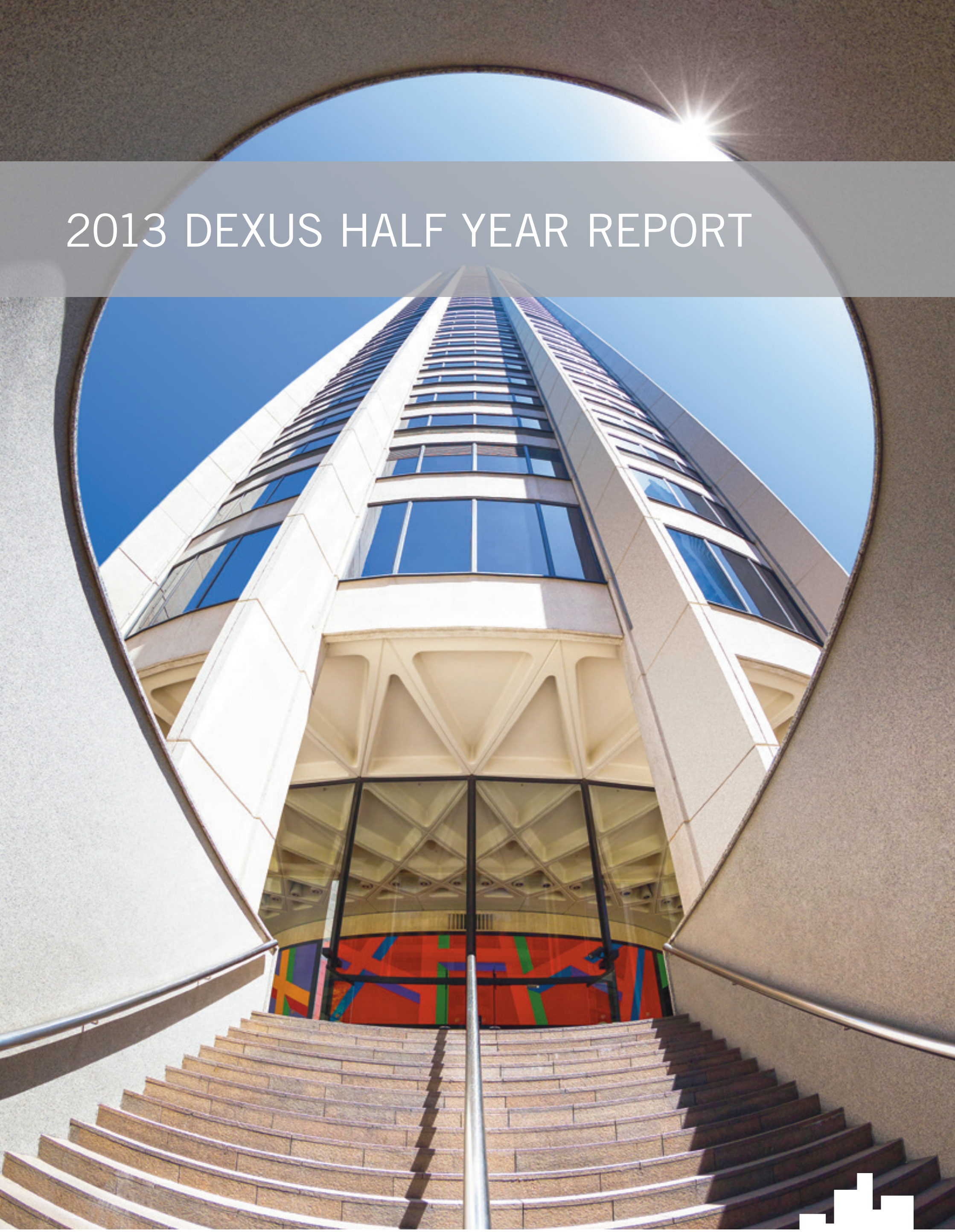
2013 DEXUS HALF YEAR REPORT



DEXUS
PROPERTY GROUP

DXS KEY RESULTS

The DEXUS Property Group 2013 half year report provides an overview of our operations, including financial and non-financial performance for the period ending 31 December 2012.

FUNDS FROM OPERATIONS[1]

$182.2m

PER SECURITY **3.85c**

DISTRIBUTION

$135.9m

PER SECURITY **2.89c**

TOTAL SECURITY HOLDER RETURN[2]

29.5%

NET TANGIBLE ASSETS PER SECURITY

$1.03

(JUN 12: $1.00 DEC 11: $1.01)

STATUTORY PROFIT

$267.0m

(DEC 11: $145.7m)

GEARING[3]

29.0%

(JUN 12: 27.2%)

1 Refer to page 23 for the definition of Funds from Operations.

2 DXS share price appreciation plus distributions paid for the 12 months to 31 December 2012. Source UBS.

3 Pro-forma gearing including the impact of the settlement of the US portfolio sale, the acquisition of interests in three Sydney properties and the acquisition of 40 Market Street, Melbourne and Carole Park industrial estate, South Brisbane.

CONTENTS

Cover: Australia Square, 264-278 George Street, Sydney, NSW
This page: L to R: Governor Phillip Tower, 1 Farrer Place and 1 Bligh Street, Sydney, NSW

ABOUT DEXUS

DEXUS's vision is to be globally recognised as the leading real estate company in Australia.

DEXUS Property Group (DEXUS) is one of Australia's leading real estate groups with $13 billion of funds under management and over 25 years of experience in commercial property investment, development and asset management.

DEXUS is a Top 50 entity listed on the Australian Securities Exchange (ASX: DXS) and more than 18,000 investors from 15 countries invest in the Group.

The Group's strategy is to deliver superior risk-adjusted returns for investors from high quality Australian real estate, primarily comprising CBD office buildings.

The Group owns high quality office and industrial properties and has an established and successful third party funds management business that invests in office, industrial and retail properties.

DEXUS seeks to develop strategic partnerships with major capital partners and investors, and be recognised as a wholesale partner of choice.

The Group has a proven track record in capital and risk management and is supported by a strong team of experienced property professionals with core capabilities in commercial property investment, development and asset management.

OUR VISION	To be globally recognised as Australia's leading real estate company			
OUR STRATEGY	To deliver superior risk-adjusted returns for our investors from high quality Australian real estate, primarily comprising CBD office buildings			
OUR STRATEGIC OBJECTIVES	OFFICE Being the leading owner and manager of Australian office	CORE CAPABILITIES Having the best people, strongest tenant relationships and most efficient systems	CAPITAL PARTNERSHIPS Being the wholesale partner of choice in Australian office, industrial and retail	CAPITAL AND RISK MANAGEMENT Actively managing our capital and risk in a prudent and disciplined manner
OUR PEOPLE WILL BE RECOGNISED FOR	Property expertise	Institutional rigour		Entrepreneurial spirit

DEXUS GROUP
A$13bn[1] FUM

DXS portfolio $7.1bn		Third Party Funds Management $5.9bn		
Office $5.5bn	Industrial $1.6bn	Office $2.0bn	Industrial $0.8bn	Retail $3.1bn

1 Includes 31 December 2012 post balance date transactions.

OUR INTEGRATED APPROACH TO CR&S

DEXUS adopts a Corporate Responsibility & Sustainability (CR&S) framework which creates shared value for all stakeholders.

At DEXUS we have developed and implemented leading practices in CR&S for more than 15 years. Our vision to be globally recognised as Australia's leading real estate company is supported by the delivery of shared value to all stakeholders through an integrated CR&S framework.

We create value across all areas of our business through responsible investment practices, environmental stewardship and social partnerships.

We have a strong belief that maximising sustainability credentials will assist in reducing let-up times and result in higher retention levels in our properties. By adopting sustainable business operations, we will limit our impact on resources and energy costs and improve our buildings' efficiency.

Our aim is to align our business strategy with stakeholder expectations by identifying and resolving material issues through proactive stakeholder engagement. We are guided by strong governance principles which are integrated in all key decision processes of the organisation.

We aim to deliver responsible outcomes for the community through social partnerships and community engagement.

1 Bligh Street, Sydney, NSW – winner of the International Highrise Award 2012

We are focused on delivering value to our stakeholders through the creation of shared value models for our:

Investors by enhancing income and capital returns through responsible investment in energy, water and waste efficiency across our property portfolio

Employees by attracting and retaining the best people through the implementation of exceptional well-being, environmental and volunteering programs that develop our employees' entrepreneurial, social and leadership capabilities

Tenants by delivering the best integrated service delivery model to our tenants

Suppliers by supporting those that embrace our Sustainable Procurement Guidelines

Community by enhancing returns for the community through social partnerships

Environment by minimising our impact on the environment in the areas in which we operate.

INTEGRATED FRAMEWORK

LETTER FROM THE CHAIR

L to R: Chris Beare, Chair; Darren Steinberg, CEO

Dear investors

I am pleased to present this half year report for the six months ended 31 December 2012.

Funds from Operations (FFO) for the period was $182.2 million or 3.85 cents per security, in line with guidance and represents a 1.0% increase on a cents per security basis over the previous corresponding period (December 2011: 3.81 cents per security). Our balance sheet remains strong with gearing[1] of 29.0% and our short term refinancing needs are modest.

Market conditions

Continued global uncertainty and the weakness in commodity markets have seen the Australian economy slow over the past six months resulting in deteriorating business conditions. At the same time, the Australian economy and business and consumer sentiment have shown little sign of responding to the Reserve Bank of Australia's decision to reduce the official cash rate by 25 basis points in October and again in December.

Australian office tenant demand remained tempered in the first half of this financial year, but despite the continued uncertainty in global markets impacting sentiment, the DEXUS office team has seen some positive signs in our core markets with solid interest in quality buildings from the legal, insurance and business sectors. Beneficial to the Group's core focus on CBD office has been the positive trend of suburban based tenants looking to move to CBD locations due to the competitive and reduced price differential.

In the Sydney office market, where the Group holds 65% of its portfolio, the market remains balanced with limited short-term new supply keeping vacancy rates relatively stable. While leasing pressures are expected in the medium-term, the current level of rents and capitalisation rates in the cycle combined with the level of rents required for new development are reducing downside risks, particularly in the CBD.

1 Pro-forma gearing including the impact of the settlement of the US portfolio sale, the acquisition of interests in three Sydney properties and the acquisition of 40 Market Street, Melbourne and Carole Park industrial estate, South Brisbane.

In the core industrial markets of Sydney, Melbourne and Brisbane, tenant demand for high quality facilities located close to major road networks and port infrastructure remains solid. In Sydney, the logistics trend is resulting in larger businesses integrating their diversified operations and consolidating their property and facility requirements, increasing the demand for newer facilities on major arterial intersections in Sydney's outer western markets.

2012 Remuneration Report and revised remuneration framework

I am pleased to report that at the Annual General Meeting held in November 2012, investors overwhelmingly approved the adoption of the 2012 Remuneration Report and the revised executive remuneration framework that is aligned to the Group's revised strategy. As part of this alignment, DEXUS independent directors are now eligible and encouraged to hold DEXUS securities, and DEXUS executives will hold direct rather than notional securities.

I welcome continuing the dialogue with our investors in relation to all the Group's policies and receiving feedback on our strategic progress.

Strategic progress

The past six months has been a very busy period for DEXUS. Following the announcement of the revised strategy in August 2012, we have been focused on delivering risk-adjusted returns to investors and have been involved in $1.7 billion of transactions across the Group.

The most significant transaction was the sale of the majority of the remainder of the US portfolio at a 13% premium to prior book value. This transaction will considerably improve the quality of the Group's earnings profile as the proceeds from the offshore property sales are reallocated into the Australian market.

It is expected that the US office will be closed by April 2013 and I would like to personally thank the entire US team, led by Bruce McDonald and Bryan Bentrott, for doing an outstanding job over the past 2.5 years and, more recently, in improving the portfolio fundamentals prior to the US assets sale. The closure of the US operations is expected to generate an annual cost saving of approximately US$5 million which has been factored into FY13 guidance and beyond.

The acquisition of a number of office properties in the Australian market during the period contributed to rebalancing the Group's portfolio towards its strategic target composition. A number of these properties were acquired in partnership with DEXUS Wholesale Property Fund (DWPF).

Thank you for your continued support over the past six months. The Board remains focused on driving performance in order to maximise returns for investors, and I look forward to reporting the Group's annual results to you later in the year.

Christopher T Beare
Chair

28 February 2013

CHIEF EXECUTIVE OFFICER'S REPORT

In a very active six months to 31 December 2012, we made significant progress on a number of key strategic objectives and operational initiatives.

We had a successful period of transaction activity including the sale of the majority of the remainder of the US industrial portfolio at a significant premium to prior book value, and the acquisition of interests in three Sydney office properties. Details relating to these transactions are outlined on pages 14-15.

The US portfolio sale considerably improves the quality of the Group's earnings profile as the proceeds are reallocated into the Australian market.

Strategic progress

We have made excellent progress on our four key strategic objectives, which included:

Leading owner and manager of Australian office

During the period we made solid progress towards achieving our vision of being globally recognised as Australia's leading real estate company, combined with our objective of being the leading owner and manager of Australian office, through the sale of offshore properties and numerous off-market acquisitions.

The transactions conducted over the past six months demonstrates our team's capabilities, in particular the ability to acquire the majority of properties on an off-market basis.

Within our existing portfolio, our team remained focused on forward leasing and proactive negotiations with tenants, which resulted in securing tenants for some of our newly acquired properties prior to settlement and the retention of existing tenants prior to lease expiry.

Best people, systems and core capabilities

We made headway during the period on our goal of having the best people and systems to strengthen our core capabilities.

Over the period our teams embraced our focus on service excellence and high performance, producing positive results across our total portfolio.

We allocated dedicated leasing resources to enhance relationships with tenants and tenant advocates, while at the same time we enhanced our platform to provide best in class facilities management services and technology systems. This platform allows our team to focus on service excellence and high performance, improving the efficiency of our business.

Newly appointed Executive General Manager, Office and Industrial, Kevin George, is working with his team to achieve leadership in the Australian office and industrial markets. Kevin will drive the adoption of new business tools and best in class systems to exploit synergies across our office and industrial operations.

We were also pleased to announce our decision to move our head office to Australia Square in Sydney, during the second quarter of 2013. The move will enable the creation of a new workplace that supports our culture of service excellence and high performance through the adoption of leading technologies in a destination that aligns with our revised vision and strategy.

L to R: Grosvenor Place, 225 George Street; Governor Phillip and Governor Macquarie Towers, 1 Farrer Place and 1 Bligh Street, Sydney, NSW

CHIEF EXECUTIVE OFFICER'S REPORT

L to R: DEXUS Industrial Estate, 27 Distribution Drive, Laverton North, VIC; 39 Martin Place, Sydney, NSW

Wholesale partner of choice in office, industrial and retail

We achieved a number of key milestones towards our objective of being recognised as a wholesale partner of choice during the period through:

- DEXUS Wholesale Property Fund (DWPF) raising $400 million in equity
- The joint acquisition of 12 Creek Street, Brisbane and 39 Martin Place, Sydney (including Martin Place Shopping Circle) with DWPF
- Growing the Australian industrial partnership, formed in October 2012, through the acquisition of a further two industrial properties, increasing the total number of properties to 15

This activity demonstrated our ability to attract new third party capital partners and invest alongside existing partners, like DWPF, in our third party funds management business.

Active capital and risk management

During the period we continued our disciplined and active approach to capital and risk management.

We were active in the domestic medium term note (MTN) market, refinancing our short-dated bank debt with long-dated MTNs. These transactions helped improve the cost, duration and diversity of our debt profile and considerably improved the margins achieved for MTN debt. In the six months to 31 December 2012, we raised $205 million from the MTN market including $105 million through responding to reverse enquiry from investors.

We maintained our commitment to US debt capital markets through the retention of our long-dated 144A bonds as part of the most recent US portfolio divestment, providing diversification of our debt sources.

Our balance sheet remains strong with pro-forma gearing[1] at 29.0%, at the lower end of our target gearing range of 30-40%, and we have limited short term refinancing requirements.

1 Pro-forma gearing including the settlement of the US portfolio sale, the acquisition of interests in three Sydney properties and the acquisition of 40 Market Street, Melbourne and Carole Park industrial estate, South Brisbane.

Our residual gearing capacity positions us well for potential acquisitions should suitable opportunities become available.

For the period to 31 December 2012 our weighted average cost of debt was 5.8%, with an average duration of 4.1 years and headroom of approximately $500 million. The Group is comfortably inside all covenant limits and DEXUS's credit ratings[1] of BBB+ and Baa1, both with stable outlooks, were reaffirmed during the period.

Key financial results

The financial results for the six months to 31 December 2012 are underpinned by like-for-like net operating income (NOI) growth of 2.2%[2] across the total portfolio. Net profit attributable to stapled security holders after tax was $267.0 million for the six months ended 31 December 2012 (December 2011: $145.7 million).

Strong valuation gains of $120.4 million, including a $92.8 million uplift from the office portfolio, primarily drove a 3 cent increase in Net Tangible Asset (NTA) per security to $1.03 (June 2012: $1.00). As a consequence of these operational and valuation movements, we have delivered a six month return on equity (ROE) of 5.9% which, on an annualised basis, is ahead of the Group's target through-the-cycle ROE of 9-10% per annum.

Key performance highlights for the period included:

- Improved total portfolio occupancy by area of 94.7%[2]
- Strong, pro-active leasing in our office portfolio resulted in over 61,000 square metres, or 10.1% of the portfolio, being leased during the period. Office like-for-like NOI growth was 2.6%[3]
- Occupancy in our industrial portfolio increased 2.7% following an active leasing period with over 176,000 square metres leased to new and existing tenants. Industrial like-for-like NOI growth was 1.1%
- Income from discontinued operations (US and Europe) of $17 million decreased by $23.8 million, predominantly as a result of sale of the US$770 million central portfolio in June 2012. In December 2012 contracts were exchanged for the sale of 26 of the 27 remaining US properties at a consolidated premium to book value of 13%, which settled on 13 February 2013 in the US

Key financial metrics	31 Dec 2012	31 Dec 2011
Funds from Operations	$182.2 million	$184.3 million
Funds from Operations per security	3.85 cents	3.81 cents
Distribution per security	2.89 cents	2.67 cents
Total assets	$7.5 billion	$8.1 billion
Net tangible asset backing per security	$1.03	$1.01

1 Standard & Poor's rating BBB+ and Moody's rating Baa1.
2 Excluding discontinued operations (US and Europe).
3 Excluding 123 Albert Street, Brisbane, QLD.

Corporate Responsibility & Sustainability

Our commitment to integrating leading practice into all aspects of our business was demonstrated by the delivery of improvements in resource consumption.

For the 12 months to 31 December 2012, greenhouse gas emissions per square metre for the Group's total portfolio were down 9.1%, energy consumption was down 7.1% and water consumption was down 8.6% compared to the prior year.

Our listed office portfolio was rated an average 4.7 star NABERS Energy rating, exceeding our 4.5 star target to 31 December. The portfolio also achieved an average NABERS Water target of 3.5 stars, in line with its target.

Our properties have delivered significant improvements in resource consumption since the FY08 base year resulting in a reduction in greenhouse gas emissions of 32.1%, energy consumption down 33.1%, and water consumption also down 23.6%.

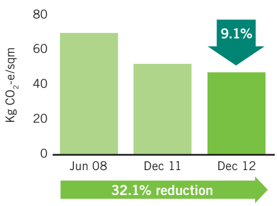
During the period we acquired two properties (50 Carrington Street, Sydney and 40 Market Street, Melbourne) which, through refurbishment and building upgrades, have the potential to improve their sustainability ratings and add value to our office portfolio.

Our commitment towards achieving carbon neutrality in our workplace was recognised through winning the City Switch NSW Signatory of the Year Award which was presented to DEXUS for achieving a 4.5 star NABERS Energy rating for its head office.

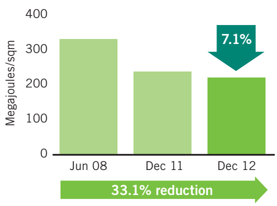
Globally, 1 Bligh Street, Sydney was awarded the prestigious International Highrise Award 2012. 1 Bligh Street was the first Australian building to receive this award which recognises the world's most architecturally innovative highrise building.

In line with our shared value approach to CR&S, the co-owners of 1 Bligh Street have donated the €50,000 prize money towards the formation of the "1 Bligh Master of Architecture Final Year Prize for Sustainable Commercial Architecture", a scholarship with the University of New South Wales that will promote future sustainable design in Australia.

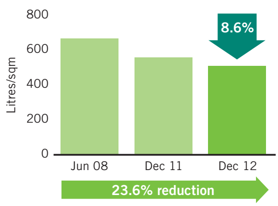
TOTAL GROUP GHG EMISSIONS/INTENSITY



TOTAL GROUP ENERGY CONSUMPTION/INTENSITY



TOTAL GROUP WATER CONSUMPTION/INTENSITY



DXS PORTFOLIO

PORTFOLIO VALUE

$7.1 BILLION[1]

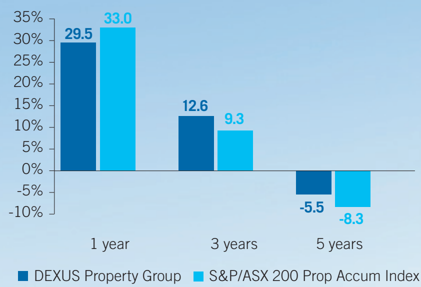
TOTAL AREA[2]

1.7 MILLION SQUARE METRES

AREA LEASED DURING PERIOD

238,662 SQUARE METRES

TOTAL SECURITY HOLDER RETURNS TO 31 DECEMBER 2012



In a challenging operating environment, DEXUS delivered a total security holder return of 29.5% for the year ended 31 December 2012, and outperformed the A-REIT index over a three and five year basis.

Highlights	**31 Dec 2012**	**30 Jun 2012**
Number of property investments	82	74
Portfolio occupancy (by area) (%)	94.7	93.4
Portfolio weighted average lease expiry (years, by income)	4.7	4.7
Retention rate (year to date) (%)	74	61
Retention rate (rolling 12 months) (%)	62	61

Key metrics	**31 Dec 2012**	**30 Jun 2012**
Closing price (ASX code: DXS) ($)	1.015	0.93
Number of securities on issue – closing (bn)	4.702	4.784
Number of securities on issue – average weighted (bn)	4.726	4.835
Number of security holders	18,204	18,779
Market capitalisation ($bn)	4.8	4.4
Total assets ($bn)	7.5	7.4
Interest bearing liabilities ($bn)	2.1	1.9
Third party funds under management ($bn)	5.9	5.6
Total funds under management ($bn)	13.0	12.6

Key financial results	**31 Dec 2012**	**31 Dec 2011**
Funds From Operations ($m)	182.2	184.3
Funds From Operations (cents per security)	3.85	3.81
Distribution ($m)	135.9	129.2
Distribution (cents per security)	2.89	2.67

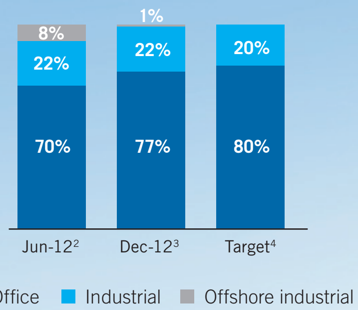
1 Including post balance date transactions.

2 Excluding discontinued operations (US and Europe).

TRANSACTIONS

We progressed our objective to exit offshore markets and reinvest in Australian office markets through $1.7 billion of transactions involving 54 properties.

DXS PORTFOLIO TARGET COMPOSITION[1]



Transaction activity during the period contributed to rebalancing our portfolio composition towards our strategic target of 80% Australian office and 20% Australian industrial, ensuring diversification across the portfolio.

Divestments

Over the period, we sold the majority of the remainder of the US industrial portfolio for US$561.0 million at a 13% premium to prior book value. The sale of our offshore portfolio is a key milestone in our objective to exit offshore markets and focus asset management solely in Australia.

Acquisitions

We acquired interests in six properties in our core Australian office markets over the period, including interests in three Sydney office properties which were acquired off-market immediately following the divestment of the majority of our US industrial portfolio.

The acquisitions undertaken during the period will increase our footprint in the Sydney office market to approximately 8%, deepening our market presence, knowledge and relationships in Sydney, Australia's largest office market. We will hold interests in four of the seven premium office buildings in the Sydney market.

All of the properties acquired during the period were transacted off-market, demonstrating our team's depth of networks and access to deal flow along with their ability to complete transactions on an accelerated timetable.

1 By value.

2 At 30 June 2012 including post balance date transactions (50 Carrington Street, Sydney and 12 Creek Street, Brisbane) and the impact of the Australian industrial partnership.

3 At 31 December 2012 including the impact of the settlement of the US portfolio sale, the acquisition of interests in three Sydney properties and the acquisition of 40 Market Street, Melbourne and Carole Park industrial estate, South Brisbane.

4 Target of 3-5 year timeframe.

225 George Street, Sydney

Acquired a 25% interest in this landmark premium-grade office building located near Circular Quay in the Sydney CBD. Also known as Grosvenor Place, this building was designed by Harry Seidler and has been awarded a number of architectural awards for its unique design.

39 Martin Place, Sydney including Martin Place Shopping Circle

Jointly acquired with DWPF, 39 Martin Place is located in a prominent position adjacent to Martin Place railway station. This 20 level B-grade office, retail space and adjoining Martin Place Shopping Circle presents DXS and DWPF with an attractive medium-term repositioning opportunity.

2 and 4 Dawn Fraser Avenue, Sydney Olympic Park

Acquired a 50% interest in this 5 Star Green Star property comprising two adjoining seven level A-grade office towers, providing a strong annuity style income stream for investors from a blue-chip tenant.

The acquisition of interests in these three Sydney properties are expected to settle on 28 February 2013.

50 Carrington Street, Sydney

A value-add opportunity located within the core precinct of the Sydney CBD overlooking the key transport hub of Wynyard Park, this 15 level building provides 10,920 square metres of office space and 372 square metres of ground floor retail space.

40 Market Street, Melbourne

A value-add opportunity located in the core of the Melbourne CBD with strong repositioning potential, this nine level B-grade office building offers large floor plates, good natural light and tenant amenity.

12 Creek Street, Brisbane

Jointly acquired with DWPF on 31 October 2012, this property is a prime A-grade office complex comprising a 34-level office tower and an adjoining two level annex building.

131 Mica Street, Carole Park

Carole Park is a quality freestanding warehouse and office building, 100% leased to Wesfarmers subsidiary, Blackwoods, located in an emerging industrial precinct within Brisbane's industrial "Golden Triangle" and close to key transport routes.

Property acquisitions	DXS ownership	Purchase Price[1] ($m)	Lettable Area[2] (sqm)	Initial yield	Cap rate
50 Carrington Street, Sydney	100%	58.5	11,292	5.2%	8.0%
12 Creek Street, Brisbane	50%	120.8	32,227	7.9%	7.75%
40 Market Street, Melbourne	100%	46.7	12,011	8.9%	8.5%
Grosvenor Place, 225 George Street, Sydney	25%	271.3	85,511	5.4%	6.5%
39 Martin Place, Sydney	50%	74.9	17,146	5.7%	7.6%
2 and 4 Dawn Fraser Avenue, Sydney Olympic Park	50%	82.7	34,157	7.8%	8.0%
Total – office portfolio		**654.9**	**192,344**	**6.5%**	**7.3%**
131 Mica Street, Carole Park, South Brisbane	100%	21.0	13,315	7.7%	7.75%
Total – industrial portfolio		**21.0**	**13,315**	**7.7%**	**7.75%**

1 Purchase price at DXS ownership, excluding costs.

2 Area at 100% ownership.

OFFICE

PORTFOLIO VALUE

$5.5 BILLION[1]

TOTAL AREA

612,071 SQUARE METRES

AREA LEASED DURING PERIOD

61,882 SQUARE METRES

40 Market Street, Melbourne, VIC

While office market demand remains tempered, we are seeing some positive signs in core markets and solid interest in high quality buildings. The tough business conditions are resulting in a number of firms seeking to modernise and gain workplace efficiencies which has flowed onto increased enquiry within our portfolio. We have also seen suburban based tenants looking to move to CBD locations due to competitive conditions and a reduced price differential.

Our office portfolio performed well during the period delivering a total return of 10.3%. NOI increased by $10.5 million to $151.8 million (December 2011: $141.3 million) underpinned by like-for-like NOI growth of 2.6%[2], and the acquisition of 12 Creek Street, Brisbane (50% interest) and 50 Carrington Street, Sydney.

Significant leasing activity was undertaken with 63 new leases signed covering 61,882 square metres[3]. New rents were on average 2.7% lower than prior rents, with average incentives across all leases of 9.6%. On a comparable basis, excluding two leases where no incentives were given, new commencing face rents were 4.9% higher than prior rents with average incentives of 16.1%.

Our continued focus on proactive asset management and forward leasing of future expiries delivered results during the period. Lease renewals were secured for over 50,000 square metres on average 8.5 months prior to their expiry, and 11,000 square metres of new leases were signed.

Office portfolio highlights	31 Dec 2012	30 Jun 2012
Occupancy by area	95.2%	97.1%
Occupancy by income	95.3%	96.8%
WALE by income	4.9 years	4.9 years
Average incentive	9.6%	17.3%
Average rental (decrease)/increase in rent	(2.7%)	4.6%
Retention rate (year to date)	69%	66%
Retention rate (rolling 12 months)	62%	66%

1 Including post balance date transactions.
2 Excluding 123 Albert Street, Brisbane QLD.
3 Including Heads of Agreement of 7,855 square metres.

2 and 4 Dawn Fraser Avenue, Sydney Olympic Park, NSW

50 Carrington Street, Sydney, NSW

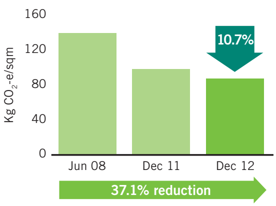
Key successes during the period included the Victorian State Government renewing its lease for a further five years over 23,528 square metres at 8 Nicholson Street, Melbourne together with Woodside having exercised its five year option over 4,281 square metres at Woodside Plaza in Perth. Following this activity, the portfolio was 95.2% leased at 31 December 2012 with a WALE of 4.9 years.

While the appetite for prime assets remains strong, leasing challenges in secondary markets are contributing to a yield spread between prime and secondary properties. This resulted in a $92.8 million or 1.9% increase in prior office book values. The office portfolio weighted average capitalisation rate tightened by one basis point to 7.29%.

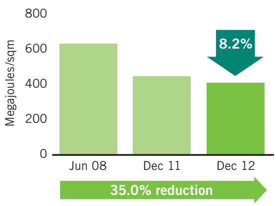
Our commitment to energy efficiency and our NABERS Energy upgrade program has shown positive results with greenhouse gas emissions and energy consumption reduced by 37.1% and 35.0% respectively across our listed office portfolio on an intensity basis (since our FY08 base year). The upgrade program has resulted in approximately $5.3 million per annum of reduced energy costs, allowing us to deliver cost savings to our tenants which will assist retention and improve valuations.

We achieved an average NABERS Energy rating of 4.7 stars, exceeding our 4.5 star target to 31 December 2012. The portfolio also achieved an average NABERS Water rating of 3.5 stars, in line with our target.

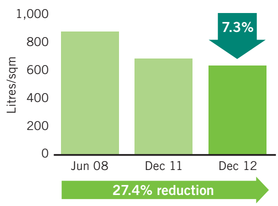
DXS OFFICE GHG EMISSIONS/INTENSITY



DXS OFFICE ENERGY CONSUMPTION/INTENSITY



DXS OFFICE WATER CONSUMPTION/INTENSITY



INDUSTRIAL

PORTFOLIO VALUE
$1.6 BILLION[1]

TOTAL AREA
1,056,589 SQUARE METRES

AREA LEASED DURING PERIOD
176,780 SQUARE METRES

131 Mica Street, Carole Park, South Brisbane, QLD

The industrial portfolio results this period reflect the importance of strong tenant relationships in driving increased retention and significantly improving occupancy levels. Through proactively pursuing specific operational targets, strong investor returns were secured for the period including an increase in like-for-like NOI and a portfolio total return of 7.8%.

Headline NOI of $57.8 million (2011: $58.4 million) was $0.6 million lower due to the formation of the $360 million Australian industrial partnership which resulted in the sale of a 50% interest in 13 industrial properties[3]. Like-for-like NOI growth across the industrial portfolio was 1.1%.

In the six months to 31 December 2012, 58 leases covering 176,780 square metres[2] were completed. This comprised 50,508 square metres of leases completed on new developments and 126,272 square metres of leases completed on existing properties.

Leases on existing properties were struck at an average rent of $116.00 per square metre and with an average incentive of 6.3%.

The year to date retention rate increased to 78% while occupancy improved by 2.7% to 94.4%. Two key successes during the period included the leasing of 6,349 square metres at the Silverwater industrial estate on average terms of 5.5 years, improving occupancy from 66% at 30 June 2012 to 100% at 31 December 2012;

Industrial portfolio highlights	31 Dec 2012	30 Jun 2012
Occupancy by area	94.4%	91.7%
Occupancy by income	93.9%	92.8%
WALE by income	4.0 years	4.4 years
Average incentive	6.3%	5.6%
Average rental (decrease)/increase in rent	(0.7%)	(5.0)%
Retention rate (year to date)	78%	59%
Retention rate (rolling 12 months)	63%	59%

1 Including post balance date transactions.
2 Including Heads of Agreement of 31,865 square metres.
3 Excluding the sale of a 50% interest in a further two industrial properties post balance date.

L to R: DEXUS Industrial Estate, 2-10 Distribution Drive, Laverton North, VIC; Quarry at Greystanes, NSW

and the leasing of 33,106 square metres at Gillman in South Australia, increasing occupancy from 57% at 30 June 2012 to 89% at 31 December 2012.

During the period three developments were completed, comprising a total area of 45,310 square metres, for a total cost of $54 million and an average target IRR of 18.1%. Six development projects are currently underway for a total cost of $87.3 million across four sites in New South Wales, Victoria and Queensland. These developments will have a total lettable area on completion of 100,804 square metres.

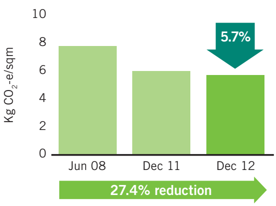
In January 2013 we acquired an industrial property at 131 Mica Street, Carole Park, South Brisbane for $21 million.

The industrial portfolio weighted average capitalisation rate at 31 December 2012 was 8.58%, representing a one basis point tightening and resulting in a $6.4 million or 0.4% increase in industrial property book values.

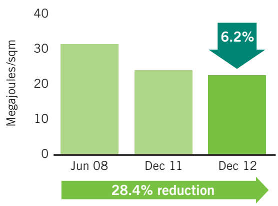
We continued to implement a range of innovative sustainability improvements across our industrial portfolio including the incorporation of energy efficient lighting, new building management systems, water harvesting and biodiversity initiatives that reduce reliance on water, and the use of recycled materials.

The overall greenhouse gas emissions and energy consumption across our industrial portfolio decreased by 27.4% and 28.4% respectively in the past five years on a per square metre basis.

DXS INDUSTRIAL GHG EMISSIONS/INTENSITY



DXS INDUSTRIAL ENERGY CONSUMPTION/INTENSITY



THIRD PARTY FUNDS MANAGEMENT

FUNDS UNDER MANAGEMENT

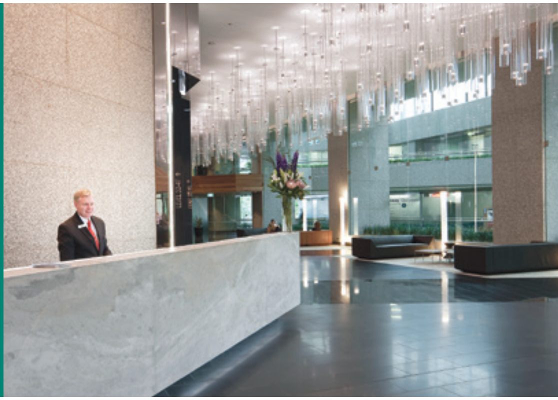
$5.9 BILLION[1]

NUMBER OF PROPERTIES

OFFICE 11

INDUSTRIAL 34

RETAIL 12



Gateway, 1 Macquarie Place, Sydney, NSW

The Group's $5.9 billion third party funds management business comprises DEXUS Wholesale Property Fund (DWPF) at $4.1 billion[1], an Australian mandate totalling $1.6 billion and the Australian industrial partnership representing $0.2 billion.

DWPF had a successful six month period, continuing to outperform its benchmark and attracting ongoing investor support, with over $400 million of equity raised including $290 million from a new major investor.

The DWPF team remained focused on driving performance and had an active period, delivering on its investment plan and improving portfolio quality through the acquisition of $203.9 million[2] of properties and the activation of its development pipeline.

The Australian industrial partnership acquired two industrial properties[3] since its inception in October 2012, increasing the total to 15 properties and demonstrating our commitment to being a wholesale partner of choice.

We have actively upgraded the sustainability of our third party office properties with an improved average NABERS Energy rating of 4.2 stars achieved.

In retail, NABERS assessments were carried out in line with our annual program and the average NABERS Energy rating was 3.5-stars for DEXUS managed properties at 31 December 2012.

As a result of our increased focus over the past two years, the third party portfolio's total greenhouse gas emissions have decreased by 34.9% and total energy consumption is down by 42.6% since FY08.

1 Including post balance date transactions.

2 Excluding acquisition costs and including 39 Martin Place and Martin Place Shopping Circle to be settled on 28 February 2013.

3 Acquired post balance date of 31 December 2012.

OUTLOOK

While the broader economic outlook remains uncertain, we are confident that we will continue to deliver superior risk-adjusted returns for our investors from high quality Australian real estate primarily comprising CBD office buildings.


View from 1 Bligh Street, Sydney, NSW

We have made significant progress executing our strategy of being the leading owner and manager of Australian office over the past six months through fast-tracking our exit from offshore markets, allowing us to focus on driving value back in Australia.

The busy period of transaction activity has shifted our portfolio composition closer to our strategic target of 80% office and 20% industrial, which we believe ensures the right mix of diversification to deliver superior returns to our investors.

In the first half of the financial year, we have reported strong operational results, demonstrating our ability to achieve in a challenging market.

We are well positioned for growth with a strong and conservative balance sheet, and confident that we can continue to deliver superior risk-adjusted returns for our investors from our quality Australian real estate portfolio.

The depth of our expertise and networks ensures that we have a solid forward leasing profile and insight into available properties.

We will continue to seek investment opportunities with existing and new third party capital partners, reinforcing our commitment to being the wholesale partner of choice in Australian office, industrial and retail.

Our market guidance[1] for the year ending 30 June 2013 is reaffirmed with FFO or earnings of 7.75 cents per security and distributions of 5.8 cents per security.

Thank you for your continued support of the Group.

Darren Steinberg
Chief Executive Officer

28 February 2013

1 Barring unforeseen circumstances. Assumptions include: 75% payout ratio, delivering 2% like-for-like NOI growth in the office portfolio, $2 million in trading profits, cost of debt at 6.0% and excluding further on-market buy-back.

OPERATING AND FINANCIAL REVIEW

Financial summary

DEXUS Property Group's financial performance for the six months to 31 December 2012 is detailed below. To fully understand our results, please refer to the Interim Report for the period ended 31 December 2012 available at www.dexus.com.

Total revenue from ordinary activities for the six months to 31 December 2012 decreased by $0.7 million to $309.8 million (December 2011: $310.5 million).

The key drivers include:

- A 2.6% increase in like-for-like net operating income (NOI) from the Australian office portfolio and a 1.1% increase from the Australian industrial portfolio
- Rental income commencing at recently completed office and industrial developments offset by a reduction in rental income following the commencement of the Australian industrial partnership which resulted in the sale of a 50% interest in 13 properties
- Lower gross proceeds from the sale of inventory

Net profit attributable to stapled security holders is $267.0 million or 5.65 cents per security, an increase of $121.3 million from the prior corresponding period (December 2011: $145.7 million).

The key drivers include:

- Increased net fair value gain on investment property
- A reduction in NOI offset by lower finance costs and lower fair value losses on derivatives from discontinued operations (US and Europe), following the sale of the US central portfolio in June 2012
- Reduced corporate and administration expenses
- A 2.6% increase in like-for-like NOI from the Australian office portfolio and a 1.1% increase from the Australian industrial portfolio
- Rental income commencing at recently completed office and industrial developments offset by a reduction in rental income following the commencement of the Australian industrial partnership

Operational result

DEXUS Property Group focuses on Funds from Operations (FFO[1]) which is often used as a measure of real estate operating performance, after finance costs and taxes.

FFO for the six months to 31 December 2012 was $182.2 million, a decrease of 1.1% on the prior corresponding period and in line with guidance. In April 2012 we announced a $200 million on-market buy-back of DEXUS securities.

To date we have bought back 64% of the total commitment which has contributed to a 1.0% increase in FFO per security to 3.85 cents (December 2011: 3.81 cents). The key drivers impacting FFO were:

- The Australian office portfolio's NOI of $151.8 million increased by $10.5 million or 7.4% (December 2011: $141.3 million) driven by solid like-for-like growth of 2.6%, the commencement of new leases following the completion of 123 Albert Street, Brisbane and additional rental income from the recently acquired properties at 12 Creek Street, Brisbane and 50 Carrington Street, Sydney. Occupancy[2] for the Australian office portfolio remains high at 95.2% (December 2011: 97.2%). The retention rate for the rolling 12 months to 31 December 2012 is 62%
- The Australian industrial portfolio's NOI of $57.8 million decreased by $0.6 million largely as a result of the formation of the Australian industrial partnership. On a like-for-like basis, property NOI increased 1.1% following strong leasing at Silverwater, NSW and Gillman, SA. The industrial portfolio ended the period with occupancy[2] at 94.4%, up 2.7% since June 2012. The rolling 12 month tenant retention rate is 63%

- Income from discontinued operations (US and Europe) of $17.0 million decreased by $23.8 million, predominantly as a result of sale of the US$770 million central portfolio in June 2012. As announced on 20 December 2012, 26 of the remaining 27 US properties have been sold, with settlement of that transaction occurring on 13 February 2013 in the US
- Financing costs for distributable earnings decreased by $10.1 million[3] to $53.6 million, primarily driven by transactions including the sale of the US central portfolio in June 2012 and the Australian industrial partnership, partially offset by the acquisition of office properties and the buy-back of securities
- Group corporate and administration expenses are down $4.7 million to $17.8 million following the management restructure undertaken in June 2012 and business efficiencies
- Based on our current distribution payout ratio of 75% of Funds from Operations, the distribution payable for the six months to 31 December 2012 is 2.89 cents per security (December 2011: 2.67 cents per security) an increase of 8.2%

Set out below is a reconciliation of profit attributable to stapled security holders to FFO and how the Group's distribution has been calculated.

Profit reconciliation	**31 Dec 2012 ($m)**	**DPS (cents)**	**31 Dec 2011 ($m)**	**DPS (cents)**
Profit for the period attributable to stapled security holders	267.0		145.7	
Net fair value gain of investment properties[4]	(120.4)		(60.0)	
Net loss/(gain) on sale of investment properties	1.5		(2.9)	
Impairment of inventories	–		2.0	
Finance costs arising on the US portfolio sale	12.4		–	
Net fair value loss of derivatives	11.9		74.6	
Incentive amortisation and rent straight-line[4,5]	14.3		16.7	
Deferred tax (benefit)/expense	(4.5)		12.3	
RENTS capital distribution	–		(5.3)	
Impairment of goodwill and other	–		1.2	
Funds from Operations[1]	**182.2**	**3.85**	**184.3**	**3.81**
Retained earnings[6]	**(46.3)**		**(55.1)**	
Distributions	**135.9**	**2.89**	**129.2**	**2.67**

1 DEXUS Property Group's FFO comprises statutory net profit attributable to stapled security holders measured under Australian Accounting Standards and adjusted for: property revaluations, impairments, unrealised mark-to-market changes, amortisation of tenant cash and fit-out incentives, gain/loss on sale of certain assets, rent straight-lining, deferred tax expense/benefit and DEXUS RENTS Trust capital distribution.

2 Occupancy by area.

3 31 December 2011 includes RENTS distribution of $6.3 million (31 December 2012: nil).

4 Including DXS's share of equity accounted investments.

5 Includes cash and fit-out incentives amortisation.

6 31 December 2012 is based on the current distribution policy of 75% of FFO. 31 December 2011 is based on the previous distribution policy of 70% of FFO.

FINANCIAL SUMMARY

Consolidated Statement of Comprehensive Income

	31 Dec 2012 ($m)	31 Dec 2011 ($m)
Property revenue	269.7	262.4
Management fee revenue	23.6	25.5
Proceeds from sale of inventory	15.7	21.8
Interest revenue	0.8	0.8
Total revenue from ordinary activities	**309.8**	**310.5**
Net fair value gain of investment properties	94.5	39.5
Share of net profit of associates accounted for using the equity method	11.1	3.1
Total income	**415.4**	**353.1**
Property expenses	(65.3)	(66.7)
Cost of sale of inventory	(14.8)	(19.1)
Finance costs	(51.8)	(57.6)
Impairment of inventories	–	(2.0)
Impairment of goodwill	–	(0.6)
Net fair value loss on derivatives	(0.6)	–
Net loss on sale of investment properties	(2.7)	–
Corporate and administration expenses	(31.7)	(36.6)
Total expenses	**(166.9)**	**(182.6)**
Profit before tax	**248.5**	**170.5**
Total tax benefit	0.1	–
Profit after tax from continuing operations	**248.6**	**170.5**
Profit/(loss) from discontinued operations	18.4	(23.8)
Net profit for the period	**267.0**	**146.7**
Exchange differences on translating foreign operations	1.4	(1.9)
Total comprehensive income for the period	**268.4**	**144.8**
Profit attributable to stapled security holders	**267.0**	**145.7**
Other non-controlling interests	–	1.0
Total profit for the period	**267.0**	**146.7**
Total comprehensive income attributable to stapled security holders	**268.4**	**143.8**
Other non-controlling interests	–	1.0
Total comprehensive income for the period	**268.4**	**144.8**

Consolidated Statement of Financial Position

	31 Dec 2012 ($m)	30 Jun 2012 ($m)
Cash and receivables	71.1	90.0
Property assets[1]	7,119.6	6,922.7
Other (including derivative financial instruments and intangibles)	354.4	351.4
Total assets	**7,545.1**	**7,364.1**
Payables and provisions	271.8	277.0
Interest bearing liabilities	2,015.3	1,940.8
Other (including derivative financial instruments)	194.6	139.0
Total liabilities	**2,481.7**	**2,356.8**
Net assets	**5,063.4**	**5,007.3**

Consolidated Statement of Changes in Equity

	31 Dec 2012 ($m)	31 Dec 2011 ($m)
Opening balance at 1 July	5,007.3	5,306.8
Profit for the period	267.0	146.7
Total other comprehensive income/(loss)	1.4	(1.9)
Total transactions with owners in their capacity as owners	(212.3)	(135.8)
Closing balance at 31 December	**5,063.4**	**5,315.8**

Consolidated Statement of Cash Flows

	31 Dec 2012 ($m)	31 Dec 2011 ($m)
Net cash inflow from operating activities	87.3	166.9
Net cash outflow from investing activities	(16.6)	(28.0)
Net cash outflow from financing activities	(74.0)	(134.5)
Net (decrease)/increase in cash and cash equivalents	**(3.3)**	**4.4**
Cash and cash equivalents at the beginning of the period	59.2	73.7
Effects of exchange rate changes on cash and cash equivalents	(0.5)	(1.1)
Cash and cash equivalents at the end of the period	**55.4**	**77.0**

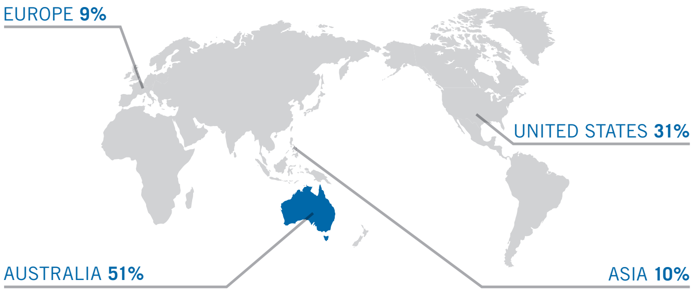
The full interim report together with the notes to the financial statements and the Directors' report are on our website at www.dexus.com or by contacting the Infoline on 1800 819 675.

1 Property assets include investment properties, discontinued operations and assets classified as held for sale, inventories and DXS's share of investment properties accounted for using the equity method.

INVESTOR INFORMATION

DXS INVESTORS

DEXUS Property Group is one of the largest real estate groups listed on the Australian Securities Exchange (ASX) and is listed under the ASX code DXS. Over 18,000 investors located in 15 countries around the world invest in DXS, highlighting the investor demand both domestically and abroad for its high quality property portfolio.



Investor Relations

The Investor Relations team facilitates communication with existing and potential institutional investors, financial analysts and retail investors.

The team, alongside DEXUS senior management, maintains strong rapport with the investment community through proactive and regular investor engagement initiatives. During the six months to 31 December 2012, the team participated in investor conferences and road shows in Sydney, Singapore, London, Hong Kong and the United States.

DEXUS is committed to ensuring all investors have equal access to information about its investment activities. In line with its commitment to the long term integration of sustainable business practices, DEXUS provides investor communications via various electronic methods.

DEXUS provides a wide range of information including ASX announcements, an annual reporting suite, investor presentations, corporate governance policies, Board of Directors and executive team information at www.dexus.com

In addition, there are communication tools available on DEXUS's website, including:

- An online enquiry facility at www.dexus.com/contact and a contact directory
- An investor login facility at www.dexus.com/dxs which allows investors to choose the method of delivery for distributions, distribution statements and investor reports
- A subscribe feature at www.dexus.com/media which enables investors to receive ASX announcements as they are released
- A "create your property report" function at www.dexus.com/properties which enables you to select and download individual or group property information

Distribution payments

The distribution for the six months to 31 December 2012 was paid on 28 February 2013. Distribution statements are available in print and electronic format and are paid by direct credit into a nominated bank account or by cheque. To download your distribution statement or change how your distributions are paid, please use the investor login facility at www.dexus.com/dxs

2013 Distribution calendar

Period end	ASX announcement	Ex-distribution date	Record date	Payment date
31 Dec 2012	18 Dec 2012	21 Dec 2012	31 Dec 2012	28 Feb 2013
30 Jun 2013	19 Jun 2013	24 Jun 2013	28 Jun 2013	30 Aug 2013

2013 Reporting calendar

Event	Anticipated date
2013 Annual results	15 Aug 2013
2013 Annual General Meeting	29 Oct 2013

Please note that these dates are indicative and are subject to change without prior notice.

Non-resident information

The notice required by non-resident investors and custodians of non-resident investors for the purposes of Section 12-400 of Schedule 1 to the Tax Administration Act 1953 is available at www.dexus.com/dxs/tax prior to the payment of each distribution.

Unclaimed distribution income

If you believe you have unpresented cheques or unclaimed distribution income, please contact the DXS Infoline on 1800 819 675. For monies outstanding more than seven years, please contact the NSW Office of State Revenue on 1300 366 016, or use their search facility at osr.nsw.gov.au or email unclaimedmoney@osr.nsw.gov.au

Complaints

Investors 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 which may be contacted at:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Phone: 1300 780 808
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

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Fax: +61 2 9017 1101
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Effective May 2013
Level 25, Australia Square
264-278 George Street
Sydney NSW 2000

Directors of the Responsible Entity

Christopher T Beare, Chair
Elizabeth A Alexander AM
Barry R Brownjohn
John C Conde AO
Tonianne Dwyer
Stewart F Ewen OAM
Craig D Mitchell[1]
W Richard Sheppard
Darren J Steinberg, CEO
Peter B St George

Secretaries of the Responsible Entity

Tanya L Cox
John C Easy

Auditors

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201 Sussex Street
Sydney NSW 2000

Investor enquiries

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Security registry

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Sydney NSW 2000

Locked Bag A14
Sydney South NSW 1235

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

Open Monday to Friday between 8.30am and 5.30pm (Sydney time).

For enquiries regarding your holding you can contact the security registry, or access your holding details at www.dexus.com using the Investor login link.

Australian Securities Exchange
ASX Code: DXS

1 Appointed on 12 February 2013.

Reporting scope

In line with our move to integrated reporting, this half year report provides financial and non-financial performance of the DEXUS portfolio. Environmental data includes only properties under DEXUS's operational control as defined under the National Greenhouse and Energy Reporting System (NGERS). All figures contained in this half year report are as at 31 December 2012 and all $ amounts are in Australian dollars, unless otherwise specified. All resource graphs display consumption on an intensity (per square metre) basis which enables like-for-like comparisons.

2013 DEXUS HALF YEAR REPORT

www.dexus.com

DEXUS
PROPERTY GROUP