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Dear Sir / Madam

DEXUS Property Group (ASX: DXS) - Rated Baa1 by Moody's

DEXUS Funds Management Limited, as responsible entity for DEXUS Property Group (DXS), is pleased to announce the assignment of a Moody's long-term corporate credit rating of Baa1 (stable).

DEXUS CEO, Victor Hoog Antink said: "The assignment of the Moody's Baa1 rating reflects the strength of our balance sheet and operating platform and complements the S&P assigned BBB+ rating which the Group has held continuously since 2004".

A copy of the release from Moody's is attached.

For further information, please contact:

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Yours sincerely



John Easy
Company Secretary



Moody's Investors Service

Rating Action: **Moody's assigns first-time Baa1 rating to DEXUS Property Group**

Global Credit Research - 18 Sep 2009

Sydney, September 18, 2009 -- Moody's Investors Service has today assigned a Baa1 issuer rating to DEXUS Property Group ("DEXUS"). The outlook on the rating is stable. This is the first time that Moody's has assigned a rating to the group.

"DEXUS's Baa1 rating reflects its ownership of a diverse portfolio of high-quality office properties in Australia, as well as industrial properties in Australia and North America," says Clement Chong, a Moody's VP/Senior Analyst, adding, "Income from directly-owned properties is expected to make up 96% of operating earnings."

"The rating also considers DEXUS's experienced management, and moderate financial leverage which positions the group well to withstand the threats to rental income and property valuations," adds Chong.

DEXUS's property portfolio is underpinned by its relatively long lease profile, relatively high occupancy levels, and a diverse tenant base. These factors support the cash flow stability of the group.

"That said, Moody's remains cautious of the challenging outlook in the office and industrial real estate sectors, especially in the North American industrial property sector, where 22% of DEXUS's assets are located," says Chong.

"The rating includes an expectation that DEXUS will manage its financial profile -- through the property cycle -- within Moody's tolerance for the Baa1 rating, including Debt/EBITDA remaining below 6.0 times," says Chong, adding, "The group's recent equity issuance, active distribution reinvestment plan, and current payout ratio of 70% of funds from operations highlight its commitment in this regard."

Moody's estimated financial metrics for DEXUS, over the next two years, are: fixed charge coverage of 2.7-3.0 times, Net Debt/EBITDA around mid 5 times, and Debt/Assets 35-40%. These metrics consider certain conservative assumptions regarding rental and property valuation decline, offset by the group's recent equity issuance.

The stable outlook on the rating reflects the quality of DEXUS's property portfolio and the group's commitment to maintaining a financial profile appropriate for the Baa1 rating.

Given the challenging operating environment for the property sector, DEXUS's rating is unlikely to face an upward trend in the near term. However, in the longer-term, the group's rating could face upward momentum if an improvement in its operating performance leads to better financial performance. Financial indicators Moody's would look for include: fixed charge coverage growing higher than 4.5 times, and Net Debt/EBITDA falling below 4 times on a consistent basis.

On the other hand, the rating could face downward pressure upon emergence of deterioration in property performance, leading to the following: fixed charge coverage falling below 2.5-2.7 times, Debt/Assets rising above 38-40%, and Net Debt/EBITDA rising above 6 times, on a sustained basis. However, Moody's does not expect the group's financial metrics to decline to that level.

Furthermore, any failure to maintain its secured debt level at below 13-15% of total assets could lead to notching of the issuer rating for subordination. For the year ended June 2009, secured debt was 7.6% of total assets.

The principal methodology used in rating DEXUS was the Rating Methodology for REITs and Other Commercial Property Firms, which can be found at www.moody.com in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website.

DEXUS is an Australian-based listed real estate investment trusts that owns office and industrial properties in Australia and North America. The group had a direct property portfolio of A\$7.7 billion as of June 2009.

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Moody's Investors Service

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