2 Minna Close, Belrose, NSW	100%	Dec 1998	36,030	Jun 2007	35,000	(d)	<b>34,284</b>	33,000
114 - 120 Old Pittwater Road, Brookvale, NSW	100%	Sep 1997	34,928	Dec 2008	48,000	(f)	<b>48,000</b>	51,500
145 - 151 Arthur Street, Flemington, NSW	100%	Sep 1997	24,835	Dec 2007	37,900	(i)	<b>32,600</b>	35,000
436 - 484 Victoria Road, Gladesville, NSW	100%	Sep 1997	28,626	Jun 2007	53,000	(e)	<b>51,500</b>	55,000
1 Foundation Place, Greystanes, NSW	100%	Dec 2002	39,287	Jun 2008	48,000	(a)	<b>45,800</b>	48,000
5 - 15 Roseberry Avenue & 25 - 55 Rothschild Avenue, Rosebery, NSW	100%	Apr 1998 & Oct 2001	74,148	Jun 2008	102,700	(d)	<b>93,300</b>	102,700
10 - 16 South Street, Rydalmere, NSW	100%	Sep 1997	37,156	Dec 2008	44,000	(e)	<b>44,000</b>	48,000
19 Chifley Street, Smithfield, NSW	100%	Dec 1998	12,183	Jun 2008	18,350	(i)	<b>18,374</b>	18,350
Pound Road West, Dandenong, VIC	100%	Jan 2004	73,677	Dec 2007	81,550	(g)	<b>82,000</b>	91,486
352 Macaulay Road, Kensington, VIC	100%	Oct 1998	7,691	Dec 2007	10,000	(a)	<b>8,200</b>	9,100
DEXUS Industrial Estate, Boundary Road, Laverton North, VIC	100%	Jul 2002	109,270	Dec 2007	85,900	(i)	<b>109,000</b>	81,400
250 Forest Road, South Lara, VIC	100%	Dec 2002	37,816	Jun 2008	44,750	(a)	<b>48,758</b>	44,750
15 - 23 Whicker Road, Gillman, SA	100%	Dec 2002	20,282	Dec 2008	26,800	(e)	<b>26,800</b>	25,800
25 Donkin Street, Brisbane, QLD	100%	Dec 1998	19,389	Dec 2007	35,600	(e)	<b>33,500</b>	35,800
52 Holbeche Road, Arndell Park, NSW	100%	Jul 1998	11,378	Jun 2008	13,500	(f)	<b>13,511</b>	13,500
3 - 7 Bessemer Street, Blacktown, NSW	100%	Jun 1997	11,220	Dec 2008	9,850	(a)	<b>9,850</b>	11,100
30 - 32 Bessemer Street, Blacktown, NSW	100%	May 1997	12,440	Dec 2008	16,300	(e)	<b>16,300</b>	19,044
27 - 29 Liberty Road, Huntingwood, NSW	100%	Jul 1998	8,108	Jun 2008	9,650	(a)	<b>8,900</b>	9,650
154 O'Riordan Street, Mascot, NSW	100%	Jun 1997	11,111	Dec 2008	15,000	(i)	<b>15,000</b>	15,000
11 Talavera Road, North Ryde, NSW	100%	Jun 2002	135,726	Jun 2008	160,000	(f)	<b>150,000</b>	160,000
DEXUS Industrial Estate, Egerton Street, Silverwater, NSW	100%	May 1997	37,183	Dec 2007	50,000	(i)	<b>45,200</b>	48,200
239 - 251 Woodpark Road, Smithfield, NSW	100%	May 1997	5,122	Dec 2008	6,200	(a)	<b>6,200</b>	6,800
40 Biloela Street, Villawood, NSW	100%	Jul 1997	6,885	Dec 2008	7,000	(d)	<b>7,000</b>	8,100
114 Fairbank Road, Clayton, VIC	100%	Jul 1997	15,851	Dec 2008	15,600	(g)	<b>15,600</b>	16,200
30 Bellrick Street, Acacia Ridge, QLD	100%	Jun 1997	13,291	Jun 2008	22,700	(e)	<b>21,000</b>	22,700
68 Hasler Road, Herdsman, WA	100%	Jul 1998	9,743	Jun 2008	17,500	(i)	<b>14,300</b>	17,500
Zone Industrial Epone II, Epone	100%	Jul 2006	12,608	Dec 2008	8,986	(i)	<b>8,986</b>	10,417
19 rue de Bretagne, Saint-Quentin Fallavier	100%	Jul 2006	23,919	Dec 2008	15,674	(i)	<b>15,674</b>	18,389
21 rue du Chemin Blanc, Champlan	100%	Jul 2006	23,630	Dec 2008	13,905	(i)	<b>13,905</b>	16,913
32 avenue de l'Océanie, Villejust	100%	Jul 2006	19,402	Dec 2008	11,872	(i)	<b>11,872</b>	13,533
RN 19 ZAC de L'Ormes Road, Servon (1)	100%	Jul 2006	31,874	Dec 2008	19,618	(i)	<b>19,618</b>	21,867
RN 19 ZAC de L'Ormes Road, Servon (2)	100%	Jul 2006	10,872	Dec 2008	7,217	(i)	<b>7,217</b>	7,923

**DEXUS DIVERSIFIED TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

**Note 3. Investment properties (continued)**

(a) Properties	Ownership	Acquisition date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 31 Dec 2008 \$'000	Consolidated book value 30 June 2008 \$'000
Im Holderbusch 3, Industriestraße, Sulmstraße, Ellhofen-Weinsberg	100%	Dec 2006	25,319	Dec 2008	26,936	(i)	<b>26,936</b>	23,376
Schillerstraße 51, Ellhofen	100%	Dec 2006	20,972	Dec 2008	22,586	(i)	<b>22,586</b>	19,537
Schillerstraße 42, 42a, Bahnhofstraße 44, 50, Ellhofen	100%	Dec 2006	13,168	Dec 2008	11,974	(i)	<b>11,974</b>	12,156
Im Gewerbegebiet 18 Friedewald	100%	Dec 2006	8,492	Dec 2008	8,030	(i)	<b>8,030</b>	6,611
Im Steinbruch 4, 6, Knetzgau	100%	Dec 2006	16,654	Dec 2008	17,991	(i)	<b>17,991</b>	17,520
Carl-Leverkus -Straße 3 - 5, Winkelsweg 182 - 184, Langenfeld	100%	Dec 2006	16,718	Dec 2008	17,361	(i)	<b>17,361</b>	15,059
Schneiderstraße 82, Langenfeld 3	100%	Dec 2006	9,593	Dec 2008	10,144	(i)	<b>10,144</b>	8,809
Über der Dingelstelle, Langenweddingen	100%	Dec 2006	12,142	Dec 2008	10,632	(i)	<b>10,632</b>	10,728
Nordstraße 1, Lobau	100%	Dec 2006	2,045	Dec 2008	2,318	(i)	<b>2,318</b>	1,427
Former Straße 6, Unna	100%	Dec 2006	27,708	Dec 2008	31,348	(i)	<b>31,348</b>	27,297
Niedesheimer Straße 24, Worms	100%	Dec 2006	6,582	Dec 2008	7,989	(i)	<b>7,989</b>	6,578
Liverpooler-/ Kopenhagener -/ Osloer Straße, Duisburg	100%	Dec 2006	32,840	Dec 2008	34,723	(i)	<b>34,723</b>	33,153
Bremer Ring, Hansestraße, Berlin-Wustermark	100%	Dec 2006	17,747	Dec 2008	18,073	(i)	<b>18,073</b>	17,142
Theodorstraße, Dusseldorf	100%	Dec 2006	27,152	Dec 2008	27,790	(i)	<b>27,790</b>	25,509
13201 South Orange Avenue, Orlando	100%	Jun 2007	23,630	Jun 2008	30,646	(i)	<b>39,477</b>	30,646
8574 Boston Church Road, Milton, Ontario	100%	Dec 2007	74,990	Jun 2008	70,304	(i)	<b>77,864</b>	70,304
Governor Phillip Tower & Governor Macquarie Tower Office Complex, 1 Farrer Place, Sydney, NSW <sup>1</sup>	50%	Dec 1998	493,764	Dec 2008	680,000	(a)	<b>680,000</b>	744,993
45 Clarence Street, Sydney, NSW	100%	Dec 1998	221,625	Jun 2007	265,000	(e)	<b>275,000</b>	290,163
309 - 321 Kent Street, Sydney, NSW <sup>1</sup>	50%	Dec 1998	170,839	Dec 2008	199,250	(d)	<b>199,250</b>	210,483
1 Margaret Street, Sydney, NSW	100%	Dec 1998	144,659	Dec 2007	200,000	(a)	<b>185,000</b>	194,000
Victoria Cross 60 Miller Street, North Sydney, NSW	100%	Dec 1998	105,954	Dec 2008	124,800	(f)	<b>124,800</b>	110,068
The Zenith, 821 - 843 Pacific Highway, Chatswood, NSW <sup>1</sup>	50%	Dec 1998	109,977	Jun 2007	130,000	(a)	<b>120,000</b>	130,000
Woodside Plaza, 240 St Georges Terrace, Perth, WA	100%	Jan 2001	240,094	Jun 2008	446,500	(i)	<b>430,000</b>	446,500
30 The Bond, 30 - 34 Hickson Road, Sydney, NSW	100%	May 2002	117,986	Dec 2008	170,000	(f)	<b>170,000</b>	179,036
Southgate Complex, 3 Southgate Avenue, Southgate, VIC	100%	Aug 2000	365,888	Jun 2007	380,000	(i)	<b>372,582</b>	370,000
201 - 217 Elizabeth Street, Sydney, NSW <sup>1</sup>	50%	Aug 2000	119,599	Jun 2007	158,750	(d)	<b>159,000</b>	164,130
Garema Court, 140 - 180 City Walk, Civic, ACT **	100%	Aug 2000	43,999	Jun 2008	60,000	(i)	<b>54,000</b>	60,000
Australia Square Complex, 264 - 278 George Street, Sydney, NSW <sup>1</sup>	50%	Aug 2000	210,381	Dec 2007	312,500	(e)	<b>293,000</b>	303,000
Lumley Centre, 88 Shortland Street, Auckland, New Zealand <sup>2</sup>	100%	Sep 2005	94,690	Jun 2008	122,928	(i)	<b>121,288</b>	122,928

<sup>1</sup> The valuation reflects 50 percent of the independent valuation amount.

<sup>2</sup> The property was externally valued at NZ\$155 million at 30 June 2008. The carrying amount of the property as at 31 December 2008 has been translated at the period end spot rate.

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

**DEXUS DIVERSIFIED TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

**Note 3. Investment properties (continued)**

(a) Properties	Ownership	Acquisition date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 31 Dec 2008 \$'000	Consolidated book value 30 June 2008 \$'000
3765 Atlanta Industrial Drive, Atlanta	100%	Sep 2004	-	Jun 2008	4,571	(c)	-	4,571
7100 Highlands Parkway, Atlanta	100%	Sep 2004	15,319	Jun 2008	13,401	(c)	17,003	13,401
Town Park Drive, Atlanta	100%	Sep 2004	6,898	Jun 2008	8,934	(c)	9,967	8,934
Williams Drive, Atlanta	100%	Sep 2004	10,422	Jun 2008	10,285	(c)	12,413	10,285
Stone Mountain, Atlanta	100%	Sep 2004	7,724	Jun 2008	6,233	(c)	7,816	6,233
MD Food Park, Baltimore	100%	Sep 2004	20,577	Jun 2008	24,102	(c)	29,266	24,102
West Nursery, Baltimore	100%	Sep 2004	8,333	Jun 2008	9,038	(c)	10,811	9,038
Cabot Tecns, Baltimore	100%	Sep 2004	21,756	Jun 2008	30,646	(c)	37,385	30,646
9112 Guildford Road, Baltimore	100%	Sep 2004	8,517	Jun 2008	9,557	(c)	13,532	9,557
8155 Stayton Drive, Baltimore	100%	Sep 2004	7,384	Jun 2008	9,038	(c)	10,515	9,038
Patuxent Range Road, Baltimore	100%	Sep 2004	12,421	Jun 2008	13,609	(c)	17,740	13,609
Bristol Court, Baltimore	100%	Sep 2004	11,391	Jun 2008	12,466	(c)	14,607	12,466
NE Baltimore, Baltimore	100%	Sep 2004	7,799	Jun 2008	9,038	(c)	10,790	9,038
1181 Portal, 1831 Portal & 6615 Tributary, Baltimore	100%	Jun 2005	11,345	Jun 2008	12,258	(c)	14,607	12,258
10 Kenwood Circle, Boston	100%	Sep 2004	11,442	Jun 2008	10,596	(c)	12,399	10,596
Commerce Park, Charlotte	100%	Sep 2004	7,872	Jun 2008	9,246	(c)	11,778	9,246
9900 Brookford Street, Charlotte	100%	Sep 2004	4,271	Jun 2008	4,571	(c)	5,730	4,571
Westinghouse, Charlotte	100%	Sep 2004	21,464	Jun 2008	25,660	(c)	32,737	25,660
Airport Exchange, Cincinnati	100%	Sep 2004	4,569	Jun 2008	3,532	(c)	3,677	3,532
Empire Drive, Cincinnati	100%	Sep 2004	6,558	Jun 2008	6,960	(c)	8,094	6,960
International Way, Cincinnati	100%	Sep 2004	10,866	Jun 2008	12,258	(c)	14,989	12,258
Kentucky Drive, Cincinnati	100%	Sep 2004	12,100	Jun 2008	15,791	(c)	17,696	15,791
Spiral Drive, Cincinnati	100%	Sep 2004	6,281	Jun 2008	6,233	(c)	7,606	6,233
Turfway Road, Cincinnati	100%	Sep 2004	5,687	Jun 2008	5,298	(c)	5,882	5,298
124 Commerce, Cincinnati	100%	Sep 2004	2,453	Jun 2008	2,597	(c)	3,195	2,597
Kenwood Road, Cincinnati	100%	Sep 2004	20,028	Jun 2008	21,816	(c)	23,557	21,816
Lake Forest Drive, Cincinnati	100%	Sep 2004	12,762	Jun 2008	14,648	(c)	16,694	14,648
World Park, Cincinnati	100%	Sep 2004	13,192	Jun 2008	13,245	(c)	16,094	13,245
Equity/Westbelt/Dividend, Columbus	100%	Sep 2004	39,365	Jun 2008	41,554	(c)	47,236	41,554
2700 International Street, Columbus	100%	Sep 2004	4,648	Jun 2008	5,194	(c)	5,827	5,194
3800 Twin Creeks Drive, Columbus	100%	Sep 2004	4,945	Jun 2008	5,714	(c)	7,114	5,714
SE Columbus, Columbus	100%	Sep 2004	14,247	Jun 2008	12,155	(c)	13,468	12,155
Arlington, Dallas	100%	Sep 2004	9,038	Jun 2008	9,350	(c)	11,353	9,350
1900 Diplomat Drive, Dallas	100%	Sep 2004	4,767	Jun 2008	4,259	(c)	4,688	4,259
2055 Diplomat Drive, Dallas	100%	Sep 2004	3,783	Jun 2008	3,013	(c)	4,369	3,013

**DEXUS DIVERSIFIED TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

**Note 3. Investment properties (continued)**

(a) Properties	Ownership	Acquisition date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 31 Dec 2008 \$'000	Consolidated book value 30 June 2008 \$'000
1413 Bradley Lane, Dallas	100%	Sep 2004	3,235	Jun 2008	2,805	(c)	<b>3,363</b>	2,805
North Lake, Dallas	100%	Sep 2004	10,185	Jun 2008	12,466	(c)	<b>15,430</b>	12,466
555 Airline Drive, Dallas	100%	Sep 2004	6,833	Jun 2008	6,649	(c)	<b>7,412</b>	6,649
455 Airline Drive, Dallas	100%	Sep 2004	3,237	Jun 2008	3,532	(c)	<b>4,453</b>	3,532
Hillguard, Dallas	100%	Sep 2004	9,427	Jun 2008	10,077	(c)	<b>10,804</b>	10,077
11011 Regency Crest Drive, Dallas	100%	Sep 2004	7,556	Jun 2008	8,207	(c)	<b>7,404</b>	8,207
East Collind, Dallas	100%	Sep 2004	3,766	Jun 2008	3,740	(c)	<b>4,197</b>	3,740
3601 East Plano / 1000 Shiloh, Dallas	100%	Sep 2004	13,705	Jun 2008	18,439	(c)	<b>19,096</b>	18,439
East Plano Parkway, Dallas	100%	Sep 2004	22,203	Jun 2008	25,452	(c)	<b>29,381</b>	25,452
820 - 860 Avenue F, Dallas	100%	Sep 2004	7,486	Jun 2008	6,233	(c)	<b>7,736</b>	6,233
10th Street, Dallas	100%	Sep 2004	10,112	Jun 2008	11,116	(c)	<b>14,045</b>	11,116
Capital Avenue, Dallas	100%	Sep 2004	6,604	Jun 2008	6,545	(c)	<b>7,016</b>	6,545
CTC @ Valwood, Dallas	100%	Sep 2004	3,559	Jun 2008	4,155	(c)	<b>4,760</b>	4,155
Brackbill, Harrisburg	100%	Sep 2004	23,314	Jun 2008	21,623	(c)	<b>25,212</b>	21,623
Mechanicsburg, Harrisburg	100%	Sep 2004	19,092	Jun 2008	19,946	(c)	<b>25,707</b>	19,946
181 Fulling Mill Road, Harrisburg	100%	Sep 2004	9,401	Jun 2008	10,103	(c)	<b>13,280</b>	10,103
Glendale, Los Angeles	100%	Sep 2004	53,677	Jun 2008	73,759	(c)	<b>85,090</b>	73,759
14489 Industry Cirlice, Los Angeles	100%	Sep 2004	7,523	Jun 2008	12,523	(c)	<b>15,036</b>	12,523
14555 Alondra / 6530 Altura, Los Angeles	100%	Sep 2004	18,375	Jun 2008	24,413	(c)	<b>29,807</b>	24,413
San Fernando Valley, Los Angeles	100%	Sep 2004	15,398	Jun 2008	25,971	(c)	<b>29,496</b>	25,971
Memphis Industrial, Memphis	100%	Sep 2004	9,741	Jun 2008	6,441	(c)	<b>7,831</b>	6,441
2950 Lexington Avenue S, Minneapolis	100%	Sep 2004	9,551	Jun 2008	9,360	(c)	<b>10,804</b>	9,360
Mounds View, Minneapolis	100%	Sep 2004	23,025	Jun 2008	22,024	(c)	<b>22,893</b>	22,024
6105 Trenton Lane, Minneapolis	100%	Sep 2004	8,866	Jun 2008	8,207	(c)	<b>9,729</b>	8,207
8575 Monticello Lane, Minneapolis	100%	Sep 2004	1,792	Jun 2008	2,182	(c)	<b>2,613</b>	2,182
7401 Cahill Road, Minneapolis	100%	Sep 2004	3,568	Jun 2008	3,272	(c)	<b>3,948</b>	3,272
CTC @ Dulles, Northern Virginia	100%	Sep 2004	25,740	Jun 2008	30,646	(c)	<b>30,290</b>	30,646
Alexandria, Northern Virginia	100%	Sep 2004	48,890	Jun 2008	54,153	(c)	<b>67,922</b>	54,153
Nokes Boulevard, Northern Virginia	100%	Sep 2004	26,156	Jun 2008	48,203	(c)	<b>78,233</b>	48,203
Guildford, Northern Virginia	100%	Sep 2004	18,258	Jun 2008	22,231	(c)	<b>29,157</b>	22,231
Beaumeade Telecom, Northern Virginia	100%	Sep 2004	33,779	Jun 2008	45,710	(c)	<b>51,639</b>	45,710
Orlando Central Park, Orlando	100%	Sep 2004	62,705	Jun 2008	76,252	(c)	<b>91,513</b>	76,252
7500 Exchange Drive, Orlando	100%	Sep 2004	5,662	Jun 2008	7,376	(c)	<b>8,668</b>	7,376
105 - 107 South 41st Avenue, Phoenix	100%	Sep 2004	14,779	Jun 2008	22,173	(c)	<b>23,600</b>	22,173
1429 - 1439 South 40th Avenue, Phoenix	100%	Sep 2004	10,674	Jun 2008	15,063	(c)	<b>16,988</b>	15,063

**DEXUS DIVERSIFIED TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

**Note 3. Investment properties (continued)**

(a) Properties	Ownership	Acquisition date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 31 Dec 2008 \$'000	Consolidated book value 30 June 2008 \$'000
10397 West Van Buren Street, Phoenix	100%	Sep 2004	8,861	Jun 2008	15,375	(c)	16,491	15,375
844 44th Avenue, Phoenix	100%	Sep 2004	6,729	Jun 2008	8,415	(c)	9,491	8,415
220 South 9th Street, Phoenix	100%	Sep 2004	7,325	Jun 2008	10,492	(c)	12,016	10,492
431 North 47th Avenue, Phoenix	100%	Sep 2004	6,217	Jun 2008	9,246	(c)	10,321	9,246
601 South 55th Avenue, Phoenix	100%	Sep 2004	4,772	Jun 2008	5,921	(c)	6,589	5,921
1000 South Priest Drive, Phoenix	100%	Sep 2004	5,174	Jun 2008	6,233	(c)	6,770	6,233
1120 - 1150 West Alameda Drive, Phoenix	100%	Sep 2004	8,445	Jun 2008	10,389	(c)	11,677	10,389
1858 East Encanto Drive, Phoenix	100%	Sep 2004	4,475	Jun 2008	6,649	(c)	6,791	6,649
3802 - 3922 East University Drive, Phoenix	100%	Sep 2004	10,305	Jun 2008	11,947	(c)	11,281	11,947
Chino, Riverside	100%	Sep 2004	6,577	Jun 2008	9,661	(c)	11,244	9,661
Mira Loma, Riverside	100%	Sep 2004	10,843	Jun 2008	20,777	(c)	22,553	20,777
Ontario, Riverside	100%	Sep 2004	30,082	Jun 2008	50,384	(c)	49,942	50,384
4190 East Santa Ana Street, Riverside	100%	Sep 2004	5,061	Jun 2008	9,350	(c)	9,440	9,350
Rancho Cucamonga, Riverside	100%	Sep 2004	22,466	Jun 2008	37,918	(c)	37,059	37,918
12000 Jersey Court, Riverside	100%	Sep 2004	4,492	Jun 2008	7,688	(c)	6,763	7,688
Airway Road, San Diego	100%	Sep 2004	9,750	Jun 2008	10,389	(c)	12,731	10,389
5823 Newton Drive, San Diego	100%	Sep 2004	17,065	Jun 2008	23,998	(c)	27,714	23,998
2210 Oak Ridge Way, San Diego	100%	Sep 2004	5,173	Jun 2008	6,732	(c)	7,744	6,732
Kent Street, Seattle	100%	Sep 2004	29,545	Jun 2008	36,360	(c)	39,550	36,360
26507 79th Avenue South, Seattle	100%	Sep 2004	2,775	Jun 2008	3,740	(c)	3,861	3,740
8005 South 266th Street, Seattle	100%	Sep 2004	7,314	Jun 2008	9,038	(c)	9,642	9,038
West Palm Beach, South Florida	100%	Sep 2004	22,059	Jun 2008	21,296	(c)	23,816	21,296
Calvert / Murray's, Northern Virginia	100%	Sep 2004	5,512	Jun 2008	5,090	(c)	5,181	5,090
Turnpike Distribution Center	100%	Sep 2004	22,921	Jun 2008	29,919	(c)	36,771	29,919
7700 68th Avenue, Brooklyn Park	100%	Nov 2005	5,795	Jun 2008	4,467	(c)	4,965	4,467
7500 West 78th Street, Bloomington	100%	Nov 2005	5,531	Jun 2008	5,402	(c)	5,958	5,402
1285 & 1301 Corporate Center Drive, 1230 & 1270 Eagan Industrial Road, Eagan	100%	Nov 2005	19,807	Jun 2008	16,102	(c)	19,631	16,102
850 E Devon Avenue, 1260 N Ellis Street, 371 Meyer Road Bensenville, Chicago (O'Hare)	100%	Dec 2007	32,353	Jun 2008	30,646	(c)	34,641	30,646
3722 Redlands Avenue, Perris, Riverside County	100%	Jan 2008	134,085	Jun 2008	131,934	(c)	181,365	131,934
8151 & 8161 Interchange Parkway, San Antonio	100%	Jul 2007	17,022	Jun 2008	16,102	(c)	22,264	16,102
Cornerstone I and II, 5411 Interstate 10 East and 1228 Cornerway Boulevarde, San Antonio	100%	Aug 2007	16,496	Jun 2008	13,920	(c)	17,459	13,920

**Note 3. Investment properties (continued)**

(a) Properties	Ownership	Acquisition date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 31 Dec 2008 \$'000	Consolidated book value 30 June 2008 \$'000
302 and 402 Tayman Road, Port of San Antonio	100%	Oct 2007	17,594	Jun 2008	19,842	(c)	<b>27,339</b>	19,842
1803 Grandstand Avenue, Alamo Downs, San Antonio	100%	Aug 2007	11,193	Jun 2008	11,116	(c)	<b>12,480</b>	11,115
<b>Total investment properties</b>			<b>6,446,607</b>		<b>8,147,096</b>		<b>8,334,930</b>	<b>8,182,295</b>

- (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 or the Society of Property Researchers, Germany or the Appraisal Institute in Canada.

**Disposals**

**3765 Atlanta Industrial Drive, Atlanta**

On 30 October 2008, the Atlanta Industrial property located on 3765 Atlanta Industrial Drive, Atlanta, GA was disposed of for \$6.8 million (US\$4.7 million).

**Sydney CBD Floor Space**

On 1 October 2008, DDF sold 3,593 square meters of its Sydney CBD Floor Space (359 square meters remaining) for \$1.4million.

**Note 3. Investment properties (continued)**

**(b) Reconciliation**

	31 Dec 2008 \$'000	30 Jun 2008 \$'000
Carrying amount at the beginning of the period	8,182,295	8,585,703
Additions	35,211	112,923
Acquisitions	-	317,765
Transfer from/(to) property, plant and equipment	33,117	(2,376)
Lease incentives	31,800	49,962
Amortisation of lease incentives	(22,618)	(42,034)
Rent straightlining	2,112	3,536
Disposals	(7,648)	(737,457)
Transfer to equity accounted investment <sup>1</sup>	-	(54,478)
Net (loss)/gain from fair value adjustments	(702,172)	184,444
Foreign exchange gain/(loss) on foreign currency translation	782,833	(235,693)
<b>Carrying amount at the end of the period</b>	<b>8,334,930</b>	<b>8,182,295</b>

<sup>1</sup> On 15 October 2007, the Bent Street Trust was transferred to equity accounted investments due to sale of 31.8 percent to DEXUS Wholesale Property Fund (DWPF)

**Note 4. Property, plant and equipment**

**(a) Property plant and equipment**

**31 December 2008**

	Construction in progress \$'000	Land and freehold buildings \$'000	IT and office \$'000	Total \$'000
Opening balance as at 1 July 2008	220,062	217,470	6,101	443,633
Additions	87,584	14,749	948	103,281
Foreign exchange differences on foreign currency translation	42,428	-	-	42,428
Depreciation charge	-	(1,129)	(1,028)	(2,157)
Impairment	(47,550)	(23,236)	-	(70,786)
Transfer (to)/from investment properties	(33,117)	-	-	(33,117)
<b>Closing balance as at 31 December 2008</b>	<b>269,407</b>	<b>207,854</b>	<b>6,021</b>	<b>483,282</b>
Cost	316,957	237,941	7,634	562,532
Accumulated depreciation	-	(6,851)	(1,613)	(8,464)
Impairment	(47,550)	(23,236)	-	(70,786)
<b>Net book value as at 31 December 2008</b>	<b>269,407</b>	<b>207,854</b>	<b>6,021</b>	<b>483,282</b>

**30 June 2008**

	Construction in progress \$'000	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
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
<b>Closing balance as at 30 June 2008</b>	<b>220,062</b>	<b>217,470</b>	<b>6,101</b>	<b>443,633</b>
Cost	220,062	223,192	6,686	449,940
Accumulated depreciation	-	(5,722)	(585)	(6,307)
<b>Net book value as at 30 June 2008</b>	<b>220,062</b>	<b>217,470</b>	<b>6,101</b>	<b>443,633</b>

**(b) Non-current assets pledged as security**

Refer to note 7 for information on non-current assets pledged as security by the parent entity and its controlled entities.



**Note 4. Property, plant and equipment (continued)**

**(c) Impairment**

During the period, DXS carried out a review of the recoverable amount of its development properties resulting in the recognition of an impairment loss of \$70.8 million that has been recognised in the Income Statement.

The total impairment comprises \$13.2 million for Wicks Road; \$10 million for Greystanes; \$20.9 million for Atlantic Corporate Park and \$26.7 million for Summit Oaks.

**Note 5. Investments accounted for using the equity method**

Investments are accounted for in the consolidated Financial Statements using the equity method of accounting.

Information relating to these entities is set out below.

Name of entity	Principal activity	Ownership interest	Ownership interest	31 Dec 2008	30 Jun 2008
		31 Dec 2008	30 Jun 2008	31 Dec 2008	30 Jun 2008
		%	%	\$'000	\$'000
Bent Street Trust <sup>1</sup>	Commercial property investment	68.2	68.2	130,334	111,946
<b>Total</b>				<b>130,334</b>	<b>111,946</b>

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

	31 Dec 2008	30 Jun 2008
	\$'000	\$'000
Carrying amount as at 1 July 2008	111,946	270,155
Interest acquired and additions	18,361	67,070
Transfer from investment properties <sup>2</sup>	-	54,478
Share of net profits after tax	27	2,467
Distributions received	-	(12,587)
Transfer to other financial assets	-	(18,054)
Disposal of investment	-	(210,768)
Wind up of investment	-	(40,815)
<b>Carrying amount as at 31 December 2008</b>	<b>130,334</b>	<b>111,946</b>

<sup>1</sup> On 5 February 2009 Cbus Property acquired a one-third interest in the Bent Street Trust from DOT Commercial Trust. (Refer note 11)

<sup>2</sup> On 15 October 2007, the Bent Street Trust was transferred from investment properties due to the sale of 31.8 percent to DWPF.

**Note 6. Intangible assets**

	31 Dec 2008 \$'000	30 Jun 2008 \$'000
<b>Management rights<sup>1</sup></b>		
Opening balance as at 1 July 2008	252,176	-
Additions	-	252,382
Amortisation charge	(283)	(206)
Impairment	(20,893)	-
<b>Closing balance as at 31 December 2008</b>	<b>231,000</b>	<b>252,176</b>
Cost	252,382	252,382
Accumulated amortisation	(489)	(206)
Accumulated impairment	(20,893)	-
<b>Total management rights</b>	<b>231,000</b>	<b>252,176</b>
<b>Goodwill</b>		
Opening balance as at 1 July 2008	2,937	-
Additions	-	2,998
Impairment	(86)	(61)
<b>Closing balance as at 31 December 2008</b>	<b>2,851</b>	<b>2,937</b>
Cost	2,998	2,998
Accumulated impairment	(147)	(61)
<b>Total goodwill</b>	<b>2,851</b>	<b>2,937</b>
<b>Total intangibles</b>	<b>233,851</b>	<b>255,113</b>

<sup>1</sup> Management rights represent the asset management rights owned by DXH which entitle it to management fee revenue from both finite life trusts (\$9,506,906) and infinite life trusts (\$221,493,094). 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.

**Impairment of Management Rights**

During the period, DXS carried out a review of the recoverable amount of its intangible assets resulting in the recognition in equity of an impairment loss of \$20.9 million in relation to management rights.

The value in use has been determined using management forecasts in a 5 year discounted cash flow model. Forecasts were based on projected returns of the business in light of current market conditions. Funds under management has been assumed to decline in FY09 reflecting net asset devaluations evident within the portfolio. The performance in year 5 has been used as a terminal value. The cash flows have been discounted at 8.8%.

**Note 7. Interest bearing liabilities**

	Notes	31 Dec 2008 \$'000	30 Jun 2008 \$'000
<b>Current</b>			
<b>Secured</b>			
Commercial mortgage backed securities	(a)	500,000	500,000
Bank loans	(d)	104,803	79,208
<b>Total secured</b>		<u>604,803</u>	<u>579,208</u>
Deferred borrowing costs		(1,058)	(3,077)
<b>Total current liabilities - interest bearing liabilities</b>		<u>603,745</u>	<u>576,131</u>
<b>Non-current</b>			
<b>Secured</b>			
Bank loans	(d), (e)	327,095	235,725
<b>Total secured</b>		<u>327,095</u>	<u>235,725</u>
<b>Unsecured</b>			
US senior notes		577,368	415,541
Bank loans	(b), (c)	1,496,425	1,328,060
Medium term notes		457,538	455,425
Preference shares	(g)	134	96
<b>Total unsecured</b>		<u>2,531,465</u>	<u>2,199,122</u>
Deferred borrowing costs		(7,002)	(4,059)
<b>Total non-current liabilities - interest bearing liabilities</b>		<u>2,851,558</u>	<u>2,430,788</u>
<b>Total interest bearing liabilities</b>		<u>3,455,303</u>	<u>3,006,919</u>

**Note 7. Interest bearing liabilities (continued)**

**Financing arrangements**

Type of Facility	Note	Available Currency	Security	Maturity date	31 Dec 2008	
					\$'000 Utilised	\$'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	577,368	577,368
Medium term notes		AUD	Unsecured	Feb-10 to Feb-11	450,000	450,000
		USD	Unsecured	Sep-10	7,538	7,538
Multi-option revolving credit facilities	(b)	Multi currency	Unsecured	Dec-10 to Dec-13	966,589	1,355,710
Syndicated revolving credit facility	(c)	Multi currency	Unsecured	Mar-10 to Sep 10	529,836	603,118
Bank debt - secured	(d)	USD	Secured	Mar-09 to Jan-15	107,129	107,129
	(e)	USD	Secured	Sep-11	324,769	324,769
	(f)	AUD	Secured	Jul-11	-	250,000
<b>Total</b>					<b>3,463,229</b>	<b>4,175,632</b>
Bank guarantee utilised					8,722	
<b>Unused at balance date</b>					<b>703,681</b>	

DDF's unsecured borrowing facilities and notes are supported by DXS' guarantee arrangements, and have negative pledge provisions which limit the amount and type of encumbrances that the Trust can have over its 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**

The commercial mortgage backed securities (CMBS) are secured by mortgages over seven investment properties of DOT with a total value of \$1,984.3 million as at 31 December 2008.

The CMBS will be re-financed through two secured bank facilities for \$250 million each. The facilities will be secured over four investment properties of DOT and one investment property of DDF with a total value of \$1,635.8 million as at 31 December 2008. The facilities have an average maturity of May 2012.

**(b) Multi-option revolving credit facilities**

This includes 12 facilities maturing between December 2010 and December 2013 with a weighted average maturity of July 2012. The total facility limit comprises US\$120 million (A\$173.2 million) and A\$1,182.5 million. Of the total facility limit, A\$4.3 million and US\$3.1 million (A\$4.4 million) are utilised as bank guarantees for developments.

**(c) Syndicated revolving credit facility**

Consists of a \$300 million facility and a US\$210 million (A\$303.1 million) facility, maturing in March 2010 and September 2010 respectively.

**(d) Bank loans - secured**

The facilities include a total of US\$74.2 million (A\$107.1 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 totaling US\$175.3 million (A\$253.0 million) as at 31 December 2008.

In January 2009 US\$72.0 million was re-financed with a US\$90 million (A\$129.9 million) interest only secured bank debt facility. The facility is secured over by mortgages over investment properties totaling US\$163.3 million (A\$235.7 million) as at 31 December 2008.

**(e) Bank loans - secured**

A US\$225.0 million (A\$324.8 million) secured interest only bank loan maturing in September 2011 (assuming a two year extension option is executed). The current intention is to exercise the two year extension option, accordingly the facility has been classified as non-current. This facility is secured by mortgages over investment properties totaling US\$464.7 million (A\$670.8 million) as at 31 December 2008.

**Note 7. Interest bearing liabilities (continued)**

**(f) Bank loans – secured**

At balance date, a \$250.0 million secured facility was committed. The facility has a maturity date of July 2011 and will be secured over investment properties to the value of no more than A\$625 million to be finalised prior to first utilisation.

**(g) Preferred Shares**

US REIT has issued US\$92,550 (A\$133,588) 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 8. Contributed equity**

	31 Dec 2008 \$'000	30 Jun 2008 \$'000
<b>(a) Contributed equity of equity holders of the parent</b>		
Opening balance at the beginning of the period	1,297,831	1,151,526
Issue of units	109,661	-
Distributions reinvested	32,581	146,305
Cost of issuing equity	(2,853)	-
<b>Closing balance at the end of the period</b>	<b>1,437,220</b>	<b>1,297,831</b>
<b>(b) Contributed equity of equity holders of other stapled entities</b>		
Opening balance at the beginning of the period	2,280,052	2,182,833
Issue of units	191,956	-
Distributions reinvested	25,506	97,373
Cost of issuing equity	(4,997)	(154)
<b>Closing balance at the end of the period</b>	<b>2,492,517</b>	<b>2,280,052</b>
	<b>31 Dec 2008</b>	<b>30 Jun 2008</b>
	<b>No. of securities</b>	<b>No. of securities</b>
<b>(c) Number of securities on issue</b>		
Opening balance at the beginning of the period	3,040,019,487	2,894,600,006
Issue of units	391,705,664	-
Distributions reinvested	45,087,887	145,419,481
<b>Closing balance at the end of the period</b>	<b>3,476,813,038</b>	<b>3,040,019,487</b>

**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 entities within DXS.

**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 2008, 45,087,887 units were issued at a unit price of \$ 1.2883 in relation to the June 2008 distribution period.

**Note 8. Contributed equity (continued)**

**Approval of issues of Stapled Securities to an underwriter in connection with issues under a Distribution Reinvestment Plan**

At the Extraordinary General Meeting held on 6 February 2009 for DXS, being DXFM, as responsible entity for DDF, DIT, DOT and DXO, security holders resolved to authorise DXFM, as responsible entity, to issue stapled securities, each comprising a unit in each of the above mentioned trusts (Stapled Securities), to an underwriter or persons procured by an underwriter within a period of 24 months from the date of the meeting in connection with any issue of Stapled Securities under the DXS distribution reinvestment plan.

Such an issue will not be counted for the purposes of the calculation of the Trust's annual placement limit of 15% under the ASX Listing Rules.

**Note 9. Distributions paid and payable**

	31 Dec 2008 \$'000	31 Dec 2007 \$'000
<b>(a) Distribution to stapled security holders</b>		
31 December 2008 (payable 27 February 2009) <sup>1</sup>	132,119	172,992
	<u>132,119</u>	<u>172,992</u>
<b>(b) Distribution to other minority interests</b>		
DEXUS Industrial Holdings, LLC (paid)	-	421
DEXUS RENTS Trust (paid 16 October 2008)	4,651	3,978
DEXUS RENTS Trust (payable 16 January 2009)	4,243	4,202
	<u>8,894</u>	<u>8,601</u>
<b>Total distributions</b>	<u><u>141,013</u></u>	<u><u>181,593</u></u>
	<b>31 Dec 2008 Cents per security</b>	<b>31 Dec 2007 Cents per security</b>
<b>(c) Distribution rate</b>		
31 December 2008 (payable 27 February 2009) <sup>1</sup>	3.80	5.90
<b>Total</b>	<u><u>3.80</u></u>	<u><u>5.90</u></u>
<b>(d) Franked dividends</b>		

The franked portions of the final dividend recommended for the year ended 30 June 2009 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 2009.

<sup>1</sup> The current period distributions represent 70% of FFO (refer Directors' Report page 1) and is in accordance with the new distribution policy announced at the Annual General Meeting on 29 October 2008 and is based on the number of units on issue at 31 December 2008.

	31 Dec 2008 \$'000	31 Dec 2007 \$'000
<b>Franking credits</b>		
Opening balance at the beginning of the period	14,139	3,512
Franking credits arising during the period on payment of tax at 30 percent	5,976	2,021
Franking credits arising from receipt of dividends	-	1,393
Franking debits arising from payment of dividends	-	(2,390)
<b>Closing balance at the end of the period</b>	<b>20,115</b>	<b>4,536</b>

**Note 10. Contingent liabilities**

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

	31 Dec 2008 \$'000	30 Jun 2008 \$'000
Bank guarantees in respect of variations and other financial risks associated with the development of:		
60 Miller Street, North Sydney, NSW	496	496
Atlantic Corporate Park, Sterling, Virginia, USA	2,217	1,596
The Titan Industrial Portfolio	985	709
Bligh Street, Sydney, NSW <sup>1</sup>	3,820	3,820
Beaumeade, Ashburn, Northern Virginia, USA	1,204	-
<b>Total contingent liabilities</b>	<b>8,722</b>	<b>6,621</b>

<sup>1</sup> Bank guarantee held in relation to an equity accounted investment. (Refer note 5)

The Trust together with DIT, DOT and DXO is also a guarantor of a A\$300.0 million and US\$210.0 million syndicated bank debt facility and a total of A\$1,182.5 million and US\$120.0 million (A\$173.2 million) of bank bi-lateral facilities, a total of A\$450.0 million of medium term notes and a total of US\$400.0 million (A\$577.4 million) of privately placed notes, which have all been negotiated to finance the Trust and other entities within DXS. The guarantees have been given in support of debt outstanding and drawn against these facilities.

The guarantees are issued in respect of the Trust 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 Trust, 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 11. Events occurring after reporting date**

On 5 February 2009 Cbus Property acquired a one-third interest in the Bent Street Trust from DOT Commercial Trust for consideration equivalent to one-third of the development costs incurred to date. Cbus will then participate in the development on the same cost and risk basis as DXS and DWPF. In addition, the joint venture includes a provision for Cbus Property to make a performance based payment to DXS on development completion.

DXS has also granted DWPF, who own a 31.8% interest, an option on similar terms to increase their ownership in the venture by approximately 1.5%, thus regularising interests to three equal shares.

Since 31 December 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 DXS, the results of those operations, or state of the DXS' affairs.

**Note 12. Segment information**

**Business segments**

The Trust operates in the following segments:

- (a) Retail - investment in the retail property sector;
- (b) Office and car park - investment in the office and car park property sectors; and
- (c) Industrial - investment in the industrial property sector.

31 December 2008	Retail \$'000	Office & Car Park \$'000	Industrial \$'000	Eliminations / unallocated \$'000	Consolidated \$'000
Property revenue	11,200	161,472	171,040	(945)	342,767
Management fee income	-	-	-	28,333	28,333
Interest revenue	184	470	428	905	1,987
Share of net profits / (losses) of associates accounted for using the equity method	-	27	-	-	27
Net gain on sale of investment properties	-	(541)	104	-	(437)
Net foreign exchange gain / (loss)	-	70	88	(4)	154
Other income	-	82	-	441	523
<b>Total segment revenue/income</b>	<b>11,384</b>	<b>161,580</b>	<b>171,660</b>	<b>28,730</b>	<b>373,354</b>
<b>Segment result attributable to stapled security holders</b>	<b>8,297</b>	<b>(95,403)</b>	<b>(445,711)</b>	<b>(421,443)</b>	<b>(954,260)</b>

31 December 2007	Retail \$'000	Office & Car Park \$'000	Industrial \$'000	Eliminations / unallocated \$'000	Consolidated \$'000
Property revenue	24,267	154,138	160,899	-	339,304
Interest revenue	486	748	893	3,107	5,234
Share of net profits / (losses) of associates accounted for using the equity method	3,629	(4,088)	-	1,931	1,472
Net gain on sale of investment properties	1,366	-	5,919	-	7,285
Net fair value gain of investment properties	709	291,949	43,432	-	336,090
Net foreign exchange gain / (loss)	-	(3)	2,223	-	2,220
Other income	7	57	3	-	67
<b>Total segment revenue/income</b>	<b>30,464</b>	<b>442,801</b>	<b>213,369</b>	<b>5,038</b>	<b>691,672</b>
<b>Segment result attributable to stapled security holders</b>	<b>21,832</b>	<b>375,863</b>	<b>111,817</b>	<b>(76,832)</b>	<b>432,680</b>



**Note 13. Earnings per unit**

<b>(a) Basic earnings per unit on (loss)/profit attributable to equity holders of the parent entity</b>	<b>31 Dec 2008</b>	31 Dec 2007
	<b>cents</b>	cents
	(5.69)	2.41
<b>(b) Diluted earnings per unit on (loss)/profit attributable to equity holders of the parent entity</b>	<b>31 Dec 2008</b>	31 Dec 2007
	<b>cents</b>	cents
	(5.69)	2.41
<b>(c) Basic earnings per unit on (loss)/profit attributable to stapled security holders</b>	<b>31 Dec 2008</b>	31 Dec 2007
	<b>cents</b>	cents
	(30.61)	14.82
<b>(d) Diluted earnings per unit on (loss)/profit attributable to stapled security holders</b>	<b>31 Dec 2008</b>	31 Dec 2007
	<b>cents</b>	cents
	(30.61)	14.82
<b>(e) Reconciliation of earnings used in calculating earnings per unit attributable to equity holders of the parent entity</b>	<b>31 Dec 2008</b>	31 Dec 2007
	<b>\$'000</b>	\$'000
Net (loss)/profit	(951,893)	437,617
Net loss/(profits) attributable to equity holders of other stapled entities (minority interests)	776,783	(362,409)
Net (profit) attributable to other minority interests	(2,367)	(4,937)
<b>Net profit attributable to the unitholders of the Trust used in calculating basic and diluted earnings per unit</b>	<b>(177,477)</b>	<b>70,271</b>
<b>(f) Weighted average number of units used as a denominator</b>	<b>31 Dec 2008</b>	31 Dec 2007
Weighted number of units outstanding used in calculation of basic earnings per unit	<b>3,117,484,218</b>	2,920,052,460

**DEXUS DIVERSIFIED TRUST  
DIRECTORS' DECLARATION  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

Page 28 of 30

The Directors of DEXUS Funds Management Limited (DXFM) as Responsible Entity of DEXUS Diversified Trust (the Trust) declare that the Financial Statements and Notes set out on pages 4 to 27:

- (i) comply with applicable Accounting Standards and AASB 134: *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (ii) give a true and fair view of the Trust and its consolidated entities' financial position as at 31 December 2008 and of their performance, as represented by the results of their operations and their cash flows, for the half-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
- (c) the Trust has operated in accordance with the provisions of the Constitution dated 15 August 1984 (as amended) during the half-year ended 31 December 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  
17 February 2009

## Independent auditor's review report to the members of DEXUS Diversified Trust

### Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of DEXUS Diversified Trust, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half year ended on that date, other selected explanatory notes and the directors' declaration for the DEXUS Diversified Trust Group (the consolidated entity). The consolidated entity comprises both DEXUS Diversified Trust (the Trust) and the entities it controlled during that half year, including DEXUS Office Trust, DEXUS Industrial Trust, DEXUS Operations Trust and their subsidiaries.

#### *Directors' responsibility for the half year financial report*

The directors of the DEXUS Funds Management Limited (the Responsible Entity of the Trust) are responsible for the preparation and fair presentation of the half year 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 control relevant to the preparation and fair presentation of the half year 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.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of DEXUS Diversified Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

*Matters relating to the electronic presentation of the reviewed financial report*

This review report relates to the financial report of DEXUS Diversified Trust for the half year ended 31 December 2008 included on DEXUS Diversified Trust's web site. The Responsible Entity's directors 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 review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. 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 reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

*Independence*

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

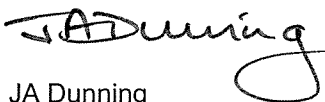
*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of DEXUS Diversified Trust is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



JA Dunning  
Partner

Sydney  
17 February 2009