DEXUS Property Group
ASX Release

18 August 2010

DEXUS Property Group Annual Results for the year ending 30 June 2010

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 Securities Exchange:

- Appendix 4E Statement - "Results for announcement to the market";
- Financial Statements of DEXUS Diversified Trust for the period ending 30 June 2010, including Independent Audit Report from PricewaterhouseCoopers; and the
- DEXUS Property Group Corporate Governance Statement.

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About DEXUS

DEXUS is one of Australia's leading property groups specialising in world-class office, industrial and retail properties with total assets under management of $13.3bn. In Australia, DEXUS is the number 1 owner/manager of office, number 3 in industrial and, on behalf of third party clients, a leading manager and developer of shopping centres. DEXUS is committed to being a market leader in Corporate Responsibility and Sustainability and has been recognised as one of the Global 100 Most Sustainable Corporations at the World Economic Forum in Davos and recently achieved listing on the DJSI World and Asia Pacific Indexes.

www.dexus.com

DEXUS Funds Management Ltd ABN 24 060 920 783, AFSL 238163, as Responsible Entity for DEXUS Property Group (ASX: DXS)

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DEXUS Property Group - Appendix 4E

Results for announcement to the market

DEXUS Property Group (ASX:DXS)
ARSN: 089 324 541
Financial reporting for the year ended 30 June 2010

DEXUS Diversified Trust (ARSN 089 324 541)	**Note 1**			
		30 June 2010	**30 June 2009**	**% change**
		$'000	**$'000**	
Revenue from ordinary activities		716,140	775,394	-7.6%
Operating earnings before interest and tax[1]		461,309	514,519	-10.3%
Net profit/(loss) attributable to security holders after tax		31,420	(1,459,111)	102.2%
Funds from operations[2]		350,000	423,800	-17.4%
Distribution to security holders		244,411	296,648	-17.6%
		CPS	**CPS**	
Funds from operations per security		**7.30**	**10.43**	**-30.0%**
Distributions per security for the period ending				
31 December		2.65	3.80	-30.3%
30 June		2.45	3.50	-30.0%
Total distributions	**Note 2**	**5.10**	**7.30**	**-30.1%**
Payout ratio to funds from operations		70%	70%	
Basic and diluted earnings per security[3]		0.66	(39.38)	
Annualised tax deferred component of distribution[4]		**1.40%**	**34.29%**	
		$'000	**$'000**	
Total assets		7,871,028	8,351,110	-5.7%
Total borrowings		2,240,082	2,509,012	-10.7%
Security holders equity		4,801,172	4,939,445	-2.8%
Market capitalisation		3,712,033	3,525,631	5.3%
		$ per unit	**$ per unit**	
Net tangible assets (excluding non-controlling interests)		0.95	1.01	-5.9%
Securities price		0.77	0.75	2.7%
Securities on issue ('000)		4,820,822	4,700,842	
Record date		30 June 2010	30 June 2009	
Payment date		27 August 2010	28 August 2009	

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1.This is represented by net profit attributable to security holders before tax as adjusted for, property revaluations, impairments, finance costs (including impact of unrealised interest rate swap mark to market movements), derivative mark to market movements and loss on sale of assets. Refer note 38 of the Group Financial Statements for a reconciliation.

2. Funds From Operations (FFO) 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, impairments, derivative and FX mark to market movements, amortisation of certain tenant incentives, profit and loss on sale of assets, straight line rent adjustments, deferred tax expense and DEXUS RENTS Trust capital distribution. Included in FFO for the prior period is a cum-div distribution of $59.3 million as a result of the December 2008 and May 2009 equity raisings.

3. This calculation is based on the profit for the year attributable to stapled security holders.

4. Excludes CGT concession of 0% (2009: 0.63%).

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 2010 was 30 June 2010.

Associates and Joint Ventures

No new entities or associates were acquired during the year ended 30 June 2010. For details of associates, refer attached Financial Statements.

Results commentary

DEXUS Property Group's distribution per security for the year has decreased 30.1% to 5.10 cents per security primarily as a result of the dilutive impact of equity raisings completed in December 2008 and May 2009. Total assets decreased 5.7% over the period to $7.9 billion at 30 June 2010. Net tangible assets per security decreased 5.9% to $0.95 per security. Gearing (net of cash) was 29.8% at 30 June 2010 (2009: 31.2%).

Specific movements in the Statements of Comprehensive Income for the year ended 30 June 2010 were:

Revenue from ordinary activities was $716 million (2009: $775 million), down 7.6% primarily as a result of:

- Currency impact in respect of income from international assets;
- Decrease in income from the stable US property portfolio;
- Decrease in income due to US and retail asset sales ; and
- Decrease in management company revenue.

offset by:

- Acquisition of the Whirlpool facilities at Columbus, Ohio (July 2009), Seattle, Washington (October 2009), Atlanta, Georgia (November 2009) in the US and the acquisition of industrial properties in Matraville, NSW (December 2009) and Silverwater, NSW (May 2010); and
- Increase in income from the stable domestic property portfolio.

Operating earnings before interest and tax were $461 million (2009: $515 million) down 10.3% as a result of:

- Lower Australian and New Zealand office portfolio income, which decreased by $1.7 million to $245.1 million. The reduction reflected primarily the sale of a $55 million non-core asset part way through the year, partially offset by a 0.4% increase in like for like property income. The increase in underlying income reflected the positive impacts of fixed and market rental increases on the majority of the portfolio offset by a 1.9% decrease in portfolio occupancy;
- Australian industrial portfolio income, which increased $0.7 million to $109.9 million. This reflected a 1.6% increase in like for like income and contributions from new assets acquired in the latter part of the year for a total cost of $70.5 million (excluding stamp duty). These increases were offset by the sale of $69 million of assets, located in non-core sub-markets, since the commencement of the disposal programme in April 2009;
- The United States industrial portfolio income which decreased $33.7 million to $99.1 million. The decrease was driven by a like for like decrease in income of 12%. Tenant delinquency accounted for about 2% of this drop, and despite occupancy by area remaining stable at 86%, market conditions dictated lower rents at renewal and new lease transaction points. Finally the decrease also reflects the impact of translating the US portfolio income at higher Australian dollar exchange rates though the current period, this impact was offset at the net earnings line by an approximately equal and opposite impact on the translation of foreign denominated interest expense. The impact of the disposal of non-core assets totalling US$208 million was mostly offset by the acquisition of three assets, leased to Whirlpool Corporation, for a cost of US$203 million;
- Other segments (retail and Europe) operating income decreased $9.0 million to $30.2 million. The decrease reflected primarily the sale of Whitford City Shopping Centre in March 2010 for $256.5 million and a decline in income arising from the European portfolio income reflected in like for like income declining by 13.6%; and
- Management company EBIT of $6.1 million was $14.9 million lower than the prior year as a result of a decrease in activity based fee income with lower levels of leasing and development activity across the funds and a decrease in the value of properties managed by DEXUS on which asset management fees are calculated.

Net profit attributed to security holders was $31 million (2009: $1,459 million loss) up 102.2%, primarily as a result of:

- A smaller decrease in property values during the current period than the prior period;
- An increase in the fair value of derivatives; and
- Reduction in finance costs due to the impact of equity raisings completed in December 2008 and May 2009, proceeds from asset sales and the impacts of foreign exchange rates referred to above partially offset by increased debt margins through refinancing at current rates.

offset by:

- Lower operating earnings before interest and tax (as described above);
- Losses in relation to the disposal of property assets; and
- Decrease in tax benefit compared to prior period, primarily as a result of property revaluations and derivative mark to market impacts.

DEXUS Property Group - Appendix 4E

Results for announcement to the market

Funds From Operations per security was 7.30 cents (2009: 10.43 cents) resulting in a distribution per security of 5.10 cents (2009: 7.30 cents) a decrease of 30.1% primarily as a result of the dilutive impact of equity raisings completed in December 2008 and May 2009 and a reduction in earnings from management company EBIT, the US industrial portfolio and non-core asset sales as noted.

Specific movements in the Statements of Financial Position for the year ended 30 June 2010 were:

- Impact of revaluations during the period and currency impact in respect of international assets, asset sales partially offset by acquisitions and capital expenditure resulted in a decrease in total assets of 5.7% to $7.9 billion (2009: $8.4 billion); and
- Net tangible assets per security were $0.95 (2009: $1.01), a decrease of 5.9% primarily as a result of revaluations in the first half of the year.

For additional information regarding the results of DEXUS Property Group for the year ended 30 June 2010, refer to the attached ASX release. Attached with this Appendix 4E is a copy of the Financial Statements for the year ended 30 June 2010, together with the Independent Auditor's 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 2009 to 30 June 2010 is the aggregate of the distributions from DEXUS Diversified Trust and DEXUS Office Trust (DEXUS Industrial Trust and DEXUS Operations Trust did not pay a distribution during the period). The annual tax statement, issued as at 30 June 2010, will provide details of the components of DXS's distributions. The distribution includes foreign sourced income of $0.00078 per security.

Contacts:

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DEXUS PROPERTY GROUP

FINANCIAL STATEMENTS
DEXUS DIVERSIFIED TRUST

(ARSN 089 324 541)

30 JUNE 2010

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

Under Australian Accounting Standards, 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 Statements and other information are available on our website: www.dexus.com

The Directors of DEXUS Funds Management Limited (DXFM) as Responsible Entity of DEXUS Diversified Trust (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 year ended 30 June 2010.

The Trust together with DEXUS Industrial Trust (DIT), DEXUS Office Trust (DOT) and DEXUS Operations Trust (DXO) form the DEXUS Property Group stapled security.

1. Directors and Secretaries

1.1 Directors

The following persons were 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
John C Conde AO	29 April 2009
Stewart F Ewen OAM	4 August 2004
Victor P Hoog Antink	1 October 2004
Brian E Scullin	1 January 2005
Peter B St George	29 April 2009

Particulars of the qualifications, experience and special responsibilities of the 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 2010 are as follows:

Tanya L Cox MBA MAICD FCIS (Company Secretary)
Appointed: 1 October 2004

Tanya is the Chief Operating Officer and Company Secretary of DXFM and is responsible for the delivery of company secretarial, operational, information technology, communications and administration services, as well as operational risk management systems and practices across the Group. Prior to joining DXS in July 2003, Tanya 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 for Bank of New Zealand (Australia). Tanya is Chair of the Property Council of Australia National Risk Committee and is a non-executive director of a number of not-for-profit organisations. Tanya is a member of the Australian Institute of Company Directors and a fellow of the Institute of Chartered Secretaries and Administrators (ICSA) and Chartered Secretaries Australia (CSA). Tanya has an MBA from the Australian Graduate School of Management and a Graduate Diploma in Applied Corporate Governance.

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

1.2 Company Secretaries (continued)

John C Easy B Comm LLB ACIS (Company Secretary)
Appointed: 1 July 2005

John is the General Counsel and Company Secretary of DXFM. During his time with the Group he has been involved in the establishment and public listing of the Deutsche Office Trust, the acquisition of the Paladin and AXA property portfolios, and subsequent stapling and creation of DXS. Prior to joining DXS in November 1997, John was employed as a senior associate in the commercial property/funds management practices of law firms Allens Arthur Robinson and Gilbert & Tobin. John graduated from the University of New South Wales with Bachelor of Laws and Bachelor of Commerce (Major in Economics) degrees. He is a member of Chartered Secretaries Australia (CSA) and holds a Graduate Diploma in Applied Corporate Governance.

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 thirteen times during the year. Ten Board meetings were main meetings, three meetings were held to consider specific business. While the Board continuously considers strategy, in March 2010 they met with the executive and senior management team over three days to consider DXS's strategic plans.

	Main meetings held	Main meetings attended	Specific meetings held	Specific meetings attended
Christopher T Beare	10	10	3	3
Elizabeth A Alexander AM	10	10	3	3
Barry R Brownjohn	10	10	3	3
John C Conde AO	10	10	3	3
Stewart F Ewen OAM	10	10	3	3
Victor P Hoog Antink	10	10	3	3
Brian E Scullin	10	10	3	2
Peter B St George	10	9	3	3

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.

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 and Sustainability Committee [2]		Board Compliance Committee		Board Nomination and Remuneration Committee		Board Finance Committee	
	held	attended	held	attended	held	attended	held	attended	held	attended
Christopher T Beare	-	-	-	-	-	-	5	5	5	5
Elizabeth A Alexander AM	7	7	4	4	-	-	-	-	-	-
Barry R Brownjohn	7	7	4	4	-	-	-	-	5	5
John C Conde AO	-	-	-	-	4	4	5	5	-	-
Stewart F Ewen OAM	-	-	-	-	-	-	5	5	-	-
Victor P Hoog Antink	-	-	-	-	-	-	-	-	-	-
Brian E Scullin [1]	-	-	-	-	4	4	1	1	-	-
Peter B St George	7	7	4	4	-	-	-	-	5	5

[1] Nomination and Remuneration Committee member from 1 July 2009 to 31 August 2009.
[2] Name changed from Board Risk Committee on 2 June 2010.

3. Remuneration Report

3.1 Introduction

This Remuneration Report has been prepared in accordance with AASB 124 *Related Party Disclosures* and section 300A of the *Corporations Act 2001* for the year ended 30 June 2010. The information provided in this Report has been audited in accordance with the provisions of section 308 (3C) of the *Corporations Act 2001*.

Changes to this Report, compared to the previous year, include a clearer description of the structure and nature of the Long Term Incentive Plan (known this year as DEXUS Deferred Performance Payments). DEXUS has also disclosed the outcome of fixed remuneration reviews for Executives for the 2010/11 year, and the outcome of the fee review for Directors.

Key Management Personnel

In this report, Key Management Personnel ("KMP") are those people having the authority and responsibility for planning, directing and controlling the activities of DEXUS, either directly or indirectly. They comprise Non-Executive Directors, the CEO and other members of the Executive Committee. Within this report the term 'Executive' encompasses the CEO and other members of the Executive Committee.

KMP (including the five highest paid Executives) of DEXUS for the year ended 30 June 2010 are set out below.

Name	Title	Date of qualification as a KMP
Non-Executive Directors		
Christopher T Beare	Non-Executive Chair	Appointed 1 October 2004
Elizabeth A Alexander AM	Non-Executive Director	Appointed 1 January 2005
Barry R Brownjohn	Non-Executive Director	Appointed 1 January 2005
John C Conde AO	Non-Executive Director	Appointed 29 April 2009
Stewart F Ewen OAM	Non-Executive Director	Appointed 1 October 2004
Charles B Leitner III [1]	Non-Executive Director	Resigned 29 April 2009
Brian E Scullin	Non-Executive Director	Appointed 1 January 2005
Peter B St George	Non-Executive Director	Appointed 29 April 2009

1 Mr Leitner was appointed on 10 March 2005. Simultaneous with Mr Leitner's resignation, Mr Fay resigned as Mr Leitner's alternate.

Name	Title	Date of qualification as a KMP
Executives		
Victor P Hoog Antink	Chief Executive Officer	Appointed 1 October 2004
Tanya L Cox	Chief Operating Officer	Appointed 1 October 2004
Patricia A Daniels	Head of Human Resources	Appointed 14 January 2008
John C Easy	General Counsel	Appointed 1 October 2004
Jane Lloyd	Head of US Investments	Appointed 14 July 2008
Louise J Martin	Head of Office	Appointed 27 March 2008
Craig D Mitchell	Chief Financial Officer	Appointed 17 September 2007
Paul G Say	Head of Corporate Development	Appointed 19 March 2007
Mark F Turner	Head of Funds Management	Appointed 1 October 2004
Andrew P Whiteside	Head of Industrial	Appointed 28 April 2008

Following a streamlining of the Group's executive structure in July 2010 the DEXUS Executive Committee was replaced by a new, smaller Group Management Committee. This change will impact those positions which qualify as Key Management Personnel in the 2010/11 year.

3. Remuneration Report (continued)

3.2 Board oversight of remuneration

The Board Nomination and Remuneration Committee (“Committee”) oversees the remuneration of Directors and Executives. The Committee is responsible for reviewing and recommending Executive remuneration policies and structures to the Board.

The Committee assesses the appropriateness of the structure and quantum of Director and Executive remuneration on an annual basis by reference to relevant regulatory and market conditions, and individual and company performance. The Committee engages external consultants to provide independent advice when required.

Further information about the role and responsibility of the Committee is set out in the Corporate Governance Statement which may be found at http://www.DEXUS.com/Corporate-Governance.aspx.

During the reporting period Nomination and Remuneration Committee members were Messrs Conde (Member until 31 August 2009, Chair with effect from 1 September 2009), Beare (Chair until 31 August 2009, Member with effect from 1 September 2009), Scullin (Member until 31 August 2009) and Ewen.

3.3 Non-Executive Directors’ remuneration framework

The objectives of the Non-Executive Directors’ remuneration framework are to ensure Non-Executive Directors’ fees reflect the responsibilities of Non-Executive Directors and are market competitive. Non-Executive Directors’ fees are reviewed annually.

Non-Executive Directors, other than the Chair, receive a base fee plus additional fees for membership of Board Committees. The table below outlines the fee structure for the reporting period.

Committee	Chair	Member
Non-Executive Director	$300,000	$130,000
Board Audit & Risk	$30,000	$15,000
DWPL Board	$30,000	$15,000
Board Finance	$15,000	$7,500
Board Compliance	$15,000	$7,500
Board Nomination & Remuneration	$15,000	$7,500

3. Remuneration Report (continued)

3.3 Executive Directors’ remuneration framework (continued)

Further to the Committee fee structure outlined above, Mr Ewen has been paid an additional fixed fee of $30,000 per annum for assuming responsibilities involved in attending property inspections, reviewing property investment proposals and participating in informal management meetings.

Recognising the greater responsibility and time commitment required the Board Chair receives a higher fee than other Non-Executive Directors, which is benchmarked to the market median of comparably sized ASX listed entities. The Chair receives no Board Committee fees, nor is the Chair present during any discussion relating to the determination of the Chair’s fees.

Non-Executive Directors are not eligible to receive performance based remuneration or accrue separate retirement benefits beyond statutory superannuation entitlements.

Fees paid to Non-Executive Directors are paid from a remuneration pool of $1,750,000 per annum, which was approved by DEXUS security holders at its Annual General Meeting held in October 2008. Non-Executive Directors’ fees were last adjusted in July 2007 and Non-Executive Directors have received no increase in fees since that time. At its meeting on 20 May 2010, following analysis of Non-Executive Director market remuneration data, the Nomination and Remuneration Committee determined that fees paid to its Non-Executive Directors had fallen below the market median of comparably sized ASX listed entities. Similarly, the Committee determined that fees paid to its Chair had fallen significantly below this peer group. Following consideration by the full Board, fees paid to DEXUS Non-Executive Directors for the year commencing 1 July 2010 will increase to $150,000 per annum and fees paid to the Chair will increase to $350,000 per annum. Committee fees will remain unchanged.

3.4 Approach to Executive remuneration

3.4.1 Executive remuneration principles

The Directors believe that achievement of DEXUS’s strategic plans will create superior security holder value, through the delivery of consistent returns, generated with relatively moderate risk. The Directors consider that an appropriately skilled and qualified Executive team is essential to achieve this objective. DEXUS’s approach to the principles, structure and quantum of Executive remuneration is therefore designed to attract, motivate and retain such an Executive team.

In establishing DEXUS’s remuneration principles, the Directors are cognisant that DEXUS’s business is based on long term property investments and similarly longer term tenant relationships. Furthermore, property market investment returns tend to be cyclical, particularly when coupled with financial structures that act to enhance returns.

Taking these factors into account, the Executive remuneration structure is based on the following criteria:

(a) market competitiveness and reasonableness;
(b) alignment of Executive performance payments with achievement of the Group's financial and operational objectives, within its risk framework and cognisant of its values-based culture; and
(c) an appropriate target mix of remuneration components, including performance payments linked to security holder returns over the longer term.

(a) Market competitiveness and reasonableness

For the purposes of determining market competitive remuneration, DEXUS obtains external executive remuneration benchmarks and analyses information from a range of sources, including:

1. publicly available data from the annual reports of constituents of the S&P/ASX 100 index;
2. independent remuneration consultants, including Hart Consulting Group, Financial Institutions Remuneration Group, Hewitt and the Avdiev Group regarding property organisations of a similar market capitalisation; and
3. various recruitment and consulting agencies who are informed sources of market remuneration trends.

3. Remuneration Report (continued)

3.4 Approach to Executive remuneration (continued)

(b) Alignment of Executive performance payments with achievement of the Group's objectives

In 2009, DEXUS introduced a new method for determining key performance indicators (KPIs) and assessing individual performance known as the Balanced Scorecard performance framework. The Balanced Scorecard prescribes clearly the performance indicators that will be measured in order to 'balance' the financial perspective. The Balanced Scorecard is a performance management method that enables DEXUS to measure the execution of its strategy and reflect this performance in its incentive payments. It also provides targets and measurements around internal business processes and external outcomes in order to achieve strategic performance objectives and results. The Balanced Scorecard focuses on performance in four areas, which reflect each Executive's role, responsibility, accountability and strategy delivery.

DEXUS Balanced Scorecard - Typical Objectives	
Financial Performance	**Business Development and Business Management**
o Earnings per security o Distributions per security o Third party funds performance o Total security holder return, relative to peers	o Delivery of strategic projects on time and on budget o Corporate responsibility and sustainability initiatives o Achievement of international operations strategies
Stakeholder Satisfaction	**Leadership**
o Investor relations o Tenant satisfaction o Employee engagement	o Executive succession o Talent management o Role modelling DEXUS cultural values o Executive development

Objectives are selected based on the key drivers to achieve superior security holder returns over time and are tailored and weighted according to the individual Executive's role. The typical objectives listed above may therefore not be common to all Executive roles.

The Committee reviews and approves Executive KPIs against Group objectives at the commencement of each financial year and reviews achievement against KPIs at the end of each financial year. The Committee's review of Executive performance, in conjunction with data provided from benchmarking total remuneration levels, provides the Committee with the information necessary to determine the quantum of Performance Payments to be awarded to Executives.

3. Remuneration Report (continued)

3.4 Approach to Executive remuneration (continued)

(c) Executive remuneration structure

i. Executive Remuneration Components

The DEXUS Executive remuneration structure comprises the following remuneration components:

<table>
<tr><th colspan="4">TOTAL REMUNERATION</th></tr>
<tr><td colspan="4">o delivered through fixed and variable components
o targeted at the market median
o awarded on a variable scale, which may result in a total remuneration range from lower quartile to upper quartile, reflecting differing levels of experience, role structure and contribution</td></tr>
<tr><td rowspan="2">FIXED REMUNERATION</td><td>Salary</td><td>▪ Consists of cash salary and salary sacrificed fringe benefits, such as motor vehicles</td><td rowspan="2">▪ Targeted at Australian market median using external benchmark data and varies according to Executives' skills and depth of experience
▪ Reviewed annually by the Board, effective 1 July, including internal and external relativities and gender pay equity</td></tr>
<tr><td>Superannuation</td><td>▪ Prescribed and salary sacrifice superannuation contributions, including insurance premiums (if applicable)</td></tr>
<tr><td>VARIABLE REMUNERATION

Performance Payments</td><td>Single pool funded annually from underlying profits to meet Performance Payments</td><td>▪ The aim of Performance Payments is to attract, motivate and retain appropriately skilled and qualified executives to achieve the strategic objectives of the business, measured through the achievement of KPIs
▪ Strategic objectives incorporate financial and non-financial measures of performance at Group, business unit and individual level and represent key drivers for the success of the business and for delivering long term value to security holders
▪ The achievement of KPIs is assessed through a Balanced Scorecard approach
▪ Individual awards are determined on a range of factors, including achievement of KPIs and relative market remuneration positioning</td><td>▪ Reviewed annually by the Board
▪ The pool is funded to enable total remuneration to be paid at market median, based on external benchmark data
▪ Performance Payments are delivered as immediate and deferred elements in accordance with the targeted remuneration mix set out in the table below
▪ The award of any Performance Payment to an Executive is dependant upon achieving minimum threshold performance targets</td></tr>
<tr><td rowspan="2"></td><td>DEXUS Performance Payments ("DPP")</td><td>▪ Delivery of DPP is immediate</td><td>▪ Awarded annually as a cash payment in September</td></tr>
<tr><td>DEXUS Deferred Performance Payments ("DDPP")</td><td>▪ Delivery of DDPP is deferred for three years, as described below</td><td>▪ Granted annually
▪ Grants vest after three years
▪ Delivered as a cash payment in accordance with the plan design described below
▪ Unvested grants are forfeited upon Executive initiated termination (ie resignation) unless otherwise determined by the Nomination & Remuneration Committee</td></tr>
</table>

3. Remuneration Report (continued)

3.4 Approach to Executive remuneration (continued)

Performance payment pool

A single pool of funds is made available to meet all Performance Payments. The pool of funds available is sufficient to ensure that DEXUS is able to achieve its total remuneration positioning target, relative to the market. The Board may exercise its discretion to vary the size of the available pool by reference to such factors as:

- three year absolute total security holder return;
- management costs and revenue of DEXUS Holdings; and
- performance against budgeted earnings and distributions per security

ii. Target mix of remuneration components

The target remuneration mix for Executives, expressed as a percentage of total remuneration, is provided in the table below.

	2010			2009		
Remuneration component	**CEO**	**CFO**	**Other Executives**	**CEO**	**CFO**	**Other Executives**
Total fixed	35%	40%	50%	35%	40%	50%
DEXUS Performance Payment (“DPP”)	30%	30%	25%	30%	30%	25%
DEXUS Deferred Performance Payment (“DDPP”)	35%	30%	25%	35%	30%	25%

The Directors consider that allocating Performance Payments evenly between immediate payments and deferred payments is appropriate for Executives other than the CEO, whose Performance Payment is weighted to the longer term to reflect relatively greater alignment with long term returns to security holders.

iii. DEXUS Deferred Performance Payment (“DDPP”) plan

The DDPP plan operates as follows:

- Following allocation, Deferred Performance Payments are subject to a three year vesting period from allocation date;
- The DDPP allocation value is notionally invested during the vesting period in DEXUS securities (50 percent of DDPP value) and its unlisted funds and mandates (50 percent of DDPP value);
- During the vesting period, DDPP allocation values fluctuate in line with changes in the “Composite Total Return” (simulating the notional investment exposure), comprising 50 percent of the total return of DEXUS securities and 50 percent of the combined asset weighted total return of its unlisted funds and mandates; and
- At the conclusion of the three year vesting period, if the Composite Total Return meets or exceeds the Composite Performance Benchmark, the Board may approve the application of a performance factor to the final DDPP allocation value:
  - The “Composite Performance Benchmark” is 50 percent of the S&P/ASX 200 Property Accumulation Index and 50 percent of the Mercer Unlisted Property Fund Index over the 3-year vesting period;
  - For performance up to 100% of the Composite Performance Benchmark, executives receive a DDPP allocation reflecting the Composite Total Return of the preceding 3 year vesting period; and
  - For performance between 100% and 130% of the Composite Performance Benchmark a performance factor may be applied, ranging from 1.1 to a maximum of 1.5 times.

Provisions regarding the vesting of DDPP in the event of termination of service agreements are outlined in section 7 below.

3. Remuneration Report (continued)

3.4 Approach to Executive remuneration (continued)

Equity options scheme

DEXUS does not operate an equity option scheme as part of its Executive remuneration structure. The Committee has considered the introduction of such a scheme, but has determined that it would not be, at the present time, an appropriate component of DEXUS's remuneration structure.

Equity and loan schemes

DEXUS does not operate a security participation plan or a loan plan for Executives or Directors.

The deferred element of DEXUS's Performance Payment is designed to simulate an equity plan, but does not provide Executives with direct equity exposure.

Hedging policy

DEXUS does not permit Executives to hedge their DDPP allocation.

3.5 Executive remuneration arrangements for the year ended 30 June 2010

This section outlines how the approach to Executive remuneration described above has been implemented in the 2009/10 financial year.

Decisions taken impacting executive remuneration for the year ended 30 June 2010 only

- No increase in base salaries in 2009/10 for Executives or employees with the exception of adjustments for a limited number of employees whose roles and responsibilities markedly increased.
- No increase in Non-Executive Director fees for 2008/09 and 2009/10.

Decisions taken impacting executive remuneration for the year ended 30 June 2010 and future years

- Accelerated DDPP vesting on termination for reasons outside of the Executive's control was discontinued, but can be applied by exception with the approval of the Nomination and Remuneration Committee.
- Automatic application of the DDPP performance multiplier was removed, impacting all current unvested awards and all future allocations.
- Eligibility of DDPP was restricted to Executives and senior management.
- Balanced Scorecard performance approach was introduced for Executives incorporating four key areas of focus – financial performance, business development & business management, stakeholder satisfaction and leadership.
- Remuneration mix guidelines were adopted for all employees to provide greater transparency in the determination of the size of the performance payment pool.

Decisions taken impacting executive remuneration for the year ending 30 June 2011 and future years

- KPI performance weightings were introduced.
- The effectiveness of existing incentive plans was, and will continue to be reviewed.

At its meeting on 21 July 2010 the Nomination and Remuneration Committee determined that the fixed remuneration paid to a number of Executives had fallen below the market median of comparably sized ASX listed entities. Following consideration by the full Board, the fixed remuneration paid to specific Executives for the year commencing 1 July 2010 will increase in line with comparable market medium positions.

3. Remuneration Report (continued)

3.6 Group performance and the link to remuneration

Total return analysis

The table below sets out the DEXUS total security holder return since inception, relative to the S&P/ASX 200 Property Accumulation Index. It also sets out DEXUS's Composite Total Return since inception, relative to the Composite Performance Benchmark. The DEXUS Composite Total Return is 50 percent of the total return of DEXUS securities, plus 50 percent of the combined asset weighted total return of its unlisted funds and mandates and the Composite Performance Benchmark is 50 percent of the S&P/ASX 200 Property Accumulation Index and 50 percent of Mercers' Unlisted Property Fund Index.

Period to 30 June 2010	1 year (% per annum)	2 years (% per annum)	3 years (% per annum)	Since 1 October 2004[1] (% per annum)
DEXUS Property Group	9.4%	-17.2%	-19.6%	-0.5%
S&P/ASX 200 Property Accumulation Index	20.4%	-16.6%	-23.8%	-5.6%
DEXUS Composite Total Return	8.0%	-10.0%	-9.1%	4.1%
Composite Performance Benchmark	11.6%	-10.8%	-11.3%	1.4%

[1] DEXUS's inception date is 1 October 2004.

In determining the construction of the Composite Total Return and in particular the relative weighting between the returns of the 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, including in-house research, valuations and sustainability teams, the cost of which is defrayed by those fees; and
- the greater market presence and relevance 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.

Cognisant of all the above factors, the Board determined that a 50/50 allocation, rather than an allocation varying according to asset weighting, most fairly reflects the value contribution of third party funds to the DEXUS Property Group and provides the greatest assurance that all investors are treated equitably.

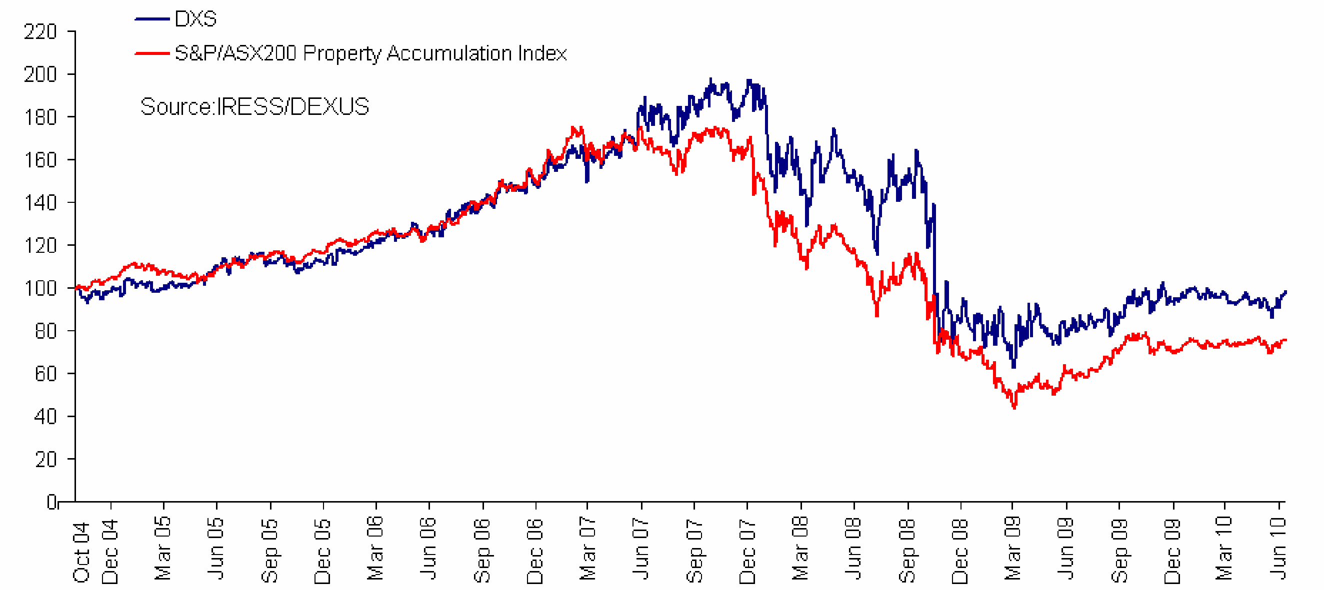
During the year DEXUS did not buy back or cancel any of its securities.

3. Remuneration Report (continued)

3.6 Group performance and the link to remuneration (continued)

Total return of DEXUS securities

The graph below illustrates DEXUS' total security holder return relative to the S&P/ASX 200 Property Accumulation Index.



*6 October 2004 to 30 June 2010

DEXUS has outperformed the S&P ASX 200 Property Accumulation index on a rolling three year basis each period since inception in October 2004. In addition, the DEXUS Composite Total Return has outperformed the Composite Performance Benchmark on a rolling three year basis each period since inception.

While the Directors recognise that improvement is always possible, they consider that DEXUS's business model, which aims to deliver consistent returns with relatively moderate risk, has been central to DEXUS's relative out-performance, and that its approach to Executive remuneration, with a focus on consistent out-performance of objectives, is aligned with and supports the superior execution of DEXUS's strategic plans.

3. Remuneration Report (continued)

3.7 Service agreements

The employment arrangements for Executives are set out below.

CEO - Victor P Hoog Antink

The current employment contract commenced on 1 October 2004. The principal terms of the employment contract are as follows:

- the CEO is employed under a rolling contract;
- the CEO may resign from his position and thus terminate this contract by giving six months written notice. On resignation any unvested DDPP will be forfeited subject to the discretion of the Board;
- the Group may terminate the CEO's employment agreement by providing six months written notice or payment in lieu of the notice period (based on the fixed component of CEO's remuneration). Additionally, the Group may provide a performance payment for the period of the last review date (being 1 July) until the last day of the notice period;
- in the event that the Group initiates termination for reasons outside the control of the CEO, a severance payment equal to 100% of fixed remuneration is payable;
- on termination by the Group, any DDPP awards will vest in accordance with the vesting schedule of the DDPP Plan, subject to the discretion of the Board; and
- the Group may terminate the contract of the CEO at any time without notice if serious misconduct has occurred. In the event of termination for cause, the CEO is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination for cause any unvested DDPP awards will immediately be forfeited.

Executives (other than the CEO)

The principal terms of Executive employment contracts are as follows:

- all Executives have rolling contracts;
- an Executive may resign from their position and thus terminate their contract by giving three months written notice. On resignation any unvested DDPP will be forfeited subject to the discretion of the Board;
- the Group may terminate an Executive's employment agreement by providing three months written notice or providing payment in lieu of the notice period (based on the fixed component of the Executive's remuneration). In the event that the Group initiates the termination for reasons outside the control of the Executive, a severance payment equal to a maximum of 75% of fixed remuneration will be made;
- on termination by the Group, any DDPP awards will vest in accordance with the vesting schedule of the DDPP Plan, subject to the discretion of the Board; and
- the Group may terminate the contract at any time without notice if serious misconduct has occurred. Where termination for cause occurs the Executive is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination for cause any unvested DDPP awards will immediately be forfeited.

3. Remuneration Report (continued)

3.8 Remuneration of Key Management Personnel

(a) Cash Accounting Method

In response to the Productivity Commission's recommendation to improve the transparency of remuneration reports by disclosing actual remuneration received by executives, the following table provides details of actual cash and other benefits received by Executives in the years ending 30 June 2009 and 30 June 2010. This table includes details of the five highest paid Directors or Executives.

The amounts detailed in the cash accounting table vary to the amounts detailed in the statutory accounting table because performance payments are paid to Executives in the year following the performance period to which they relate. Furthermore, DDPP allocations and movement in prior year DDPP allocation values detailed in the statutory accounting table do not reflect what will be paid to the Executive when the DDPP vests as the award will be revalued at that time.

Name		Cash Salary including Superannuation	DEXUS Performance Payments	DEXUS Deferred Performance Payments	Other Short Term Benefits [1]	Total
		($)	($)	($)	($)	($)
Victor P Hoog Antink	**2010**	**1,300,000**	**785,000**	**339,375**	**-**	**2,424,375**
	2009	1,300,000	900,000	391,584	-	2,591,584
Tanya L Cox	**2010**	**400,000**	**150,000**	**81,450**	**-**	**631,450**
	2009	400,000	200,000	20,885	-	620,885
Patricia A Daniels [2]	**2010**	**261,333**	**90,000**	**-**	**-**	**351,333**
	2009	261,334	60,000	-	-	321,334
John C Easy	**2010**	**375,000**	**163,000**	**67,875**	**-**	**605,875**
	2009	375,000	150,000	26,106	-	551,106
Jane Lloyd	**2010**	**369,916**	**113,000**	**-**	**123,107**	**606,023**
	2009	375,000	-	-	-	375,000
Louise J Martin	**2010**	**500,000**	**175,000**	**-**	**-**	**675,000**
	2009	500,000	225,000	-	-	725,000
Craig D Mitchell	**2010**	**550,000**	**325,000**	**-**	**-**	**875,000**
	2009	550,000	250,000	-	-	800,000
Paul G Say	**2010**	**500,000**	**200,000**	**-**	**-**	**700,000**
	2009	500,000	225,000	-	-	725,000
Mark F Turner	**2010**	**450,000**	**135,000**	**95,025**	**-**	**680,025**
	2009	450,000	200,000	20,885	-	670,885
Andrew P Whiteside	**2010**	**475,000**	**135,000**	**-**	**-**	**610,000**
	2009	475,000	200,000	-	-	675,000
Total	**2010**	**5,181,249**	**2,271,000**	**583,725**	**123,107**	**8,159,081**
	2009	5,186,334	2,410,000	459,460	-	8,055,794

[1] Other short-term benefits include expatriate assignment benefits such as relocation and housing allowances, relocation consultant assistance, health insurance premiums and associated taxes on these benefits.
[2] Patricia A Daniels actual remuneration received is for a four day week.

3. Remuneration Report (continued)

3.8 Remuneration of Key Management Personnel (continued)

(b) Statutory accounting method

In accordance with Australian Accounting Standard AASB 124 details of the structure and quantum of each component of remuneration for Executives for the years ended 30 June 2009 and 30 June 2010 are set out in the following table.

	Short Term Employee Benefits			Post Employment Benefits	Other Long Term Benefits			Total
	Cash Salary and Fees	DEXUS Performance Payments	Other Short Term Benefits [4]	Pension and Super Benefits	DEXUS Deferred Performance Payment Allocations [2]	Movement In Prior Year Deferred Performance Payment Allocation Values [3]	Other Long Term Benefits	
Name	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**
Victor P Hoog Antink								
2010	**1,252,539**	**1,100,000**	**-**	**47,461**	**1,200,000**	**363,957**	**-**	**3,963,957**
2009	1,200,000	785,000	-	100,000	915,000	(416,600)	-	2,583,400
Tanya L Cox								
2010	**385,539**	**180,000**	**-**	**14,461**	**180,000**	**62,533**	**-**	**822,533**
2009	352,086	150,000	-	47,914	150,000	(80,773)	-	619,227
Patricia A Daniels [1]								
2010	**246,872**	**104,000**	**-**	**14,461**	**104,000**	**13,023**	**-**	**482,356**
2009	247,589	90,000	-	13,745	90,000	(24,250)	-	417,084
John C Easy								
2010	**360,539**	**187,000**	**-**	**14,461**	**188,000**	**47,437**	**-**	**797,437**
2009	343,255	163,000	-	31,745	162,000	(57,688)	-	642,312
Jane Lloyd								
2010	**355,455**	**162,000**	**123,107**	**14,461**	**163,000**	**10,012**	**-**	**828,035**
2009	361,255	113,000	-	13,745	112,000	-	-	600,000

3. Remuneration Report (continued)

3.8 Remuneration of Key Management Personnel (continued)

	Short Term Employee Benefits			Post Employment Benefits	Other Long Term Benefits			Total
	Cash Salary and Fees	DEXUS Performance Payments	Other Short Term Benefits [4]	Pension and Super Benefits	DEXUS Deferred Performance Payment Allocations [2]	Movement In Prior Year Deferred Performance Payment Allocation Values [3]	Other Long Term Benefits	
Name	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**
Louise J Martin								
2010	**485,539**	**200,000**	**-**	**14,461**	**200,000**	**74,415**	**-**	**974,415**
2009	405,000	175,000	-	95,000	175,000	(60,625)	-	789,375
Craig D Mitchell								
2010	**535,539**	**400,000**	**-**	**14,461**	**400,000**	**40,528**	**-**	**1,390,528**
2009	500,000	325,000	-	50,000	325,000	(60,625)	-	1,139,375
Paul G Say								
2010	**485,539**	**250,000**	**-**	**14,461**	**250,000**	**30,565**	**-**	**1,030,565**
2009	486,255	200,000	-	13,745	200,000	(60,625)	-	839,375
Mark F Turner								
2010	**401,339**	**140,000**	**-**	**48,661**	**140,000**	**88,473**	**-**	**818,473**
2009	400,015	135,000	-	49,985	135,000	(103,635)	-	616,365
Andrew P Whiteside								
2010	**460,539**	**225,000**	**-**	**14,461**	**225,000**	**16,610**	**-**	**941,610**
2009	461,255	135,000	-	13,745	135,000	(24,250)	-	720,750
TOTAL								
2010	**4,969,439**	**2,948,000**	**123,107**	**211,810**	**3,050,000**	**747,553**	**-**	**12,049,909**
2009	4,756,710	2,271,000	-	429,624	2,399,000	(889,071)	-	8,967,263

1 Patricia A Daniels actual remuneration received is for a four day week.
2 This is the DDPP allocation for the current year which is deferred for three years as described on page 16.
3 This is the notional change in value of all unvested DDPP allocations from prior year.
4 Other short-term benefits include expatriate assignment benefits such as relocation and housing allowances, relocation consultant assistance, health insurance premiums and associated taxes on these benefits.

3. Remuneration Report (continued)

3.8 Remuneration of Key Management Personnel (continued)

Deferred Performance Payments

The table below sets out details of previous DDPP allocations and current valuations.

Name	Year Of Grant ($)	DDPP Allocation Value ($)	Movement In DDPP Allocation Value (Since Grant Date) ($)	Closing DDPP Allocation Value as at 30 June 2010 ($)	Movement In DDPP Allocation Value at Vesting Date (Due To Performance Multiplier) ($)	Vested DDPP as at 30 June 2010 ($)	Year That DDPP Will Vest ($)
Victor P Hoog Antink	**2010**	**1,200,000**	-	-	-	-	**2013**
	2009	915,000	72,926	987,926	-	-	2012
	2008	900,000	(165,600)	734,400	-	-	2011
	2007	650,000	(142,285)	-	203,086	710,801	2010
Tanya L Cox	**2010**	**180,000**	-	-	-	-	**2013**
	2009	150,000	11,955	161,955	-	-	2012
	2008	175,000	(32,200)	142,800	-	-	2011
	2007	110,000	(24,079)	-	34,368	120,289	2010
Patricia A Daniels	**2010**	**104,000**	-	-	-	-	**2013**
	2009	90,000	7,173	97,173	-	-	2012
	2008	100,000	(18,400)	81,600	-	-	2011
John C Easy	**2010**	**188,000**	-	-	-	-	**2013**
	2009	162,000	12,911	174,911	-	-	2012
	2008	120,000	(22,080)	97,920	-	-	2011
	2007	75,000	(16,418)	-	23,433	82,015	2010
Jane Lloyd [1]	**2010**	**163,000**	-	-	-	-	**2013**
	2009	112,000	8,926	120,926	-	-	2012
	2008	-	-	-	-	-	2011
	2007	20,000	(4,378)	-	6,249	21,871	2010
Louise J Martin [2]	**2010**	**200,000**	-	-	-	-	**2013**
	2009	175,000	13,948	188,948	-	-	2012
	2008	250,000	(46,000)	204,000	-	-	2011
	2007	125,000	(27,636)	-	39,054	136,688	2010
Craig D Mitchell	**2010**	**400,000**	-	-	-	-	**2013**
	2009	325,000	25,903	350,903	-	-	2012
	2008	250,000	(46,000)	204,000	-	-	2011
Paul G Say	**2010**	**250,000**	-	-	-	-	**2013**
	2009	200,000	15,940	215,940	-	-	2012
	2008	250,000	(46,000)	204,000	-	-	2011
Mark F Turner	**2010**	**140,000**	-	-	-	-	**2013**
	2009	135,000	10,760	145,760	-	-	2012
	2008	200,000	(36,800)	163,200	-	-	2011
	2007	180,000	(39,402)	-	56,239	196,837	2010
Andrew P Whiteside	**2010**	**225,000**	-	-	-	-	**2013**
	2009	135,000	10,760	145,760	-	-	2012
	2008	100,000	(18,400)	81,600	-	-	2011

1 Jane Lloyd qualified as a KMP on 14 July 2008.
2 Louise J Martin qualified as a KMP on 27 March 2008.

3. Remuneration Report (continued)

3.8 Remuneration of Key Management Personnel (continued)

Non-Executive Director board and committee fees

Board and Committee fees paid to Non-Executive Directors for the years ended 30 June 2009 and 30 June 2010 are set out in the table below. Note: In 2009/10 two additional paid Board members were in place for the full twelve months to 30 June 2010, compared to only two months the preceding year.

	Directors Fees	Committee Fees						Total Cash Salary and Fees
Name	Board	DWPL	Board Audit	Board Risk	Board Compliance	Board Nom & Rem	Board Finance	
	($)	($)	($)	($)	($)	($)	($)	($)
Christopher T Beare								
2010	**300,000**	**-**	**-**	**-**	**-**	**-**	**-**	**300,000**
2009	300,000	-	-	-	-	-	-	300,000
Elizabeth A Alexander AM[1]								
2010	**130,000**	**17,500**	**8,750**	**8,750**	**-**	**-**	**-**	**165,000**
2009	130,000	-	15,000	15,000	6,250	-	6,250	172,500
Barry R Brownjohn [2]								
2010	**130,000**	**-**	**13,750**	**13,750**	**-**	**-**	**8,750**	**166,250**
2009	130,000	-	7,500	7,500	-	-	15,000	160,000
John C Conde AO [3]								
2010	**130,000**	**-**	**-**	**-**	**7,500**	**13,750**	**-**	**151,250**
2009	22,652	-	-	-	1,250	1,250	-	25,152
Stewart F Ewen OAM								
2010	**130,000**	**-**	**-**	**-**	**-**	**7,500**	**-**	**137,500**
2009	130,000	-	-	-	-	7,500	-	137,500
Charles B Leitner III [4]								
2010	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2009	-	-	-	-	-	-	-	-
Brian E Scullin [5]								
2010	**130,000**	**25,000**	**-**	**-**	**15,000**	**1,250**	**-**	**171,250**
2009	130,000	30,000	6,250	6,250	15,000	7,500	-	195,000
Peter B St. George [6]								
2010	**130,000**	**-**	**7,500**	**7,500**	**-**	**-**	**13,750**	**158,750**
2009	22,652	-	1,250	1,250	-	-	1,250	26,402
Total								
2010	**1,080,000**	**42,500**	**30,000**	**30,000**	**22,500**	**22,500**	**22,500**	**1,250,000**
2009	865,304	30,000	30,000	30,000	22,500	16,250	22,500	1,016,554

1 Elizabeth A Alexander became a member of the Board Audit and Board Risk Committees on 1 September 2009. Elizabeth was previously the Chair of both Committees. Elizabeth became a Director of the DWPL Board on 1 September 2009 and became Chair of that Board on 1 March 2010.

2 Barry R Brownjohn became a member of the Board Finance Committee on 1 September 2009. Barry was previously the Chair of that Committee. Barry became Chair of the Board Audit and Board Risk Committees on 1 September 2009. Barry was previously a member of both Committees.

3 John C Conde became Chair of the Board Nomination and Remuneration Committee on 1 September 2009. John was previously a member of that Committee.

4 As an employee of the Deutsche Bank group, Mr Leitner waived his right to receive Director's fees. Accordingly, Mr Leitner's Alternate Director, Mr Fay did not receive Director's fees when acting as his alternate. Mr Leitner ceased to be a Non-Executive Director on 29 April 2009. Accordingly, Mr Fay ceased to be Mr Leitner's Alternate Director on 29 April 2009.

5 Brian Scullin ceased to be a member of the Board Nomination and Remuneration Committee on 31 August 2009. Brian became a Director of the DWPL Board on 1 March 2010. Brian was previously Chair of the DWPL Board.

6 Peter B St George became Chair of the Board Finance Committee on 1 September 2009. Peter was previously a member of that Committee.

3. Remuneration Report (continued)

3.8 Remuneration of Key Management Personnel (continued)

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

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 the DEXUS Property Group.

Commencing 1 April 2009 Mr Ewen earned a fixed fee of $30,000 per annum, in addition to his Director's fee, as compensation for the added responsibilities assumed in attending property inspections, reviewing property investment proposals and participating in informal management meetings.

Non-Executive Director Remuneration

Details of the structure and quantum of each component of remuneration for each Non-Executive Director for the years ended 30 June 2009 and 30 June 2010 are set out in the following table.

		Short Term Employee Benefits	Post Employment Benefits[1]	Other Long Term Benefits	Total
Name		**($)**	**($)**	**($)**	**($)**
Christopher T Beare					
	2010	**285,539**	**14,461**	**-**	**300,000**
	2009	286,255	13,745	-	300,000
Elizabeth A Alexander AM					
	2010	**151,376**	**13,624**	**-**	**165,000**
	2009	157,844	14,656	-	172,500
Barry R Brownjohn					
	2010	**152,523**	**13,727**	**-**	**166,250**
	2009	146,789	13,211	-	160,000
John C Conde AO					
	2010	**138,761**	**12,489**	**-**	**151,250**
	2009	23,075	2,077	-	25,152
Stewart F Ewen OAM					
	2010	**102,700**	**34,800**	**-**	**137,500**
	2009	63,073	74,427	-	137,500
Brian E Scullin					
	2010	**157,211**	**14,039**	**-**	**171,250**
	2009	181,255	13,745	-	195,000
Peter B St George					
	2010	**145,642**	**13,108**	**-**	**158,750**
	2009	24,222	2,180	-	26,402
Total	**2010**	**1,133,752**	**116,248**	**-**	**1,250,000**
Total	2009	882,513	134,041	-	1,016,554

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

4. Directors' interests

The Board's policy on insider trading and trading in DXS securities, or securities in any of the funds managed by DXS, 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 DXS.

Directors have made this decision because the Board of DXFM has responsibility for the Group itself 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 the Group including DXS. This position is periodically reviewed by the Board.

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

- DXS securities; or
- Options over, or any other contractual interest in, DXS securities; or
- An interest in any other fund managed by DXFM or any other entity that forms part of the Group.

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
Christopher T Beare	MNet Group Limited	6 November 2009	
Elizabeth A Alexander AM	CSL Limited	12 July 1991	
	Boral Limited	15 December 1999	24 October 2008
John C Conde AO	Whitehaven Coal Limited	3 May 2007	
Brian E Scullin	SPARK Infrastructure RE Limited[1]	1 November 2005	24 August 2007
	BT Investment Management Limited	17 September 2007	
Peter B St George	Boart Longyear Limited	21 February 2007	
	SPARK Infrastructure RE Limited[1]	8 November 2005	31 December 2008
	First Quantum Minerals Limited[2]	20 October 2003	

[1] SPARK Infrastructure RE Limited has issued ASX listed stapled securities trading as SPARK Infrastructure Group (ASX:SKI).
[2] Listed for trading on the Toronto Stock Exchange in Canada and the London Stock Exchange in the United Kingdom.

6. Principal activities

During the year the principal activity of the Group was to own, manage and develop high quality real estate assets and manage real estate funds on behalf of third party investors. There were no significant changes in the nature of the Group's activities during the year.

The number of employees of DXS at the end of the reporting period was 293 (2009: 284).

7. Total value of trust assets

The total value of the assets of DXS as at 30 June 2010 was $7,871.0 million (2009: $8,351.1 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 of results and operations

A review of the results, financial position, operations including business strategies and the expected results of operations of the Group, is set out in the Chief Executive Officer's Report of the DEXUS Property Group 2010 Security Holder Review 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 future developments or results of the Group, 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 the Group, the results of those operations, or the state of the Group's affairs in future financial years.

11. Matters subsequent to the end of the financial year

Since the end of the financial 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 the Group, 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 2010 were 5.1 cents per security (2009: 7.3 cents per security) as outlined in note 31 of the Notes to the Financial Statements.

13. DXFM's fees and associate interests

Details of fees paid or payable by the Group to DXFM for the year ended 30 June 2010 are outlined in note 35 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 (2009: nil).

14. Interests in DXS securities

The movement in securities on issue in the Group during the year and the number of securities on issue as at 30 June 2010 are detailed in note 28 of the Notes to the Financial Statements and form part of this Directors' Report.

The Group did not have any options on issue as at 30 June 2010 (2009: nil).

15. Environmental regulation

The Group's senior management, through its Board Risk and Sustainability 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 Auditor, PricewaterhouseCoopers (PwC), is indemnified out of the assets of DXS pursuant to the DEXUS Specific Terms of Business agreed for all engagements with PwC, to the extent that DXS inappropriately uses or discloses a report prepared by PwC. The Auditor, PwC, is not indemnified for the provision of services where such an indemnification is prohibited by the *Corporations Act 2001*.

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

The Group may decide to employ the Auditor on assignments in addition to their statutory audit duties where the Auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the Auditor, for audit and non-audit services provided during the year 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:

- A Charter of Audit Independence was adopted during the year that provides guidelines under which the Auditor may be engaged to provide non-audit services without impairing the Auditor's objectivity or independence.

- The Charter states that the Auditor will not provide services where the Auditor may be required to review or audit its own work, including:
  - the preparation of tax provisions, accounting records and financial statements;
  - the design, implementation and operation of information technology systems;
  - the design and implementation of internal accounting and risk management controls;
  - conducting valuation, actuarial or legal services;
  - consultancy services that include direct involvement in management decision making functions;
  - investment banking, borrowing, dealing or advisory services;
  - acting as trustee, executor or administrator of trust or estate;
  - prospectus independent expert reports and being a member of the due diligence committee; and
  - providing internal audit services.

- The 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 the 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 DXS Annual Report and forms part of this Directors' Report.

19. Rounding of amounts and currency

DXS is a registered scheme of the kind referred to in Class Order 98/0100, issued by the Australian Securities & 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. Presentation of parent entity financial statements

DXS is a registered scheme of the kind referred to in Class Order 10/654, issued by the Australian Securities & Investments Commission, relating to the inclusion of parent entity Financial Statements in the consolidated Financial Statements. The class order provides relief from the Corporations Amendment (Corporate Reporting Reform) Act 2010 and the Group continues to present the parent entity Financial Statements in the consolidated Financial Statements in accordance with that Class Order.

21. 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, internal control and compliance policies and procedures. Following that review it is their opinion that the Group'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.

22. Directors' authorisation

The Directors' Report is made in accordance with a resolution of the Directors. The Financial Statements were authorised for issue by the Directors on 17 August 2010. The Directors have the power to amend and reissue the Financial Statements.

Christopher T Beare
Chair
17 August 2010

Victor P Hoog Antink
Chief Executive Officer
17 August 2010

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Auditor's Independence Declaration

As lead auditor for the audit of DEXUS Diversified Trust for the year ended 30 June 2010, 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.

J A Dunning
Partner
PricewaterhouseCoopers

17 August 2010

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

		Consolidated		Parent Entity	
		2010	2009	**2010**	2009
	Notes	**$'000**	$'000	**$'000**	$'000
Revenue from ordinary activities					
Property revenue	2	**663,068**	708,506	**133,519**	139,506
Distribution revenue		**-**	-	**517**	24,636
Interest revenue		**1,484**	3,225	**140**	3,431
Management fee revenue		**51,588**	63,663	**-**	-
Total revenue from ordinary activities		**716,140**	775,394	**134,176**	167,573
Net fair value gain/(loss) of derivatives		**5,401**	(21,209)	**1,774**	(5,753)
Net foreign exchange gain/(loss)		**3,103**	2,179	**(5,306)**	(153,701)
Reversal of previous impairment	20	**13,307**	-	**-**	-
Other income		**156**	335	**10**	112
Total income		**738,107**	756,699	**130,654**	8,231
Expenses					
Property expenses		**(169,753)**	(174,485)	**(32,408)**	(32,678)
Responsible Entity fees	35	**-**	-	**(5,175)**	(6,358)
Finance costs	3	**(190,685)**	(384,241)	**21,786**	14,022
Share of net (loss)/profit of associates accounted for using the equity method	17	**(26,243)**	31	**-**	-
Net fair value loss of investment properties		**(209,367)**	(1,517,564)	**(44,676)**	(164,539)
Net loss on sale of investment properties		**(53,342)**	(1,880)	**(1,979)**	(1,330)
Net loss on sale of investment		**(15)**	(534)	**-**	-
Net fair value loss of investments		**-**	-	**(68,233)**	(176,712)
Depreciation and amortisation		**(3,498)**	(4,742)	**-**	-
Impairment		**(242)**	(168,169)	**-**	-
Employee benefits expense		**(58,978)**	(59,282)	**-**	-
Other expenses	5	**(24,377)**	(21,485)	**(1,568)**	(1,622)
Total expenses		**(736,500)**	(2,332,351)	**(132,253)**	(369,217)
Profit/(loss) before tax		**1,607**	(1,575,652)	**(1,599)**	(360,986)
Tax benefit/(expense)					
Income tax benefit/(expense)	4 (a)	**3,426**	(12,537)	**-**	-
Withholding tax benefit	4 (c)	**26,557**	132,773	**-**	-
Total tax benefit		**29,983**	120,236	**-**	-
Profit/(loss) after tax		**31,590**	(1,455,416)	**(1,599)**	(360,986)
Other comprehensive income/(loss):					
Exchange differences on translating foreign operations		**(7,034)**	(53,478)	**-**	-
Total comprehensive income/(loss) for the year		**24,556**	(1,508,894)	**(1,599)**	(360,986)
Profit/(loss) attributable to:					
Unitholders of parent entity		**16,121**	(300,486)	**(1,599)**	(360,986)
Unitholders of other stapled entities (non-controlling interests)		**15,299**	(1,158,625)	**-**	-
Security holders of DEXUS Diversified Trust		**31,420**	(1,459,111)	**(1,599)**	(360,986)
Other non-controlling interest		**170**	3,695	**-**	-
Total profit/(loss) for the year		**31,590**	(1,455,416)	**(1,599)**	(360,986)
Total comprehensive income/(loss) attributable to:					
Unitholders of parent entity		**791**	(360,986)	**(1,599)**	(360,986)
Unitholders of other stapled entities (non-controlling interests)		**23,833**	(1,151,939)	**-**	-
Security holders of DEXUS Diversified Trust		**24,624**	(1,512,925)	**(1,599)**	(360,986)
Other non-controlling interest		**(68)**	4,031	**-**	-
Total comprehensive income/(loss) for the year		**24,556**	(1,508,894)	**(1,599)**	(360,986)
Earnings per unit		**Cents**	Cents		
Basic earnings per unit on profit/(loss) attributable to unitholders of the parent entity	41	**0.34**	(8.11)		
Diluted earnings per unit on profit/(loss) attributable to unitholders of the parent entity	41	**0.34**	(8.11)		

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

Earnings per stapled security			
Basic earnings per unit on profit/(loss) attributable to stapled security holders	41	**0.66**	(39.38)
Diluted earnings per unit on profit/(loss) attributable to stapled security holders	41	**0.66**	(39.38)

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent Entity 2010 $'000	Parent Entity 2009 $'000
Current assets					
Cash and cash equivalents	7	**64,419**	84,845	**2,163**	27,268
Receivables	8	**25,010**	35,816	**68,162**	17,752
Non current assets classified as held for sale	9	**18,068**	98,054	**-**	20,800
Derivative financial instruments	12	**33,903**	81,426	**13,341**	41,091
Current tax assets		**3,621**	1,423	**-**	-
Other	13	**13,555**	13,618	**2,997**	2,731
Total current assets		**158,576**	315,182	**86,663**	109,642
Non-current assets					
Investment properties	14	**7,146,397**	7,120,710	**1,357,987**	1,397,596
Property, plant and equipment	15	**5,264**	438,620	**-**	129,718
Inventories	10	**45,470**	-	**-**	-
Investments accounted for using the equity method	17	**93,344**	84,165	**-**	-
Investments in associates	18	**-**	-	**122,627**	138,276
Loans with related parties	11	**-**	-	**796,642**	408,583
Derivative financial instruments	12	**112,421**	124,065	**57,287**	56,714
Deferred tax assets	19	**79,927**	49,136	**-**	-
Intangible assets	20	**225,525**	213,267	**-**	-
Other	21	**4,104**	5,965	**368**	895
Total non-current assets		**7,712,452**	8,035,928	**2,334,911**	2,131,782
Total assets		**7,871,028**	8,351,110	**2,421,574**	2,241,424
Current liabilities					
Payables	22	**130,207**	98,410	**36,176**	19,503
Interest bearing liabilities	23	**198,996**	381,673	**-**	-
Loans with related parties	11	**-**	-	**34,332**	34,332
Current tax liabilities		**2,271**	1,051	**-**	-
Provisions	24	**134,499**	177,618	**65,885**	90,389
Derivative financial instruments	12	**17,264**	32,444	**7,592**	27,270
Other	25	**132**	281	**-**	-
Total current liabilities		**483,369**	691,477	**143,985**	171,494
Non-current liabilities					
Interest bearing liabilities	23	**2,041,086**	2,127,339	**345,181**	-
Derivative financial instruments	12	**304,897**	353,780	**70,904**	122,275
Deferred tax liabilities	26	**11,296**	9,975	**-**	-
Provisions	24	**16,524**	13,533	**-**	-
Other	27	**7,409**	8,789	**369**	877
Total non-current liabilities		**2,381,212**	2,513,416	**416,454**	123,152
Total liabilities		**2,864,581**	3,204,893	**560,439**	294,646
Net assets		**5,006,447**	5,146,217	**1,861,135**	1,946,778
Equity					
Equity attributable to unitholders of parent entity					
Contributed equity	28	**1,789,973**	1,741,211	**1,789,973**	1,741,211
Reserves	29	**(74,582)**	(59,252)	**-**	-
Retained profits	29	**151,439**	264,819	**71,162**	205,567
Parent entity security holders' interest		**1,866,830**	1,946,778	**1,861,135**	1,946,778
Equity attributable to unitholders of other stapled entities (non-controlling interests)					
Contributed equity	28	**3,008,241**	2,966,643	**-**	-
Reserves	29	**44,354**	35,820	**-**	-
Accumulated losses	29	**(118,253)**	(9,796)	**-**	-
Other stapled security holders' interest		**2,934,342**	2,992,667	**-**	-
Stapled security holders' interest		**4,801,172**	4,939,445	**1,861,135**	1,946,778
Other non-controlling interests	30	**205,275**	206,772	**-**	-
Total equity		**5,006,447**	5,146,217	**1,861,135**	1,946,778

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

Consolidated	Notes	Stapled security holders equity						
		Contributed equity $'000	Retained profits $'000	Foreign currency translation reserve $'000	Asset revaluation reserve $'000	Stapled security holders equity $'000	Other non-controlling interest $'000	Total equity $'000
Opening balance as at 1 July 2008		3,577,883	2,000,235	(12,357)	63,294	5,629,055	205,998	5,835,053
Comprehensive (loss)/income for the year attributable to								
Unitholders of the parent entity		-	(300,486)	(60,500)	-	(360,986)	-	(360,986)
Other stapled entities (non-controlling interests)		-	(1,158,625)	6,686	-	(1,151,939)	-	(1,151,939)
Other non-controlling interest		-	-	-	-	-	4,031	4,031
Total comprehensive (loss)/income		-	(1,459,111)	(53,814)	-	(1,512,925)	4,031	(1,508,894)
Transactions with owners in their capacity as owners								
Contributions of equity, net of transaction costs		1,129,971	-	-	-	1,129,971	484	1,130,455
Distributions paid or provided for	31	-	(296,648)	-	-	(296,648)	(13,749)	(310,397)
Total transactions with owners in their capacity as owners		1,129,971	(296,648)	-	-	833,323	(13,265)	820,058
Transfer to/(from) retained profits		-	10,547	-	(20,555)	(10,008)	10,008	-
Closing balance as at 30 June 2009		4,707,854	255,023	(66,171)	42,739	4,939,445	206,772	5,146,217
Opening balance as at 1 July 2009		**4,707,854**	**255,023**	**(66,171)**	**42,739**	**4,939,445**	**206,772**	**5,146,217**
Comprehensive income/(loss) for the year attributable to								
Unitholders of the parent entity		**-**	**16,121**	**(15,330)**	**-**	**791**	**-**	**791**
Other stapled entities (non-controlling interests)		**-**	**15,299**	**8,534**	**-**	**23,833**	**-**	**23,833**
Other non-controlling interest		**-**	**-**	**-**	**-**	**-**	**(68)**	**(68)**
Total comprehensive income/(loss)		**-**	**31,420**	**(6,796)**	**-**	**24,624**	**(68)**	**24,556**
Transactions with owners in their capacity as owners								
Contributions of equity, net of transaction costs		**90,360**	**-**	**-**	**-**	**90,360**	**27**	**90,387**
Distributions paid or provided for	31	**-**	**(244,411)**	**-**	**-**	**(244,411)**	**(10,302)**	**(254,713)**
Total transactions with owners in their capacity as owners		**90,360**	**(244,411)**	**-**	**-**	**(154,051)**	**(10,275)**	**(164,326)**
Transfer (from)/to retained profits		**-**	**(8,846)**	**-**	**-**	**(8,846)**	**8,846**	**-**
Closing balance as at 30 June 2010		**4,798,214**	**33,186**	**(72,967)**	**42,739**	**4,801,172**	**205,275**	**5,006,447**

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

Parent Entity	Notes	Unitholders equity Contributed equity $'000	Retained profits $'000	Total equity $'000
Opening balance as at 1 July 2008		1,297,831	704,791	2,002,622
Comprehensive loss for the year attributable to				
Unitholders of the parent entity		-	(360,986)	(360,986)
Total comprehensive loss		-	(360,986)	(360,986)
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs		443,380	-	443,380
Distributions paid or provided for	31	-	(138,238)	(138,238)
Total transactions with owners in their capacity as owners		443,380	(138,238)	305,142
Closing balance as at 30 June 2009		1,741,211	205,567	1,946,778
Opening balance as at 1 July 2009		**1,741,211**	**205,567**	**1,946,778**
Comprehensive loss for the year attributable to				
Unitholders of the parent entity		**-**	**(1,599)**	**(1,599)**
Total comprehensive loss		**-**	**(1,599)**	**(1,599)**
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs		**48,762**	**-**	**48,762**
Distributions paid or provided for	31	**-**	**(132,806)**	**(132,806)**
Total transactions with owners in their capacity as owners		**48,762**	**(132,806)**	**(84,044)**
Closing balance as at 30 June 2010		**1,789,973**	**71,162**	**1,861,135**

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

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent Entity 2010 $'000	Parent Entity 2009 $'000
Cash flows from operating activities					
Receipts in the course of operations (inclusive of GST)		**857,134**	912,632	**154,217**	157,263
Payments in the course of operations (inclusive of GST)		**(330,270)**	(345,517)	**(52,102)**	(54,403)
Interest received		**1,481**	3,021	**2,645**	3,432
Finance costs (paid to)/received from financial institutions		**(188,714)**	(200,156)	**(4,452)**	18,592
Distributions received		**16**	-	**494**	24,636
Income and withholding taxes received/(paid)		**527**	(10,403)	**-**	-
Net cash inflow from operating activities	39 (a)	**340,174**	359,577	**100,802**	149,520
Cash flows from investing activities					
Proceeds from sale of investment properties		**585,924**	19,833	**275,802**	7,540
Proceeds from sale of investments		**3,288**	60,178	**-**	-
Payments for capital expenditure on investment properties	39 (b)	**(185,844)**	(105,433)	**(96,521)**	(14,365)
Payments for acquisition of investment properties		**(279,385)**	-	**(25,798)**	-
Payments for investments accounted for using the equity method		**(31,995)**	(25,995)	**(52,583)**	-
Payments for property, plant and equipment		**-**	(27,165)	**-**	-
Payments for capital expenditure on property, plant and equipment		**(1,396)**	(133,877)	**-**	(50,741)
Net cash inflow/(outflow) from investing activities		**90,592**	(212,459)	**100,900**	(57,566)
Cash flows from financing activities					
Issue of units		**-**	1,062,228	**-**	406,497
Establishment expenses and unit issue cost		**-**	(32,677)	**-**	(11,029)
Equity issued to other non-controlling entities		**27**	484	**-**	-
Borrowings provided to entities within DXS		**-**	-	**(777,758)**	(841,743)
Borrowings provided by entities within DXS		**-**	-	**347,574**	525,511
Proceeds from borrowings		**2,311,576**	2,600,334	**332,008**	-
Repayment of borrowings		**(2,545,886)**	(3,570,336)	**(20,083)**	(72,689)
Distributions paid to security holders		**(200,470)**	(214,087)	**(108,548)**	(102,237)
Distributions paid to other non-controlling interests		**(9,629)**	(16,136)	**-**	-
Net cash outflow from financing activities		**(444,382)**	(170,190)	**(226,807)**	(95,690)
Net decrease in cash and cash equivalents		**(13,616)**	(23,072)	**(25,105)**	(3,736)
Cash and cash equivalents at the beginning of the year		**84,845**	99,214	**27,268**	31,004
Effects of exchange rate changes on cash and cash equivalents		**(6,810)**	8,703	**-**	-
Cash and cash equivalents at the end of the year	7	**64,419**	84,845	**2,163**	27,268

The above Statements of Cash Flows 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 trusts stapled to DDF is a form of non-controlling interest in accordance with AASB 1002 and, in the DDF consolidated column, represents the equity of DIT, DOT and DXO. Other non-controlling interests represent the equity attributable to parties external to the Group.

DEXUS Property Group stapled securities are quoted on the Australian Stock Exchange under the “DXS” code 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 (DXFM) as Responsible Entity for each of the entities within DXS may only unstaple the Group if approval is obtained by a special resolution of the stapled security holders.

These general purpose Financial Statements for the year ended 30 June 2010 have been prepared in accordance with the requirements of the Constitution of the entities within DXS, the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australia Accounting Standards Board and interpretations. Compliance with Australian Accounting Standards ensures that the consolidated and parent Financial Statements and notes also comply with International Financial Reporting Standards (IFRS).

These Financial Statements are prepared on a going concern basis and in accordance with historical cost conventions and have 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 valuation of certain non-current assets and financial instruments (refer notes 1(e), 1(o), 1(q), 1(w) and 1(x)).

As at 30 June 2010, DXS had a current net asset deficiency of $324.8 million. These Financial Statements are prepared on a going concern basis as DXS has sufficient working capital and cash flow due to the existence of unutilised facilities of $1,115.1 million as set out in note 23.

The Group has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a Statement of Comprehensive Income and a Statement of Changes in Equity. All non-owner changes in equity must now be presented in the Statements of Comprehensive Income. As a consequence, the Group has changed the presentation of its Financial Statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

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 requires the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Group’s accounting policies. Other than the estimations described in notes 1(e), 1(o), 1(q), 1(w), and 1(x), no key assumptions concerning the future or other estimation of uncertainty at the end of each reporting period have a significant risk of causing material adjustments to the Financial Statements in the next annual reporting period.

Uncertainty around international property valuations
The fair value of our investment properties in the United States and Europe 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 end of the reporting period, the current uncertainty in these markets 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.

Note 1. Summary of significant accounting policies (continued)

(b) Principles of consolidation

(i) Controlled entities
The Financial Statements have been prepared on a consolidated basis in recognition of the fact that while the securities issued by the Group 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 Group is DDF. The accounting policies of the subsidiary trusts are consistent with those of the parent.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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 non-controlling interests, are shown separately in the Statements of Comprehensive Income and Statements of Financial Position respectively. Where control of an entity is obtained during a financial year, its results are included in the Statements of Comprehensive Income 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.

(ii) Partnerships and joint ventures
Where assets are held in a partnership or joint venture with another entity directly, the Group's share of the results and assets of this partnership or joint venture are consolidated into the Statements of Comprehensive Income and Statements of Financial Position of the Group. Where assets are jointly controlled via ownership of units in single purpose unlisted unit trusts or shares in companies, the Group applies equity accounting to record the operations of these investments (refer note 1(t)).

(c) Revenue recognition

(i) Rent
Rental revenue 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 revenue is brought to account on an accruals basis. If not received at the end of the reporting period, rental revenue is reflected in the Statements of Financial Position as a receivable. Recoverability of receivables is reviewed on an ongoing basis. Debts which are known to be not collectable are written off.

(ii) Management fee revenue
Management fees are brought to account on an accruals basis, and if not received at the end of the reporting period, are reflected in the Statements of Financial Position as a receivable.

(iii) Interest revenue
Interest revenue is brought to account on an accruals basis using the effective interest rate method and, if not received at the end of the reporting period, is reflected in the Statements of Financial Position as a receivable.

(iv) Dividends and distribution revenue
Revenue from dividends and distributions are recognised when declared. Amounts not received at the end of the reporting period are included as a receivable in the Statements of Financial Position.

(d) Expenses

Expenses are brought to account on an accruals basis and, if not paid at the end of the reporting period, are reflected in the Statements of Financial Position as a payable.

(i) 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 Group.

Note 1. Summary of significant accounting policies (continued)

(d) Expenses (continued)

(ii) 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 twelve months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use or sale. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

(e) Derivatives and other financial instruments

(i) Derivatives
The Group's activities expose it to a variety of financial risks including foreign exchange risk and interest rate risk. Accordingly, the Group enters into various derivative financial instruments such as interest rate swaps, cross currency 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 Group's exposures and updates its treasury policies and procedures. The Group does not trade in derivative instruments for speculative purposes. Even though derivative financial instruments are entered into for the purpose of providing the Group with an economic hedge, the Group has elected not to apply hedge accounting under AASB 139 *Financial Instruments: Recognition and Measurement* for interest rate swaps and foreign exchange contracts. Accordingly, derivatives including interest rate swaps, interest rate component of cross currency swaps and foreign exchange contracts, are measured at fair value with any changes in fair value recognised in the Statements of Comprehensive Income.

(ii) Debt and equity instruments issued by the Group
Financial instruments issued by the Group 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 Statements of Financial Position 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.

(iii) 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.

(iv) Other financial assets
Loans and other receivables are measured at amortised cost using the effective interest rate method less impairment.

Note 1. Summary of significant accounting policies (continued)

(f) Goods and services tax/value added tax

Revenues, expenses and capital assets are recognised net of any amount of Australian/New Zealand/Canadian 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 Statements of Cash Flows 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 cash flows from operating activities.

(g) Taxation

Under current Australian income tax legislation DDF, DIT and DOT, are not liable for income tax provided they satisfy certain legislative requirements. The Group may be liable for income tax in jurisdictions where foreign property is held (i.e United States, France, Germany, Canada and 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% adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to 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 is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Withholding tax payable on distributions received by the Group from DEXUS Industrial Properties Inc (US REIT) and DEXUS US Properties Inc (US W REIT) 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 Group (held by US REIT and US W REIT) and their accounting carrying values at end of the reporting period. 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 W REIT.

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 33.33%. 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 end of the reporting period.

DEXUS 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%. 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 end of the reporting period.

Note 1. Summary of significant accounting policies (continued)

(g) Taxation (continued)

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 30%. 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 end of the reporting period.

DEXUS Canada Trust, a wholly owned Australian sub-trust of DIT, is liable for Canadian income tax on its Canadian taxable income at the rate of 25%. 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 end of the reporting period.

Tax consolidation
In December 2009 the DXH tax consolidated group elected to deconsolidate and DXO elected to form a tax consolidated group comprising 20 Barrack Street Trust, DEXUS Holdings Pty Limited, DEXUS Funds Management Limited, DEXUS Property Services Pty Limited, DEXUS Financial Services Pty Limited and DEXUS Wholesale Property Limited, DEXUS CMBS Issuer Pty Limited and DWPL Nominees Pty Limited. The implementation date for the DXO tax consolidated group is 1 July 2008.

The entities in the DXO tax consolidated group entered into a Tax Sharing Deed effective 1 July 2008. 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, DXO.

DXO 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 effective 1 July 2008.

Under the Tax Funding Deed, the wholly owned entities fully compensate DXO for any current tax payable assumed and are compensated by DXO 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 inter-company receivables or payables.

(h) Distributions

In accordance with the Trust's Constitution, the Group distributes its 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 Group will not be able to collect all amounts due according to the original terms of the receivables.

Note 1. Summary of significant accounting policies (continued)

(l) Inventories

Land and development property held for resale
Land and development properties held for resale are stated at the lower of cost and the net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and holding costs such as borrowing costs, rates and taxes. Holding costs incurred after completion of development are expensed.

Net realisable value
Net realisable value is the estimated selling price in the ordinary course of business. Marketing and selling expenses are estimated and deducted to establish net realisable value.

(m) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

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

Interests held by the Group in controlled entities and associates are measured at fair value through profit and loss to reduce a measurement or recognition inconsistency.

(o) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and accumulated impairment. 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statements of Comprehensive Income during the financial period in which they are incurred.

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts exceed their recoverable amounts (refer note 1(v)).

(p) 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

(q) Investment properties

During the period DXS adopted the amendments to AASB 140 *Investment Property* as set out in AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* effective for reporting periods beginning on or after 1 January 2009. Under this amendment, property that is under construction or development for future use as investment property falls within the scope of AASB 140. As such development property of this nature is no longer recognised and measured as property, plant and equipment but is included as investment property measured at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. As required by the standard, the amendments to AASB 140 have been applied prospectively from 1 July 2009.

The Group's investment properties consist of properties held for long-term rental yields and/or capital appreciation and property that is being constructed or developed for future use as investment property. 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.

Note 1. Summary of significant accounting policies (continued)

(q) Investment properties (continued)

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. In addition, 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 revenue 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. In relation to development properties under construction for future use as investment property, where reliably measurable, fair value is determined based on the market value of the property on the assumption it had already been completed at the valuation date less costs still required to complete the project, including an appropriate adjustment for profit and risk.

External valuations of the individual investments are carried out in accordance with the Constitutions for each trust forming DXS, 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 Statements of Comprehensive Income. 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 Statements of Comprehensive Income 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.

(r) Leasing fees

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

(s) 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 revenue 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.

(t) 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 Group exerts significant influence 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 in the consolidated Statements of Comprehensive Income. 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 Statements of Comprehensive Income, while in the consolidated Financial Statements they reduce the carrying amount of the investment.

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

(u) Business combinations

During the period DXS adopted the 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* effective for annual reporting periods beginning on or after 1 July 2009.

Note 1. Summary of significant accounting policies (continued)

(u) Business combinations (continued)

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree at its proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in the Statements of Comprehensive Income as a bargain purchase.

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. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(v) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(w) Intangible assets

(i) Goodwill
Goodwill is recognised as of the acquisition date and is measured as the excess of the aggregate of the fair value of consideration transferred and the non-controlling interest's proportionate share of the acquiree's identifiable net assets over the fair value of the identifiable net assets acquired.

In a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss.

The carrying value of the goodwill is tested for impairment at each reporting date with any decrement in value taken to the Statements of Comprehensive Income as an expense.

(ii) Management rights
Management rights represent the asset management rights owned by the Group which entitle it to management fee revenue from both finite and indefinite life trusts. 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.

Management rights with indefinite life are not subject to amortisation and are tested for impairment at the end of each reporting period.

Note 1. Summary of significant accounting policies (continued)

(x) Financial assets and liabilities

(i) Classification
DXS has classified its financial assets and liabilities as follows:

Financial Asset/Liability	Classification	Valuation Basis	Reference
Cash and cash equivalents	Fair value through profit or 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).
Other financial assets	Fair value through profit or loss	Fair value	Refer note 1(n).
Payables	Financial liability at amortised cost	Amortised cost	Refer note 1(y).
Interest bearing liabilities	Financial liability at amortised cost	Amortised cost	Refer note 1(z).
Derivatives	Fair value through profit or loss	Fair value	Refer note 1(e).

Financial assets and liabilities are classified in accordance with the 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) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is 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 end of the reporting period, and the fair value of 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.

(y) Payables

These amounts represent liabilities for amounts owing at end of the reporting period. The amounts are unsecured and are usually paid within 30 days of recognition.

(z) 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 Statements of Comprehensive Income over the period of the borrowings using the effective interest method. Interest bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer the liability for at least twelve months after the reporting date.

(aa) 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 the end of the reporting period, calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expect to pay at the end of the reporting period 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 the end of the reporting period.

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 the end of the reporting period 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.

Note 1. Summary of significant accounting policies (continued)

(ab) Earnings per unit

Earnings per unit are determined by dividing the net profit attributable to unitholders of the parent entity by the weighted average number of ordinary units outstanding during the year, adjusted for bonus elements in units issued during the year.

Diluted earnings per unit are adjusted from the basic earnings per unit by taking into account the impact of dilutive potential units. The Group did not have such dilutive potential units during the year.

(ac) Foreign currency

Items included in the Financial Statements of the Group 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 Group.

(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 Statements of Comprehensive Income.

(ii) Foreign operations
Foreign operations are located in the United States, 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 end of each reporting period. 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 are treated as assets and liabilities of the foreign operation and translated at exchange rates prevailing at the end of each reporting period.

(ad) Operating segments

During the period DXS adopted AASB 8 *Operating Segments* which replaced AASB 114 *Segment Reporting.* The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a review of the reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM has been identified as the Board of Directors as they are responsible for the strategic decision making within the Group. Apart from the additional disclosures and measures reflected in the operating segments note (note 38), the adoption of AASB 8 has not had an impact on the measurements reflected in the Group's Financial Statements. Comparative information for 2009 has been represented.

(ae) Rounding of amounts

The Group 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 Statements. Amounts in the Financial Statements 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)

(af) Presentation of parent entity financial statements

The Group is a registered scheme of the kind referred to in Class Order 10/654, issued by the Australian Securities & Investments Commission, relating to the inclusion of parent entity Financial Statements in the consolidated Financial Statements. The class order provides relief from the Corporations Amendment (Corporate Reporting Reform) Act 2010 and the Group continues to present the parent entity Financial Statements and the consolidated Financial Statements in accordance with that Class Order.

(ag) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2010 reporting period. Our assessment of the impact of these new standards and interpretations is set out below:

(i) AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2013). AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets. Under the new guidance, a financial asset is to be measured at amortised cost only if it is held within a business model whose objective is to collect contractual cash flows and the contractual terms of the asset give rise on specific dates to cash flows that are payments solely of principal and interest on the principal amount outstanding. All other financial assets are to be measured at fair value. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is currently assessing the impact of this standard but does not expect it to be significant.

(ii) Revised AASB 124 *Related Party Disclosures* (effective from 1 January 2011). In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party. The Group will apply the amended standard from 1 July 2011. It is not expected to have any impact on the Group's Financial Statements.

(iii) AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (effective from 1 January 2010). In May 2010, the AASB issued a number of improvements to existing Australian Accounting Standards. The Group will apply the revised standards from 1 July 2010 where applicable. The Group is currently assessing the impact of the revised rules but does not expect it to be significant.

(iv) AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (effective from 1 July 2013). On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. The Group is listed on the ASX and is therefore not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. As a consequence, the two standards will have no impact on the Financial Statements of the Group.

Note 2. Property revenue

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Rent and recoverable outgoings	**690,010**	733,800	**137,704**	143,019
Incentive amortisation	**(49,033)**	(47,242)	**(7,257)**	(5,811)
Other revenue	**22,091**	21,948	**3,072**	2,298
Total property revenue	**663,068**	708,506	**133,519**	139,506

Note 3. Finance costs

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Interest paid/payable	**119,490**	164,053	**17,544**	(9,224)
Interest received from related parties	**-**	-	**(30,026)**	(3,567)
Amount capitalised	**(41,377)**	(35,050)	**-**	(8,020)
Other finance costs	**5,240**	5,647	**797**	122
Net fair value loss/(gain) of interest rate swaps	**97,662**	249,591	**(10,101)**	6,667
	181,015	384,241	**(21,786)**	(14,022)
Finance cost attributable to asset disposal programme[1]	**9,670**	-	**-**	-
Total finance costs	**190,685**	384,241	**(21,786)**	(14,022)

[1] As a result of the asset sale programme, debt has been repaid and associated finance costs have been recognised in the Statements of Comprehensive Income.

The average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 7.09% (2009: 6.60%).

Note 4. Income tax

(a) Income tax (benefit)/expense

	Notes	Consolidated 2010 $'000	2009 $'000
Current tax (benefit)/expense		**(3,650)**	7,079
Deferred tax expense		**224**	5,458
Total income tax (benefit)/expense		**(3,426)**	12,537
Deferred income tax (benefit)/expense included in income tax (benefit)/expense comprises:			
(Increase) in deferred tax assets	19	**(1,097)**	(298)
Increase in deferred tax liabilities	26	**1,321**	5,756
		224	5,458

(b) Reconciliation of income tax expense to net profit/(loss)

	Consolidated 2010 $'000	2009 $'000
Profit/(loss) before tax	**1,607**	(1,575,652)
Less amounts not subject to income tax (note 1(g))	**(16,210)**	1,489,557
	(14,603)	(86,095)
Prima facie tax benefit at the Australian tax rate of 30% (2009: 30%)	**(4,381)**	(25,829)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation and amortisation	**(1,370)**	(1,816)
Impairment	**-**	22,371
Reversal of previous impairment	**(3,992)**	-
Net fair value loss of investment properties	**6,988**	16,125
Previously unrecognised tax losses now recognised	**-**	(1,802)
Reversal of recognised tax loss	**-**	3,470
Net loss on sale of investment properties	**242**	-
Previous unrecognised tax losses utilised	**(693)**	-
Unused tax losses	**(225)**	-
Sundry items	**5**	18
	955	38,366
Income tax (benefit)/expense	**(3,426)**	12,537

(c) Withholding tax benefit

Withholding tax benefit of $26,557,000 (2009: $132,773,000) comprises $29,396,000 (2009: $135,183,000) of deferred tax benefit and $2,839,000 (2009: $2,410,000) of current tax expense. The deferred tax benefit is recognised on differences between the tax cost base of the US assets and liabilities and their accounting carrying value at the end of the reporting period. The majority of the deferred tax benefit arises due to the tax depreciation and revaluation of US investment properties as well as mark-to-market of derivatives.

Note 5. Other expenses

	Note	Consolidated		Parent Entity	
		2010	2009	**2010**	2009
		$'000	$'000	**$'000**	$'000
Audit and other fees	6	**2,417**	3,096	**397**	591
Custodian fees		**402**	532	**105**	124
Legal and other professional fees		**2,495**	1,305	**208**	80
Registry costs and listing fees		**895**	755	**239**	206
Occupancy expenses		**2,194**	267	**-**	-
Administration expenses		**4,319**	4,557	**-**	-
Other staff expenses		**2,118**	1,881	**-**	-
External management fees		**4,172**	3,792	**-**	-
Other expenses		**5,365**	5,300	**619**	621
Total other expenses		**24,377**	21,485	**1,568**	1,622

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	
	2010	2009	**2010**	2009
	$	$	**$**	$
(a) Assurance services				
PwC Australia - audit and review of Financial Statements and other audit work under the *Corporations Act 2001*	**1,261,706**	1,353,129	**362,772**	355,252
PwC US - audit and review of Financial Statements and other audit work under the *Corporations Act 2001*	**234,140**	-	**-**	-
PwC fees paid in relation to outgoings audit[1]	**95,711**	61,675	**38,604**	42,277
Remuneration for audit services to PwC	**1,591,557**	1,414,804	**401,376**	397,529
Fees paid to non-PwC audit firms	**266,011**	820,195	**-**	-
Total remuneration for assurance services	**1,857,568**	2,234,999	**401,376**	397,529
(b) Taxation services				
Fees paid to PwC Australia	**170,811**	376,970	**34,054**	185,900
Fees paid to PwC US	**213,188**	330,022	**-**	-
Remuneration for taxation services to PwC	**383,999**	706,992	**34,054**	185,900
Fees paid to non-PwC audit firms	**270,831**	216,113	**-**	50,613
Total remuneration for taxation services[2]	**654,830**	923,105	**34,054**	236,513
Total audit and taxation fees[1]	**2,512,398**	3,158,104	**435,430**	634,042
(c) Fees paid to PwC for transaction services				
PwC assurance services in respect of capital raisings	**-**	575,000	**-**	211,916
PwC assurance services in respect of debt raisings	**245,544**	-	**245,554**	-
PwC taxation services	**76,300**	195,990	**76,300**	74,840
PwC other transaction and advisory fees	**-**	262,100	**-**	57,071
Total transaction service fees	**321,844**	1,033,090	**321,854**	343,827
Total audit, taxation and transaction service fees	**2,834,242**	4,191,194	**757,284**	977,869

[1] Fees paid in relation to outgoing audits are included in property expenses. Therefore, total audit and taxation fees included in other expenses is $2,417,000 (2009: $3,096,000) consolidated and $397,000 ($2009: $591,000) for the parent entity.

[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 Group.

Note 7. Current assets – cash and cash equivalents

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Cash at bank	**54,365**	74,159	**2,163**	27,268
Short-term deposits	**10,054**	10,686	**-**	-
Total current assets - cash and cash equivalents	**64,419**	84,845	**2,163**	27,268

Note 8. Current assets - receivables

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Rent receivable	**16,403**	20,815	**282**	2,232
Less: provision for doubtful debts	**(8,628)**	(4,487)	**(23)**	(397)
Total rental receivables	**7,775**	16,328	**259**	1,835
Fee receivable	**7,220**	8,324	**-**	-
Other receivables from related parties	**-**	-	**65,922**	13,107
GST receivables	**-**	-	**497**	1,229
Interest receivable	**586**	67	**-**	-
Other receivables	**9,429**	11,097	**1,484**	1,581
Total other receivables	**17,235**	19,488	**67,903**	15,917
Total current assets - receivables	**25,010**	35,816	**68,162**	17,752

Note 9. Non-current assets classified as held for sale

(a) Non-current assets held for sale

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Investment properties held for sale	**18,068**	43,054	**-**	20,800
Property, plant and equipment held for sale	**-**	55,000	**-**	-
Total non-current assets classified as held for sale	**18,068**	98,054	**-**	20,800

(b) Reconciliation

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Opening balance as at 1 July	**98,054**	-	**20,800**	-
Disposals	**(98,035)**	-	**(20,636)**	-
Transfer from investment properties	**18,068**	43,054	**-**	20,800
Transfer from property, plant and equipment	**-**	55,000	**-**	-
Additions, amortisation and other	**(19)**	-	**(164)**	-
Closing balance as at 30 June	**18,068**	98,054	**-**	20,800

As part of the asset sale programme, certain assets were classified as non-current assets held for sale and carried at fair value.

Disposal

- On 8 July 2009, 68 Hasler Road, Herdsman, WA was disposed of for $11.3 million.
- On 15 July 2009, Nordstraße 1, Lobau was disposed of for $1.9 million.
- On 30 July 2009, 3-7 Bessemer Street, Blacktown, NSW was disposed of for $9.1 million.
- On 9 October 2009, 343 George Street, Sydney, NSW was disposed of for $55.2 million.
- During the year, all strata lots of Redwood Garden Industrial Estate, Dingley, VIC were gradually disposed of for a total of $22.7 million.

As at 30 June 2010, Atlantic Corporate Park, Sterling, Northern Virginia in North America was classified as held for sale.

Note 10. Non-current asset – inventories

(a) Land held for resale

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Land held for resale	**45,470**	-	**-**	-
Total non-current asset - inventories	**45,470**	-	**-**	-

(b) Reconciliation

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Opening balance as at 1 July	**-**	-	**-**	-
Transfer from investment properties[1]	**45,135**	-	**-**	-
Additions and other	**335**	-	**-**	-
Closing balance as at 30 June	**45,470**	-	**-**	-

[1] During the current year, DEXUS Projects Pty Limited (DXP), a wholly owned subsidiary of DXO, purchased the undeveloped land at Laverton VIC from DIT for $64.8 million. DXP has initiated the development of part of the land (73.6 hectares valued at $45.1 million) with an intention to sell and has therefore classified this portion of the asset as inventory. The balance of 39.9 hectares (valued at $19.7 million) remains classified as investment property.

Note 11. Loans with related parties

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Non-current assets - loans with related parties				
Interest bearing loans with related parties[1]	**-**	-	**591,098**	248,366
Interest bearing loans with entities within DXS	**-**	-	**205,544**	160,217
Total non-current assets - loans with related parties	**-**	-	**796,642**	408,583
Current liabilities - loans with related parties				
Non-interest bearing loans with entities within DXS[2]	**-**	-	**34,332**	34,332
Total current liabilities - loans with related parties	**-**	-	**34,332**	34,332

[1] Interest-bearing loans with DEXUS Finance Pty Limited (DXF). These loan balances eliminate on consolidation within DXS.
[2] Non-interest bearing loans with entities within DXS were created to effect the stapling of the Trust, DIT, DOT and DXO. These loan balances eliminate on consolidation.

Note 12. Derivative financial instruments

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Current assets				
Interest rate swap contracts	**24,727**	29,904	**12,682**	19,583
Cross currency swap contracts	**7,812**	49,484	**-**	20,375
Forward foreign exchange contracts	**1,364**	2,038	**659**	1,133
Total current assets - derivative financial instruments	**33,903**	81,426	**13,341**	41,091
Non-current assets				
Interest rate swap contracts	**97,492**	92,389	**56,815**	48,872
Cross currency swap contracts	**13,440**	30,302	**-**	7,230
Forward foreign exchange contracts	**1,489**	1,374	**472**	612
Total non-current assets - derivative financial instruments	**112,421**	124,065	**57,287**	56,714
Current liabilities				
Interest rate swap contracts	**5,765**	9,853	**2,434**	5,043
Cross currency swap contracts	**11,313**	22,476	**5,065**	22,030
Forward foreign exchange contracts	**186**	115	**93**	197
Total current liabilities - derivative financial instruments	**17,264**	32,444	**7,592**	27,270
Non-current liabilities				
Interest rate swap contracts	**303,181**	291,350	**70,904**	86,354
Cross currency swap contracts	**1,585**	62,233	**-**	35,866
Forward foreign exchange contracts	**131**	197	**-**	55
Total non-current liabilities - derivative financial instruments	**304,897**	353,780	**70,904**	122,275
Net derivative financial instruments	**(175,837)**	(180,733)	**(7,868)**	(51,740)

Refer note 32 for further discussion regarding derivative financial instruments.

Note 13. Current assets – other

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Prepayments	**13,555**	13,618	**2,997**	2,731
Total current assets - other	**13,555**	13,618	**2,997**	2,731

Note 14. Non-current assets – investment properties

(a) Properties	Ownership	Acquisition date	Independent valuation date	Independent valuation amount	Independent valuer	Consolidated book value 30 June 2010	Consolidated book value 30 June 2009
Held by parent entity				**$'000**		**$'000**	$'000
Kings Park Industrial Estate, Bowmans Road, Marayong, NSW	100%	May 1990	Dec 2009	88,000	(i)	**88,030**	91,200
Target Distrbution Centre, Lot 1, Tara Avenue, Altona North, VIC	100%	Oct 1995	Dec 2009	28,900	(e)	**28,964**	30,000
Axxess Corporate Park, 164 - 180 Forster Road, 11 & 21 - 45 Gilby Road, 307 - 355 Ferntree Gully Road, Mount Waverley, VIC	100%	Oct 1996	Jun 2010	179,400	(g)	**179,400**	180,600
Knoxfield Industrial Estate, 20 Henderson Road, Knoxfield, VIC	100%	Aug 1996	Jun 2009	33,000	(a)	**33,164**	33,000
12 Frederick Street, St Leonards, NSW	100%	Jul 2000	Jun 2009	33,100	(e)	**33,463**	33,100
2 Alspec Place, Eastern Creek, NSW	100%	Mar 2004	Dec 2008	24,800	(f)	**23,300**	23,300
108-120 Silverwater Road, NSW	100%	May 2010	n/a	n/a	n/a	**25,798**	-
40 Talavera Road, North Ryde, NSW	100%	Oct 2002	Jun 2009	29,200	(f)	**26,603**	29,200
44 Market Street, Sydney, NSW	100%	Sep 1987	Jun 2010	192,700	(d)	**192,700**	190,000
8 Nicholson Street, Melbourne, VIC	100%	Nov 1993	Jun 2009	85,000	(i)	**80,000**	85,000
130 George Street, Parramatta, NSW	100%	May 1997	Dec 2008	80,000	(a)	**74,320**	72,000
Flinders Gate Complex, 172 Flinders Street & 189 Flinders Lane, Melbourne, VIC	100%	Mar 1999	Dec 2008	25,150	(i)	**24,747**	22,000
383 - 395 Kent Street, Sydney, NSW	100%	Sep 1987	Jun 2010	122,000	(i)	**122,000**	120,000
14 Moore Street, Canberra, ACT**	100%	May 2002	Jun 2010	37,000	(i)	**37,000**	41,000
Sydney CBD Floor Space[1]	100%	Jul 2000	n/a	-	-	**129**	196
Westfield Whitford City Shopping Centre Marmion & Whitfords Avenue, Hillarys, WA [2]	50%	Oct 1984	Jun 2007	252,350	(f)	**-**	245,350
Westfield Whitfords Avenue Lot 6 Endeavour Road, Hillarys, WA [2]	50%	Dec 1992	Jun 2007	24,650	(f)	**-**	24,650
34 - 60 Little Collins Street, Melbourne, VIC**	100%	Nov 1984	Dec 2008	40,900	(i)	**34,077**	36,000
32 - 44 Flinders Street, Melbourne, VIC	100%	Jun 1998	Dec 2008	38,800	(i)	**27,010**	34,000
Flinders Gate Carpark, 172 - 189 Flinders Street, Melbourne, VIC	100%	Mar 1999	Dec 2008	54,600	(i)	**49,043**	49,000
383 - 395 Kent Street Car Park, Sydney, NSW	100%	Sep 1987	Jun 2010	60,000	(i)	**60,000**	58,000
Total parent entity investment properties excluding development properties				1,429,550		**1,139,748**	1,397,596
Total parent entity development properties held as investment properties						**218,239**	-
Total parent entity investment properties						**1,357,987**	1,397,596

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

[2] The valuation reflects 50 percent of the independent valuation amount. These assets have been disposed of during the year ended 30 June 2010.

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

Note 14. Non-current assets – investment properties (continued)

(a) Properties (continued)	**Ownership**	**Acquisition date**	**Independent valuation date**	**Independent valuation amount**	**Independent valuer**	**Consolidated book value 30 June 2010**	Consolidated book value 30 June 2009
Held by other stapled entities				**$'000**		**$'000**	$'000
2 - 4 Military Rd Matraville, NSW	100%	Dec 2009	n/a	n/a	n/a	**48,751**	-
79-99 St Hilliers Road, Auburn, NSW	100%	Sep 1997	Jun 2009	40,000	(e)	**40,168**	40,000
3 Brookhollow Avenue, Baulkham Hills, NSW	100%	Dec 2002	Jun 2010	40,000	(e)	**40,000**	41,000
1 Garigal Road, Belrose, NSW	100%	Dec 1998	Jun 2009	24,000	(f)	**22,000**	24,000
2 Minna Close, Belrose, NSW	100%	Dec 1998	Jun 2009	27,600	(f)	**27,213**	27,600
114 - 120 Old Pittwater Road, Brookvale, NSW	100%	Sep 1997	Dec 2008	48,000	(f)	**41,800**	44,000
145 - 151 Arthur Street, Flemington, NSW	100%	Sep 1997	Jun 2009	30,750	(g)	**31,078**	30,750
436 - 484 Victoria Road, Gladesville, NSW	100%	Sep 1997	Jun 2009	46,000	(a)	**46,804**	46,000
1 Foundation Place, Greystanes, NSW	100%	Feb 2003	Jun 2010	41,500	(f)	**41,500**	41,000
5 - 15 Roseberry Avenue & 25 - 55 Rothschild Avenue, Rosebery, NSW	100%	Apr 1998 & Oct 2001	Jun 2008	102,700	(d)	**89,795**	88,000
10 - 16 South Street, Rydalmere, NSW	100%	Sep 1997	Dec 2008	44,000	(e)	**39,636**	41,000
19 Chifley Street, Smithfield, NSW	100%	Dec 1998	Jun 2008	18,350	(i)	**15,000**	16,300
Pound Road West, Dandenong, VIC	100%	Jan 2004	Jun 2010	77,300	(i)	**77,300**	77,000
352 Macaulay Road, Kensington, VIC	100%	Oct 1998	Dec 2007	10,000	(a)	**-**	8,205
DEXUS Industrial Estate, Boundary Road, Laverton North, VIC	100%	Jul 2002	Jun 2010	115,400	(a)	**115,400**	102,400
250 Forest Road, South Lara, VIC	100%	Dec 2002	Jun 2008	44,750	(a)	**50,700**	48,758
15 - 23 Whicker Road, Gillman, SA	100%	Dec 2002	Dec 2008	26,800	(e)	**25,712**	25,700
25 Donkin Street, Brisbane, QLD	100%	Dec 1998	Dec 2007	35,600	(e)	**32,234**	32,000
52 Holbeche Road, Arndell Park, NSW	100%	Jul 1998	Dec 2009	11,500	(a)	**12,000**	11,300
30 - 32 Bessemer Street, Blacktown, NSW	100%	May 1997	Dec 2008	16,300	(e)	**15,400**	14,900
27 - 29 Liberty Road, Huntingwood, NSW	100%	Jul 1998	Jun 2008	9,650	(a)	**8,154**	8,000
154 O'Riordan Street, Mascot, NSW	100%	Jun 1997	Dec 2008	15,000	(i)	**13,592**	13,500
11 Talavera Road, North Ryde, NSW	100%	Jun 2002	Jun 2010	127,000	(g)	**127,000**	130,000
DEXUS Industrial Estate, Egerton Street, Silverwater, NSW	100%	May 1997	Dec 2009	39,500	(e)	**41,900**	40,000
40 Biloela Street, Villawood, NSW	100%	Jul 1997	Dec 2008	7,000	(d)	**-**	6,500
114 Fairbank Road, Clayton, VIC	100%	Jul 1997	Dec 2008	15,600	(g)	**14,600**	14,000
30 Bellrick Street, Acacia Ridge, QLD	100%	Jun 1997	Jun 2010	19,600	(d)	**19,600**	20,000
Zone Industrial Epone II, Epone	100%	Jul 2006	Jun 2010	6,462	(e)	**6,462**	5,990
19 rue de Bretagne, Saint-Quentin Fallavier	100%	Jul 2006	Jun 2010	9,056	(e)	**9,056**	9,755
21 rue du Chemin Blanc, Champlan	100%	Jul 2006	Jun 2010	7,924	(e)	**7,924**	8,851

Note 14. Non-current assets – investment properties (continued)

(a) Properties (continued) Held by other stapled entities (continued)	Ownership	Acquisition date	Independent valuation date	Independent valuation amount $'000	Independent valuer	Consolidated book value 30 June 2010 $'000	Consolidated book value 30 June 2009 $'000
32 avenue de l'Oceanie, Villejust	100%	Jul 2006	Jun 2010	10,173	(e)	**10,173**	9,598
RN 19 ZAC de L'Ormes Road, Servon (1)	100%	Jul 2006	Jun 2010	11,907	(e)	**11,907**	15,528
RN 19 ZAC de L'Ormes Road, Servon (2)	100%	Jul 2006	Jun 2010	5,488	(e)	**5,488**	5,286
Im Holderbusch 3, Industriestraße, Sulmstraße, Ellhofen - Weinsberg	100%	Dec 2006	Jun 2010	17,194	(e)	**17,194**	21,753
Schillerstraße 51 Ellhofen	100%	Dec 2006	Jun 2010	12,036	(e)	**12,036**	16,554
Schillerstraße 42, 42a, Bahnhofstraße 44, 50 Ellhofen	100%	Dec 2006	Jun 2010	7,093	(e)	**7,093**	9,120
Im Gewerbegebiet 18 Friedewald	100%	Dec 2006	Jun 2010	4,442	(e)	**4,442**	5,869
Im Steinbruch 4, 6, Knetzgau	100%	Dec 2006	Jun 2010	9,636	(e)	**9,636**	13,737
Carl-Leverkus-Straße 3-5, Winkelsweg 182-184, Langenfeld	100%	Dec 2006	Jun 2010	10,532	(e)	**10,532**	12,285
Schneiderstraße 82, Langenfeld 3	100%	Dec 2006	Jun 2010	6,233	(e)	**6,233**	8,016
Über der Dingelstelle, Langenweddingen	100%	Dec 2006	Jun 2010	6,305	(e)	**6,305**	7,833
Nordstraße 1, Lobau	100%	Dec 2006	Jun 2009	1,904	(i)	**-**	1,904
Former Straße 6, Unna	100%	Dec 2006	Jun 2010	16,191	(e)	**16,191**	22,953
Niedesheimer Straße 24, Worms	100%	Dec 2006	Jun 2010	4,657	(e)	**4,657**	6,129
Liverpooler-/ Kopenhagener-/ Osloer Straße, Duisburg	100%	Dec 2006	Jun 2010	23,642	(e)	**23,642**	25,535
Bremer Ring, Hansestraße, Berlin-Wustermark	100%	Dec 2006	Jun 2010	11,212	(e)	**11,212**	13,893
TheodorStraße, Düsseldorf	100%	Dec 2006	Jun 2010	16,621	(e)	**16,621**	20,544
13201 South Orange Avenue, Orlando	100%	Jun 2007	Dec 2009	27,572	(c)	**28,593**	30,441
8574 Bostron Church Road, Milton, Ontario, Canada	100%	Dec 2007	Dec 2009	57,375	(c)	**61,999**	55,017
Governor Phillip Tower & Governor Macqaurie Tower Office Complex, 1 Farrer Place, Sydney, NSW [1]	50%	Dec 1998	Dec 2008	680,000	(a)	**624,744**	615,000
45 Clarence Street, Sydney, NSW	100%	Dec 1998	Jun 2009	250,000	(d)	**254,834**	250,000
309 - 321 Kent Street, Sydney, NSW [1]	50%	Dec 1998	Dec 2008	199,250	(d)	**178,645**	177,000
1 Margaret Street, Sydney, NSW	100%	Dec 1998	Dec 2009	162,500	(f)	**162,719**	170,000
Victoria Cross 60 Miller Street, North Sydney, NSW	100%	Dec 1998	Dec 2008	124,800	(f)	**128,881**	120,000
The Zenith, 821 - 843 Pacific Highway, Chatswood, NSW [1]	50%	Dec 1998	Jun 2010	107,500	(e)	**107,500**	110,000
Woodside Plaza, 240 St Georges Terrace, Perth, WA	100%	Jan 2001	Jun 2010	425,000	(e)	**425,000**	400,000
30 The Bond, 30 - 34 Hickson Road, Sydney, NSW	100%	May 2002	Dec 2008	170,000	(f)	**150,000**	150,000
Southgate Complex, 3 Southgate Avenue, Southgate, VIC	100%	Aug 2000	Jun 2009	340,000	(i)	**340,372**	340,000
201 - 217 Elizabeth Street, Sydney, NSW [1]	50%	Aug 2000	Jun 2009	140,000	(f)	**140,989**	140,000

[1] The valuation reflects 50 percent of the independent valuation amount.

Note 14. Non-current assets – investment properties (continued)

(a) Properties (continued) Held by other stapled entities (continued)	Ownership	Acquisition date	Independent valuation date	Independent valuation amount $'000	Independent valuer	Consolidated book value 30 June 2010 $'000	Consolidated book value 30 June 2009 $'000
Garema Court, 140 - 180 City Walk, Civic, ACT **	100%	Aug 2000	Mar 2009	50,600	(i)	**38,083**	48,000
Australia Square Complex, 264 - 278 George Street, Sydney, NSW [1]	50%	Aug 2000	Dec 2009	264,250	(d)	**265,340**	267,000
Lumley Centre, 88 Shortland Street, Auckland, New Zealand [2]	100%	Sep 2005	Jun 2010	104,404	(d)	**104,404**	104,603
7100 Highlands Parkway, Atlanta	100%	Sep 2004	Jun 2009	13,680	(c)	**-**	13,680
Town Park Drive, Atlanta	100%	Sep 2004	Jun 2010	6,042	(a)	**6,042**	8,257
Williams Drive, Atlanta	100%	Sep 2004	Jun 2010	7,861	(a)	**7,861**	8,874
Stone Mountain, Atlanta	100%	Sep 2004	Jun 2009	6,778	(c)	**-**	6,778
MD Food Park, Baltimore	100%	Sep 2004	Dec 2009	18,773	(c)	**19,975**	23,170
West Nursery, Baltimore	100%	Sep 2004	Jun 2010	6,771	(a)	**6,771**	8,997
Cabot Techs, Baltimore	100%	Sep 2004	Dec 2009	21,471	(c)	**19,975**	30,811
9112 Guildford Road, Baltimore	100%	Sep 2004	Jun 2010	7,626	(a)	**7,626**	9,860
8155 Stayton Drive, Baltimore	100%	Sep 2004	Jun 2010	7,274	(a)	**7,274**	9,613
Patuxent Range Road, Baltimore	100%	Sep 2004	Jun 2010	10,325	(a)	**10,325**	14,050
Bristol Court, Baltimore	100%	Sep 2004	Jun 2010	9,738	(a)	**9,738**	12,817
NE Baltimore, Baltimore	100%	Sep 2004	Jun 2010	7,321	(a)	**7,321**	8,874
1181 Portal, 1831 Portal and 6615 Tributary, Baltimore	100%	Jun 2005	Dec 2009	10,794	(c)	**11,985**	13,064
10 Kenwood Circle, Boston	100%	Sep 2004	Jun 2009	10,352	(c)	**-**	10,352
Commerce Park, Charlotte	100%	Sep 2004	Jun 2009	8,011	(a)	**-**	8,011
9900 Brookford Street, Charlotte	100%	Sep 2004	Jun 2010	3,637	(a)	**3,637**	4,190
Westinghouse, Charlotte	100%	Sep 2004	Jun 2010	18,538	(a)	**18,538**	22,184
Airport Exchange, Cincinnati	100%	Sep 2004	Dec 2009	3,051	(c)	**2,351**	3,328
Empire Drive, Cincinnati	100%	Sep 2004	Dec 2009	5,984	(c)	**5,437**	6,902
International Way, Cincinnati	100%	Sep 2004	Jun 2010	10,794	(a)	**10,794**	12,571
Kentucky Drive, Cincinnati	100%	Sep 2004	Dec 2009	15,253	(c)	**13,018**	18,487
Spiral Drive, Cincinnati	100%	Sep 2004	Dec 2009	4,752	(c)	**5,262**	5,792
Turfway Road, Cincinnati	100%	Sep 2004	Jun 2010	4,060	(a)	**4,060**	4,930
124 Commerce, Cincinnati	100%	Sep 2004	Dec 2009	2,347	(c)	**2,692**	2,588
Kenwood Road, Cincinnati	100%	Sep 2004	Dec 2009	17,189	(c)	**16,438**	21,044

[1] The valuation reflects 50 percent of the independent valuation amount.

[2] The property was externally valued at NZ$128.5 milllion at 30 June 2010 and 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.

Note 14. Non-current assets – investment properties (continued)

(a) Properties (continued)	Ownership	Acquisition date	Independent valuation date	Independent valuation amount	Independent valuer	Consolidated book value 30 June 2010	Consolidated book value 30 June 2009
Held by other stapled entities (continued)				**$'000**		**$'000**	$'000
Lake Forest Drive, Cincinnati	100%	Sep 2004	Jun 2009	12,848	(c)	**-**	12,848
World Park, Cincinnati	100%	Sep 2004	Dec 2009	9,797	(c)	**8,336**	10,722
Equity/Westbelt/Dividend, Columbus	100%	Sep 2004	Dec 2009	32,060	(c)	**32,160**	36,973
2700 International Street, Columbus	100%	Sep 2004	Dec 2009	3,197	(c)	**3,054**	4,314
3800 Twin Creeks Drive, Columbus	100%	Sep 2004	Jun 2009	5,792	(c)	**-**	5,792
SE Columbus, Columbus	100%	Sep 2004	Dec 2009	10,002	(c)	**8,113**	11,708
Arlington, Dallas	100%	Sep 2004	Jun 2010	8,592	(a)	**8,592**	8,504
1900 Diplomat Drive, Dallas	100%	Sep 2004	Jun 2010	3,755	(a)	**3,755**	3,697
2055 Diplomat Drive, Dallas	100%	Sep 2004	Jun 2010	3,520	(a)	**3,520**	2,650
1413 Bradley Lane, Dallas	100%	Sep 2004	Jun 2009	2,526	(c)	**-**	2,526
North Lake, Dallas	100%	Sep 2004	Jun 2010	11,604	(a)	**11,604**	10,476
555 Airline Drive, Dallas	100%	Sep 2004	Jun 2010	5,514	(a)	**5,514**	6,285
455 Airline Drive, Dallas	100%	Sep 2004	Jun 2009	3,451	(c)	**-**	3,451
Hillguard, Dallas	100%	Sep 2004	Jun 2010	8,353	(a)	**8,353**	9,736
11011 Regency Crest Drive, Dallas	100%	Sep 2004	Jun 2010	7,392	(a)	**7,392**	7,271
East Collins, Dallas	100%	Sep 2004	Jun 2010	3,755	(a)	**3,755**	2,835
3601 East Plano/1000 Shiloh, Dallas	100%	Sep 2004	Dec 2009	10,794	(c)	**14,326**	11,585
East Plano Parkway, Dallas	100%	Sep 2004	Dec 2009	22,645	(c)	**24,933**	23,663
820-860 Avenue F, Dallas	100%	Sep 2004	Jun 2010	5,866	(a)	**5,866**	5,854
10th Street, Dallas	100%	Sep 2004	Jun 2010	12,660	(a)	**12,660**	10,722
Capital Avenue Dallas	100%	Sep 2004	Jun 2010	6,854	(a)	**6,854**	5,916
CTC @ Valwood, Dallas	100%	Sep 2004	Jun 2010	4,459	(a)	**4,459**	3,821
Brackbill, Harrisburg	100%	Sep 2004	Jun 2010	13,962	(a)	**13,962**	16,039
Mechanicsburg, Harrisburg	100%	Sep 2004	Jun 2009	21,937	(c)	**-**	21,937
181 Fulling Mill Road, Harrisburg	100%	Sep 2004	Jun 2009	10,969	(c)	**-**	10,969
Glendale, Los Angeles	100%	Sep 2004	Dec 2009	57,609	(c)	**62,009**	63,717
14489 Industry Circle, Los Angeles	100%	Sep 2004	Dec 2009	7,626	(c)	**9,105**	9,490
14555 Alondra/6530 Altura, Los Angeles	100%	Sep 2004	Dec 2009	17,247	(c)	**19,799**	20,705
San Fernando Valley, Los Angeles	100%	Sep 2004	Dec 2009	21,354	(c)	**23,302**	24,156
Memphis Industrial, Memphis	100%	Sep 2004	Jun 2009	6,409	(c)	**-**	6,409
2950 Lexington Avenue S, Minneapolis	100%	Sep 2004	Dec 2009	7,157	(c)	**7,403**	8,689
Mounds View, Minneapolis	100%	Sep 2004	Dec 2009	16,954	(c)	**15,323**	19,534

Note 14. Non-current assets – investment properties (continued)

(a) Properties (continued) Held by other stapled entities (continued)	Ownership	Acquisition date	Independent valuation date	Independent valuation amount $'000	Independent valuer	Consolidated book value 30 June 2010 $'000	Consolidated book value 30 June 2009 $'000
8575 Monticello Lane, Minneapolis	100%	Sep 2004	Jun 2010	1,819	(a)	**1,819**	2,095
7401 Cahill Road, Minneapolis	100%	Sep 2004	Jun 2009	2,896	(c)	**-**	2,896
CTC @ Dulles, Northern Virginia	100%	Sep 2004	Jun 2010	26,868	(a)	**26,868**	29,579
Alexandria, Northern Virginia	100%	Sep 2004	Jun 2010	48,540	(a)	**48,540**	48,522
Nokes Boulevard, Northern Virginia	100%	Sep 2004	Jun 2009	52,379	(c)	**-**	52,379
Guildford, Northern Virginia	100%	Sep 2004	Jun 2010	17,247	(a)	**17,247**	13,680
Beaumeade Telecom, Northern Virginia	100%	Sep 2004	Jun 2009	43,135	(c)	**-**	43,135
Orlando Central Park, Orlando	100%	Sep 2004	Dec 2009	63,006	(c)	**59,897**	67,802
7500 Exchange Drive, Orlando	100%	Sep 2004	Jun 2010	4,459	(a)	**4,459**	5,916
105-107 South 41st Avenue, Phoenix	100%	Sep 2004	Dec 2009	14,549	(c)	**12,947**	19,596
1429-1439 South 40th Avenue, Phoenix	100%	Sep 2004	Dec 2009	10,677	(c)	**9,040**	14,296
10397 West Van Buren St., Phoenix	100%	Sep 2004	Dec 2009	9,386	(c)	**8,782**	13,557
844 44th Avenue, Phoenix	100%	Sep 2004	Dec 2009	7,274	(c)	**6,494**	8,504
220 South 9th Street, Phoenix	100%	Sep 2004	Dec 2009	6,770	(c)	**6,840**	10,254
431 North 47th Avenue, Phoenix	100%	Sep 2004	Jun 2010	6,336	(a)	**6,336**	9,182
601 South 55th Avenue, Phoenix	100%	Sep 2004	Jun 2010	4,987	(a)	**4,987**	7,025
1000 South Priest Drive, Phoenix	100%	Sep 2004	Dec 2009	3,344	(c)	**2,149**	4,215
1120-1150 W. Alameda Drive, Phoenix	100%	Sep 2004	Dec 2009	6,488	(c)	**7,063**	9,243
1858 East Encanto Drive, Phoenix	100%	Sep 2004	Jun 2009	6,162	(c)	**-**	6,162
3802-3922 East University Drive, Phoenix	100%	Sep 2004	Jun 2009	9,453	(c)	**-**	9,453
Chino, Riverside	100%	Sep 2004	Dec 2009	6,336	(c)	**7,333**	8,011
Mira Loma, Riverside	100%	Sep 2004	Dec 2009	12,320	(c)	**13,927**	16,145
Ontario, Riverside	100%	Sep 2004	Dec 2009	27,572	(c)	**28,071**	35,741
4190 East Santa Ana Street, Riverside	100%	Sep 2004	Dec 2009	5,866	(c)	**5,338**	6,778
Rancho Cucamonga, Riverside	100%	Sep 2004	Dec 2009	23,114	(c)	**26,057**	27,730
12000 Jersey Court, Riverside	100%	Sep 2004	Dec 2009	4,693	(c)	**5,614**	5,792
Airway Road, San Diego	100%	Sep 2004	Dec 2009	8,342	(c)	**9,668**	9,860
5823 Newton Drive, San Diego	100%	Sep 2004	Jun 2009	18,487	(c)	**-**	18,487
2210 Oak Ridge Way, San Diego	100%	Sep 2004	Jun 2009	6,902	(c)	**-**	6,902

Note 14. Non-current assets – investment properties (continued)

(a) Properties (continued)	Ownership	Acquisition date	Independent valuation date	Independent valuation amount	Independent valuer	Consolidated book value 30 June 2010	Consolidated book value 30 June 2009
Held by other stapled entities (continued)				$'000		$'000	$'000
26507 79th Avenue - South, Seattle	100%	Sep 2004	Jun 2010	3,168	(a)	**3,168**	3,389
8005 S. 266th Street, Seattle	100%	Sep 2004	Jun 2010	8,565	(a)	**8,565**	8,011
West Palm Beach, South Florida	100%	Sep 2004	Jun 2009	15,282	(c)	**-**	15,282
Calvert/Murry's, Northern Virginia	100%	Sep 2004	Jun 2010	5,280	(a)	**5,280**	4,794
Turnpike Distribution Center	100%	Sep 2004	Jun 2009	23,786	(c)	**-**	23,786
7700 68th Avenue, Brooklyn Park	100%	Nov 2005	Jun 2010	3,215	(a)	**3,215**	3,574
7500 West 78h Street, Bloomington	100%	Nov 2005	Jun 2010	4,834	(a)	**4,834**	5,299
1285 & 1301 Corporate Center Drive, 1230 & 1270 Eagan Industrial Road, Eagan	100%	Nov 2005	Jun 2010	15,452	(a)	**15,452**	16,391
850 E Devon Avenue, 1260 N Ellis Street, 371 Meyer Road Bensenville, Chicago (O'Hare)	100%	Dec 2007	Jun 2009	22,184	(c)	**-**	22,184
3722 Redlands Avenue, Perris, Riverside County	100%	Jan 2008	Dec 2009	100,903	(c)	**107,767**	108,578
8151 & 8161 Interchange Parkway, San Antonio	100%	Jul 2007	Jun 2010	12,051	(a)	**12,051**	14,788
Cornerstone I and II, 5411 Interstate 10 East and 1228 Cornerway Boulevarde, San Antonio	100%	Aug 2007	Jun 2010	14,637	(a)	**14,637**	14,787
302 and 402 Tayman Road, Port of San Antonio	100%	Oct 2007	Dec 2009	19,946	(c)	**20,785**	20,950
1803 Grandstand Avenue, Alamo Downs, San Antonio	100%	Aug 2007	Jun 2010	6,905	(a)	**6,905**	9,860
195 King Mill Road, McDonough	100%	Nov 2009	Jun 2010	70,398	(a)	**70,398**	-
19700 38th Avenue East, Spanaway	100%	Oct 2009	Jun 2010	64,649	(a)	**64,649**	-
6241 Shook Road, Columbus, Franklin County	100%	Jul 2009	Dec 2009	70,984	(c)	**68,256**	-
Summit Oaks, Valencia, California	100%	Dec 2006	Jun 2010	36,959	(a)	**36,959**	-
Total other stapled entities investment properties excluding development properties				5,946,106		**5,566,470**	5,723,114
Total other stapled entities development properties held as investment property						**221,940**	-
Total other stapled entities investment properties						**5,788,410**	5,723,114
Total investment properties						**7,146,397**	7,120,710

Note 14. Non-current assets – investment properties (continued)

(a) Colliers International
(b) Landmark White
(c) Cushman & Wakefield
(d) Jones Lang LaSalle
(e) Knight Frank
(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. In relation to development properties under construction for future use as investment property, fair value is determined based on the market value of the property on the assumption it had already been completed at the valuation date less costs still required to complete the project, including an appropriate adjustment for profit and risk. Properties independently valued in the last twelves 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.

Key valuation assumptions

The below table illustrates the key valuation assumptions used in the determination of the investment properties fair value.

2010	**Australian Office**	**Australian Iindustrial**	**Australian Retail**	**North America Industrial**	**Europe Industrial**
Weighted average capitalisation rate (%)	**7.6**	**8.8**	**n/a**	**8.4**	**8.0**
Weighted average lease expiry by income (yrs)	**5.4**	**4.9**	**n/a**	**4.9**	**2.9**
Vacancy by income (%)	**3.8**	**2.1**	**n/a**	**15.7**	**17.2**

2009	**Australian Office**	**Australian Iindustrial**	**Australian Retail**	**North America Industrial**	**Europe Industrial**
Weighted average capitalisation rate (%)	7.7	8.8	6.8	8.2	8.1
Weighted average lease expiry by income (yrs)	5.4	4.3	4.5	4.3	3.1
Vacancy by income (%)	2.4	3.6	0.7	13.3	9.7

Ten year discounted cashflows and capitalisation valuation methods are used together with active market evidence. In addition to the key assumptions set out in the table above, assumed portfolio downtime ranges from six to twelve months and tenant retention ranges from 50% to 75%.

Acquisitions

- On 2 July 2009, D/P Rickenbacker LLC, which is owned 100% by DEXUS US Whirlpool Trust acquired a property located in Columbus, Ohio for US$64.6 million (A$80.3 million).
- On 5 October 2009, DEXUS Frederickson WA LLC, which is owned 100% by DEXUS Industrial Properties, Inc. acquired a property located in Seattle, Washington. The total acquisition price was US$66.5 million (A$76.5 million).
- On 4 November 2009, DEXUS Atlanta GA LLC, which is owned 100% by DEXUS Industrial Properties, Inc. acquired a property located in Atlanta, Georgia. The total acquisition price was US$71.5 million (A$79.9 million).
- On 9 December 2009, DDF acquired an industrial property, 2-4 Military Rd, Matraville NSW, for $48.7 million.
- On 8 April 2010, DXO acquired the final stage of land at Greystanes Estate NSW, for $20.4 million. The Greystanes Estate acquisition is now completed with a gross land area of 47.4 hectares purchased for a total of $167.4 million.
- On 7 May 2010, DDF acquired an industrial property, 108-120 Silverwater Road, Silverwater NSW, for $25.8 million.

Note 14. Non-current assets – investment properties (continued)

Disposals

- On 28 September 2009, 40 Biloela Street, Villawood, NSW was disposed of for $6.3 million.
- All strata lots within the Macaulay Road, Kensington Estate were disposed of: Lot 6 for $2.4 million on 5 October 2009, Lots 1-3 for $3.1 million on 2 November 2009 and Lots 4-5 for $ 2.4 million on 25 June 2010.
- On 31 March 2010, Whitford City Shopping Centre, WA was disposed of for $256.5 million.
- During the current year, the Group disposed of 22 US industrial properties for $220.7 million.
- During the current year, the Group disposed of 5 assets classified as held for sale (refer to note 9).

Development

123 Albert Street, Brisbane
On 11 February 2008 the Albert and Charlotte Streets development commenced. Completion is expected in January 2011. Total development costs including land are estimated to be $365.2 million. Total cost to date is $225.1 million.

105 Phillip Street, Parramatta, NSW
Development approval has been received to construct a thirteen level office tower with approximately 20,380 square metres of floor space at 105 Phillip Street Parramatta, a site at the rear of the existing building at 130 George Street Parramatta. Development has not yet commenced.

144 Wicks Road, North Ryde, NSW
In November 2006, DOT (through its sub-trust Wicks Road Trust), acquired a 50% ownership interest in 144 Wicks Road, North Ryde, NSW for a consideration of $25.9 million. The DA for stage 1 (estimated 26,000 square metres net lettable area) is expected to be approved by December 2010. This site is currently undeveloped land.

Boundary Road, North Laverton, VIC
During the current year, DEXUS Projects Pty Ltd (DXP), a wholly owned subsidiary of DXO, purchased the undeveloped land at Laverton VIC from DIT for $64.8 million. DXP has initiated the development of part of the land (73.6 hectares valued at $45.1 million) with an intention to sell and has therefore classified this portion of the asset as inventory. The balance of 39.9 hectares (valued at $19.7 million) remains classified as investment property.

Norwest Estate, Brookhollow Road, NSW
On 13 March 2009, subdivision approval was received for 2.1 hectare of vacant land accommodating 23,083 square metres of lettable area. Development has not yet commenced.

Greystanes Estate, NSW
The Greystanes site has a gross land area of 47.4 hectares acquired from Boral in 4 stages. The final stage was acquired during the current year for $20.4 million. Total development costs excluding land acquisition to 30 June 2010 are $101.7 million.

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$44.7 million (A$52.4 million). The project shell was considered substantially completed on 10 July 2008 for Tri County 5 and Tri County 6 properties and on 19 January 2009 and 9 July 2009 for Interchange North and Port of San Antonio III properties respectively. Currently, development on Interchange 8171, Interchange 8181, Interchange 8191 and Tri County 2 properties is on hold and it will not commence until majority of the space on the other completed buildings is leased.

Note 14. Non-current assets – investment properties (continued)

(b) Reconciliation

		Consolidated		Parent Entity	
		2010	2009	**2010**	2009
	Note	**$'000**	$'000	**$'000**	$'000
Opening balance as at 1 July		**7,120,710**	8,182,295	**1,397,596**	1,589,089
Additions		**200,365**	65,623	**104,574**	15,040
Acquisitions		**331,565**	-	**25,798**	-
Transfer from/(to) property, plant and equipment[1]	15	**431,891**	23,118	**129,718**	(10,000)
Lease incentives		**55,885**	50,822	**8,049**	3,487
Amortisation of lease incentives		**(48,469)**	(47,242)	**(7,227)**	(5,811)
Rent straightlining		**2,858**	3,668	**655**	-
Disposals		**(541,541)**	(20,740)	**(256,500)**	(8,870)
Transfer to non current assets classified as held for sale	9	**(18,068)**	(43,054)	**-**	(20,800)
Transfer to inventories[2]	10	**(45,135)**	-	**-**	-
Net fair value loss of investment properties		**(209,367)**	(1,517,564)	**(44,676)**	(164,539)
Foreign exchange differences on foreign currency translation		**(134,297)**	423,784	**-**	-
Carrying amount as at 30 June		**7,146,397**	7,120,710	**1,357,987**	1,397,596

[1] Transfers from property, plant and equipment include $431.9 million of development property under construction for future use as investment property. During the year, DXS adopted the amendments to *AASB 140 Investment Property* as set out in note 1.

[2] During the year, DXP acquired the undeveloped land at Laverton VIC, a total of 113.5 hectares from DIT for $64.8 million. DXP has initiated the development of 73.6 hectares of the site (valued at $45.1 million) with an intention to sell and has therefore classified this portion of the land as inventory.

(c) Investment properties pledged as security

Refer to note 23 for information on investment properties pledged as security by the parent entity and its controlled entities.

Note 15. Non-current assets – property, plant and equipment

(a) Property, plant and equipment

30 June 2010	Consolidated Construction in progress $'000	Consolidated Land and freehold buildings $'000	Consolidated IT and office $'000	Consolidated Total $'000	Parent Entity Construction in progress $'000	Parent Entity Land and freehold buildings $'000	Parent Entity IT and office $'000	Parent Entity Total $'000
Opening balance as at 1 July 2009	248,824	183,067	6,729	438,620	78,418	51,300	-	129,718
Additions	-	-	1,136	1,136	-	-	-	-
Depreciation charge	-	-	(2,601)	(2,601)	-	-	-	-
Transfer to investment properties	(248,824)	(183,067)	-	(431,891)	(78,418)	(51,300)	-	(129,718)
Closing balance as at 30 June 2010	-	-	5,264	5,264	-	-	-	-
Cost	-	-	10,251	10,251	-	-	-	-
Accumulated depreciation	-	-	(4,987)	(4,987)	-	-	-	-
Net book value as at 30 June 2010	-	-	5,264	5,264	-	-	-	-

30 June 2009	Consolidated Construction in progress $'000	Consolidated Land and freehold buildings $'000	Consolidated IT and office $'000	Consolidated Total $'000	Parent Entity Construction in progress $'000	Parent Entity Land and freehold buildings $'000	Parent Entity IT and office $'000	Parent Entity Total $'000
Opening balance as at 1 July 2008	220,062	217,470	6,101	443,633	21,344	41,300	-	62,644
Additions	148,386	29,616	1,459	179,461	57,074	-	-	57,074
Foreign exchange differences on foreign currency translation	24,709	-	-	24,709	-	-	-	-
Depreciation charge	-	(2,375)	(1,801)	(4,176)	-	-	-	-
Impairment	(111,215)	(15,674)	-	(126,889)	-	-	-	-
Transfer to non current assets classified as held for sale	-	(55,000)	-	(55,000)	-	-	-	-
Transfer to IT and office	-	(970)	970	-	-	-	-	-
Transfer (to)/from investment properties	(33,118)	10,000	-	(23,118)	-	10,000	-	10,000
Closing balance as at 30 June 2009	248,824	183,067	6,729	438,620	78,418	51,300	-	129,718
Cost	360,039	206,838	9,115	575,992	78,418	51,300	-	129,718
Accumulated depreciation	-	(8,097)	(2,386)	(10,483)	-	-	-	-
Impairment	(111,215)	(15,674)	-	(126,889)	-	-	-	-
Net book value as at 30 June 2009	248,824	183,067	6,729	438,620	78,418	51,300	-	129,718

Note 15. Non-current assets – property, plant and equipment (continued)

(a) Property, plant and equipment (continued)

In the current year, based on the revised AASB 140 *Investment Property*, development properties being developed for future use as investment properties have been included in investment properties and were fair valued at the end of the reporting period (refer to note 14).

(b) Impairment

In 2009, DXS carried out a review of the recoverable amount of its development properties that were classified as property, plant and equipment prior to the adoption of the revised AASB 140 *Investment Property*. An impairment of $126.9 million was recognised in the Statements of Comprehensive Income.

Note 16. Non-current assets – other financial assets at fair value through profit or loss

Investments are adjusted to their fair value through profit or loss.

Name of entity	Principal activity	Ownership Interest		Parent Entity	
		2010	2009	**2010**	2009
		%	%	**$'000**	$'000
Controlled Entities					
DEXUS Industrial Trust[1]	Industrial property investment	**100.0**	100.0	**-**	-
DEXUS Office Trust[1]	Office property investment	**100.0**	100.0	**-**	-
DEXUS Operations Trust[1]	Asset, property and development management	**100.0**	100.0	**-**	-
DEXUS Finance Pty Limited	Financial services	**25.0**	25.0	**-**	-
Total non-current assets - other financial assets at fair value through profit and loss				**-**	**-**

All controlled entities are wholly owned by the Group with the exception of DEXUS Finance Pty Limited. Both the parent entity and the controlled entities were formed in Australia.

[1] 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.

Note 17. 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		Consolidated		Parent Entity	
		2010	2009	**2010**	2009	**2010**	2009
		%	%	**$'000**	$'000	**$'000**	$'000
Held by controlled entities							
Bent Street Trust[1]	Office property investment	**33.3**	34.9	**93,344**	84,165	**-**	-
Total non-current assets - investment accounted for using the equity method				**93,344**	84,165	**-**	**-**

The Bent Street Trust was formed in Australia.

[1] On 31 July 2009, DEXUS Wholesale Property Fund (DWPF) acquired a further 1.6 percent interest in the Bent Street Trust from DOT Commercial Trust, a wholly owned subsidiary of DOT.

Note 17. Non-current assets – investments accounted for using the equity method (continued)

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

	Consolidated 2010 $'000	Consolidated 2009 $'000
Opening balance as at 1 July	**84,165**	111,946
Interest acquired and additions	**38,739**	32,916
Share of net (loss)/profit after tax[2]	**(26,243)**	31
Distributions received	**(15)**	(16)
Disposal of investment	**(3,302)**	(60,712)
Closing balance as at 30 June	**93,344**	84,165

Results attributable to associates

	Consolidated 2010 $'000	Consolidated 2009 $'000
Operating (loss)/profit before income tax	**(26,243)**	31
Operating (loss)/profit after income tax	**(26,243)**	31
Less: Distributions received	**(15)**	(16)
	(26,258)	15
Accumulated losses attributable to associates as at 1 July	**(6,352)**	(6,367)
Accumulated losses attributable to associates as at 30 June	**(32,610)**	(6,352)

[2] Share of net loss after tax includes a fair value loss of $26.2 million in relation to DXS's share of the Bligh Street development.

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

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

	Consolidated 2010 $'000	Consolidated 2009 $'000
(Loss)/profit from ordinary activities after income tax expense	**(26,243)**	31
Assets	**97,670**	86,075
Liabilities	**4,326**	1,910
Share of associates' expenditure commitments		
Capital commitments	**67,308**	96,318

Note 18. Non-current assets – investment in associates

Name of entity	Principal activity	Ownership Interest		Consolidated		Parent Entity	
		2010	2009	**2010**	2009	**2010**	2009
		%	%	**$'000**	$'000	**$'000**	$'000
Held by parent entity							
DEXUS Industrial Properties, Inc.[1]	Asset, property and funds management	**50.0**	50.0	**-**	-	**122,627**	138,276
Total non-current assets - investment in associates				**-**	-	**122,627**	138,276

[1] 50% of the DEXUS Industrial Properties, Inc is owned by DDF Parent. This is classified for as investment in associates and is measured at fair value through profit and loss. The remaining 50% of this entity is owned by DIT. As a result, this entity is classed as controlled on a DDF consolidated basis.

DEXUS Industrial Properties, Inc. was formed in the United States.

Note 19. Non-current assets – deferred tax assets

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
The balance comprises temporary differences attributable to:				
Investment properties	**55,205**	24,462	**-**	-
Derivative financial instruments	**9,027**	10,759	**-**	-
Tax losses	**4,446**	4,494	**-**	-
Employee provisions	**10,366**	8,390	**-**	-
Other	**883**	1,031	**-**	-
Total non-current assets - deferred tax assets	**79,927**	49,136	**-**	-
Movements				
Opening balance as at 1 July	**49,136**	14,882	**-**	-
Movements in deferred income tax arising from:				
Reversal of previous tax losses	**(3,081)**	(1,001)	**-**	-
Recognition of tax losses	**3,033**	529	**-**	-
Temporary differences	**1,145**	770	**-**	-
Credited to Statements of Comprehensive Income	**1,097**	298		
Movements in deferred withholding tax arising from:				
Temporary differences	**29,396**	33,956	**-**	-
Foreign currency translation	**298**	-	**-**	-
Credited to Statements of Comprehensive Income	**29,694**	33,956	**-**	-
Closing balance as at 30 June	**79,927**	49,136	**-**	-

Note 20. Non-current assets - intangible assets

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Management rights				
Opening balance as at 1 July	**210,500**	252,176	**-**	-
Amortisation charge	**(807)**	(566)		
Impairment	**-**	(41,110)	**-**	-
Reversal of previous impairment	**13,307**	-	**-**	-
Closing balance as at 30 June	**223,000**	210,500	**-**	-
Cost	**252,382**	252,382	**-**	-
Accumulated amortisation	**(1,579)**	(772)	**-**	-
Accumulated impairment	**(27,803)**	(41,110)	**-**	-
Total management rights	**223,000**	210,500	**-**	-

Management rights represent the asset management rights owned by DXH which entitle it to management fee revenue from both finite life trusts ($8,415,850) and indefinite life trusts ($214,584,150). 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.

Impairment of management rights
During the period, DXO carried out a review of the recoverable amount of its management rights. As part of this process, the estimated fair value of assets under management, which are used to derive the future expected management fee income, have been adjusted to better reflect the current market conditions. This has resulted in the recognition through the Statements of Comprehensive Income of a reversal of a previous impairment of $13.3 million (2009: impairment of $41.1 million).

The value in use has been determined using management forecasts in a five year discounted cash flow model. Forecasts were based on projected returns of the business in light of current market conditions. The performance in year five has been used as a terminal value. The cash flows have been discounted at 8.6%.

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Goodwill				
Opening balance as at 1 July	**2,767**	2,937	**-**	-
Impairment	**(242)**	(170)	**-**	-
Closing balance as at 30 June	**2,525**	2,767	**-**	-
Cost	**2,998**	2,998	**-**	-
Accumulated impairment	**(473)**	(231)	**-**	-
Total goodwill	**2,525**	2,767	**-**	-
Total non-current assets - intangible assets	**225,525**	213,267	**-**	-

Note 21. Non-current assets - other

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Tenant and other bonds	**1,204**	883	**368**	481
Other	**2,900**	5,082	**-**	414
Total non-current assets - other	**4,104**	5,965	**368**	895

Note 22. Current liabilities - payables

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Trade creditors	**45,819**	41,576	**7,707**	12,539
Accruals	**11,007**	8,609	**2,384**	2,053
Amount payable to other non-controlling interests	**2,917**	2,244	**-**	-
Accrued capital expenditure	**30,715**	8,764	**16,331**	1,673
Prepaid income	**14,974**	11,153	**4,063**	2,717
Responsible Entity fee payable	**-**	-	**397**	521
GST payable	**1,673**	766	**-**	-
Accrued interest	**23,102**	25,298	**5,294**	-
Total current liabilities – payables	**130,207**	98,410	**36,176**	19,503

Note 23. Interest bearing liabilities

	Notes	Consolidated		Parent Entity	
		2010	2009	**2010**	2009
		$'000	$'000	**$'000**	$'000
Current					
Secured					
Bank loans	(c), (d)	**49,831**	724	**-**	-
Total secured		**49,831**	724	**-**	-
Unsecured					
US senior notes		**122,023**	-	**-**	-
Bank Loan	(b)	**-**	131,161	**-**	-
Medium term notes		**27,227**	250,000	**-**	-
Total unsecured		**149,250**	381,161	**-**	-
Deferred borrowing costs		**(85)**	(212)	**-**	-
Total current liabilities – interest bearing liabilities		**198,996**	381,673	**-**	-
Non-current					
Secured					
Bank loans	(c),(d),(e)	**568,182**	639,897	**-**	-
Total secured		**568,182**	639,897	**-**	-
Unsecured					
US senior notes		**697,980**	492,976	**350,685**	-
Bank loans	(a)	**447,582**	798,102	**-**	-
Medium term notes		**340,000**	206,436	**-**	-
Preference shares	(f)	**109**	114	**-**	-
Total unsecured		**1,485,671**	1,497,628	**350,685**	-
Deferred borrowing costs		**(12,767)**	(10,186)	**(5,504)**	-
Total non-current liabilities – interest bearing liabilities		**2,041,086**	2,127,339	**345,181**	-
Total interest bearing liabilities		**2,240,082**	2,509,012	**345,181**	-

Note 23. Interest bearing liabilities (continued)

Financing arrangements					Consolidated	
					2010	2010
					$'000	$'000
Type of Facility	**Notes**	**Currency**	**Security**	**Maturity Date**	**Utilised**	**Facility Limit**
US senior notes (144a)		USD	Unsecured	Oct-14	350,685	350,685
US senior notes (USPP)		USD	Unsecured	Feb-11 to Mar-17	469,318	469,318
Medium term notes		AUD	Unsecured	Feb-11 to Apr-17	361,100	361,100
Medium term notes		USD	Unsecured	Sep-10	6,127	6,127
Multi-option revolving credit facilities	(a)	Multi Currency	Unsecured	Dec-10 to Dec-13	447,582	1,323,295
Syndicated revolving credit facility	(b)	Multi Currency	Unsecured	Sep-10	-	246,392
Bank debt – secured	(c)	USD	Secured	Oct-11 to Feb-14	106,160	106,160
Bank debt – secured	(d)	USD	Secured	Feb-11 to Sep-11	261,853	261,853
Bank debt – secured	(e)	AUD	Secured	Oct-11	250,000	250,000
Total					2,252,825	3,374,930
Bank guarantee utilised					7,040	
Unused at balance date					1,115,065	

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

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

(a) Multi-option revolving credit facilities
This includes twelve facilities maturing between December 2010 and December 2013 with a weighted average maturity of June 2012. The total facility limit comprises US$120.0 million (A$140.8 million) and A$1,182.5 million. Of the total facility limit, A$360.0 million is maturing in December 2010, none of which is drawn and A$6.3 million and US$0.7 million (A$0.8 million) are utilised as bank guarantees for developments.

(b) Syndicated revolving credit facility
Consists of a US$210 million (A$246.4 million) facility, maturing in September 2010. In March 2010 an A$300.0 million facility matured.

(c) Bank loans – secured
This includes a total of US$90.5 million (A$106.2 million) of secured bank debt facilities that amortise through monthly principal and interest payments with a weighted average maturity date of February 2014. The facilities are secured by mortgages over investment properties totalling US$141.7 million (A$166.2 million) as at 30 June 2010.

(d) Bank loans – secured
This includes a total of US$223.2 million (A$261.9 million) secured interest only bank facilities. During the period US$42.8 million (A$50.2 million) was repaid with proceeds from the sale of investment properties. The bank facilities have a weighted average maturity of July 2011. The facilities are secured by mortgages over investment properties totalling US$389.7 million (A$457.3 million) as at 30 June 2010.

(e) Bank loans – secured
Comprises an A$250.0 million secured bank loan maturing in October 2011. This loan is secured by mortgages over one DDF investment property and two DOT investment properties totalling A$770.3 million as at 30 June 2010.

(f) Preferred shares
US REIT has issued US$92,550 (A$108,589) 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 DXS's interest to qualify as a REIT.

Note 24. Provisions

	Consolidated		Parent Entity	
Current	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Provision for distribution	**118,110**	164,529	**65,885**	90,389
Provision for employee benefits	**16,389**	13,089	**-**	-
Total current liabilities - provisions	**134,499**	177,618	**65,885**	90,389

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

	Consolidated		Parent Entity	
Provision for distribution	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Opening balance as at 1 July	**164,529**	182,388	**90,389**	102,300
Additional provisions	**244,411**	296,648	**132,806**	138,238
Payments and reinvestment of distributions	**(290,830)**	(314,507)	**(157,310)**	(150,149)
Closing balance as at 30 June	**118,110**	164,529	**65,885**	90,389

Provision for distribution

A provision for distribution has been raised for the period ended 30 June 2010. This distribution is to be paid on 27 August 2010.

	Consolidated		Parent Entity	
Non-current	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Provision for employee benefits	**16,524**	13,533	**-**	-
Total non-current liabilities - provisions	**16,524**	13,533	**-**	-

Note 25. Current liabilities - other

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Other borrowing costs	**132**	281	**-**	-
Total current liabilities – other	**132**	281	**-**	-

Note 26. Non-current liabilities – deferred tax liabilities

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
The balance comprises temporary differences attributable to:				
Derivative financial instruments	**1,668**	3,615	**-**	-
Goodwill	**2,525**	2,767	**-**	-
Investment properties	**6,559**	-	**-**	-
Property, plant and equipment	**-**	2,670	**-**	-
Other	**544**	923	**-**	-
Total non-current liabilities - deferred tax liabilities	**11,296**	9,975	**-**	-
Movements				
Opening balance as at 1 July	**9,975**	76,543	**-**	-
Movements in deferred income tax arising from:				
Temporary differences	**1,321**	5,756	**-**	-
Charged to Statements of Comprehensive Income	**1,321**	5,756	**-**	-
Movements in deferred withholding tax arising from:				
Temporary differences	**-**	(101,227)	**-**	-
Foreign currency translation	**-**	28,903	**-**	-
Credited to Statements of Comprehensive Income	**-**	(72,324)	**-**	-
Closing balance as at 30 June	**11,296**	9,975	**-**	-

Note 27. Non-current liabilities – other

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Tenant bonds	**7,403**	8,471	**369**	877
Other borrowing costs	**-**	242	**-**	-
Other	**6**	76	**-**	-
Total non-current liabilities – other	**7,409**	8,789	**369**	877

Note 28. Contributed equity

(a) Contributed equity of unitholders of the parent entity

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Opening balance as at 1 July	**1,741,211**	1,297,831	**1,741,211**	1,297,831
Issue of units	**-**	406,496	**-**	406,496
Distributions reinvested	**48,762**	47,912	**48,762**	47,912
Cost of issuing units	**-**	(11,028)	**-**	(11,028)
Closing balance as at 30 June	**1,789,973**	1,741,211	**1,789,973**	1,741,211

(b) Contributed equity of unitholders of other stapled entities

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Opening balance as at 1 July	**2,966,643**	2,280,052	**-**	-
Issue of units	**-**	655,732	**-**	-
Distributions reinvested	**41,598**	52,508	**-**	-
Cost of issuing units	**-**	(21,649)	**-**	-
Closing balance as at 30 June	**3,008,241**	2,966,643	**-**	-

(c) Number of securities on issue

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	No. of securities	No. of securities	**No. of units**	No. of units
Opening balance as at 1 July	**4,700,841,666**	3,040,019,487	**4,700,841,666**	3,040,019,487
Issue of units	**-**	1,560,453,600	**-**	1,560,453,600
Distributions reinvested	**119,980,133**	100,368,579	**119,980,133**	100,368,579
Closing balance as at 30 June	**4,820,821,799**	4,700,841,666	**4,820,821,799**	4,700,841,666

Terms and conditions

Each stapled security ranks equally with all other stapled securities for the purposes of distributions and on termination of the Group.

Each stapled security entitles the holder to one vote, either in person or by proxy, at a meeting of each of DDF, DIT, DOT & DXO.

Note 28. Contributed equity (continued)

(d) 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 28 August 2009, 65,251,600 units were issued at a unit price of 69.4 cents in relation to the June 2009 distribution period.

On 26 February 2010, 54,728,533 units were issued at a unit price of 82.4 cents in relation to the December 2009 distribution period.

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 by 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 twenty four 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 15% limit under ASX Listing Rule 7.1.

Note 29. Reserves and retained profits

(a) Reserves

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Foreign currency translation reserve	**(72,967)**	(66,171)	**-**	-
Asset revaluation reserve	**42,739**	42,739	**-**	-
Total reserves	**(30,228)**	(23,432)	**-**	-
Movements:				
Foreign currency translation reserve				
Opening balance as at 1 July	**(66,171)**	(12,357)	**-**	-
Exchange difference arising from the translation of the Financial Statements of foreign operations	**(6,796)**	(53,814)	**-**	-
Total movement in foreign currency translation reserve	**(6,796)**	(53,814)	**-**	-
Closing balance as at 30 June	**(72,967)**	(66,171)	**-**	-
Asset revaluation reserve				
Opening balance as at 1 July	**42,739**	63,294	**-**	-
Transfer to retained profits	**-**	(20,555)	**-**	-
Total movement in asset revaluation reserve	**-**	(20,555)	**-**	-
Closing balance as at 30 June	**42,739**	42,739	**-**	-

Note 29. Reserves and retained profits (continued)

(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 the fair value adjustment arising on a business combination.

(c) Retained profits

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Opening balance as at 1 July	**255,023**	2,000,235	**205,567**	704,791
Net profit/(loss) attributable to security holders	**31,420**	(1,459,111)	**(1,599)**	(360,986)
Transfer from revaluation reserves	**-**	20,555	**-**	-
Transfer of capital reserve of other non-controlling interests	**(8,846)**	(10,008)	**-**	-
Distributions provided for or paid	**(244,411)**	(296,648)	**(132,806)**	(138,238)
Closing balance as at 30 June	**33,186**	255,023	**71,162**	205,567

Note 30. Other non-controlling interests

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Interest in				
Contributed equity	**200,530**	200,503	**-**	-
Reserves	**60,304**	51,696	**-**	-
Accumulated losses	**(55,559)**	(45,427)	**-**	-
Total other non-controlling interests	**205,275**	206,772	**-**	-

Note 31. Distributions paid and payable

(a) Distribution to security holders

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
31 December (paid 26 February 2010)	**126,301**	132,119	**66,921**	47,849
30 June (payable 27 August 2010)	**118,110**	164,529	**65,885**	90,389
	244,411	296,648	**132,806**	138,238

(b) Distribution to other non-controlling interests

DEXUS RENTS Trust (paid 16 October 2009)	**2,285**	4,651	**-**	-
DEXUS RENTS Trust (paid 18 January 2010)	**2,387**	4,243	**-**	-
DEXUS RENTS Trust (paid 19 April 2010)	**2,713**	2,611	**-**	-
DEXUS RENTS Trust (payable 15 July 2010)	**2,917**	2,244	**-**	-
	10,302	13,749	**-**	-
Total distributions	**254,713**	310,397	**132,806**	138,238

(c) Distribution rate

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	Cents per security	Cents per security	**Cents per unit**	Cents per unit
31 December (paid 26 February 2010)	**2.65**	3.80	**1.40**	1.38
30 June (payable 27 August 2010)	**2.45**	3.50	**1.37**	1.92
Total distributions	**5.10**	7.30	**2.77**	3.30

(d) Franked dividends

The franked portions of the final dividends recommended after 30 June 2010 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 2010.

	Consolidated		Parent Entity	
Franking credits	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Opening balance as at 1 July	**21,380**	14,139	**-**	-
Franking credits arising during the year on payment of tax at 30%	**4,996**	7,241	**-**	-
Franking debits arising during the year on refund of tax at 30%	**(6,646)**	-	**-**	-
Closing balance as at 30 June	**19,730**	21,380	**-**	-

Note 32. Financial risk management

To ensure the effective and prudent management of the Group'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 three Directors of the DXFM Board. Its responsibilities include reviewing and recommending financial risk management polices and funding strategies for approval.

The Capital Markets Committee is a management committee that is accountable to both the Board Finance Committee and the Group Management 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 financial risk management policies and funding strategies for recommendation to the Board Finance Committee, and the approval of treasury transactions within delegated limits and powers.

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

(1) Capital risk management

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

The capital structure of the Group consists of debt (see note 23), cash and cash equivalents, and equity attributable to security holders (including hybrid 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 net tangible assets and security holder's equity;
- Potential impacts on the Group's credit rating; and
- Other market factors and circumstances.

To minimise the potential impacts of foreign exchange risk on the Group's capital structure, the Group's policy is to hedge the majority of its foreign asset and liability exposures. Consequently the magnitude of the assets and liabilities on the Statements of Financial Position (translated into Australian Dollars) and gearing ratios will rise and fall as exchange rates fluctuate. This policy ensures that net tangible assets are not materially affected by currency movements (refer foreign exchange risk below)

The Group has a stated target gearing level of below 40%. The gearing ratio calculated in accordance with our covenant requirements at 30 June 2010 was 30.4% (as detailed below).

Gearing ratio	**2010**	2009	**2010**	2009
	\$'000	\$'000	**\$'000**	\$'000
Total interest bearing liabilities [1]	**2,252,934**	2,519,410	**350,685**	-
Total tangible assets [2]	**7,419,252**	7,881,793	**2,350,946**	2,143,619
Gearing ratio	**30.4%**	32.0%	**14.9%**	0.0%

[1] Total interest bearing liabilities excludes deferred borrowing costs as reported internally to management.

[2] Total tangible assets comprise total assets less intangible assets, derivatives and deferred tax balances as reported internally to management.

The Group is rated BBB+ by Standard and Poor's (S&P) and Baa1 by Moody's. The Group considers potential impacts upon the rating when assessing the strategy and activities of the Group and regards those impacts as an important consideration in its management of the Group's capital structure.

DXFM is the Responsible Entity for the managed investment schemes that are stapled to form the Group. DXFM 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. Furthermore, 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.

Note 32. Financial risk management (continued)

(1) Capital risk management (continued)

DWPL, a wholly owned 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.

(2) Financial risk management

The Group'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 Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of DXS.

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

Risk management is implemented by a centralised treasury department (Group Treasury) whose members act under written policies that are endorsed by the Board Finance Committee and approved by the Board of Directors of the Responsible Entity. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's business units. The treasury policies approved by the Board of Directors cover overall treasury 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 Group's exposures and (at least annually) updates its treasury policies and procedures.

(a) Liquidity risk

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

The Group 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 above the forecast committed debt requirements (liquidity headroom buffer). 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, taking into consideration 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 where possible subject to market conditions.

Refinancing risk
A key liquidity risk is the Group's ability to refinance its current debt facilities. As the Group's debt facilities mature, they are usually required to be refinanced by extending the facility or replacing the facility with an alternative form of capital.

The refinancing of existing facilities may also result in margin price risk, whereby market conditions may result in an unfavourable change in credit margins on the refinanced facilities. The Group's key risk management strategy for margin price risk on refinancing 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 market conditions in any one period.

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

Note 32. Financial risk management (continued)

(2) Financial risk management (continued)

Consolidated	2010				2009			
	Expiring within one year $'000	Expiring between one and two years $'000	Expiring between two and five years $'000	Expiring after five years $'000	Expiring within one year $'000	Expiring between one and two years $'000	Expiring between two and five years $'000	Expiring after five years $'000
Receivables	25,010	-	-	-	35,816	-	-	-
Payables	130,207	-	-	-	98,410	-	-	-
	(105,197)	-	-	-	(62,594)	-	-	-
Interest bearing liabilities								
Fixed interest rate liabilities	150,713	65,733	579,835	290,290	250,724	336,517	496,351	225,629
Floating interest bearing liabilities	48,368	481,751	636,135	-	131,161	481,214	597,699	-
Total interest bearing liabilities [1]	199,081	547,484	1,215,970	290,290	381,885	817,731	1,094,051	225,629
Derivative financial instruments								
Derivative assets	77,823	58,316	33,558	1,907	739,625	456,059	559,433	31,656
Derivative liabilities	113,390	80,984	115,878	29,256	767,637	543,917	804,598	225,981
Total net derivative financial instruments [2]	(35,567)	(22,668)	(82,320)	(27,349)	(28,012)	(87,858)	(245,165)	(194,325)

[1] Refer to note 23 (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. For interest rate swaps, only the net interest cash flows (not the notional principal) are included. For derivative assets and liabilities that have floating rate interest cash flows, future cash flows have been calculated using static interest rates prevailing at 30 June 2010. Refer to note 12 Derivative Financial Instruments for fair value of derivatives.

Note 32. Financial risk management (continued)

(2) Financial risk management (continued)

Parent Entity	**2010**				2009			
	Expiring within one year $'000	**Expiring between one and two years $'000**	**Expiring between two and five years $'000**	**Expiring after five years $'000**	Expiring within one year $'000	Expiring between one and two years $'000	Expiring between two and five years $'000	Expiring after five years $'000
Receivables	**68,162**	**-**	**-**	**-**	17,752	-	-	-
Payables	**36,176**	**-**	**-**	**-**	19,503	-	-	-
	31,986	**-**	**-**	**-**	(1,751)	-	-	-
Loans with related parties	**-**	**-**	**-**	**796,642**	-	-	-	408,583
Interest bearing liabilities								
Fixed interest rate liabilties	**-**	**-**	**350,685**	**-**	-	-	-	-
Derivative financial instruments								
Derivative assets	**25,328**	**18,900**	**15,804**	**72**	400,156	282,016	295,380	18,072
Derivative liabilities	**27,019**	**18,418**	**20,791**	**5,283**	385,775	282,679	311,257	43,402
Total net derivative financial instruments [1]	**(1,691)**	**482**	**(4,987)**	**(5,211)**	14,381	(663)	(15,877)	(25,330)

[1] 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. For interest rate swaps, only the net interest cash flows (not the notional principal) are included. For derivative assets and liabilities that have floating rate interest cash flows, future cash flows have been calculated using static interest rates prevailing at 30 June 2010. Refer to note 12 Derivative Financial Instruments for fair value of derivatives. For financial guarantees refer Contingent Liabilities (note 33)

Note 32. Financial risk management (continued)

(2) Financial risk management (continued)

(b) Market risk

Market risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices. The market risks that the Group 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 Group arises from interest bearing financial assets and liabilities that the Group holds. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The primary objective of the Group's risk management policy for interest rate risk is to minimise the effects of interest rate movements on the Group's portfolio of financial assets and liabilities and financial performance. The policy sets out the minimum and maximum hedging amounts for the Group 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 Group's cash flows is managed within the parameters defined by the Group Treasury Policy.

As at 30 June 2010, 94% (2009: 92%) of the financial assets and liabilities (including DEXUS RENTS Trust) of the Group had an effective fixed interest rate.

The Group 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.

Consolidated 30 June 2010	June 2011 $'000	June 2012 $'000	June 2013 $'000	June 2014 $'000	> June 2015 $'000
Fixed rate debt					
AUD fixed rate debt [1]	192,308	180,000	180,000	180,000	82,500
USD fixed rate debt [1]	708,038	614,870	571,303	519,508	50,603
Interest rate swaps					
AUD hedged [1]	525,550	570,033	461,667	380,000	171,875
AUD hedge rate (%) [2]	4.74%	4.91%	5.39%	5.74%	6.11%
USD hedged [1]	221,115	228,414	399,450	469,867	418,132
USD hedge rate (%) [2]	5.49%	6.10%	5.53%	5.45%	5.05%
EUR hedged [1]	137,500	127,500	105,000	70,000	23,056
EUR hedge rate (%) [2]	4.40%	4.43%	4.55%	4.86%	4.12%
CAD hedged [1]	50,000	50,000	50,000	50,000	28,472
CAD hedge rate (%) [2]	5.41%	5.41%	5.41%	5.41%	5.41%
Combined fixed debt and swaps					
(A$ equivalent)	**2,060,753**	**1,977,849**	**1,986,802**	**1,876,834**	**869,096**
Hedge rate (%)	**5.11%**	**5.48%**	**5.40%**	**5.51%**	**5.38%**

[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.

Note 32. Financial risk management (continued)

(2) Financial risk management (continued)

(b) Market risk (continued)

Sensitivity on interest expense
The table below shows the impact on unhedged net interest expense (excluding non-cash items) of a 50 basis points increase or decrease in short-term and long-term market interest rates. The sensitivity on cash flow arises due to the impact that a change in interest rates will have on the Group's floating rate debt and derivative cash flows. Net interest expense is only sensitive to movements in markets rates to the extent that floating rate debt is not hedged.

		Consolidated		Parent Entity	
		2010	2009	**2010**	2009
		(+/-) $'000	(+/-) $'000	**(+/-) $'000**	(+/-) $'000
+ / - 0.50% (50 basis points)	AUD	**575**	613	**(289)**	1,567
+ / - 0.50% (50 basis points)	USD	**145**	180	**(1,313)**	(1,146)
+ / - 0.50% (50 basis points)	EUR	**11**	13	**-**	-
+ / - 0.50% (50 basis points)	CAD	**-**	-	**-**	-
Total A$ equivalent		**760**	856	**(1,830)**	154

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

Sensitivity on fair value of interest rate swaps
The table below shows the impact on the Statements of Comprehensive Income for changes in the fair value of interest rate swaps for a 50 basis points increase and decrease in short-term and long-term market interest 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. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows on the instruments. Cash flows are discounted using the forward price curve of interest rates at the end of the reporting period. Although interest rate swaps are transacted for the purpose of providing the Group with an economic hedge, the Group 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 Statements of Comprehensive Income.

		Consolidated		Parent Entity	
		2010	2009	**2010**	2009
		(+/-) $'000	(+/-) $'000	**(+/-) $'000**	(+/-) $'000
+ / - 0.50% (50 basis points)	AUD	**12,348**	15,026	**5,679**	(8,665)
+ / - 0.50% (50 basis points)	USD	**17,427**	27,651	**3,295**	5,082
+ / - 0.50% (50 basis points)	EUR	**2,777**	2,651	**-**	-
+ / - 0.50% (50 basis points)	CAD	**1,784**	2,714	**-**	-
Total A$ equivalent		**38,762**	56,607	**9,545**	(2,402)

(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 Group's functional currency will have an adverse effect on the Group.

The Group operates internationally with investments in the United States, New Zealand, France, Germany and Canada. As a result of these activities, the Group has foreign exchange risk, arising primarily from:

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

Note 32. Financial risk management (continued)

(2) Financial risk management (continued)

(b) Market risk (continued)

The objective of the Group's foreign exchange risk management policy is to ensure that movements in exchange rates have minimal adverse impact on the Group's foreign currency assets and liabilities, and net foreign currency cash flows as outlined below.

Foreign currency assets and liabilities
Exposure to foreign exchange risk is minimised by predominantly matching the currency of the Group's debt with the currency of its investment to form a natural hedge against movements in exchange rates. This policy reduces the risk that movements in foreign exchange rates will have an adverse impact on security holder's equity and net tangible assets.

Where Australian dollar borrowings are used to fund the foreign currency investment, the Group may transact cross currency swaps for the purpose of providing an alternate source of foreign currency funding whilst maintaining the natural hedge. In these instances the Group has committed foreign currency borrowing capacity in place that can replace the foreign currency amounts that are due under the cross currency swaps.

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

	Consolidated		**Parent Entity**	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
USD assets [1]	**1,187,770**	1,311,445	**413,241**	374,110
USD net borrowings [2]	**(1,184,295)**	(966,477)	**(298,889)**	-
USD cross currency swaps [3]	**-**	(251,700)	**-**	(221,700)
USD denominated net investment	**3,475**	93,268	**114,352**	152,410
% hedged	**100%**	93%	**72%**	59%
EUR assets [1]	**137,350**	138,675	**-**	-
EUR net borrowings [2]	**(54,952)**	(39,305)	**-**	-
EUR cross currency swaps [3]	**(80,000)**	(100,000)	**-**	-
EUR denominated net investment	**2,398**	(630)	**-**	-
% hedged	**98%**	100%	**-**	-
CAD assets [1]	**55,650**	51,600	**-**	-
CAD net borrowings [2]	**-**	-	**-**	-
CAD cross currency swaps [3]	**(50,000)**	(70,000)	**-**	-
CAD denominated net investment	**5,650**	(18,400)	**-**	-
% hedged	**90%**	136%	**-**	-
NZD assets [1]	**128,484**	130,000	**-**	-
NZD net borrowings [2]	**-**	-	**-**	-
NZD cross currency swaps [3]	**-**	-	**-**	-
NZD denominated net investment	**128,484**	130,000	**-**	-
% hedged	**0%**	0%	**-**	-
Total foreign net investment (AUD equivalent)	**116,066**	198,835	**134,169**	187,839
Total % hedged	**93%**	90%	**72%**	59%

1 Assets exclude working capital and cash as reported internally to management.
2 Net borrowings is equal to interest bearing liabilities less cash. Where there are no interest bearing liabilities, cash is excluded.
3 Cross currency swap amounts comprise the foreign currency denominated leg of the cross currency swaps.

Note 32. Financial risk management (continued)

(2) Financial risk management (continued)

(b) Market risk (continued)

Sensitivity on equity (foreign currency translation reserve)
The table below shows the impact on the foreign currency translation reserve for changes in the translated value of foreign currency assets and liabilities for an increase and decrease in foreign exchange rates per currency. The increase and decrease in cents per currency has been based on the historical movements of the Australian dollar relative to each currency[1]. The cents per currency has been applied to the spot rates prevailing at 30 June 2010 (see footnote below). The impact on the foreign currency translation reserve arises as the translation of the Group's foreign currency assets and liabilities are recorded (in Australian Dollars) directly in the foreign currency translation reserve.

		Consolidated		Parent Entity	
		2010	2009	**2010**	2009
		$'000	$'000	**$'000**	$'000
+ 11.3 cents (11%) (2009:15.7 cents)	USD (AUD equivalent)	**478**	18,636	-	-
- 11.3 cents (11%) (2009:15.7 cents)	USD (AUD equivalent)	**(624)**	(27,577)	-	-
+ 6.4 cents (10%) (2009:6.4 cents)	EUR (AUD equivalent)	**388**	(110)	-	-
- 6.4 cents (10%) (2009:6.4 cents)	EUR (AUD equivalent)	**(500)**	137	-	-
+ 10.4 cents (9%) (2009:10.0 cents)	NZD (AUD equivalent)	**8,156**	7,615	-	-
- 10.4 cents (9%) (2009:10.0 cents)	NZD (AUD equivalent)	**(9,666)**	(8,931)	-	-
+ 7.5 cents (8%) (2008:7.3 cents)	CAD (AUD equivalent)	**486**	(1,417)	-	-
- 7.5 cents (8%) (2008:7.3 cents)	CAD (AUD equivalent)	**(575)**	1,656	-	-

[1] The sensitivity on market rates has been based on the standard deviation of the annual change in the Australian dollar exchange rate per currency since 1984 or commencement.
[2] Exchange rates at 30 June 2010: AUD/USD 0.8523 (2009: 0.8114), AUD/EUR 0.6979 (2009: 0.5751), AUD/NZD 1.2308 (2009: 1.2428), AUD/CAD 0.8976 (2009: 0.9379)

Sensitivity on fair value of cross currency swaps
The table below shows the impact on the Statements of Comprehensive Income for changes in the fair value of cross currency swaps for a 50 basis point increase and decrease in market rates. The sensitivity on the fair value arises from the impact that changes in short-term and long-term market rates will have on the interest rate mark-to-market valuation of the cross currency swaps[1]. The Group has 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 Statements of Comprehensive Income.

		Consolidated		Parent Entity	
		2010	2009	**2010**	2009
		(+/-) $'000	(+/-) $'000	**(+/-) $'000**	(+/-) $'000
+/- 0.50% (50 basis points)	USD (AUD equivalent)	**7**	45	**3**	42
+/- 0.50% (50 basis points)	EUR (AUD equivalent)	**16**	2	**-**	-
+/- 0.50% (50 basis points)	CAD (AUD equivalent)	**3**	91	**-**	-
Total A$ equivalent		**26**	138	**3**	42

[1] Note the above sensitivity is reflective of how changes in interest rates will affect the valuation of the cross currency swaps. The effect of movements in foreign exchange rates on the valuation of cross currency swaps is reflected in the foreign currency translation reserve sensitivity (above).

Note 32. Financial risk management (continued)

(2) Financial risk management (continued)

(b) Market risk (continued)

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 2010 are as follows:

	2010 To pay US$ million	**2010** To receive A$ million	**2010** Weighted average exchange rate	2009 To pay US$ million	2009 To receive A$ million	2009 Weighted average exchange rate
1 year or less	-	-	-	7.3	10.6	0.6848
Over 1 and less than 2 years	4.4	6.2	0.7097	5.6	7.9	0.7084
More than 2 years	5.2	7.7	0.6725	9.6	13.9	0.6892

	2010 To pay NZ$ million	**2010** To receive A$ million	**2010** Weighted average exchange rate	2009 To pay NZ$ million	2009 To receive A$ million	2009 Weighted average exchange rate
1 year or less	2.0	1.7	1.1848	4.0	3.4	1.1780
Over 1 and less than 2 years	-	-	-	2.0	1.7	1.1847
More than 2 years	-	-	-	-	-	-

Note 32. Financial risk management (continued)

(2) Financial risk management (continued)

(b) Market risk (continued)

Sensitivity on fair value of foreign exchange contracts
The table below shows the impact on the Statements of Comprehensive Income for changes in the fair value of forward foreign exchange contracts for an increase and decrease in market rates. The increase and decrease in cents per currency has been based on the historical movements of the Australian dollar relative to each currency[1]. The cents per currency has been applied to the spot rates prevailing at 30 June 2010 (see footnote below). 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 Group with an economic hedge, the Group has 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 Statements of Comprehensive Income.

		Consolidated		**Parent Entity**	
		2010	2009	**2010**	2009
		$'000	$'000	**$'000**	$'000
+ 11.3 cents (13%) (2009:15.7 cents)	USD (AUD Equivalent)	**1,659**	4,277	**649**	2,100
- 11.3 cents (13%) (2009:15.7 cents)	USD (AUD Equivalent)	**(1,271)**	(6,329)	**(497)**	(3,108)
+ 10.4 cents (9%) (2009:10.0 cents)	NZD (AUD Equivalent)	**124**	347	**-**	-
- 10.4 cents (9%) (2009:10.0 cents)	NZD (AUD Equivalent)	**(146)**	(408)	**-**	-

[1] The sensitivity on market rates has been based on the standard deviation of the annual change in the Australian dollar exchange rate per currency since 1984 or commencement.
[2] Exchange rates at 30 June 2010: AUD/USD 0.8523 (2009: 0.8114), AUD/EUR 0.6979 (2009: 0.5751), AUD/NZD 1.2308 (2009: 1.2428), AUD/CAD 0.8976 (2009: 0.9379)

(c) Credit risk

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

The Group 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 the lower of a S&P, Moody's and Fitch credit rating. 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– (or Moody's or Fitch equivalent) is required to become or remain an approved counterparty. As at 30 June 2010, the lowest rating of counterparties the Group is exposed to was A (S&P) (2009: A (S&P)).

Note 32. Financial risk management (continued)

(2) Financial risk management (continued)

(c) Credit risk (continued)

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

The maximum exposure to credit risk at 30 June 2010 and 30 June 2009 was the carrying amount of financial assets recognised on the Statements of Financial Position of the Group and parent entity.

As at 30 June 2010 and 30 June 2009, the Group 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.

For the consolidated entity, the ageing analysis of loans and receivables net of provisions at 30 June 2010 is ($'000): 23,356.6 (0-30 days), 1,045.0 (31-60 days), 184.4 (61-90 days), 424.0 (91+ days). The ageing analysis of loans and receivables net of provisions at 30 June 2009 is ($'000): 32,014.9 (0-30 days), 1,313.1 (31-60 days), 702.6 (61-90 days), 2,456.4 (91+ days)). Amounts over 31 days are past due, however, no receivables are impaired.

For the parent entity, the ageing analysis for loans and receivables net of provisions at 30 June 2010 is ($'000): 68,036.6 (0-30 days), 58.5 (31-60 days), 10.4 (61-90 days), 56.5 (91+ days). The ageing analysis of loans and receivables net of provisions for the parent entity at 30 June 2009 is ($'000): 8,124.3 (0-30 days), 123.7 (31-60 days), 37.6 (61-90 days), 133.4 (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 nor impaired is consistently monitored to ensure that there are no adverse changes in credit quality.

Note 32. Financial risk management (continued)

(2) Financial risk management (continued)

(d) 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.

At 30 June 2010, the carrying amounts and fair value of financial assets and liabilities are shown as follows:

Consolidated	2010 Carrying amount [1] $'000	2010 Fair value [2] $'000	2009 Carrying amount [1] $'000	2009 Fair value [2] $'000
Financial assets				
Cash and cash equivalents	**64,419**	**64,419**	84,845	84,845
Loans and receivables (current)	**25,010**	**25,010**	35,816	35,816
Derivative assets	**146,324**	**146,324**	205,491	205,491
Total financial assets	**235,753**	**235,753**	326,152	326,152
Financial liabilities				
Trade payables	**130,207**	**130,207**	98,410	98,410
Derivative liabilities	**322,161**	**322,161**	386,224	386,224
Interest bearing liabilities				
Fixed interest bearing liabilties	**1,086,571**	**1,263,432**	1,290,735	1,375,409
Floating interest bearing liabilities	**1,166,254**	**1,166,254**	1,228,561	1,228,561
Preference shares	**109**	**109**	114	114
Total financial liabilities	**2,705,302**	**2,882,163**	3,004,044	3,088,718

Parent Entity	2010 Carrying amount [1] $'000	2010 Fair value [2] $'000	2009 Carrying amount [1] $'000	2009 Fair value [2] $'000
Financial assets				
Cash and cash equivalents	**2,163**	**2,163**	27,268	27,268
Loans and receivables (current)	**68,162**	**68,162**	17,752	17,752
Derivative assets	**70,628**	**70,628**	97,805	97,805
Loans with related parties	**796,642**	**796,642**	408,583	408,583
Total financial assets	**937,595**	**937,595**	551,408	551,408
Financial liabilities				
Trade payables	**36,176**	**36,176**	19,503	19,503
Derivative liabilities	**78,496**	**78,496**	149,545	149,545
Interest bearing liabilities				
Fixed interest bearing liabilities	**350,685**	**429,541**	-	-
Loans with related parties	**34,332**	**34,332**	34,332	34,332
Total financial liabilities	**499,689**	**578,545**	203,380	203,380

[1] Carrying value is equal to the value of the financial instruments on the Statements of Financial Position.
[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 Statements of Financial Position.

The fair value of interest-bearing liabilities and derivative financial instruments has been determined by discounting the expected future cash flows by the relevant market interest rates. The discount rates applied range from 0.53% to 4.21% for US$ and 4.79% to 6.08% for A$. Refer note 1(x) for fair value methodology for financial assets and liabilities.

Note 32. Financial risk management (continued)

(2) Financial risk management (continued)

(d) Fair value of financial instruments (continued)

Determination of fair value
The Group uses methods in the determination and disclosure of the fair value of financial instruments. These methods comprise:
Level 1: the fair value is calculated using quoted prices in active markets.
Level 2: the fair value is determined using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable data.

The following tables present the consolidated and parent entity's assets and liabilities measured and recognised as at fair value at 30 June 2010.

Consolidated financial assets and liabilities	**Level 1**	**Level 2**	**Level 3**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Derivative assets				
Interest rate derivatives	**-**	**122,219**	**-**	**122,219**
Cross currency swaps	**-**	**21,252**	**-**	**21,252**
Forward exchange contracts	**-**	**2,853**	**-**	**2,853**
	-	**146,324**	**-**	**146,324**
Financial liabilities				
Interest-bearing liabilities				
Fixed interest bearing liabilties	**-**	**1,263,432**	**-**	**1,263,432**
Floating interest bearing liabilities	**-**	**1,166,254**	**-**	**1,166,254**
	-	**2,429,686**	**-**	**2,429,686**
Derivative liabilities				
Interest rate derivatives	**-**	**308,946**	**-**	**308,946**
Cross currency swaps	**-**	**12,898**	**-**	**12,898**
Forward exchange contracts	**-**	**317**	**-**	**317**
	-	**322,161**	**-**	**322,161**

Parent financial assets and liabilities	**Level 1**	**Level 2**	**Level 3**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Derivative assets				
Interest rate derivatives	**-**	**69,497**	**-**	**69,497**
Forward exchange contracts	**-**	**1,131**	**-**	**1,131**
	-	**70,628**	**-**	**70,628**
Financial liabilities				
Interest-bearing liabilities				
Fixed interest bearing liabilities	**-**	**429,541**	**-**	**429,541**
Derivative liabilities				
Interest rate derivatives	**-**	**73,338**	**-**	**73,338**
Cross currency swaps	**-**	**5,065**	**-**	**5,065**
Forward exchange contracts	**-**	**93**	**-**	**93**
	-	**78,496**	**-**	**78,496**

During the year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Note 33. Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Bank guarantees by the Group in respect of variations and other financial risks associated with the development of:				
60 Miller Street, North Sydney, NSW	**-**	497	**-**	-
Atlantic Corporate Park, Sterling, Virginia, USA	**-**	1,359	**-**	-
San Antonio properties	**-**	841	**-**	-
Bligh Street, Sydney, NSW [1]	**2,650**	3,820	**-**	-
Albert Street, Brisbane, QLD	**3,601**	2,000	**3,061**	2,000
Beaumeade, Ashburn, Norther Virginia, USA	**789**	1,028	**-**	-
Total contingent liabilities	**7,040**	9,545	**3,061**	2,000

[1] Bank guarantee held in relation to an equity accounted investment (refer note 17).

DDF together with DIT, DOT and DXO is also a guarantor of a US$210.0 million (A$246.4 million) syndicated bank debt facility and a total of A$1,182.5 million and US$120.0 million (A$147.9 million) of bank bi-lateral facilities, a total of A$361.1 million of medium term notes, a total of US$400.0 million (A$493.0 million) of privately placed notes, and a total of US$300.0 million (A$352.0 million) public 144a senior notes, which have all been negotiated to finance the Group and other entities within DXS. The guarantees have been given in support of debt outstanding and drawn against these facilities, and may be called upon in the event that a borrowing entity has not complied with certain requirements such as failure to pay interest or repay a borrowing, whichever is earlier. During the period no guarantees were called.

The Trust together with DIT, DOT and DXO is also a guarantor, on a subordinated basis, of RENTS (Real-estate perpetual ExchaNgable sTep-up Secuties). The guarantee has been given in support of payments that become due and payable to the RENTS holders and ranks ahead of the Group's distribution payments, but subordinated to the claims of the senior creditors.

The guarantees are issued in respect of the Group and do not constitute an additional liability to those already existing in interest bearing liabilities on the Statements of Financial Position.

The Directors of the Responsible Entity are not aware of any other contingent liabilities in relation to the Group, 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 34. Commitments

(a) Capital commitments

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

Capital expenditure commitments:	**Consolidated**		**Parent Entity**	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Not longer than one year				
3 Brookhollow Avenue, Norwest, NSW	**93**	421	**-**	-
Governor Phillip Tower & Governor Macquarie Tower Office Complex 1 Farrer Place, Sydney, NSW	**1,986**	3,310	**-**	-
Southgate Complex, 3 Southgate Avenue, Southgate, VIC	**756**	74	**-**	-
Kentucky Drive, Cincinnati	**718**	-	**-**	-
Kenwood Road, Cincinnati	**-**	276	**-**	-
Capital Avenue Dallas	**21**	193	**-**	-
Summit Avenue,Dallas	**360**	100	**-**	-
CTC @ Valwood, Dallas	**-**	26	**-**	
10th Street, Dallas	**-**	63	**-**	-
Lexington Avenue, Minneapolis	**621**	28	**-**	-
Mounds View, Minneapolis	**254**	12	**-**	-
Trenton Lane, Minneapolis	**-**	25	**-**	-
Eagandale Business Campus, Minneapolis	**187**	179	**-**	-
Nokes Boulevard, Northern Virginia	**-**	1,232	**-**	-
West Alameda Drive, Phoenix	**-**	59	**-**	-
East University, Phoenix	**-**	308	**-**	-
South 41st Avenue, Phoenix	**282**	211	**-**	-
South 40th Avenue, Phoenix	**170**	-	**-**	-
South 55th Avenue, Phoenix	**66**	468	**-**	-
South 9th Street, Phoenix	**-**	136	**-**	-
Chino, Riverside	**-**	48	**-**	-
Interchange South, San Antonio	**-**	128	**-**	-
Airway Road, San Diego	**211**	-	**-**	-
5823 Newton Drive, San Diego	**-**	338	**-**	-
Williams Drive, Atlanta	**159**	-	**-**	-
MD Food Park, Baltimore	**235**	-	**-**	-
1181 Portal, 1831 Portal and 6615 Tributary, Baltimore	**84**	-	**-**	-
Westinghouse, Charlotte	**82**	-	**-**	-

Note 34. Commitments (continued)

(a) Capital commitments (continued)

Capital expenditure commitments:	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Not longer than one year (continued)				
Hillguard, Dallas	**57**	-	**-**	-
11011 Regency Crest Drive, Dallas	**59**	-	**-**	-
3601 East Plano/1000 Shiloh, Dallas	**299**	-	**-**	-
Brackbill, Harrisburg	**863**	-	**-**	-
Glendale, Los Angeles	**108**	-	**-**	-
7500 West 78h Street, Bloomington	**174**	-	**-**	-
Orlando Central Park, Orlando	**3,831**	-	**-**	-
13201 South Orange Avenue, Orlando	**76**	-	**-**	-
Ontario, Riverside	**173**	-	**-**	-
Cornerstone	**65**	-	**-**	-
Titan Dev Interchange North 1	**293**	-	**-**	-
Titan Dev Tri County 6	**165**	-	**-**	-
Port of San Antonio III	**313**	-	**-**	-
Greystanes Estate, NSW	**20,106**	27,174	**-**	-
Australia Square Complex, 264 - 278 George Street, Sydney, NSW	**-**	68	**-**	-
180 Flinders Lane, Melbourne, VIC	**-**	752	**-**	752
189 Flinders Lane, Melbourne, VIC	**-**	169	**-**	169
The Zenith, 821–843 Pacific Highway, Chatswood, NSW	**1,811**	197	**-**	-
60 Miller Street, North Sydney, NSW	**765**	195	**-**	-
14 Moore Street, Canberra, ACT	**-**	441	**-**	441
44 Market Street, Sydney, NSW	**403**	830	**-**	830
123 Albert Street, Brisbane QLD	**123,008**	122,565	**123,008**	108,110
1 Margaret Street, Sydney, NSW	**369**	-	**-**	-
45 Clarence Street, Sydney, NSW	**1,200**	-	**-**	-
309 - 321 Kent Street, Sydney, NSW	**1,121**	-	**-**	-
383 - 395 Kent Street, Sydney, NSW	**3,647**	-	**3,647**	-
Axxess Corporate Park, 164 - 180 Forster Road, 11 & 21 - 45 Gilby Road, 307 - 355 Ferntree Gully Road, Mount Waverley, VIC	**129**	-	**129**	-
5 - 15 Roseberry Avenue & 25 - 55 Rothschild Avenue, Rosebery, NSW	**172**	-	**-**	-
RN 19 ZAC de L'Ormes Road, Servon (2)	**1,614**	-	**-**	-
	167,106	160,026	**126,784**	110,302

Note 34. Commitments (continued)

(a) Capital commitments (continued)

	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000
Later than one year but no later than five years				
Governor Phillip Tower & Governor Macquarie Tower Office Complex 1 Farrer Place, Sydney, NSW	**-**	1,532	**-**	-
Southgate Complex, 3 Southgate Avenue, Southgate, VIC	**-**	1,066	**-**	-
Greystanes Estate, NSW	**2,000**	-	**-**	-
44 Market Street, Sydney, NSW	**-**	1,160	-	1,160
123 Albert Street, Brisbane, QLD	**-**	50,657	-	65,112
	2,000	54,415	**-**	66,272
Total capital commitments	**169,106**	214,441	**126,784**	176,574

(b) Lease payable commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities payable:	**Consolidated**		**Parent Entity**	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000
Within one year	**2,375**	290	**290**	290
Later than one year but not later than five years	**10,372**	1,162	**1,162**	1,162
Later than five years	**6,388**	6,680	**6,388**	6,680
Total lease payable commitments	**19,135**	8,132	**7,840**	8,132

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 Group has a commitment for ground rent payable in respect of a leasehold property included in investment properties and a commitment for its Head Office premise at 343 George Street Sydney.

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

Note 34. Commitments (continued)

(c) Lease receivable commitments

The future minimum lease payments receivable by the Group are:	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Within one year	**500,921**	526,791	**40,685**	91,732
Later than one year but not later than five years	**1,533,216**	1,725,306	**94,620**	287,312
Later than five years	**790,633**	794,480	**23,809**	163,684
Total lease receivable commitments	**2,824,770**	3,046,577	**159,114**	542,728

Note 35. Related parties

Responsible Entity
DXFM is the Responsible Entity of the Group.

DXFM is also the Responsible Entity of Gordon Property Trust, Gordon Property Investment Trust, Northgate Property Trust and Northgate Property Investment Trust (collectively known as "the Syndicates"). On 31 May 2010, Northgate Property Trust and Northgate Property Investment Trust were wound up.

DXH is the parent entity of DWPL, the Responsible Entity for DWPF.

Responsible Entity fees
Under the terms of the Constitutions of the entities within DXS, the Responsible Entity is entitled to receive fees in relation to the management of the Group. DXFM's parent entity, DXH is entitled to be reimbursed for administration expenses incurred on behalf of the Group. DEXUS Property Services Pty Limited (DXPS), a wholly owned subsidiary of DXH is entitled to property management fees from the Group.

Related party transactions

Responsible Entity fees in relation to DXS assets are on a cost recovery basis as reflected in the parent entity's transactions with DXFM. All agreements with third party funds are conducted on normal commercial terms and conditions.

Note 35. Related parties (continued)

DXS and its related parties

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Responsible Entity fees paid and payable	**-**	-	**5,174,882**	6,358,061
Property management fees	**-**	-	**3,422,924**	2,409,931
Recovery of administration expenses	**-**	-	**4,445,229**	4,269,966
Aggregate amounts payable to the Responsible Entity at the end of each reporting period (included above)	**-**	-	**397,420**	520,758
Property management fees payable at the end of each reporting period (included above)	**-**	-	**591,261**	667,500
Administration expenses payable at the end of each reporting period (included above)	**-**	-	**160,542**	381,051
Interest bearing loans to entities within DXS at the end of each reporting period	**-**	-	**796,641,893**	408,583,000
Non interest bearing loans from Stapled Entities at the end of each reporting period	**-**	-	**34,332,000**	34,332,000
Interest income received and receivable from entities within DXS	**-**	-	**30,026,770**	8,867,820
Interest income receivable from entities within DXS at the end of each reporting period (included above)	**-**	-	**496,991**	9,755
Interest expenses paid and payable to entities within DXS	**-**	-	**-**	2,193,506
Interest expenses payable to entities within DXS at the end of each reporting period (included above)	**-**	-	**-**	4,773,005

DEXUS Wholesale Property Fund

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Responsible Entity fee income	**15,065,851**	16,164,383	**-**	-
Property management fee income	**5,878,083**	5,800,897	**-**	-
Recovery of administration expenses	**1,404,968**	674,901	**-**	-
Aggregate amount receivable at the end of each reporting period (included above)	**1,277,966**	1,324,213	**-**	-
Property management fees receivable at the end of each reporting period (included above)	**353,501**	527,970	**-**	-
Administration expenses receivable at the end of each reporting period (included above)	**267,239**	191,249	**-**	-

Note 35. Related parties (continued)

The Syndicates

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Responsible Entity fee income	**958,425**	1,722,262	**-**	-
Property management fee income	**962,107**	1,830,192	**-**	-
Performance fee - Northgate Syndicate	**1,752,500**	-	**-**	-
Recovery of administration expenses	**388,551**	196,541	**-**	-
Aggregate amount receivable at the end of each reporting period (included above)	**63,471**	609,967	**-**	-
Property management fees receivable at the end of each reporting period (included above)	**21,283**	91,106	**-**	-
Administration expenses receivable at the end of each reporting period (included above)	**21,398**	58,371	**-**	-

Bent Street Trust

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Property management fee income	**1,403,196**	5,418,913	**-**	-
Recovery of administration expenses	**5,885**	17,928	**-**	-

Transactions with Master Development Corporation ("MDC")

As part of the MDC acquisition (refer to note 36), the Group purchased furniture, computers and equipment for approximately US$100,000 (A$117,330). These assets were recorded at their purchase price being fair value.

The Group has also entered into a two year lease agreement with the two MDC principals for the Newport office. Annual rental payable is US$180,000 (A$211,193).

DXS has earned management agreement revenue for managing the existing MDC property portfolio that the two MDC principals hold interests in. The management fees of US$25,000 (A$29,312) are consolidated in the Group.

Note 35. Related parties (continued)

The following persons were directors of DXFM at all times during the year and to the date of this report:

Directors

C T Beare, BSc, BE (Hons), MBA, PhD, FAICD[1,4,5]
E A Alexander AM, BComm, FCA, FAICD, FCPA[1,2,6]
B R Brownjohn, BComm[1,2,5,6]
J C Conde AO, BSc, BE(Hons), MBA [1,3,4]
S F Ewen OAM[1,4]
V P Hoog Antink, BComm, MBA, FCA, FAPI, FRICS, MAICD
B E Scullin, BEc[1,3,7]
P B St George, CA(SA), MBA [1,2,5,6]

1 Independent Director
2 Audit Committee Member
3 Compliance Committee Member
4 Nomination and Remuneration Committee Member
5 Finance Committee Member
6 Risk & Sustainability Committee Member (name changed from Board Risk Committee on 2 June 2010)
7 Nomination and Remuneration Committee Member from 1 July 2009 to 31 August 2009

No directors held an interest in the Group for the year ended 30 June 2010 and 30 June 2009.

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:

Name	**Position**
Victor P Hoog Antink	Chief Executive Officer
Tanya Cox	Chief Operating Officer
Patricia A Daniels	Head of Human Resources
John C Easy	General Counsel
Jane Lloyd	Head of US Investments
Louise J Martin	Head of Office
Craig D Mitchell	Chief Financial Officer
Paul G Say	Head of Coporate Development
Mark F Turner	Head of Funds Management
Andrew P Whiteside	Head of Industrial

No key management personnel or their related parties held an interest in the Group for the years ended 30 June 2010 and 30 June 2009.

There were no loans or other transactions with key management personnel or their related parties during the years ended 30 June 2010 and 30 June 2009.

	2010	2009
	$	$
Compensation		
Short term employee benefits	**9,174,298**	7,910,223
Post employment benefits	**328,058**	563,665
Other long term benefits	**3,797,553**	1,509,929
	13,299,909	9,983,817

The Group 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 3 to 18.

Note 36. Business Combinations

On 1 June 2010 the Group entered into an arrangement with MDC for no purchase consideration. This acquisition has been accounted for as a business combination with the resultant goodwill being zero.

Note 37. Events occurring after reporting date

On 27 July 2010, DXO entered into a project delivery agreement with Fujitsu Limited for the development of a 17,025m^2 data centre warehouse at Greystanes, NSW.

On 11 August 2010, DXP entered into an agreement with Loscam Limited for development of a 31,400m^2 warehouse facility at Laverton, VIC.

On 16 August 2010, DXP acquired a 7.6 hectares parcel of vacant industrial development land located at Erskine Park, NSW for $15 million (GST exclusive).

Since the end of the year, other than the matter discussed above, the Directors are not aware of any matter or circumstance not otherwise dealt with in their Directors' Report or the Financial Statements that has significantly or may significantly affect the operations of the Group, the results of those operations, or state of the Group's affairs in future financial periods.

Note 38. Operating segments

(a) Description of segments

The Chief Operating Decision Maker (CODM) has been identified as the Board of Directors as they are responsible for the strategic decision making within the Group. DXS management has identified the Group's operating segments based on the sectors analysed within the management reports reviewed by the CODM in order to monitor performance across the Group and to appropriately allocate resources. Refer to the table below for a brief description of the Group's operating segments.

Office - Australia and New Zealand	This operating segment comprises office space with any associated retail space; as well as car-parks and office developments in Australia and New Zealand.
Industrial - Australia	This operating segment comprises domestic industrial properties, industrial estates and industrial developments.
Industrial - North America	This comprises industrial properties, industrial estates and industrial developments in the United States as well as one industrial asset in Canada.
Management Company	The domestic and US based management companies are responsible for asset, property and development management of Office, Industrial and Retail properties for DXS and the third party funds management business.
Financial Services	The treasury function of DXS is managed through a centralised treasury department. As a result, all treasury related financial information relating to borrowings, finance costs as well as fair value movements in derivatives, are prepared and monitored separately.
All other segments	This comprises the European industrial and retail portfolios. These operating segments do not meet the quantitative thresholds set out in AASB 8 *Operating Segments* due to their relatively small scale. As a result these non-core operating segments have been included in 'all other segments' in the operating segment information shown below.

Note 38. Operating segments (continued)

(b) Segment information provided to the CODM

The segment information provided to the CODM for the reportable segments for the year ended 30 June 2010 and 30 June 2009 includes the following:

	Office Australia & New Zealand $'000	Industrial Australia $'000	Industrial North America $'000	Management Company $'000	Financial Services $'000	All other segments $'000	Eliminations $'000	Total $'000
30 June 2010								
Segment performance measures								
Property revenue	335,336	137,213	146,843	-	-	43,676	-	663,068
Management fee revenue	-	-	-	51,588	-	-	-	51,588
Interest revenue	-	-	-	-	1,484	-	-	1,484
Inter-segment revenue	199	-	-	28,987	-	-	(29,186)	-
Total operating segment revenue	335,535	137,213	146,843	80,575	1,484	43,676	(29,186)	716,140
Net Operating Income (NOI)	245,106	109,939	99,135	-	-	30,227	-	484,407
Management company EBIT	-	-	-	6,121	-	-	-	6,121
Finance costs	-	-	-	-	(190,685)	-	-	(190,685)
Compensation related expenses	-	-	-	(58,978)	-	-	-	(58,978)
Net fair value loss on investment property[1]	(57,530)	(47,878)	(113,104)	-	-	(17,098)	-	(235,610)
Reversal of previous impairment	-	-	-	-	-	13,307	-	13,307
Net loss on sale of investment property	(508)	(3,514)	(49,320)	-	-	-	-	(53,342)
Net fair value loss on derivatives	-	-	-	-	5,401	-	-	5,401
Segment asset measures								
Direct property portfolio	4,109,029	1,547,938	1,452,809	-	-	196,809	-	7,306,585
Additions to investment property	199,971	55,294	30,759	-	-	2,947	-	288,971
Acquisition of investment property	-	94,852	236,713	-	-	-	-	331,565
Segment liability measures								
Interest bearing liabilities	-	-	-	-	2,240,082	-	-	2,240,082

[1] Includes net fair value loss on investment property of $209.4 million and the Group's share of the net fair value loss of its investments accounted for using the equity accounted method of $26.2 million.

Note 38. Operating segments (continued)

(b) Segment information provided to the CODM (continued)

	Office Australia & New Zealand $'000	Industrial Australia $'000	Industrial North America $'000	Management Company $'000	Financial Services $'000	All other segments $'000	Eliminations $'000	Total $'000
30 June 2009								
Segment performance measures								
Property revenue	331,567	135,256	188,691	-	-	52,992	-	708,506
Management fee revenue	-	-	-	63,663	-	-	-	63,663
Interest revenue	-	-	-	-	3,225	-	-	3,225
Inter-segment revenue	1,383	-	-	30,936	-	-	(32,319)	-
Total operating segment revenue	332,950	135,256	188,691	94,599	3,225	52,992	(32,319)	775,394
Net operating income (NOI)	246,707	109,245	132,750	-	-	39,241	-	527,943
Management company EBIT	-	-	-	21,025	-	-	-	21,025
Finance costs	-	-	-	-	(384,241)	-	-	(384,241)
Compensation related expenses	-	-	-	(59,282)	-	-	-	(59,282)
Net fair value loss on investment property[1]	(604,608)	(226,413)	(697,917)	-	-	(115,515)	-	(1,644,453)
Impairment of management rights	-	-	-	-	-	(41,110)	-	(41,110)
Net (loss)/gain on sale of investment property	(541)	104	(1,393)	-	-	(50)	-	(1,880)
Net fair value gain/loss on derivatives	-	-	-	-	(21,209)	-	-	(21,209)
Segment asset measures								
Direct property portfolio	4,046,070	1,504,619	1,674,038	-	-	511,132	-	7,735,859
Additions to investment properties	135,258	85,515	67,143	-	-	5,360	-	293,276
Acquisition of investment properties	-	27,165	-	-	-	-	-	27,165
Segment liability measures								
Interest bearing liabilities	-	-	-	-	2,509,012	-	-	2,509,012

[1] Includes net fair value loss on investment properties of $1,517.6 million and impairment on development properties of $126.9 million.

Note 38. Operating segments (continued)

(c) Other segment information

(i) Segment revenue
The revenue from external parties reported to the Board is measured in a manner consistent with that in the Statements of Comprehensive Income.

Revenue from external customers is derived predominantly through property revenue and management fee revenue. A breakdown of revenue by operating segment is provided in the tables above. DXS internally manages many of its investment properties for which inter-segment management fees are received (refer to note 35 for information relating to inter-company management fee income). Furthermore, inter-segment rental income is received from the funds management company. These amounts are eliminated on consolidation (refer to reconciliation below).

	Consolidated	
	2010 $'000	**2009 $'000**
Gross operating segment revenue	**745,326**	807,713
Less: Inter-segment revenue eliminated on consolidation		
Property rental revenue	**(874)**	(2,383)
Responsible entity fee revenue	**(19,048)**	(22,704)
Other management fee revenue	**(9,939)**	(8,232)
Other eliminations	**675**	1,000
Total inter-segment revenue	**(29,186)**	(32,319)
Total revenue from ordinary activities	**716,140**	775,394

DXS is domiciled in Australia. The result of its revenue from external customers in Australia is $544.7 million (2009: $557.0 million), and the total revenue from external customers in other countries is $171.4 million (2009: $218.4 million). Revenue from external customers includes $146.8 million (2009: $188.7 million) attributable to the United States portfolio. Segment revenues are allocated based on the country in which the investment property is located.

There is no single external tenant which is responsible for greater than 10% of external revenue.

(ii) Net Operating Income (NOI) and Operating Earnings before Interest and Tax (Operating EBIT)

The Board assesses the performance of each operating sector based on a measure of NOI, which is determined as property revenue less attributable property expenses. The performance indicator predominantly used as a measure of the management company's performance is the Management Company EBIT, which comprises management fee revenue less compensation related expenses and other management operating expenses. Both the property NOI and the management company's EBIT exclude the effects of finance costs, taxation and non-cash items such as unrealised fair value adjustments, which are monitored by management separately. The reconciliation below reconciles these profit measures to the loss attributable to stapled security holders.

Note 38. Operating segments (continued)

(c) Other segment information (continued)

(ii) Net Operating Income (NOI) and Operating Earnings before Interest and Tax (Operating EBIT) (continued)

Reconciliation of net operating income and management company EBIT to Group net loss attributable to stapled security holders:

	2010 **$'000**	2009 $'000
Property revenue per Statements of Comprehensive Income	**663,068**	708,506
Property expenses per Statements of Comprehensive Income	**(169,753)**	(174,485)
Intercompany property revenue & expenses[1]	**(8,908)**	(6,078)
Net operating income (NOI)	**484,407**	527,943
Add: management company EBIT	**6,121**	21,025
Less: Internal management fees[2]	**(19,048)**	(22,704)
Less: Inter-segment eliminations	**(1,031)**	(2,154)
Other income and expense[3]	**(9,140)**	(9,591)
Operating EBIT	**461,309**	514,519
Interest revenue	**1,484**	3,225
Finance costs	**(190,685)**	(384,241)
Share of net losses of associates accounted for using the equity method	**(26,243)**	31
Net fair value loss of investment properties[4]	**(209,367)**	(1,644,453)
Net loss on sale of assets	**(53,342)**	(1,880)
Net loss on sale of investment	**(15)**	(534)
Net fair value gain/(loss) of derivatives	**5,401**	(21,209)
Impairment	**(242)**	(41,110)
Reversal of previous impairment	**13,307**	-
Tax benefit	**29,983**	120,236
Other non-controlling interests	**(170)**	(3,695)
Net profit/(loss) attributable to stapled security holders	**31,420**	(1,459,111)

[1] Includes internal property revenue of $0.2 million and internal property expenses of $9.1 million included in NOI for management reporting purposes but eliminated for statutory accounting purposes. The internal property management expenses comprise of property management fees included in the Management Company EBIT.
[2] Elimination of internally generated Responsible Entity fees of $16.7 million and $2.3 million other internal management fees.
[3] Other income and expenses comprise of foreign exchange gains; depreciation, other income and expenses excluding amounts included in the Management Company's EBIT.
[4] 2009 comparative includes net fair value loss of investment properties of $1,517.6 million and $126.9 million relating to development properties classified as impairment in the Statements of Comprehensive Income.

Note 38. Operating segments (continued)

(c) Other segment information (continued)

(iii) Segment assets

The amounts provided to the CODM as a measure of segment assets is the direct property portfolio. The direct property portfolio values are allocated based on the physical location of the asset and is measured in a manner consistent with the Statements of Financial Position. The direct property portfolio comprises investment properties, all development properties and the Group's share of properties held through equity accounted investments. The reconciliation below reconciles the total direct property portfolio balance to total assets in the Statements of Financial Position.

DXS is domiciled in Australia. Total non-current assets other than financial instruments and deferred tax assets located in Australia is $5,868.1 million (2009: $5,943.2 million), and the amount located in other countries is $1,652.1 million (2009: $1,919.6 million). This includes $1,455.2 million (2009: $1,678.4 million) attributable to the United States portfolio.

Reconciliation of direct property portfolio to Group total assets in the Statements of Financial Position:

	2010 $'000	2009 $'000
Investment properties	**7,146,397**	7,120,710
Non-current assets held for sale	**18,068**	98,054
Inventories	**45,470**	0
Property, plant and equipment[1]	**-**	431,891
Investment property (accounted for using the equity method)[2]	**96,650**	85,204
Direct property portfolio	**7,306,585**	7,735,859
Cash	**64,419**	84,845
Receivables	**25,010**	35,816
Intangible assets	**225,525**	213,267
Derivative financial instruments	**146,324**	205,491
Deferred tax asset	**79,927**	49,136
Current tax receivable	**3,621**	1,423
Property, plant and equipment (IT and office equipment)	**5,264**	6,729
Prepayments & other assets[3]	**14,353**	18,544
Total assets	**7,871,028**	8,351,110

[1] In the prior year development property was classified as property, plant and equipment which is included in 'Direct Property Portfolio'. In the current year, based on the amendment to AASB 140 *Investment Property,* development properties being developed for future use as investment properties have been included in investment properties.
[2] This represents DXS's portion of the investment property accounted for using the equity accounted method.
[3] Other assets include the Group's share of total net assets of its investments accounted for using the equity accounted method less the Group's share of the investment property value which is included in the direct property portfolio.

Note 39. Reconciliation of net profit to net cash inflow from operating activities

(a) Reconciliation

	Consolidated		Parent Entity	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Net profit/(loss) for the year	**31,590**	(1,455,416)	**(1,599)**	(360,986)
Capitalised interest	**(41,377)**	(35,050)	**-**	(8,020)
Depreciation and amortisation	**3,498**	4,743	**-**	-
Impairment	**242**	168,168	**-**	-
Reversal of previous impairment	**(13,307)**	-	**-**	-
Net fair value loss of investment properties	**209,367**	1,517,564	**44,676**	341,251
Share of net loss/(profit) of associates accounted for using the equity method	**26,243**	(31)	**-**	-
Net fair value (gain)/loss of derivatives	**(5,401)**	21,209	**(1,774)**	5,753
Net fair value loss of interest rate swaps	**53,623**	222,468	**4,064**	9,138
Net loss on sale of investment properties	**53,342**	1,880	**1,979**	1,330
Net fair value loss of investments	**15**	534	**68,233**	-
Net foreign exchange (gain)/loss	**(3,103)**	(2,179)	**5,306**	153,701
Provision for doubtful debts	**4,141**	3,000	**(374)**	20
Change in operating assets and liabilities				
Decrease/(increase) in receivables	**6,665**	(2,389)	**(4,094)**	(9,353)
Decrease/(increase) in prepaid expenses	**63**	(4,246)	**(265)**	(1,424)
Decrease/(increase) in other non-current assets - investments	**31,016**	35,794	**4,647**	4,509
(Increase)/decrease in other current assets	**(3,445)**	(5,631)	**(22,526)**	9,650
Decrease/(increase) in other non-current assets	**1,861**	(1,176)	**527**	(329)
Increase/(decrease) in payables	**9,848**	(12,944)	**2,015**	4,362
Increase/(decrease) in current liabilities	**3,151**	(355)	**-**	-
Increase/(decrease) in other non-current liabilities	**1,612**	4,456	**(13)**	(82)
Increase in deferred tax assets	**(29,470)**	(100,822)	**-**	-
Net cash inflow from operating activites	**340,174**	359,577	**100,802**	149,520

(b) Capital expenditure on investment properties

Payments for capital expenditure on investment properties include $78.5 million (2009: $86.9 million) of maintenance and incentive capital expenditure.

Note 40. Non-cash financing and investing activities

	Note	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent Entity 2010 $'000	Parent Entity 2009 $'000
Distributions reinvested	28	**90,360**	100,420	**48,762**	47,912

Note 41. Earnings per unit

Earnings per unit are determined by dividing the net profit attributable to unitholders by the weighted average number of ordinary units outstanding during the year. The weighted average number of units has been adjusted for the bonus elements in units issued during the year and comparatives have been appropriately restated.

(a) Basic earnings per unit on profit/(loss) attributable to unitholders of the parent entity

Consolidated 2010 cents	Consolidated 2009 cents
0.34	(8.11)

(b) Diluted earnings per unit on profit/(loss) attributable to unitholders of the parent entity

Consolidated 2010 cents	Consolidated 2009 cents
0.34	(8.11)

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

Consolidated 2010 cents	Consolidated 2009 cents
0.66	(39.38)

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

Consolidated 2010 cents	Consolidated 2009 cents
0.66	(39.38)

Note 41. Earnings per unit (continued)

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

	Consolidated 2010 $'000	2009 $'000
Net profit/(loss) for the year	**31,590**	(1,455,416)
Net (profit)/loss attributable to unitholders of other stapled entities (non-controlling interests)	**(15,299)**	1,158,625
Net (profit) attributable to other non-controlling interests	**(170)**	(3,695)
Net profit/(loss) attributable to the unitholders of the Trust used in calculating basic and diluted earnings per unit	**16,121**	(300,486)

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

	Consolidated 2010 securities	2009 securities
Weighted average number of units outstanding used in calculation of basic and diluted earnings per unit	**4,774,467,167**	3,705,637,381

The Directors of DEXUS Funds Management Limited as Responsible Entity DEXUS Diversified Trust (the Trust) declare that the Financial Statements and notes set out on pages 24 to 100:

(i) comply with Australian Accounting Standards, the *Corporations Act 2001* and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the consolidated entity's financial position as at 30 June 2010 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 Group and its consolidated entities will be able to pay their debts as and when they become due and payable; and

(c) the Group has operated in accordance with the provisions of the Constitution dated 15 August 1984 (as amended) during the year ended 30 June 2010.

Note 1(a) confirms that the Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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
17 August 2010

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Independent auditor's report to the stapled security holders of DEXUS Diversified Trust

Report on the financial report

We have audited the accompanying financial report of DEXUS Diversified Trust (the Trust) which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 (the responsible entity) 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 the financial statements comply 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.

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.

PRICEWATERHOUSECOOPERS

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 2010 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 report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 3 to 18 of the directors' report for the year ended 30 June 2010. The directors of the responsible entity 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 2010, 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 of DEXUS Diversified Trust for the year ended 30 June 2010 included on DEXUS Diversified Trust web site. The Trust's directors are responsible for the integrity of the DEXUS Diversified Trust 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 named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial 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 to confirm the information included in the audited financial report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

JA Dunning

JA Dunning
Partner

Sydney
17 August 2010

2010

DEXUS Property Group

CORPORATE GOVERNANCE STATEMENT

DEXUS Funds Management Limited (DXFM) is the Responsible Entity of each of the four Trusts that comprise DEXUS Property Group (DEXUS, the Group). DXFM is also responsible for the management of a number of third party funds and mandates.

This corporate governance framework applies to all DXFM funds and mandates, and is designed to support the strategic objectives of the Group by defining accountability and creating control systems to mitigate the risks inherent in its day to day operations.

To achieve this objective, DXFM has implemented a corporate governance framework that meets the requirements of *ASX Corporate Governance Principles and Recommendations* (2nd edition) as amended 30 June 2010, and addresses additional aspects of governance that the Board considers appropriate. The Board is also committed to the early adoption of new and revised principles and recommendations. A reconciliation of the ASX Principles against DXFM's governance framework can be found on the web page www.dexus.com/Corporate-Governance.

The Board

Roles and responsibilities

As DEXUS comprises four real estate investment trusts, its corporate governance practices satisfy the requirements relevant to unit trusts. The Board has determined that its governance framework will also satisfy the highest standards of a publicly listed company. These additional governance aspects include the conduct of an annual general meeting, the appointment of Directors by DEXUS security holders and additional disclosure, such as the remuneration report.

The governance framework enables the Board to provide strategic guidance, while exercising effective oversight of management. The framework also defines the roles and responsibilities of the Board and executive management in order to clearly communicate accountability and ensure a balance of authority.

The Board is responsible for reviewing and approving DEXUS's business objectives and ensuring strategies for their achievement are in place and monitored. Objectives are reviewed periodically to ensure that they remain consistent with the Group's priorities and the changing nature of its business. These objectives become the performance targets for the Chief Executive Officer and Group Management Committee (previously the Executive Committee). Performance against these objectives is reviewed annually by the Board Nomination and Remuneration Committee and is taken into consideration during the remuneration review of Group Management Committee members.

The Board carries ultimate responsibility for the approval and monitoring of annual business plans, the approval of acquisitions, divestments and major developments. The Board also ensures that the fiduciary and statutory obligations DEXUS owes to its security holders, third party clients and investors are met.

The Board is directly responsible for appointing and removing the Chief Executive Officer (CEO), and Company Secretary, ratifying the appointment of the Chief Financial Officer (CFO) and monitoring the performance of the Group Management team. The Board meets regularly throughout the year and, when required, Directors also meet to consider specific business. At each regular Board meeting the Independent Directors meet without the CEO. Each year the Directors also meet with senior management to specifically consider strategy.

In addition to these responsibilities, DXFM is committed to maintaining, through both the Group Management Committee and the Board, a balance of skills, experience and independence appropriate to the nature and extent of its operations.

Composition

The composition of the Board reflects its role and the duties and responsibilities it discharges. It reflects the need for the Board to work together as a team with each Director making his or her own contribution to the Board's decision making process.

General qualifications for Board membership include the ability and competence to make appropriate business recommendations and decisions, an entrepreneurial talent for contributing to the creation of investor value, relevant experience in the industry sector, high ethical standards, exposure to emerging issues, sound practical sense and a total commitment to the fiduciary and statutory obligations to further the interests of all investors and achieve the Group's objectives.

At 30 June 2010, the Board comprises eight members, seven of whom are independent and the eighth member is the DEXUS CEO. All eight Directors held office for the full financial year.

Specific skills the incumbent Directors bring to the Board include strategy, property investment, funds management, capital markets, financial and risk management. Independent Directors are independent of management and free of any business or other relationship that could materially interfere with the exercise of his or her unfettered and independent judgement. Independent Directors have expertise in areas which enable them to relate to the strategies of DEXUS and to make a meaningful contribution to the Board's deliberations.

The Board regularly assesses the independence of its Directors, in light of interests disclosed to it. Directors of the Responsible Entity are not technically subject to the approval of security holders. However, the Board has determined that all Directors other than the CEO, will stand for election by DEXUS stapled security holders. If a nominated Director fails to receive a majority vote that Director will not be appointed to the Board of DXFM. DXFM Directors, other than the CEO, will hold office for three years, following his or her first appointment (or, if appointed by the Board between DEXUS Property Group Annual General Meetings, from the date of the Annual General Meeting immediately succeeding the initial appointment). It is not generally expected that an Independent Director would hold office for more than ten years, or be nominated for more than three consecutive terms, whichever is the longer.

DEXUS
PROPERTY GROUP

The Board (continued)

Composition (continued)

The Chair is an Independent Director, and is responsible for the leadership of the Board, for the efficient organisation and conduct of the Board's functions, and for the briefing of Directors in relation to issues arising relevant to the Board. The Board has clearly defined the responsibilities and performance of the CEO. The performance of the CEO is monitored by the Chair.

Biographies outlining the skills and experience of each Director are set out in DEXUS Property Group's Annual Report. Please refer to www.dexus.com/Corporate-Governance for a description of the procedure followed to select and appoint new Directors to the Board, which includes specific criteria applied to determine Director independence.

Performance

To ensure that each new Director is able to meet his or her responsibilities effectively, newly appointed Directors receive an information pack and induction briefing, which addresses the corporate governance framework, committee structures and their terms of reference, governing documents and background reports. New Directors also attend briefings by DEXUS management on business strategy and operations. In addition, Directors undertake training, through regular presentations by management and external advisers on sector, fund and industry specific trends and conditions throughout the year. Directors are also encouraged to:

- take independent professional advice, at the Group's expense and independent of management;
- seek additional information from management; and
- directly access the Company Secretary, General Counsel, Head of Risk and Governance and other DEXUS executives as required.

The Board Nomination and Remuneration Committee oversees the Board performance evaluation program which extends over a two year period. Board and Committee performance is evaluated one year, and individual Director performance is evaluated the following year. The process is designed to identify opportunities for performance improvement. In 2009 individual Director performance was evaluated. Evaluations are undertaken using questionnaires and face to face interviews on a broad range of issues.

Governance

The Board has established a number of Committees to assist it in the fulfilment of its responsibilities. Committee Chairs were rotated in August 2009. The Board and Board Committee Terms of Reference are reviewed at least annually, and copies can be found on the web page www.dexus.com/Corporate-Governance.

Board Nomination and Remuneration Committee

A Board Nomination and Remuneration Committee oversees all aspects of Director and Executive remuneration, Board renewal, Director, CEO and management succession planning, Board and Committee performance evaluation, training and Director nominations. It comprises three Independent Directors:

- John C Conde AO, Chair, Independent Director
- Christopher T Beare, Independent Director
- Stewart F Ewen OAM, Independent Director

Reporting to the Board Nomination and Remuneration Committee and the Group Management Committee, the Compensation Committee oversees the development and implementation of human resource management systems and provides advice to the Board Nomination and Remuneration Committee. The Board Nomination and Remuneration Committee also has the power to engage external consultants independently of management.

Remuneration and incentive payments for employees are considered by the Compensation Committee following guidance from the Board Nomination and Remuneration Committee. Recommendations to the Board Nomination and Remuneration Committee are based on the achievement of approved performance objectives and comparable market data. Details of the Group's remuneration framework for Executives, Independent Directors and employees are set out in the Remuneration Report that forms part of the Directors' Report contained in this the DEXUS Diversified Trust financial accounts. In 2009/10 there were no base salary increases for DEXUS senior management and no fee increases for Directors. There are no schemes for retirement benefits (other than superannuation) for Independent Directors.

Board Audit Committee

To ensure the factual presentation of each Trust's financial position, DXFM has put in place a structure of review and authorisation. This structure includes the establishment of a Board Audit Committee:

- to review the Financial Statements of each entity and review the independence and competence of the external auditor; and
- to review semi-annual management representations to the Board Audit Committee, affirming the veracity of each entity's Financial Statements.

The Board Audit Committee's Terms of Reference require that all members have specific financial expertise and have an understanding of the industry in which the Group operates.

The Board Audit Committee currently comprises three Independent Directors. The Board Audit Committee operates under formal Terms of Reference, has access to management, and internal and external auditors without management present, and has the right and opportunity to seek explanations and additional information as it sees fit. Board Audit Committee members have unrestricted access to external auditors.

The Board (continued)

Governance (continued)

The external auditor is invited to attend all Board Audit Committee meetings. The Committee may also obtain independent professional advice in the satisfaction of its duties at the cost of the Group and independent of management. The Committee meets as frequently as required to undertake its role effectively and not less than four times a year.

The members of the Board Audit Committee are:

- Barry R Brownjohn, Chair, Independent Director
- Elizabeth A Alexander AM, Independent Director
- Peter B St George, Independent Director

In order to ensure the independence of the external auditor, the Board Audit Committee has responsibility for approving the engagement of the auditor for any non-audit service of greater than $100,000.

Both the Chief Financial Officer and the Chief Executive Officer, on a semi annual basis, make representations to the Board Audit Committee regarding the veracity of the financial statements and the financial risk management systems. The Chief Executive Officer makes a representation in relation to risk management at least quarterly to the Head of Risk and Governance, regarding conformance with compliance policies and procedures. Any significant exceptions are reported by Risk and Governance to the Board Compliance Committee. Furthermore, on a quarterly basis, the Chief Financial Officer provides certification to the Board Compliance Committee as to the continued adequacy of financial risk management systems.

As at June 2009, fees paid to the external auditor for non-audit services were 123% of audit fees. In 2010, non-audit service fees reduced to 44% of audit fees and in 2011 non-audit fees are projected to reduce further.

Board Compliance Committee

The *Corporations Act 2001* does not require DXFM to maintain a Compliance Committee while more than half its Directors are external Directors. However, the Board of DXFM has determined that the Board Compliance Committee provides additional control, oversight and independence of the compliance function and therefore will be continued.

The Board Compliance Committee reviews compliance matters and monitors DXFM conformance with the requirements of its Australian Financial Services Licence and of the *Corporations Act 2001* as it relates to Managed Investment Schemes.

The Committee includes only members who are familiar with the requirements of Managed Investments Schemes and have extensive risk and compliance experience. The Committee is also encouraged to obtain independent professional advice in the satisfaction of its duties at the cost of the Group and independent of management.

As at 30 June 2010, the Committee comprised five members, three of whom are external members (i.e. members who satisfy the requirements of Section 601JB(2) of the *Corporations Act 2001*), and two of whom are executives of the Group.

The scope of the Committee includes all Trusts, including the Group's investment mandates. The Committee reports to the Board of the Responsible Entity, breaches of the *Corporations Act 2001* or breaches of the provisions contained in any Trust's Constitution or Compliance Plan, and further reports to ASIC in accordance with legislative requirements. DEXUS employees also have access to Board Compliance Committee members to raise any concerns including regarding unethical business practices.

The members of the Board Compliance Committee are:

- Brian E Scullin (Chair), external member
- John C Conde AO, external member
- Andrew P Esteban, external member
- Tanya L Cox, executive member
- John C Easy, executive member

The skills, experience and qualifications of Mr Scullin, Mr Conde AO, Ms Cox and Mr Easy are contained in this Annual Report.

Mr Esteban holds a Bachelor of Business majoring in Accounting. He is an Associate of the Australian Society of CPAs and a member of the Australian Institute of Company Directors. He has over 30 years experience in the financial services industry, 21 years of which were with Perpetual Trustees. In December 1999 he established FP Esteban and Associates, which specialises in implementing and monitoring risk management and compliance frameworks in the financial services industry. Andrew has provided compliance consulting services to organisations including UBS Global Asset Management in Australia, Hong Kong, Singapore, Taiwan and China. He is Chair of Certitude Global Investments Ltd (formerly HFA Asset Management Ltd) and a Director of HFA Holdings Ltd; Chair of the Compliance Committees of Aberdeen Fund Managers Australia Ltd, Deutsche Asset Management Australia Ltd, Equitable Asset Management (Australia) Limited, Grant Samuel, and SPARK Infrastructure RE Ltd; a member of the Compliance Committees of Australian Unity Funds Management Ltd, MAp Airports Ltd, and Schroder Investment Management Australia Ltd; and an Independent Member of the Alliance Burnstein Compliance Committee, and a Responsible Manager of Longreach Global Capital Pty Ltd.

To enable the Board Compliance Committee to effectively fulfil its obligations, an Internal Compliance Committee has been established to monitor the effectiveness of the Group's internal compliance and control systems.

Board Risk and Sustainability Committee

To oversee risk management at DEXUS, the Board has established a Board Risk and Sustainability Committee responsible for reviewing the Group's operational risk management, environmental management, sustainability initiatives, internal audit practices and any incidents of fraud. The Committee also oversees the effectiveness of the Group's Risk Management Framework.

The Board (continued)

Governance (continued)

The Board Risk and Sustainability Committee and Board Audit Committee share common membership to ensure that a comprehensive understanding of control systems is maintained by both Committees.

The members of the Board Risk and Sustainability Committee are:

- Barry R Brownjohn, Chair, Independent Director
- Elizabeth A Alexander AM, Independent Director
- Peter B St George, Independent Director

The management of risk is an important aspect of the Group's activities. Consequently the Group has created a segregated risk function reporting to the Chief Operating Officer on a day to day basis, as well as an Internal Compliance Committee, and an Internal Risk Committee, all of whom have independent reporting lines to corresponding Board Committees.

The Risk and Governance team's responsibility is to promote an effective risk and compliance culture including the provision of advice, the drafting and updating of relevant risk and compliance policies and procedures, conducting training, monitoring and reporting adherence to key policies and procedures. Frameworks have been developed and implemented in accordance with Australian Standards AS 31000:2009 (Risk Management) and AS 3806:2006 (Compliance Programs).

The Group has developed and implemented a range of policies supporting our risk and compliance framework including:

- Anti-money Laundering and Counter Terrorism Financing
- Workplace safety – Occupational Health, Safety and Liability
- Environmental Management
- Fraud Control and Awareness

Further information is available at www.dexus.com/Corporate-Governance

While Internal Audit is resourced internally, DEXUS has adopted a co-sourcing arrangement. The appointment of an external firm as co-source service provider has the advantage of ensuring DXFM is informed of broader industry trends and experience.

The internal audit program has a three year cycle. The results of all audits are reported to the Internal Audit Committee and the Board Risk and Sustainability Committee on a quarterly basis, and the internal audit function has a dual reporting line to the Internal Audit Committee and the Board Risk and Sustainability Committee.

The Board Risk and Sustainability Committee is empowered to engage consultants, advisers or other experts independently of management.

Board Finance Committee

The Group experiences significant financial risk, including interest rate and foreign exchange exposures. To assist in the effective management of these exposures the Board has established a committee to specifically manage these financial risks. This committee is the Board Finance Committee and its role is to review and recommend for approval to the Board, financial risk management policies, hedging and funding strategies, to review forward looking financial management processes and recommend periodic market guidance.

Supporting this Committee, management has established a Capital Markets Committee.

Members of the Board Finance Committee are:

- Peter B St George, Chair, Independent Director
- Barry R Brownjohn, Independent Director
- Christopher T Beare, Independent Director

Management

The day to day management of each of the Trusts rests in the hands of the management team. To assist this team in the direction, implementation and monitoring of its plans and strategies, a number of management committees have been established and responsibilities delegated.

The management committees in place at 30 June 2010 are:

- Executive Committee (replaced in July 2010 with a new Group Management Committee)
- Investment Committee
- Fund Performance Review Committee (formerly the Trust Planning Committee)
- Internal Risk Committee
- Internal Audit Committee
- Internal Compliance Committee
- Capital Markets Committee
- Environmental, Social and Governance Committee (formerly the Corporate Responsibility and Sustainability Committee)
- Project Steering Committee
- Compensation Committee
- Continuous Disclosure Committee

In June 2010, DEXUS opened an office in Newport Beach, California. These operations are subject to DEXUS's corporate governance framework, and have their own policies and procedures which replicate the Australian governance model. Committees include a US Management Committee and a US Investment Committee. US employees also participate in Australian management committees as appropriate.

The Board (continued)

Ethical behaviour

Code of Conduct

To ensure the satisfaction of statutory and fiduciary obligations to each of its investor groups and to maintain confidence in its integrity, the Board has implemented a series of clearly articulated compliance policies and procedures to which it requires all employees to adhere. In addition, the Board considers it important that its employees meet the highest ethical and professional standards and consequently has established both an Employee Code of Conduct, for all employees, and a Directors' Code of Conduct. Codes of Conduct are approved by the Board Compliance Committee. Please refer to www.dexus.com/Corporate-Governance for a copy of the Group's Codes of Conduct.

Management has adopted a policy of not contributing donations to any political party.

The Group is committed to and strongly supports disclosure being made of corrupt conduct, illegality or substantial waste of company assets. The Group aims to provide protection to employees who make such disclosures from any detrimental action or reprisal. Please refer to www.dexus.com/Corporate-Governance for a copy of the Good Faith Reporting Policy.

Diversity

DEXUS comprises a socially and culturally diverse workplace which helps create a culture that is tolerant, flexible and adaptive to the changing needs of our environment.

DEXUS believes that Boards should be small enough to be able to act decisively, but large enough that a diverse range of views is heard on any issue. DEXUS also believes that Boards need to have continuity and experience with DEXUS, as well as fresh perspectives not constrained by the past. The Chairman and Board continuously review these two factors and act when the balance is not right.

DEXUS is committed to diversity and promotes an environment conducive to the merit-based appointment of qualified employees, senior management and directors. Where professional intermediaries are used to identify or assess candidates, they are made aware of the Group's commitment to diversity.

DEXUS currently publishes annual statistics on the diversity profile of its Board and senior management, including a breakdown of the type and seniority of roles undertaken by women.

Insider trading and trading in DEXUS securities

The Board has determined that Directors will not trade in any security managed by the Group, and the Senior Executive team has similarly determined that they will not trade in any security managed by the Group. This decision has been made because the Board of DXFM has responsibility for the performance of DEXUS 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, the Board has determined that it will not invest in any fund managed by the Group, including DEXUS. This position is periodically reviewed by the Board.

The Group has implemented a trading policy that applies to employees who wish to invest in any of the Group's financial products for his or her personal account or on behalf of an associate. The policy requires any employee who wishes to trade in any security issued or managed by DXFM to obtain written approval before entering into a trade. Generally, approval will not be granted during defined blackout periods. These periods commence at the end of the financial half-year and full-year reporting periods and end on the day DEXUS Group results are released. In addition, if Risk and Governance or the Chief Executive Officer considers that there is the potential that inside information may be held or that a significant conflict of interest may arise, additional blackout periods will be imposed.

With regard to aligning Senior Executives' interests with the interests of DEXUS's investors, the Board has put in place a deferred performance scheme that it considers ensures an alignment of Senior Executives' interests with all investors. A description of the Senior Executives' payment scheme is contained in the Remuneration Report within the DEXUS Diversified Trust's Directors' Report.

All employees are required to provide a quarterly declaration confirming his or her understanding and compliance with the Employee Trading Policy. Risk and Governance undertakes regular monitoring of the security registers. Please refer to www.dexus.com/Corporate-Governance for a copy of the Trading Policy – Directors and Employees.

Conflicts of interest and related party dealings

The Group has implemented policies covering the management of conflicts of interest which include:

(a) Personal conflicts

These may arise where the interests of clients are in conflict with the interests of employees, or where the interests of DEXUS is in conflict with the interests of its employees. The policies which deal with personal conflicts are the:

- Code of Conduct;
- Inside Information and Employee Trading CPP; and
- Gifts and Entertainment CPP.

(b) Business conflicts

These may arise in the following ways:

- Conflicts arising from allocating property transactions, where there may be conflicts between the interests of different DEXUS clients when allocating a limited investment opportunity between a number of clients;
- Tenant conflicts, where a prospective tenant has two similar properties to chose from both owned or managed by DEXUS;
- Conflicts arising from related party dealings involving more than one of DEXUS's clients, where those clients are on opposite sides of the transaction; and
- Conflicts arising from transfer of assets involving the interests of DEXUS clients when transferring real estate between schemes and/or accounts which a DEXUS entity manages.

Where a conflict of interest has been identified, Risk and Governance liaises with the parties concerned to ensure the effective and timely management of the conflict.

DEXUS
PROPERTY GROUP

The Board (continued)

Ethical behaviour (continued)

On a monthly basis, the General Counsel reports to the Board on related party transactions that have been managed in the previous period. On a quarterly basis, the Head of Risk and Governance reports related party transactions to the Board Compliance Committee.

- During the 2009-2010 financial year, there was one related party transaction where DXFM sold a 1.5% interest in the Bent Street Trust to the DEXUS Wholesale Property Fund to equalise the holdings of both DEXUS parties.

Continuous disclosure

DXFM has established a Committee to ensure timely and accurate continuous disclosure for all material matters that impact the Group.

The Committee meets regularly to consider the activities of the Group and whether any disclosure obligation is likely to arise as a result of those activities. This Committee has been established to ensure that:

- all investors continue to have equal and timely access to material information, including the financial status, performance, ownership and governance of the Trusts; and
- all announcements are factual and presented in a clear and balanced way.

Please refer to www.dexus.com/Corporate-Governance for a copy of the Continuous Disclosure and Analyst Briefings Policy.

Training

Newly appointed members of the Senior Executive team undertake induction training soon after commencing employment. Induction training in relation to the operations of DEXUS takes the form of a half day, interactive training session presented by the heads of various business units. The Head of Risk and Governance conducts a one-to-one Compliance Induction session with each newly appointed Senior Executive outlining DEXUS's approach to risk management and compliance. In addition, all new employees attend face-to-face Compliance Induction training facilitated by the Head of Risk and Governance, which covers key compliance issues.

Annual General Meeting

DEXUS respects the rights of security holders and to facilitate the effective exercise of those rights, the Board has committed to the conduct of an Annual General Meeting for DEXUS Property Group.

Each annual general meeting is designed to:

- supplement effective communication with security holders;
- provide security holders ready access to balanced and understandable information about his or her fund;
- increase the opportunities for security holder participation; and
- facilitate security holders' rights to appoint Directors to the Board of DXFM.

The Group has adopted a policy which requires Directors to attend its AGM. In October 2009 all Directors attended the AGM.

The external auditor of the Trusts also attends each Annual General Meeting and is available to answer investor questions about the conduct of the audits of both the Trusts' financial records and their Compliance Plans, and the preparation and content of the Auditor's Report. In addition to conducting an Annual General Meeting, the Group has a communications and investor relations strategy that promotes an informed market and encourages participation with its investors.

This strategy includes use of the Group's website to enable ready access to DEXUS announcements, annual and half-year reports, presentations and analyst support material. The website also contains significant historical information on announcements, distributions and other related information at www.dexus.com/Investor-Centre/DXS

DEXUS Property Group engages Link Market Services to independently conduct any vote undertaken at the Annual General Meeting of security holders.

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