

DEXUS Property Group - ASX release

25 March 2011

DEXUS Property Group (ASX:DXS) 2011 Half Year Report

DEXUS Property Group provides a copy of its 2011 Half Year Report, being mailed to investors today.

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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 \$13.6bn. In Australia, DEXUS is the number 1 owner/manager of office, a market leader 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.
www.dexus.com

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

2011

DEXUS Property Group
HALF YEAR REPORT



DEXUS
PROPERTY GROUP



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Front cover: 123 Albert Street, Brisbane, QLD

This page: Australia Square, 264-278 George Street, Sydney, NSW



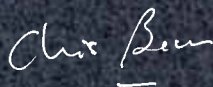
Dear investor

I am pleased to present the 2011 Half Year Report and to report on DEXUS Property Group's performance during the year. The Group announced a net profit after tax of \$294.4 million for the six months ended 31 December 2010, turning from a \$107 million net loss reported at December 2009. Funds From Operations (FFO) per security of 3.7 cents increased by 5.7% from the June 2010 result of 3.5 cents and the distribution amount for the December half was 2.59 cents per security.

In the past six months we have focused on enhancing our operating platform to position the business for further growth as property markets continue to improve. Our quality portfolio has achieved favourable property revaluations and our net tangible assets (NTA) have increased to \$0.98 per security.

Our strong management focus means DEXUS is well placed to capture the growth from recovering office markets, create further value from our Australian industrial portfolio and benefit from an improving US economy.

On behalf of the Board, I would like to thank you for your support during the past six months. I look forward to continuing to lead the Board in 2011 and reporting our activities for the full year.



Christopher T Beare
Chair

25 March 2011

KEY RESULTS

NET TANGIBLE ASSETS
PER SECURITY

\$0.98



GEARING

29.1%

LOOK THROUGH BASIS



FUNDS FROM OPERATIONS

\$179m

PER SECURITY 3.7c

DISTRIBUTION

\$125m

PER SECURITY 2.59c

Solaris, Quarry Industrial Estate, Reconciliation Road, Greystanes, NSW

	31 Dec 2010	30 Jun 2010
Closing price (ASX code: DXS)	\$0.80	\$0.77
Net tangible assets per security	\$0.98	\$0.95
Number of securities on issue	4,839.0m	4,820.8m
Number of security holders	21,717	22,516
Market capitalisation (\$bn)	3.9	3.7
Total assets (\$bn)	7.9	7.9
Interest bearing liabilities (\$bn)	2.2	2.2
Gearing (look through basis)	29.1%	29.8%
Net assets attributable to security holders (\$bn)	5.2	5.0
Third party funds under management (\$bn)	6.1	5.9
Total funds under management (\$bn)	13.6	13.3
Number of property investments	179	179
Portfolio occupancy	90.0%	89.9%
Portfolio weighted average lease expiry (years)	5.1	5.1

	31 Dec 2010	31 Dec 2009
Funds From Operations (\$m)	179.0	181.1
Funds From Operations (cents per security)	3.7	3.8
Distribution (\$m)	125.3	126.3
Distribution (cents per security)	2.59	2.65



ABOUT DEXUS

DEXUS is a leading Australian property group specialising in office, industrial and retail properties with total assets under management of more than \$13 billion in Australia and the United States.

In Australia, DEXUS is the largest listed owner and manager of office and one of the largest in industrial. Operating in the US since 2004, DEXUS owns and manages 109 industrial properties totalling more than 27 million square feet. On behalf of third party clients, DEXUS is a leading manager and developer of office, industrial and retail properties.

Governor Phillip & Macquarie Tower Complex, 1 Farrer Place and 1 Bligh Street, Sydney, NSW

Listed on the ASX, DEXUS has a track record of financial strength and prudent capital management. The Group has two areas of operation:

- A \$7.4 billion direct property portfolio – one of the largest listed Australian REITs – where we own, manage and develop high quality office and industrial properties in Australia and the US
- At \$6.1 billion¹ our property funds management business is one of the largest third party property funds management platforms in Australia including the DEXUS Wholesale Property Fund and three private client mandates

The Group's overall strategy is to deliver superior results for our stakeholders by:

- Maximising returns for our investors
- Offering world-class sustainable property solutions to our tenants
- Being a preferred employer
- Ensuring we have a positive impact on the environment and the communities in which we operate

DEXUS is committed to the long-term integration of Corporate Responsibility and Sustainability (CR&S) practices into our business and we are proud to be recognised as a market leader in this important area.

At DEXUS, our vision is to be the leading owner, manager, developer of superior quality properties in office and industrial in Australia and industrial in the US west coast.

OWN

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

MANAGE

FULLY INTEGRATED PROPERTY MANAGEMENT MODEL
DELIVERING SERVICE EXCELLENCE TO OUR TENANTS
MAXIMISING TOTAL RETURNS FOR OUR LISTED AND
WHOLESALE INVESTORS

DEVELOP

SELECTIVE DEVELOPMENTS CREATING VALUE
SUSTAINABLE DESIGN
HIGH QUALITY WORKSPACES

¹ Excludes the Syndicate property which was sold in January 2011.

OUR STRATEGY

PROPERTY

OFFICE

INDUSTRIAL

INDUSTRIAL US

FUNDS

FUNDS MANAGEMENT

CAPITAL

FUNDING AND
BUSINESS RISK



Sydney CBD including Governor Phillip Tower, 1 Bligh under construction, Gateway and Australia Square

STRATEGIC FOCUS

- › Invest in prime quality properties in major CBD markets
- › Enhancing operational excellence, recycling assets and progressing developments
- › Maintain a stable, core portfolio in key markets
- › Increase value add opportunities through property trading, development and recycling
- › Drive portfolio fundamentals to capture emerging growth and value recovery
- › Continue disciplined transition to four key west coast markets leveraging local team expertise
- › Leverage the DXS management platform to deliver enhanced returns
- › Grow the platform through new capital partners and build on DWPF's success
- › Maintain a strong and transparent balance sheet
- › Maintain gearing under 40% and diversify debt sources and duration

TARGETS

- › Achieve total return >9% on core portfolio (>85% of FUM)
- › Return on developments of >15%
- › At least 80% core portfolio achieving total return of >10%
- › Achieve >15% returns on value add opportunities
- › Increase occupancy to 91% by 2013
- › Target core returns >8.5% and returns on developments of >15%
- › Complete transition to core markets in the next two years
- › Continue to outperform performance benchmarks
- › Increase funds under management by 30% within five years
- › Maintain BBB+ rating and outlook
- › Extend debt duration to four years
- › Refinance \$600 million by December 2011



CHIEF EXECUTIVE OFFICER'S REPORT

I AM PLEASED TO PRESENT THIS HALF YEAR REPORT TO SECURITY HOLDERS OF DEXUS PROPERTY GROUP FOR THE SIX MONTHS ENDED 31 DECEMBER 2010.

In all three of our property sectors we have sought to drive further performance through a clear investment strategy, focused property leasing and asset management in our core portfolios and additionally, by pursuing select core and value add opportunities to enhance returns.

Our half year result reflects our focus on maximising performance from our core business, delivering solid fundamentals and overall value increases in line with improving market conditions. In light of this performance we have increased our 2011 full year FFO guidance to 7.4 cents per security¹.

Prudent capital management

At DEXUS, we are committed to prudent and practical capital management. We continued to maintain our Standard & Poor's BBB+ credit rating. In December 2010 we suspended our Distribution Reinvestment Plan after taking into account a number of considerations, including the impact of issuing securities at a price below net tangible assets.

In the past six months we have refinanced \$475 million of debt expiries and further improved our diversity of debt by source and duration. We have a strong and transparent balance sheet and our gearing levels remain low at 29.1%, comfortably below our target threshold of 40%.

However, with an elevated cost of capital, we are mindful that available returns from investments need to be monitored against our cost of capital. Accordingly, we are focused on funding new opportunities from the recycling of existing properties.

Financial results

The statutory profit for the six months to December 2010 was \$294.4 million, turning from a \$107 million net loss at December 2009.

After allowing for interest and tax, FFO – our core operating performance measure – remained stable at \$179 million for the six months to 31 December 2010 and is slightly ahead of guidance.

Contributing to this positive result were improvements in earnings in both our Australian office and industrial sectors, up 3.1% and 1.4% on a like-for-like basis.



Australia Square and 309-321 Kent Street, Sydney, NSW



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

Earnings from the US industrial sector were impacted by asset sales in late 2009; however, earnings on the six months to December 2010 were up 0.6%.

Property revaluations

The Group's NTA increased by 3% to 98 cents per security. The components of the increase were the result of positive revaluations, retained earnings and positive mark to market movements on derivatives.

Revaluations were undertaken on all properties and resulted in an uplift of \$68 million for the portfolio or 0.9%.

Capitalisation rates² across the total portfolio tightened by an average of 10 basis points to 7.9%. Looking across the sectors, the Australian portfolio firmed by 10 basis points and the US portfolio firmed by 30 basis points.

These improvements in capitalisation rates reflect the early stages of a recovery in valuations. We expect further valuation increases in the Australian portfolio due to increasing occupancy levels, growth in market rents and further capitalisation rate compression³. In the US we expect further capitalisation rate compression driven by stronger investment demand, followed by growth in market rents.

1 Barring unforeseen circumstances.

2 The capitalisation rate is the ratio between the net operating income of a property (based on current market rents) and its market value.

3 Capitalisation rate compression is where, for a given amount of net operating income, the capitalisation rate decreases and consequently the capital value increases.



9357 Richmond Place, Rancho Cucamonga, CA



1 Foundation Place, Greystanes, NSW

Property fundamentals

The Australian office and industrial sectors are entering a growth phase. Vacancy rates are steadily declining as positive tenant demand soaks up relatively low levels of supply.

In our Australian portfolio, we remain focused on taking advantage of the recovery and have achieved significant leasing success in the period with our office and industrial portfolio occupancy levels continuing to be above market benchmarks.

In the US, a “variable speed” recovery is creating two dynamics for the portfolio. Coastal, port related locations, which include our preferred west coast markets, have seen a rebound in both occupancy and valuations while in other parts of the country the recovery has been more tempered.

Our portfolio provides diversification benefits as it is weighted across the office and industrial sectors in Australia and the US.

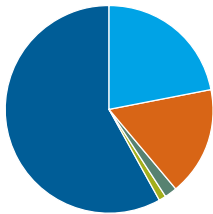
Our overall portfolio occupancy by area increased to 90% and the average lease duration by income was steady at 5.1 years (June 2010: 5.1 years).

Importantly, all three sectors are outperforming the market with respect to three year total return benchmarks. Despite the varying speeds of recovery, our half year results support both our full year guidance and increasing future earnings growth.



123 Albert Street, Brisbane, QLD

Portfolio diversification as at 31 December 2010 (by value)



■ Office AU	58%
■ Industrial AU	22%
■ Industrial US	17%
■ Industrial EU ¹	2%
■ Cash and other assets	1%

1 European portfolio is to be sold.

Corporate Responsibility and Sustainability (CR&S)

DEXUS continues to drive sustainable performance with improvements in resource consumption across the portfolio and progress in our 4.5-star NABERS Energy rating program in our office properties. The Group's two 6 Star Green Star office developments, 1 Bligh Street and 123 Albert Street, are progressing towards completion in June 2011.

We continue to progress our industrial business with environmentally sustainable design features incorporated into our new developments at Greystanes and Laverton. Further information on our CR&S program can be found at dexus.com/crs

OFFICE – AUSTRALIA AND NEW ZEALAND

SECTOR HIGHLIGHTS

PORTFOLIO VALUE \$4.3 billion

(JUNE 2010: \$4.1 billion)

LIKE-FOR-LIKE INCOME GROWTH 3.1%

(JUNE 2010: 0.4%)

OCCUPANCY (BY AREA) 96.5%

(JUNE 2010: 95.7%)

LEASE DURATION (BY INCOME) 5.6 years

(JUNE 2010: 5.4 years)

DEXUS is the largest listed owner and manager of office property in Australia. Our office portfolio represents approximately 58% of our total book value. The portfolio is strategically weighted to the core Australian office markets of Sydney and Melbourne with key properties in Brisbane and Perth.

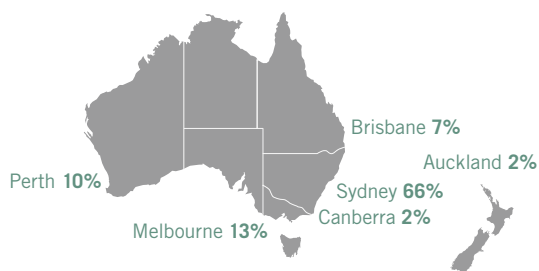
Our high quality office portfolio together with our experienced management team continued to produce solid results and outperformed market benchmarks.

New leases and renewals were negotiated on approximately 31,000 square metres of existing office space, which represents 5.7% of the office portfolio, delivering an average fixed rental increase of 3.75%.

We continued to outperform benchmark occupancy levels in all our office markets and drive down the cost of tenant incentives.

Geographical diversification (by value)

Total value \$4.3 billion



Average tenant incentive levels for new and renewing tenants were reduced to 18%, without sacrificing occupancy levels which increased to 96.5%. Average lease duration by income increased to 5.6 years reflecting security of income and tenant retention increased to 76% (June 2010: 56%) reflecting improving market conditions.

Net Operating Income (NOI) increased over the period to \$127.2 million (Dec 2009: \$121.9 million). Underlying like-for-like income growth of 3.1% primarily reflects rental growth which was achieved through fixed rental increases of approximately 3.75% on over 80% of leases.

Our two 6 Star Green Star premium office developments have progressed and are nearing completion. 123 Albert Street, Brisbane, QLD (DEXUS share 100%: \$376 million), is scheduled for completion



Southgate Complex, 3 Southgate Avenue, Southbank, VIC

1 Bligh Street, Sydney, NSW

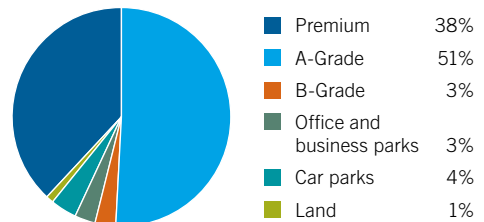
in June 2011, following delays as a result of the recent floods. All flood repair costs, other than the capitalised interest cost associated with the delay, are covered by the construction and insurance contracts. The development is 80% leased and fully leased yield on cost is forecast to be 6.75%.

1 Bligh Street, Sydney, NSW (DEXUS share 33%: \$222 million), is scheduled for completion in June 2011 and is 55% leased. Interest in the building has continued to increase with prospective tenants now able to tour available floors. Fully leased yield on cost is forecast to be 7.0%.

Our \$26 million redevelopment of Southgate in Melbourne, VIC is progressing on schedule and will provide enhanced amenity for our tenants and customers.

Looking forward to the next stage of developments in our office portfolio, we have lodged two development applications in the Melbourne CBD for an 18,500 square metre development at our Flinders Gate property and a 20,000 square metre development at 360 Collins Street on behalf of DWPF.

Property type (by value)



INDUSTRIAL – AUSTRALIA

SECTOR HIGHLIGHTS

PORTFOLIO VALUE \$1.6 billion

(JUNE 2010: \$1.5 billion)

LIKE-FOR-LIKE INCOME GROWTH 1.4%

(JUNE 2010: 1.6%)

OCCUPANCY (BY AREA) 97.4%

(JUNE 2010: 98.4%)

LEASE DURATION (BY INCOME) 4.5 years

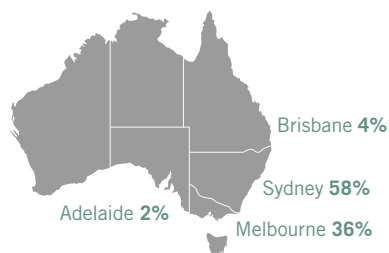
(JUNE 2010: 4.9 years)

Our Australian industrial portfolio is the third largest industrial portfolio in Australia and represents 22% of our total book value. Our portfolio specialises in premium business parks, logistics, distribution facilities and industrial estates, partnering with many of Australia's leading brands such as Wesfarmers, IBM and Foster's. The portfolio is weighted to key growth markets in Sydney and Melbourne.

During the period we continued to deliver consistent performance with NOI increasing to \$56.8 million as a result of gains from asset recycling and improving like-for-like income. The portfolio achieved rental reviews averaging 3.3% across 37% of the portfolio while tenant incentives decreased to 4.4%, down from 6.1% in June.

Geographical diversification (by value)

Total value \$1.6 billion



During the period we reweighted a portion of our portfolio to higher returning value-add opportunities located in select key markets, consistent with our approach to increase active earnings. This involved selling \$15.4 million of non-core properties at above book value and investing into \$38 million of trading activity, land subdivision and speculative build opportunities. A good example of this was our purchase of a 7.6 hectare development site in Erskine Park, NSW in August 2010 where we have secured the development approval to subdivide. We are constructing a 21,000 square metre warehouse on half of the site, which will be completed in October 2011. We intend to sell the remaining 3.5 hectares and are in negotiations to sell at nearly 50% above the purchase price.



Centrewest Industrial Estate, 108-120 Silverwater Road, Silverwater, NSW

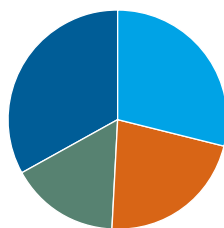


Loscam development, DEXUS Industrial Estate, Boundary Road, Laverton North, VIC

Good progress was made in our developments. In Laverton VIC, the pre-leased warehouse facility development for Loscam (6,534 square metres) remains on track for completion in June 2011 with a forecast yield on cost of 9.0%. Additionally, a \$14 million speculative development for a 17,347 square metre warehouse was commenced during the period. Completion is expected in August 2011 with good preliminary tenant interest.

Our Greystanes development continues to progress well. The developments for Solaris Paper and Symbion Pharmacy Services were completed in August 2010 and February 2011 respectively. Both developments provide a return on cost of 8.7%. The \$32 million pre-lease development with Fujitsu remains on track for completion in October 2011.

Property type (by value)



■ Business parks	33%
■ Industrial estates	29%
■ Warehouse/distribution centres	22%
■ Vacant land	15%

INDUSTRIAL – US

SECTOR HIGHLIGHTS

PORTFOLIO VALUE \$1.3 billion

(JUNE 2010: \$1.5 billion)

LIKE-FOR-LIKE INCOME IS DOWN 8.3%

(JUNE 2010: 12.3%)

OCCUPANCY (BY AREA) 86.4%

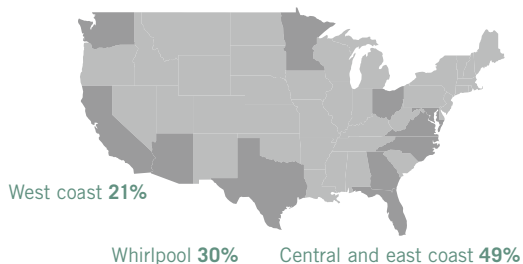
(JUNE 2010: 86.4%)

LEASE DURATION (BY INCOME) 4.7 years

(JUNE 2010: 4.9 years)

Portfolio diversification (by value)

Total value \$1.3 billion



Representing 18% of our total book value, our US portfolio is showing signs of an emerging recovery. During the period, NOI decreased to US\$39.4 million (A\$41.6 million), which on a like-for-like basis was 8.3% lower than the six month period to December 2009.

However, leasing conditions appear to have stabilised as NOI was up 0.6% when compared to the six month period to June 2010.

Property markets in the US are experiencing a recovery at variable speeds. Property values have continued to increase over the last six months in anticipation of improving occupancy levels and continued low US interest rates. While coastal markets have seen the greatest increase, the value growth has been more tempered in our non-core markets.

We have made further progress in repositioning towards core markets with the exit from Harrisburg completed during the period, taking our portfolio presence to 16 markets.

In July 2010 our US team assumed asset management of our Whirlpool portfolio and on 1 January 2011, our US team assumed management of our west coast portfolio from RREEF. Since that time, the DEXUS US team leased or was in negotiation on leases covering 610,000 square feet. Half of these leases are renewals and represent 100% retention of leases due for expiry. The other half are leases on space which is currently vacant and represents 0.7% of total US portfolio square footage.



Riverbend Commerce Park, 8005 South 266th Street, Kent, WA

INDUSTRIAL – EUROPE

SECTOR HIGHLIGHTS

PORTFOLIO VALUE \$173 million

(JUNE 2010: \$197 million)

LIKE-FOR-LIKE INCOME IS DOWN 2.8%

(JUNE 2010: 13.6%)

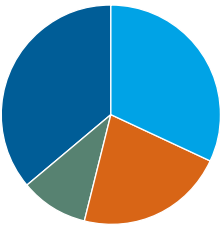
OCCUPANCY (BY AREA) 84.7%

(JUNE 2010: 78.1%)

LEASE DURATION (BY INCOME) 3.1 years

(JUNE 2010: 2.9 years)

Industrial US – property type (by value)



■ Distribution centres	36%
■ Industrial estates	32%
■ Warehouses	22%
■ Business/office parks	10%

The European portfolio is valued at \$173 million (€132 million) and contributed \$8.1 million (€5.8 million) of NOI in the six months to 31 December 2010. As previously reported, this portfolio will be sold down in 2011 as transaction markets in Europe start to open up. In the six months to 31 December, we sold one property in Champlan, Paris in France for \$7.6 million (€5.7 million), 4% above its book value.



Gateway, 1 Macquarie Place, Sydney, NSW

Funds management

Our \$6.1 billion funds management platform comprises the DEXUS Wholesale Property Fund (DWPF), two Australian mandates and in the US, DEXUS manages an industrial real estate portfolio on behalf of five clients.

In the six months to 31 December 2010, the Syndicate property in Gordon, NSW was sold as per investment terms for \$67 million. The property settled in January 2011 and the Syndicate will be wound up progressively.

We are seeing increased wholesale demand and accordingly we expect to act on these opportunities to expand our fund management activities to service this demand.

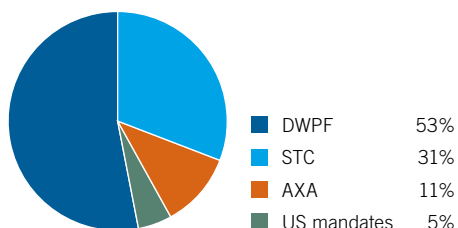
DEXUS Wholesale Property Fund

DWPF, our flagship wholesale fund, has outperformed the total return benchmark over the past one and three years with a total return of 11% for the last 12 months. In 2010, DEXUS undertook significant activity on behalf of DWPF including the achievement of an A (stable) rating by Standard & Poor's, acquiring \$256 million of industrial property and securing \$765 million of equity of which approximately \$245 million is new capital and the remainder transfers.

Property mandates

At 31 December 2010 our two Australian private client mandates were valued at \$2.6 billion across 32 properties. In the US, DEXUS manages 12 industrial assets valued at approximately \$0.3 billion.

Product type (by value)



Outlook

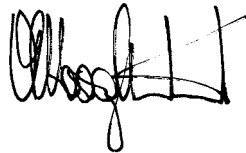
Looking forward we expect our office portfolio to benefit from healthy increases in effective rents as the forecast decline in market vacancy occurs. We will continue to actively manage the core portfolio to extract additional growth and maximise the upside from the forecast improvement in leasing conditions. We will further progress our new development applications and identify additional value-add development opportunities.

Our Australian industrial portfolio is expected to continue to provide stable underlying income. As the property cycle improves, we will continue to allocate up to 20% of our industrial portfolio to value-add opportunities including land subdivision, trading and speculative development and continue to further develop and recycle our two prime industrial land banks.

The US industrial portfolio is expected to continue to benefit from the cyclical recovery. While the outlook for medium-term growth appears robust, it is expected the portfolio will continue to experience mixed but positive growth in the near term, reflecting the two-speed recovery.

We will continue to enhance our funds management platform and provide opportunities for capital partnering and increased fee income for DEXUS.

Barring adverse changes to operating conditions, the FFO forecast for the year ending 30 June 2011 has been upgraded to 7.4 cents per security. Consequently, distributions, being 70% of FFO, are forecast to be 5.18 cents per security.



Victor P Hoog Antink
Chief Executive Officer

25 March 2010

FINANCIAL REPORTS

The following financial statements for DEXUS Property Group are a summary of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows.

Consolidated Statement of Comprehensive Income

	31 December 2010 (\$'000)	31 December 2009 (\$'000)
Property revenue	314,428	338,383
Management fee income	28,179	27,478
Interest revenue	717	767
Total revenue from ordinary activities	343,324	366,628
Property revaluations	67,892	–
Other income	7,761	12,134
Total income	418,977	378,762
Property expenses	(75,268)	(87,032)
Finance income/(costs)	2,424	(57,768)
Property devaluations and impairments	(74)	(286,265)
Net loss on sale of properties	–	(50,082)
Employee benefits expense	(36,093)	(28,867)
Depreciation, amortisation and other expenses	(12,584)	(12,109)
Total expenses	(121,595)	(522,123)
Profit/(loss) before tax	297,382	(143,361)
Total tax benefit/(expenses)	(2,032)	35,184
Profit/(loss) after tax	295,350	(108,177)
Exchange differences on translating foreign operations	(6,995)	(11,610)
Total comprehensive income/(loss) for the period	288,355	(119,787)
Profit/(loss) attributable to stapled security holders	294,426	(107,027)
Non-controlling interests	924	(1,150)
Total profit/(loss) for the period	295,350	(108,177)
Total comprehensive income/(loss) attributable to stapled security holders	287,431	(118,374)
Non-controlling interests	924	(1,413)
Total comprehensive income/(loss) for the period	288,355	(119,787)

Consolidated Statement of Financial Position

	31 December 2010 (\$'000)	30 June 2010 (\$'000)
Cash and receivables	73,482	89,429
Property assets	7,345,753	7,308,543
Other (including derivative financial instruments)	437,690	473,056
Total assets	7,856,925	7,871,028
Payables and provisions	258,899	281,230
Interest bearing liabilities	2,177,910	2,240,082
Other (including derivative financial instruments)	243,549	343,269
Total liabilities	2,680,358	2,864,581
Net assets	5,176,567	5,006,447
Non-controlling interests	204,094	205,275
Stapled security holders' interests	4,972,473	4,801,172

Consolidated Statement of Changes in Equity

	31 December 2010 (\$'000)	31 December 2009 (\$'000)
Opening balance at 1 July	5,006,447	5,146,217
Total comprehensive income/(loss)	288,355	(119,787)
Total transactions with owners in their capacity as owners	(118,235)	(85,744)
Closing balance at 31 December	5,176,567	4,940,686

Consolidated Statement of Cash Flows

	31 December 2010	31 December 2009
	(\$'000)	(\$'000)
Net cash inflow from operating activities	106,522	152,792
Net cash outflow from investing activities	(186,565)	(85,000)
Net cash inflow/(outflow) from financing activities	63,602	(78,580)
Net decrease in cash and cash equivalents	(16,441)	(10,788)
Cash and cash equivalents at the beginning of the period	64,419	84,845
Effects of exchange rate changes on cash and cash equivalents	(3,904)	(3,280)
Cash and cash equivalents at the end of the half year	44,074	70,777

The full financial statements together with the notes to the financial statements and the Directors' report are on our website at dexus.com or by contacting the Infoline on 1800 819 675.

Investor information

DEXUS Property Group is listed on the Australian Securities Exchange (ASX). The ASX code is DXS.

Security holders will need to use the services of a stockbroker or online broking facility to trade DEXUS Property Group (DXS) securities.

Distribution payments

Distributions are paid for the six months to December and June each year. You can receive your distribution by direct credit into your nominated bank account or by cheque. DEXUS suspended the distribution reinvestment plan in December 2010.

Non-resident tax information

Estimates that make up the DEXUS Property Group's 2010/11 distributions are published on our website in the Investor Centre at dexus.com/dxs/ tax. These estimates are updated for each distribution period prior to the distribution payment and are for non-resident security holders and custodians of non-resident security holders.

Annual tax statement

Each financial year security holders will receive a tax statement. This statement summarises the distributions paid to you during the year and includes information required to complete your tax return. If you have misplaced your tax statement you can obtain a copy via our Investor Login link at dexus.com

Apportionment percentages

Apportionment percentages for DEXUS Property Group's stapled securities since stapling are available as a download in our Investor Centre at dexus.com/dxs/tax/ or by contacting the Infoline on 1800 819 675.

Website

Information relating to the DEXUS Property Group can be found at dexus.com. The website contains information on our property portfolio, Board of Directors, corporate governance and other Group information. The site also provides access to your investment details, security holder reports and ASX announcements.

Complaints handling

Any security holder wishing to lodge a complaint should do so in writing and forward it to DEXUS Funds Management Limited at the address shown in the Directory. DEXUS Funds Management Limited is a member of Financial Ombudsman Service (FOS), an independent dispute resolution scheme who may be contacted at:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

Phone: 1300 780 808
Phone: +61 3 9613 7366
Fax: +61 3 9613 6399
Email: info@fos.org.au
Website: fos.org.au

DIRECTORY

DEXUS Diversified Trust
ARSN 089 324 541

DEXUS Industrial Trust
ARSN 090 879 137

DEXUS Office Trust
ARSN 090 768 531

DEXUS Operations Trust
ARSN 110 521 223

Responsible Entity

DEXUS Funds Management Limited
ABN 24 060 920 783

Registered office of the Responsible Entity

Level 9, 343 George Street
Sydney NSW 2000

PO Box R1822
Royal Exchange
Sydney NSW 1225

Phone: +61 2 9017 1100
Fax: +61 2 9017 1101

Directors of the Responsible Entity

Christopher T Beare, Chair
Elizabeth A Alexander AM
Barry R Brownjohn
John C Conde AO
Stewart F Ewen OAM
Victor P Hoog Antink, CEO
Brian E Scullin
Peter B St George

Secretaries of the Responsible Entity

Tanya L Cox
John C Easy

Auditors

PricewaterhouseCoopers
Chartered Accountants
201 Sussex Street
Sydney NSW 2000

Investor enquiries

Registry Infoline:
1800 819 675 or +61 2 8280 7126
Investor Relations: 02 9017 1330
Email: ir@dexus.com
Website: dexus.com

Security registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Locked Bag A14
Sydney South NSW 1235

Registry Infoline:
1800 819 675 or +61 2 8280 7126
Fax: +61 2 9287 0303
Email: registrars@linkmarketservices.com.au
Website: linkmarketservices.com.au

For enquiries regarding your holding you can either contact the Security Registry, or access your holding details at dexus.com and click on the Investor login link.

Australian Securities Exchange

ASX Code: DXS

Infoline: 1800 819 675, Monday to Friday between 8.30am and 5.30pm (Sydney time).



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DEXUS Property Group
2011 HALF YEAR REPORT

