

FINANCIAL STATEMENTS DEXUS OFFICE TRUST (ARSN 090 768 531)

HALF YEAR FINANCIAL REPORT 31 DECEMBER 2009

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

Under Australian equivalents to International Financial Reporting Standards (AIFRS), DDF has been deemed the parent entity for accounting purposes. Therefore the DDF consolidated Financial Statements include all entities forming part of DXS. The DDF consolidated Financial Statements are presented in a separate financial report.

All press releases, financial reports and other information are available on our website: www.dexus.com

**DEXUS OFFICE TRUST
DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

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The Directors of DEXUS Funds Management Limited (DXFM) as Responsible Entity of DEXUS Office Trust and its consolidated entities, (DOT or the Trust) present their Directors' Report together with the consolidated Financial Statements for the half year ended 31 December 2009.

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

Directors

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

Directors	Notes	Appointed
Christopher T Beare	1, 5, 6	4 August 2004
Elizabeth A Alexander AM	1, 2, 3	1 January 2005
Barry R Brownjohn	1, 2, 3, 6	1 January 2005
John C Conde AO	1, 4, 5	29 April 2009
Stewart F Ewen OAM	1, 5	4 August 2004
Victor P Hoog Antink		1 October 2004
Brian E Scullin	1, 4, 7	1 January 2005
Peter B St George	1, 2, 3, 6	29 April 2009

¹ Independent Director

² Audit Committee Member

³ Risk Committee Member

⁴ Compliance Committee Member

⁵ Nomination and Remuneration Committee Member

⁶ Finance Committee Member

⁷ Nomination & Remuneration Committee Member from 1 July 2009 to 31 August 2009

No Directors held an interest in the Trust as at 31 December 2009 or at the date of this report.

Review and results of operations

A review of the Trust's operations during the half year and the results of the operations of the DEXUS Property Group stapled security, of which DOT forms part thereof, is set out in the 31 December 2009 half year Directors' Report of DEXUS Diversified Trust. The DDF consolidated Financial Statements are presented in a separate financial report.

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 Trust, the results of those operations, or the state of the Trust's affairs in future financial years.

Rounding of amounts and currency

DOT is a registered scheme of the kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in this Directors' Report and the Financial Statements. Amounts in this Directors' Report and Financial Statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise indicated. All figures in this Directors' Report and the Financial Statements, except where otherwise stated, are expressed in Australian dollars.

Auditor

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

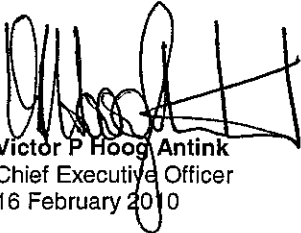
A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3 and forms part of this Directors' Report.

Directors' authorisation

The Directors' Report is made in accordance with a resolution of the Directors. The Financial Report was authorised for issue by the Directors on 16 February 2010. The Directors have the power to amend and reissue the Financial Report.



Christopher T Beare
Chair
16 February 2010



Victor P Hoog Antink
Chief Executive Officer
16 February 2010

PricewaterhouseCoopers
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Auditor's Independence Declaration

As lead auditor for the review of DEXUS Office Trust for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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



JA Dunning
Partner
PricewaterhouseCoopers

Sydney
16 February 2010

DEXUS OFFICE TRUST
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

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	Notes	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Revenue from ordinary activities			
Property revenue		121,706	117,000
Interest revenue		2,190	426
Total revenue from ordinary activities		123,896	117,426
Net foreign exchange gain		43	70
Other income		-	82
Total income		123,939	117,578
Expenses			
Property expenses		(32,796)	(31,060)
Responsible Entity fees		(4,503)	(5,245)
Finance costs	2	(4,398)	(128,135)
Share of net (losses)/profits of associates accounted for using the equity method	5	(26,833)	27
Net fair value loss of investment properties		(827)	(157,895)
Net fair value loss of derivatives		(10)	(583)
Net loss on sale of investments		(15)	-
Impairment		-	(9,394)
Other expenses		(1,260)	(1,241)
Total expenses		(70,642)	(333,526)
Net profit/(loss) for the period		53,297	(215,948)
Other comprehensive income:			
Exchange differences on translating foreign operations		654	6,824
Other comprehensive income for the year net of tax		654	6,824
Total comprehensive profit/(loss) for the period		53,951	(209,124)
Net profit/(loss) for the period attributable to:			
Unitholders of DEXUS Office Trust		52,413	(218,315)
Net profit attributable to non-controlling interests		884	2,367
Net profit/(loss) for the period		53,297	(215,948)
Total comprehensive profit/(loss) for the period attributable to:			
Unitholders of DEXUS Office Trust		53,067	(211,491)
Net profit attributable to non-controlling interests		884	2,367
Total comprehensive profit/(loss) for the period		53,951	(209,124)
Earnings per unit		Cents	Cents
Basic earnings per unit on profit/(loss) attributable to unitholders	13	1.10	(7.00)
Diluted earnings per unit on profit/(loss) attributable to unitholders	13	1.10	(7.00)

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

DEXUS OFFICE TRUST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Notes	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Current assets			
Cash and cash equivalents		5,190	8,289
Receivables		2,099	6,714
Derivative financial instruments		90	162
Other		1,897	2,702
Total current assets		9,276	17,867
Non-current assets			
Investment properties	3	2,914,769	2,891,603
Property, plant and equipment	4	-	18,150
Investments accounted for using the equity method	5	69,881	84,165
Loans with related parties	6	40,810	41,049
Derivative financial instruments		12,393	13,623
Other		549	385
Total non-current assets		3,038,402	3,048,975
Total assets		3,047,678	3,066,842
Current liabilities			
Payables		24,617	27,690
Loans with related parties	6	55,684	55,684
Provisions		59,381	74,141
Derivative financial instruments		2,808	724
Total current liabilities		142,490	158,239
Non-current liabilities			
Interest bearing liabilities	7	248,094	248,038
Derivative financial instruments		9,395	23,301
Other		260	96
Total non-current liabilities		257,749	271,435
Total liabilities		400,239	429,674
Net assets		2,647,439	2,637,168
Equity			
Contributed equity	8	2,035,565	2,015,192
Reserves		(11,064)	(11,718)
Undistributed income		418,797	429,669
		2,443,298	2,433,143
Non-controlling interests		204,141	204,025
Total equity		2,647,439	2,637,168

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

DEXUS OFFICE TRUST
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Notes	Contributed equity \$'000	Undistributed income \$'000	Foreign Currency Translation Reserve \$'000	Unitholders equity \$'000	Non-controlling interests \$'000	Total equity \$'000
Opening balance at 1 July 2008		1,506,188	951,335	(13,787)	2,443,736	204,071	2,647,807
Comprehensive loss for the period		-	(218,315)	6,824	(211,491)	2,367	(209,124)
Transactions with owners in their capacity as owners							
Contributions of equity, net of transaction costs	9	146,121	-	-	146,121	-	146,121
Distributions paid or provided for		-	(40,068)	-	(40,068)	(8,894)	(48,962)
Transfer to undistributed income		-	(6,476)	-	(6,476)	6,476	-
Closing balance at 31 December 2008		1,652,309	686,476	(6,963)	2,331,822	204,020	2,535,842
Opening balance at 1 July 2009		2,015,192	429,669	(11,718)	2,433,143	204,025	2,637,168
Comprehensive loss for the period		-	52,413	654	53,067	884	53,951
Transactions with owners in their capacity as owners							
Contributions of equity, net of transaction costs	8	20,373	-	-	20,373	-	20,373
Distributions paid or provided for	9	-	(59,381)	-	(59,381)	(4,672)	(64,053)
Transfer to undistributed income		-	(3,904)	-	(3,904)	3,904	-
Closing balance at 31 December 2009		2,035,565	418,797	(11,064)	2,443,298	204,141	2,647,439

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

DEXUS OFFICE TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

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	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Cash flows from operating activities		
Receipts in the course of operations (inclusive of GST)	149,078	144,104
Payments in the course of operations (inclusive of GST)	(51,343)	(58,045)
Interest received	139	426
Finance costs paid to financial institutions	(10,281)	(17,355)
Distributions received	16	-
Net cash inflow from operating activities	<u>87,609</u>	<u>69,130</u>
Cash flows from investing activities		
Proceeds from sale of investments	3,287	-
Payments for investments accounted for using the equity method	(12,866)	(14,323)
Payments for capital expenditure on investment properties	(16,377)	(19,682)
Payments for property, plant and equipment	-	(867)
Net cash outflow from investing activities	<u>(25,956)</u>	<u>(34,872)</u>
Cash flows from financing activities		
Issue of units	-	131,108
Establishment expenses and unit issue costs	(36)	(3,410)
Borrowings provided to entities within DXS	(76,496)	(191,366)
Borrowings provided by entities within DXS	70,036	68,958
Distributions paid to unitholders	(53,732)	(39,424)
Distributions paid to non-controlling interests	(4,529)	(4,651)
Net cash outflow from financing activities	<u>(64,757)</u>	<u>(38,785)</u>
Net decrease in cash and cash equivalents	<u>(3,104)</u>	<u>(4,527)</u>
Cash and cash equivalents at the beginning of the period	8,289	12,532
Effects of exchange rate changes on cash and cash equivalents	5	80
Cash and cash equivalents at the end of the period	<u>5,190</u>	<u>8,085</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

DEXUS Property Group stapled securities (DXS) are quoted on the Australian Stock Exchange under the code "DXS" and comprise one unit in each of DDF, DIT, DOT and DXO. Each entity forming part of DXS continues as a separate legal entity in its own right under the *Corporations Act 2001* and is therefore required to comply with the reporting and disclosure requirements under the *Corporations Act 2001* and Australian Accounting Standards.

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

This general purpose interim financial report for the half year ended 31 December 2009 has been prepared in accordance with the requirements of the Trust's Constitution, AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

As at 31 December 2009, DOT had a net current asset deficiency of \$133.2 million. The accounts have been prepared on a going concern basis due to the existence of cross guarantee arrangements with other entities within the DXS group.

This financial report is prepared on the going concern basis and in accordance with historical cost conventions and has not been adjusted to take account of either changes in the general purchasing power of the dollar or changes in the values of specific assets, except for the revaluation of certain derivatives, other financial instruments, investment properties and property, plant and equipment.

The financial report does not include notes of the type normally included in an annual financial report. Accordingly this report is to be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public pronouncements made by DXS during the half year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

(b) Critical accounting estimates

The preparation of Financial Statements may require the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Trust's accounting policies. Other than the estimation of fair values relating to derivatives, other financial instruments and investment properties, no key assumptions concerning the future or other estimation of uncertainty at the reporting date have a significant risk of causing material adjustments to the Financial Statements in the next reporting period. The accounting policies followed in relation to the determination of these critical accounting estimates are the same as those applied in the Financial Statements of DOT for the year ended 30 June 2009.

Uncertainty around property valuations

The global market for many types of real estate was severely affected by the recent volatility in global financial markets over the last 18 months. The lower levels of liquidity and volatility in the banking sector have translated into a general weakening of market sentiment towards real estate and the number of real estate transactions reduced significantly.

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

The availability of liquidity to property trusts has started to increase over the last six months leading to a greater number of real estate transactions taking place in this time. However the volume of sales of property assets, particularly premium assets is still lower than experienced historically. This means that there is still a shortage of comparable market evidence relating to pricing assumptions and market drivers compared to 'normal' levels. This means that some uncertainty remains in regard to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be prolonged. The factors referred to above will vary between the office and industrial segments and the geographic markets within which the Group operates.

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

(c) Investment properties

During the period the Trust 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 Trust'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.

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 income 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 measured, 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 Trust's Constitution, 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 Consolidated Statement 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 Consolidated Statement 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.

(d) Segment reporting

During the period the Trust adopted AASB 8 *Operating Segments* which replaced AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented in a manner that is consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors of DXFM. The Board of Directors are responsible for the strategic decision making for the Group which consists of DIT, DOT, DDF and DXO. Consistent with how the CODM manages the business the operating segments within the Group are reviewed on a consolidated basis rather than at an individual trust level. Disclosures concerning DXS's operating segments as well as the operating segments key financial information provided to the CODM are presented in the Group's Financial Statements.

(e) Rounding of amounts

The Trust is the kind referred to in Class Order 98/0100, issued by the Australian Securities and Investment Commission, relating to the rounding off of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2. Finance costs

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Interest paid / payable	5,225	18,061
Interest paid to related parties	-	9,490
Amount capitalised	(3,438)	(4,589)
Other finance costs	2,247	198
Net fair value loss of interest rate swaps	364	104,975
Total finance costs	4,398	128,135

The average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 6.90% (2008: 6.90%).

Note 3. Investment properties

Reconciliation

	Note	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Opening balance at 1 July 2009		2,891,603	3,325,300
Additions		3,823	21,635
Lease incentives		14,177	14,000
Amortisation of lease incentives		(12,876)	(25,468)
Rent straightlining		93	3,666
Transfers from property, plant and equipment	4	18,150	-
Net (loss) from fair value adjustments		(827)	(449,463)
Foreign exchange differences on foreign currency translation		626	1,933
Closing balance at 31 December 2009		2,914,769	2,891,603

Note 4. Property, plant and equipment

(a) Property plant and equipment

31 December 2009

	Construction in progress \$'000	Land and freehold buildings \$'000	Total \$'000
Opening balance as at 1 July 2009	2,033	16,117	18,150
Transfers to investment properties	(2,033)	(16,117)	(18,150)
Closing balance as at 31 December 2009	-	-	-

30 June 2009

	Construction in progress \$'000	Land and freehold buildings \$'000	Total \$'000
Opening balance as at 1 July 2008	997	27,530	28,527
Additions	1,036	-	1,036
Impairment	-	(11,413)	(11,413)
Closing balance as at 30 June 2009	2,033	16,117	18,150
Cost	2,033	27,530	29,563
Impairment	-	(11,413)	(11,413)
Net book value as at 30 June 2009	2,033	16,117	18,150

(b) Non-current assets pledged as security

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

Note 5. Investments accounted for using the equity method

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

Information relating to these entities is set out below.

Name of entity	Principal activity	Ownership interest	Ownership interest	31 Dec 2009	30 Jun 2009
		31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009
		%	%	\$'000	\$'000
Bent Street Trust ¹	Commercial property investment	33.3	34.9	69,881	84,165
Total				69,881	84,165

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

	31 Dec 2009	30 Jun 2009
	\$'000	\$'000
Opening balance as at 1 July 2009	84,165	111,946
Interest acquired and additions	15,851	32,916
Interest sold during the year	(3,302)	(60,712)
Share of net profits / (losses) after tax	(26,833)	31
Distributions received	-	(16)
Closing balance as at 31 December 2009	69,881	84,165

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

Note 6. Loans with related parties

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Non-current assets - loans with related parties		
Intercompany loan ¹	40,810	41,049
Total non-current assets - loan with related parties	<u>40,810</u>	<u>41,049</u>
Current liabilities - loans with related parties		
Non-interest bearing loans with the Trusts ²	55,684	55,684
Total current liabilities - loan with related parties	<u>55,684</u>	<u>55,684</u>

¹ The intercompany loan represents a loan with DEXUS Finance Pty Limited.

² Non-interest bearing loans with entities within DXS were created to effect the stapling of DDF, DIT, DOT and DXO.

Note 7. Interest bearing liabilities

	Note	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Non-current			
Secured			
Bank Loans	(a)	250,000	250,000
Total secured		<u>250,000</u>	<u>250,000</u>
Deferred borrowing costs		(1,906)	(1,962)
Total non-current liabilities - interest bearing liabilities		<u>248,094</u>	<u>248,038</u>

(a) Bank loans - secured

A \$250.0 million secured bank loan maturing in October 2011. The loan is secured by mortgages over one DDF investment property and two DOT investment properties totaling \$764.3 million as at 31 December 2009.

Note 8. Contributed equity

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
(a) Contributed equity of unitholders		
Opening balance as at 1 July 2009	2,015,192	1,506,188
Issue of units	-	494,817
Distributions reinvested	20,409	31,262
Cost of issuing equity	(36)	(17,075)
Closing balance as at 31 December 2009	<u>2,035,565</u>	<u>2,015,192</u>

	31 Dec 2009 No. of units	30 Jun 2009 No. of units
(b) Number of units on issue		
Opening balance as at 1 July 2009	4,700,841,666	3,040,019,487
Issue of units	-	1,560,453,600
Distributions reinvested	65,251,600	100,368,579
Closing balance as at 31 December 2009	<u>4,766,093,266</u>	<u>4,700,841,666</u>

Terms and conditions

Each stapled security ranks equally with all other stapled securities for the purposes of distributions and on termination of the Trust. Each stapled security entitles the holder to one vote, either in person or by proxy, at a meeting of each of the entities within DXS.

Distribution reinvestment plan

Under the Distribution Reinvestment Plan (DRP), stapled security holders may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities, rather than being paid in cash.

On 28 August 2009, 65,251,600 units were issued at a unit price of \$ 0.3128 in relation to the June 2009 distribution period. This represents DOT's contribution to DXS's total DRP unit issue price of \$0.6941.

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

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

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

Note 9. Distributions paid and payable

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
(a) Distribution to unitholders		
31 December 2009 (payable 26 February 2010)	59,381	40,068
	<u>59,381</u>	<u>40,068</u>
(b) Distribution to non-controlling interests		
DEXUS RENTS Trust (paid 16 October 2009)	2,285	4,651
DEXUS RENTS Trust (payable 18 January 2010)	2,387	4,243
	<u>4,672</u>	<u>8,894</u>
Total distributions	<u><u>64,053</u></u>	<u><u>48,962</u></u>
(c) Distribution rate for unitholders		
	31 Dec 2009 Cents per unit	31 Dec 2008 Cents per unit
31 December 2009 (payable 26 February 2010)	1.25	1.15
Total	<u><u>1.25</u></u>	<u><u>1.15</u></u>

Note 10. Contingent liabilities

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

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Bank guarantees by the Trust in respect of variations and other financial risks associated with the development of:		
60 Miller Street, North Sydney, NSW	-	497
Bligh Street, Sydney, NSW ¹	3,820	3,820
Total contingent liabilities	3,820	4,317

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

The Trust together with DDF, DIT and DXO, is also a guarantor of a A\$300.0 million and US\$210.0 million syndicated bank debt facility and a total of A\$1,182.5 million and US\$120.0 million (A\$133.8 million) of bank bi-lateral facilities, a total of \$610.0 million of medium term notes, a total of US\$400.0 million (A\$446.0 million) of privately placed notes, and a total of US\$300.0 million (A\$334.5 million) 144a senior notes, which have all been negotiated to finance the Trust and other entities within DXS. The guarantees have been given in support of debt outstanding and drawn against these facilities.

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

The Directors of the Responsible Entity are not aware of any other contingent liabilities in relation to the Trust, other than those disclosed in the Financial Statements, which should be brought to the attention of unitholders as at the date of completion of this report.

Note 11. Events occurring after reporting date

Since the end of the year 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 Trust, the results of those operations, or state of the Trust's affairs in future financial periods.

Note 12. Segment information

The Chief Operating Decision Maker (CODM) has been identified as the Board of Directors of DXFM as they are responsible for the strategic decision making for the Group. The Group's operating segments have been identified based on the segments analysed within the management reports reviewed by the CODM in order to monitor performance across the Group and to appropriately allocate resources. The operating segments of the Group have been identified as follows:

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 management company is 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 <i>Operating Segments</i> 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.

Note 12. Segment information (continued)

Consistent with how the CODM manages the business, the operating segments within the Group are reviewed on a consolidated basis and are not monitored at an individual trust level. The results of the individual trusts are not limited to any one of the segments described above.

Disclosures concerning the Group's operating segments as well as the operating segments key financial information provide to the CODM are presented in the DXS Financial Statements.

Note 13. Earnings per unit

(a) Basic earnings per unit on profit/(loss) attributable to unitholders	31 Dec 2009	31 Dec 2008
	cents	cents
	1.10	(7.00)
(b) Diluted earnings per unit on profit/(loss) attributable to unitholders	31 Dec 2009	31 Dec 2008
	cents	cents
	1.10	(7.00)
(c) Reconciliation of earnings used in calculating earnings per unit attributable to unitholders	31 Dec 2009	31 Dec 2008
	\$'000	\$'000
Net profit/(loss)	53,297	(215,948)
Net profit attributable to non-controlling interests	(884)	(2,367)
Net profit/(loss) attributable to the unitholders of the Trust used in calculating basic and diluted earnings per unit	52,413	(218,315)
(d) Weighted average number of units used as a denominator	31 Dec 2009	31 Dec 2008
	No. of units	No. of units
Weighted number of units outstanding used in calculation of basic and diluted earnings per unit	4,745,524,827	3,117,484,218

In the Directors' opinion:

- (a) the Financial Statements and notes set out on pages 4 to 17 are in accordance with the *Corporations Act 2001*, including;
 - i. complying with applicable Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the Trust's financial position as at 31 December 2009 and of its performance for the half year ended on that date, and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and
- (c) the Trust has operated in accordance with the provisions of the Constitution dated 17 June 1998 (as amended) during the half year ended 31 December 2009.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



Christopher T Beare
Chair
Sydney
16 February 2010

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial statements of DEXUS Office Trust, which comprise the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the DEXUS Office Trust Group (the consolidated entity). The consolidated entity comprises both DEXUS Office Trust (the trust) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the DEXUS Funds Management Limited (the Responsible Entity of the Trust) are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of DEXUS Office Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

**Independent auditor's review report to the members of
DEXUS Office Trust
(continued)**

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

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the DEXUS Office Trust (the Trust) for the half year ended 31 December 2009 included on DEXUS Office Trust's web site. The Responsible Entity's directors are responsible for the integrity of the DEXUS Office Trust's web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.


Independence

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

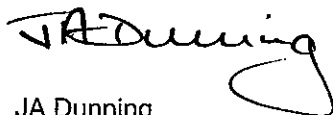
Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



JA Dunning
Partner

Sydney
16 February 2010

FINANCIAL STATEMENTS DEXUS INDUSTRIAL TRUST

(ARSN 090 879 137)

HALF YEAR FINANCIAL REPORT 31 DECEMBER 2009

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

Under Australian equivalents to International Financial Reporting Standards (AIFRS), DDF has been deemed the parent entity for accounting purposes. Therefore the DDF consolidated Financial Statements include all entities forming part of DXS. The DDF consolidated Financial Statements are presented in a separate financial report.

All press releases, financial reports and other information are available on our website: www.dexus.com

**DEXUS INDUSTRIAL TRUST
DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

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The Directors of DEXUS Funds Management Limited (DXFM) as Responsible Entity of DEXUS Industrial Trust and its consolidated entities (DIT or the Trust) present its Directors' Report together with the consolidated Financial Statements for the half year ended 31 December 2009.

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

Directors

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

Directors	Notes	Appointed
Christopher T Beare	1, 5, 6	4 August 2004
Elizabeth A Alexander AM	1, 2, 3	1 January 2005
Barry R Brownjohn	1, 2, 3, 6	1 January 2005
John C Conde AO	1, 4, 5	29 April 2009
Stewart F Ewen OAM	1, 5	4 August 2004
Victor P Hoog Antink		1 October 2004
Brian E Scullin	1, 4, 7	1 January 2005
Peter B St George	1, 2, 3, 6	29 April 2009

¹ Independent Director

² Audit Committee Member

³ Risk Committee Member

⁴ Compliance Committee Member

⁵ Nomination and Remuneration Committee Member

⁶ Finance Committee Member

⁷ Nomination & Remuneration Committee Member from 1 July 2009 to 31 August 2009

No Directors held an interest in the Trust as at 31 December 2009 or at the date of this report.

Review and results of operations

A review of the Trust's operations during the half year and the results of those operations of the DEXUS Property Group stapled security, of which DIT forms part thereof, is set out in the 31 December 2009 half year Directors' Report of DEXUS Diversified Trust. The DDF consolidated Financial Statements are presented in a separate financial report.

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 DIT, the results of those operations, or the state of DIT's affairs in future financial years.

Rounding of amounts and currency

DIT is a registered scheme of the kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in this Directors' Report and the Financial Statements. Amounts in this Directors' Report and Financial Statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise indicated. All figures in this Directors' Report and the Financial Statements; except where otherwise stated, are expressed in Australian dollars.

Auditor

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

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

**DEXUS INDUSTRIAL TRUST
DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

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Directors' authorisation

The Directors' Report is made in accordance with a resolution of the Directors. The Financial Report was authorised for issue by the Directors on 16 February 2010. The Directors have the power to amend and reissue the Financial Report.



Christopher T Beare
Chair
16 February 2010



Victor P Hoog Antink
Chief Executive Officer
16 February 2010

Auditor's Independence Declaration

As lead auditor for the review of DEXUS Industrial Trust for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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



JA Dunning
Partner
PricewaterhouseCoopers

Sydney
16 February 2010

DEXUS INDUSTRIAL TRUST
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

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	Notes	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Revenue from ordinary activities			
Property revenue		77,606	75,566
Interest revenue		1,231	1,195
Total revenue from ordinary activities		78,837	76,761
Net fair value gain/(loss) on derivatives		7,418	(13,084)
Net foreign exchange gain		992	319
Total income		87,247	63,996
Expenses			
Property expenses		(15,955)	(13,164)
Responsible Entity fees		(2,292)	(2,907)
Finance costs	2	(33,090)	(251,553)
Net fair value loss of investment properties		(38,683)	(155,260)
Net loss on sale of investment properties		(1,668)	-
Share of net losses of associates accounted for using the equity method	5	(69,677)	(197,265)
Other expenses		(1,650)	(2,918)
Total expenses		(163,015)	(623,067)
Loss before tax		(75,768)	(559,071)
Tax benefit			
Income tax (expense)/benefit		(4)	529
Withholding tax benefit		1,042	245
Total tax benefit		1,038	774
Loss attributable to unitholders		(74,730)	(558,297)
Other comprehensive loss:			
Exchange differences on translating foreign operations		10,935	(4,853)
Other comprehensive gain/(loss) for the year net of tax		10,935	(4,853)
Total comprehensive loss for the period attributable to unitholders		(63,795)	(563,150)
Earnings per unit			
		Cents	Cents
Basic earnings per unit on loss attributable to unitholders	13	(1.57)	(17.91)
Diluted earnings per unit on loss attributable to unitholders	13	(1.57)	(17.91)

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

**DEXUS INDUSTRIAL TRUST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009**

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	Notes	31 Dec 2009 \$'000	30 June 2009 \$'000
Current assets			
Cash and cash equivalents		10,442	13,043
Receivables		11,256	14,036
Non-current assets classified as held for sale		2,182	22,254
Loans with related parties	6	138,948	138,948
Derivative financial instruments		7,334	30,307
Current tax asset		83	-
Other		1,500	3,135
Total current assets		171,745	221,723
Non-current assets			
Investment properties	3	1,512,859	1,425,178
Property, plant and equipment	4	-	94,007
Investments accounted for using the equity method	5	106,612	138,276
Deferred tax assets		11,477	11,177
Loans with related parties	6	144,386	159,601
Derivative financial instruments		22,574	40,780
Other		214	1,848
Total non-current assets		1,798,122	1,870,867
Total assets		1,969,867	2,092,590
Current liabilities			
Payables		28,257	31,166
Current tax liabilities		973	955
Interest bearing liabilities	7	59,285	64,036
Derivative financial instruments		4,153	2,694
Total current liabilities		92,668	98,851
Non-current liabilities			
Interest bearing liabilities	7	45,334	-
Loans with related parties	6	1,258,134	1,311,960
Derivative financial instruments		103,181	146,467
Other		318	1,285
Total non-current liabilities		1,406,967	1,459,712
Total liabilities		1,499,635	1,558,563
Net assets		470,232	534,027
Equity			
Contributed equity	8	925,116	925,116
Reserves		15,726	4,791
Undistributed loss		(470,610)	(395,880)
Total equity		470,232	534,027

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

**DEXUS INDUSTRIAL TRUST
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

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	Note	Contributed equity \$'000	Undistributed loss \$'000	Foreign Currency Translation Reserve \$'000	Total Equity \$'000
Opening balance at 1 July 2008		760,988	344,634	175	1,105,797
Comprehensive loss for the period			(558,297)	(4,853)	(563,150)
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs		60,757	-	-	60,757
Distributions paid or provided for	9	-	(44,202)	-	(44,202)
Closing balance at 31 December 2008		821,745	(257,865)	(4,678)	559,202
Opening balance at 1 July 2009		925,116	(395,880)	4,791	534,027
Comprehensive loss for the period		-	(74,730)	10,935	(63,795)
Closing balance at 31 December 2009		925,116	(470,610)	15,726	470,232

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

**DEXUS INDUSTRIAL TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

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	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Cash flows from operating activities		
Receipts in the course of operations (inclusive of GST)	87,320	79,397
Payments in the course of operations (inclusive of GST)	(31,170)	(24,985)
Interest received	1,025	370
Finance costs paid to financial institutions	(19,562)	(11,445)
Dividends received	1,932	13,480
Income and withholding taxes paid	(323)	(307)
Net cash inflow from operating activities	<u>39,222</u>	<u>56,510</u>
Cash flows from investing activities		
Proceeds from sale of investment properties	33,154	-
Payments for capital expenditure on investment properties	(5,564)	(16,704)
Payments for investment properties	(80,262)	-
Payment for investments accounted for using the equity method	(54,368)	-
Payments for capital expenditure on property, plant and equipment	-	(7,655)
Net cash outflow from investing activities	<u>(107,040)</u>	<u>(24,359)</u>
Cash flows from financing activities		
Issue of units	-	56,713
Establishment expenses and unit issue costs	-	(1,475)
Borrowings provided to entities within DXS	(274,369)	(686,683)
Borrowings provided by entities within DXS	249,162	602,047
Proceeds from borrowings	91,165	-
Distributions paid to unitholders	-	(11,811)
Net cash inflow/(outflow) from financing activities	<u>65,958</u>	<u>(41,209)</u>
Net increase in cash and cash equivalents	(1,860)	(9,058)
Cash and cash equivalents at the beginning of the period	13,042	20,216
Effects of exchange rate changes on cash and cash equivalents	(740)	3,256
Cash and cash equivalents at the end of the period	<u>10,442</u>	<u>14,414</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

DEXUS Property Group stapled securities (DXS) are quoted on the Australian Stock Exchange under the code "DXS" and comprise one unit in each of DDF, DIT, DOT and DXO. Each entity forming part of DXS continues as a separate legal entity in its own right under the *Corporations Act 2001* and is therefore required to comply with the reporting and disclosure requirements under the *Corporations Act 2001* and Australian Accounting Standards. DEXUS Funds Management Limited as Responsible Entity for each of the entities within DXS may only unstack if approval is obtained by a special resolution of the stapled security holders.

This general purpose interim financial report for the half year ended 31 December 2009 has been prepared in accordance with the requirements of the Trust's Constitution, AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This financial report is prepared on the going concern basis and in accordance with historical cost conventions and has not been adjusted to take account of either changes in the general purchasing power of the dollar or changes in the values of specific assets, except for the revaluation of certain derivatives, other financial instruments, investment properties and property, plant and equipment.

The financial report does not include notes of the type normally included in an annual financial report. Accordingly this report is to be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public pronouncements made by DXS during the half year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

(b) Critical accounting estimates

The preparation of Financial Statements may require the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Trust's accounting policies. Other than the estimation of fair values relating to derivatives, other financial instruments, and investment properties, no key assumptions concerning the future or other estimation of uncertainty at the reporting date have a significant risk of causing material adjustments to the Financial Statements in the next reporting period. The accounting policies followed in relation to the determination of these critical accounting estimates are the same as those applied in the Financial Statements of DIT for the year ended 30 June 2009.

Uncertainty around property valuations

The global market for many types of real estate was severely affected by the recent volatility in global financial markets over the last 18 months. The lower levels of liquidity and volatility in the banking sector have translated into a general weakening of market sentiment towards real estate and the number of real estate transactions reduced significantly.

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

The availability of liquidity to property trusts has started to increase over the last six months leading to a greater number of real estate transactions taking place in this time. However the volume of sales of property assets, particularly premium assets is still lower than experienced historically. This means that there is still a shortage of comparable market evidence relating to pricing assumptions and market drivers compared to 'normal' levels. This means that some uncertainty remains in regard to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be prolonged. The factors referred to above will vary between the office and industrial segments and the geographic markets within which the Group operates.

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

(c) Investment properties

During the period the Trust 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 Trust'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.

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 income 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 measured, 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 Trust's Constitution, 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 Consolidated Statement 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 Consolidated Statement 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.

(d) Segment reporting

During the period the Trust adopted AASB 8 *Operating Segments* which replaced AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented in a manner that is consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors of DXFM. The Board of Directors are responsible for the strategic decision making for the Group which consists of DIT, DOT, DDF and DXO. Consistent with how the CODM manages the business the operating segments within the Group are reviewed on a consolidated basis rather than at an individual trust level. Disclosures concerning DXS's operating segments as well as the operating segments key financial information provided to the CODM are presented in the Group's Financial Statements.

(e) Rounding of amounts

The Trust is the kind referred to in Class Order 98/0100, issued by the Australian Securities and Investment Commission, relating to the rounding off of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2. Finance costs

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Interest paid/payable	1,034	1,600
Interest paid to related parties	26,270	38,864
Amount capitalised	(2,885)	(2,676)
Other finance costs	141	82
Net fair value loss on interest rate swaps	8,530	213,683
Total finance costs	33,090	251,553

The average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 6.90% (2008: 6.90%).

Note 3. Investment properties

Reconciliation

	Note	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Opening balance at 1 July 2009		1,425,178	1,695,388
Additions		6,959	20,006
Acquisitions ¹		80,371	-
Transfer from property, plant and equipment	4	94,007	33,118
Lease incentives		2,724	7,409
Amortisation of lease incentives		(2,294)	(4,099)
Net loss from fair value adjustments		(38,683)	(360,663)
Disposals		(12,559)	(6,200)
Transfer to non current assets classified as held for sale		(2,182)	(22,254)
Foreign exchange differences on foreign currency translation		(40,662)	62,473
Closing balance at 31 December 2009		1,512,859	1,425,178

¹ On 2 July 2009, the Trust, via a subsidiary, acquired a property located in Columbus, Ohio for US\$64.6 million (A\$80.4 million).

Note 4. Property, plant and equipment

(a) Property, plant and equipment

31 December 2009

	Construction in progress \$'000	Land and freehold buildings \$'000	Total \$'000
Opening balance as at 1 July 2009	44,282	49,725	94,007
Transfer to investment properties	(44,282)	(49,725)	(94,007)
Closing balance as at 31 December 2009	-	-	-

30 June 2009

	Construction in progress \$'000	Land and freehold buildings \$'000	Total \$'000
Opening balance as at 1 July 2008	65,533	49,725	115,258
Additions	11,867	-	11,867
Transfer to investment properties	(33,118)	-	(33,118)
Closing balance as at 30 June 2009	44,282	49,725	94,007
Cost	44,282	49,725	94,007
Net book value as at 30 June 2009	44,282	49,725	94,007

Note 5. Investments accounted for using the equity method

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

Information relating to this entity is set out below.

Name of entity	Principal activity	Ownership interest	Ownership interest	31 Dec 2009	30 Jun 2009
		31 Dec 2009 %	30 Jun 2009 %	\$'000	\$'000
DEXUS Industrial Properties Inc. ¹	Industrial property investment	50	50	106,612	138,276
Total				106,612	138,276

¹ DEXUS Industrial Properties Inc. was formed in the United States. The remaining 50% of this entity is owned by DDF. As a result, this entity is classed as controlled on a DDF consolidated basis.

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

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Opening balance as at 1 July 2009	138,276	314,989
Interest acquired during the period	54,345	-
Share of net losses after tax	(69,677)	(245,448)
Dividends received	(1,932)	(24,636)
Foreign exchange difference on foreign currency translation	(14,400)	93,371
Closing balance as at 31 December 2009	106,612	138,276

Note 6. Loans with related parties

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Current assets - loans with related parties		
Non-interest bearing loans with the Trusts ¹	138,948	138,948
Total current assets - loans with related parties	<u>138,948</u>	<u>138,948</u>
Non-current assets - loans with related parties		
Intercompany loan with entities within DXS	144,386	159,601
Total non-current assets - loans with related parties	<u>144,386</u>	<u>159,601</u>
Non-current liabilities - loans with related parties		
Intercompany loan ²	1,157,854	1,201,113
Intercompany loan with entities within DXS	100,280	110,847
Total non-current liabilities - loans with related parties	<u>1,258,134</u>	<u>1,311,960</u>

¹ Non-interest bearing loans with entities within DXS were created to effect the stapling of DDF, DIT, DOT and DXO.

² The intercompany loan represents a loan with DEXUS Finance Pty Limited.

Note 7. Interest bearing liabilities

		31 Dec 2009 \$'000	30 Jun 2009 \$'000
Current			
Unsecured			
Bank loans (a)	59,285	64,337	
Total unsecured	<u>59,285</u>	<u>64,337</u>	
Deferred borrowing costs	-	(301)	
Total current liabilities - interest bearing liabilities	<u>59,285</u>	<u>64,036</u>	
Non-current			
Secured			
Bank loans (b)	45,657	-	
Total secured	<u>45,657</u>	<u>-</u>	
Deferred borrowing costs	(323)	-	
Total non-current liabilities - interest bearing liabilities	<u>45,334</u>	<u>-</u>	
Total interest bearing liabilities	<u>104,619</u>	<u>64,036</u>	

(a) Syndicated revolving credit facility

Consists of a \$300 million facility and a US\$210 million (A\$234.1 million) facility, maturing in March 2010 and September 2010 respectively.

(b) Secured Bank Loan

Consists of a US\$41.0 million (A\$45.7 million) secured interest only bank facility with a maturity of February 2011. This facility is secured by a mortgage of an investment property totaling US\$60.5 million (A\$67.5 million).

Note 8. Contributed equity

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
(a) Contributed equity of unitholders		
Opening balance at 1 July 2009	925,116	760,988
Issue of units	-	148,640
Distributions reinvested	-	19,682
Cost of issuing units	-	(4,194)
Closing balance at 31 December 2009	925,116	925,116
	31 Dec 2009	30 Jun 2009
	No. of units	No. of units
(b) Number of units on issue		
Opening balance at 1 July 2009	4,700,841,666	3,040,019,487
Issue of units	-	1,560,453,600
Distributions reinvested	65,251,600	100,368,579
Closing balance at 31 December 2009	4,766,093,266	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 Trust. Each stapled security entitles the holder to one vote, either in person or by proxy, at a meeting of each of the entities within DXS.

Distribution reinvestment plan

Under the Distribution Reinvestment Plan (DRP), stapled security holders may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities, rather than being paid in cash.

On 28 August 2009, 65,251,600 units were issued at a unit price of nil in relation to the June 2009 distribution period. This represents DIT's contribution to DXS's total DRP unit issue price of \$0.6941.

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

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

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

Note 9. Distributions paid and payable

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
(a) Distribution to unitholders		
31 December 2009	-	44,202
Total distributions	-	44,202
	31 Dec 2009 Cents per unit	31 Dec 2008 Cents per unit
(b) Distribution rate for unitholders		
31 December 2009	-	1.27
Total	-	1.27

Note 10. Contingent liabilities

The Trust together with DDF, DIT and DXO, is also a guarantor of a A\$300.0 million and US\$210.0 million syndicated bank debt facility and a total of A\$1,182.5 million and US\$120.0 million (A\$133.8 million) of bank bi-lateral facilities, a total of \$610.0 million of medium term notes, a total of US\$400.0 million (A\$446.0 million) of privately placed notes, and a total of US\$300.0 million (A\$334.5 million) 144a senior notes, which have all been negotiated to finance the Trust and other entities within DXS. The guarantees have been given in support of debt outstanding and drawn against these facilities.

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

The Directors of the Responsible Entity are not aware of any other contingent liabilities in relation to the Trust, other than those disclosed in the Financial Statements, which should be brought to the attention of unitholders as at the date of completion of this report.

Note 11. Events occurring after reporting date

Since the end of the period, the Directors of the Responsible Entity are not aware of any matter or circumstance not otherwise dealt within their report or the Financial Statements that has significantly or may significantly affect the operations of the Trust, the results of those operations, or state of the Trust's affairs in future periods.

Note 12. Segment information

The Chief Operating Decision Maker (CODM) has been identified as the Board of Directors of DXFM as they are responsible for the strategic decision making for the Group. The Group's operating segments have been identified based on the segments analysed within the management reports reviewed by the CODM in order to monitor performance across the Group and to appropriately allocate resources. The operating segments of the Group have been identified as follows:

Note 12. Segment information (continued)

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 management company is 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 <i>Operating Segments</i> 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.

Consistent with how the CODM manages the business, the operating segments within the Group are reviewed on a consolidated basis and are not monitored at an individual trust level. The results of the individual trusts are not limited to any one of the segments described above.

Disclosures concerning the Group's operating segments as well as the operating segments key financial information provide to the CODM are presented in the Group's Financial Statements.

Note 13. Earnings per unit

(a) Basic earnings per unit on loss attributable to unitholders

31 Dec 2009	31 Dec 2008
cents	cents
(1.57)	(17.91)

(b) Diluted earnings per unit on loss attributable to unitholders

31 Dec 2009	31 Dec 2008
cents	cents
(1.57)	(17.91)

(c) Reconciliation of earnings used in calculating earnings per unit attributable to unitholders

	31 Dec 2009	31 Dec 2008
	\$'000	\$'000
Net loss	(74,730)	(558,297)
Net loss attributable to the unitholders of the Trust used in calculating basic and diluted earnings per unit	(74,730)	(558,297)

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

	31 Dec 2009	31 Dec 2008
	No. of units	No. of units
Weighted number of units outstanding used in calculation of basic and diluted earnings per unit	4,745,524,827	3,117,484,218

In the Directors' opinion:

- (a) the Financial Statements and notes set out on pages 4 to 16 are in accordance with the *Corporations Act 2001*, including;
 - a. complying with applicable Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Trust's financial position as at 31 December 2009 and of its performance for the half year ended on that date, and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and
- (c) the Trust has operated in accordance with the provisions of the Constitution dated 1 August 1997 (as amended) during the half year ended 31 December 2009.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



Christopher T Beare
Chair
Sydney
16 February 2010

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial statements of DEXUS Industrial Trust, which comprise the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the DEXUS Industrial Trust Group (the consolidated entity). The consolidated entity comprises both DEXUS Industrial Trust (the trust) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the DEXUS Funds Management Limited (the Responsible Entity of the Trust) are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of DEXUS Industrial Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

**Independent auditor's review report to the members of
DEXUS Industrial Trust
(continued)**

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

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the DEXUS Industrial Trust for the half year ended 31 December 2009 included on DEXUS Industrial Trust's web site. The Responsible Entity's directors are responsible for the integrity of the DEXUS Industrial Trust's web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence

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

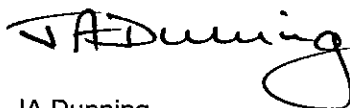
Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



JA Dunning
Partner

Sydney
16 February 2010

FINANCIAL STATEMENTS DEXUS OPERATIONS TRUST (ARSN 110 521 223)

HALF YEAR FINANCIAL REPORT 31 DECEMBER 2009

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

Under Australian equivalents to International Financial Reporting Standards (AIFRS), DDF has been deemed the parent entity for accounting purposes. Therefore the DDF consolidated Financial Statements include all entities forming part of DXS. The DDF consolidated Financial Statements are presented in a separate report.

All press releases, financial reports and other information are available on our website: www.dexus.com

The Directors of DEXUS Funds Management Limited (DXFM) as Responsible Entity of DEXUS Operations Trust and its consolidated entities (DXO or the Trust) present their Directors' Report together with the consolidated Financial Statements for the half year ended 31 December 2009.

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

Directors

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

Directors	Notes	Appointed
Christopher T Beare	1, 5, 6	4 August 2004
Elizabeth A Alexander AM	1, 2, 3	1 January 2005
Barry R Brownjohn	1, 2, 3, 6	1 January 2005
John C Conde AO	1, 4, 5	29 April 2009
Stewart F Ewen OAM	1, 5	4 August 2004
Victor P Hoog Antink		1 October 2004
Brian E Scullin	1, 4, 7	1 January 2005
Peter B St George	1, 2, 3, 6	29 April 2009

¹ Independent Director

² Audit Committee Member

³ Risk Committee Member

⁴ Compliance Committee Member

⁵ Nomination and Remuneration Committee Member

⁶ Finance Committee Member

⁷ Nomination & Remuneration Committee Member from 1 July 2009 to 31 August 2009

No Directors held an interest in the Trust as at 31 December 2009 or at the date of this report.

Review of operations

A review of the Trust's operations during the half year and the results of the operations of the DEXUS Property Group stapled security, of which DXO forms part thereof, is set out in the 31 December 2009 half year Directors' Report of DEXUS Diversified Trust and forms part of this Directors Report.

Significant changes in the state of affairs

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 DXO, the results of those operations, or the state of DXO's affairs in future financial periods.

Rounding of amounts and currency

DXO is a registered scheme of the kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in this Directors' Report and the Financial Statements. Amounts in this Directors' Report and Financial Statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise indicated. All figures in this Directors' Report and the Financial Statements, except where otherwise stated, are expressed in Australian dollars.

Auditor

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

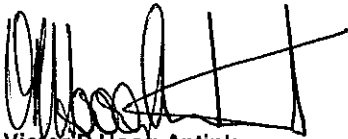
A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3 and forms part of this Directors' Report.

Directors' authorisation

The Directors' Report is made in accordance with a resolution of the Directors. The Financial Report was authorised for issue by the Directors on 16 February 2010. The Directors have the power to amend and reissue the Financial Report.



Christopher T Beare
Chair
16 February 2010




Victor P Hoog Antink
Chief Executive Officer
16 February 2010

Auditor's Independence Declaration

As lead auditor for the review of DEXUS Operations Trust for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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



JA Dunning
Partner
PricewaterhouseCoopers

Sydney
16 February 2010

**DEXUS OPERATIONS TRUST
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

Page 4 of 19

	Notes	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Revenue from ordinary activities			
Property revenue		911	1,180
Interest revenue		286	558
Management fee revenue		41,831	42,869
Total revenue from ordinary activities		43,028	44,607
Other income		137	233
Total income		43,165	44,840
Expenses			
Property expenses		(689)	(694)
Finance costs	2	(4,586)	(24,254)
Net loss on sale of investment properties		(506)	-
Depreciation and amortisation		(2,246)	(2,440)
Net fair value loss of investment properties		(6,198)	-
Impairment		(168)	(30,978)
Employee benefits expense		(28,867)	(30,829)
Other expenses		(4,999)	(5,610)
Total expenses		(48,259)	(94,805)
Loss before tax		(5,094)	(49,965)
Tax benefit			
Income tax benefit		399	8,671
Total tax benefit		399	8,671
Net loss after tax		(4,695)	(41,294)
Total comprehensive loss for the period		(4,695)	(41,294)
Earnings per unit		Cents	Cents
Basic earnings per unit on loss attributable to unitholders	12	(0.10)	(1.32)
Diluted earnings per unit on loss attributable to unitholders	12	(0.10)	(1.32)

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

DEXUS OPERATIONS TRUST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

Page 5 of 19

	Notes	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Current assets			
Cash and cash equivalents		13,543	13,765
Receivables		20,174	16,195
Non-current assets classified as held for sale		-	55,000
Current tax assets		8,153	1,422
Other		940	649
Total current assets		42,810	87,031
Non-current assets			
Investment properties	3	116,429	-
Property, plant and equipment	4	5,431	123,078
Deferred tax assets		12,892	15,152
Intangible assets	6	212,539	213,267
Other		66	66
Total non-current assets		347,357	351,563
Total assets		390,167	438,594
Current liabilities			
Payables		8,769	5,284
Loans with related parties	5	48,932	48,932
Provisions		11,657	13,089
Total current liabilities		69,358	67,305
Non-current liabilities			
Loans with related parties	5	282,358	325,867
Provisions		12,831	13,533
Deferred tax liabilities		7,476	6,360
Derivative financial instruments		6,833	9,520
Total non-current liabilities		309,498	355,280
Total liabilities		378,856	422,585
Net assets		11,311	16,009
Equity			
Contributed equity	7	26,332	26,335
Reserves		42,738	42,738
Undistributed loss		(57,759)	(53,064)
Total equity		11,311	16,009

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

**DEXUS OPERATIONS TRUST
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

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	Contributed equity \$'000	Management rights revaluation reserve \$'000	Undistributed loss \$'000	Total equity \$'000
Opening balance at 1 July 2008	12,876	63,293	6,487	82,656
Comprehensive loss for the period:	-	-	(41,294)	(41,294)
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs	5,588	-	-	5,588
Transfer to undistributed loss	-	(10,446)	10,446	-
Closing balance at 31 December 2008	18,464	52,847	(24,361)	46,950
Opening balance at 1 July 2009	26,335	42,738	(53,064)	16,009
Comprehensive loss for the period:	-	-	(4,695)	(4,695)
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs	(3)	-	-	(3)
Closing balance at 31 December 2009	26,332	42,738	(57,759)	11,311

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

**DEXUS OPERATIONS TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

Page 7 of 19

	31 Dec 2009	31 Dec 2008
	\$'000	\$'000
Cash flows from operating activities		
Receipts in the course of operations (inclusive of GST)	41,792	46,247
Payments in the course of operations (inclusive of GST)	(35,494)	(43,339)
Interest received	278	574
Finance costs paid to financial institutions	(2,423)	(10)
Income taxes paid	(2,955)	(5,976)
Net cash inflow/(outflow) from operating activities	<u>1,198</u>	<u>(2,504)</u>
Cash flows from investing activities		
Payments for capital expenditure on investment properties	(1,484)	(14,337)
Payments for capital expenditure on property, plant and equipment	(304)	(24,121)
Proceeds from sale of investment properties	54,020	-
Net cash inflow/(outflow) from investing activities	<u>52,232</u>	<u>(38,458)</u>
Cash flows from financing activities		
Issue of units	-	4,132
Establishment expenses and unit issue costs	(3)	(108)
Borrowings provided to entities within DXS	(87,250)	(25,691)
Borrowings provided by entities within DXS	33,601	64,266
Distributions paid to unitholders	-	(3,346)
Net cash (outflow)/inflow from financing activities	<u>(53,652)</u>	<u>39,253</u>
Net decrease in cash and cash equivalents	(222)	(1,709)
Cash and cash equivalents at the beginning of the period	13,765	14,892
Cash and cash equivalents at the end of the period	<u>13,543</u>	<u>13,183</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

DEXUS Property Group stapled securities are quoted on the Australian Stock Exchange under code 'DXS' and comprise one unit in each of DDF, DIT, DOT and DXO. Each entity forming part of DXS continues as a separate legal entity in its own right under the *Corporations Act 2001* and is therefore required to comply with reporting and disclosure requirements under the *Corporations Act 2001* and the Australian Accounting Standards.

DEXUS Funds Management Limited as Responsible Entity for each entity within DXS may only unstack if approval is obtained by a special resolution of the stapled security holders.

This general purpose interim financial report for the half year ended 31 December 2009 has been prepared in accordance with the requirements of the Trust's Constitution, AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

As at 31 December 2009, DXO had a net current asset deficiency of \$26.5 million. The accounts have been prepared on a going concern basis due to the existence of cross guarantee arrangements with other entities within the DXS group.

This financial report is prepared on the going concern basis and in accordance with historical cost conventions and has not been adjusted to take account of either changes in the general purchasing power of the dollar or changes in the values of specific assets, except for the revaluation of certain derivatives, other financial instruments and investment properties and the impairment of intangible assets and property, plant and equipment.

The financial report does not include notes of the type normally included in an annual financial report. Accordingly this report is to be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public pronouncements made by DXS during the half year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

(b) Critical accounting estimates

The preparation of Financial Statements may require the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Trust's accounting policies. Other than the estimation of fair values relating to certain derivatives, other financial instruments, investment properties and intangible assets, no key assumptions concerning the future or other estimation of uncertainty at the reporting date have a significant risk of causing material adjustments to the Financial Statements in the next reporting period. The accounting policies followed in relation to the determination of these critical accounting estimates are the same as those applied in the Financial Statements of the Trust for the year ended 30 June 2009.

Uncertainty around property valuations

The global market for many types of real estate was severely affected by the recent volatility in global financial markets over the last 18 months. The lower levels of liquidity and volatility in the banking sector have translated into a general weakening of market sentiment towards real estate and the number of real estate transactions reduced significantly.

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

The availability of liquidity to property trusts has started to increase over the last six months leading to a greater number of real estate transactions taking place in this time. However the volume of sales of property assets, particularly premium assets is still lower than experienced historically. This means that there is still a shortage of comparable market evidence relating to pricing assumptions and market drivers compared to 'normal' levels. This means that some uncertainty remains in regard to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be prolonged. The factors referred to above will vary between the office and industrial segments and the geographic markets within which the Group operates.

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

(c) Investment properties

During the period the Trust 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 Trust's investment property is a 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.

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 income 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 measured, 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 Trust's Constitution 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 Consolidated Statement 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 Consolidated Statement 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.

(d) 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 intercompany receivables or payables.

(e) Amendment to management rights impairment

At 31 December 2008, the impairment of management rights of \$20.9 million was recorded as a reduction in the revaluation reserve. This treatment was subsequently amended to recognise the impairment in the Consolidated Statement of Comprehensive Income in accordance with AASB136 Impairment of Assets. This had the effect of understating the consolidated loss before tax by \$20.9 million for the half year ended 31 December 2008.

On acquisition of the remaining 50% interest in DXH in February 2008, the initial management rights were fair valued, resulting in a revaluation reserve. As 50% of the above impairment is in relation to the initial interest in the management rights an amount equal to 50% of the impairment has been transferred to undistributed loss as part of the amendment.

The half year comparatives have been re-stated as described above, consistent with the treatment adopted in the 30 June 2009 Financial Statements.

Basic and diluted earnings per unit for the prior period have also been restated. The amount of the amendment for both basic and diluted earnings was a reduction of \$0.67 cents per unit.

(f) Segment reporting

During the period the Trust adopted AASB 8 *Operating Segments* which replaced AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented in a manner that is consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors of DXFM. The Board of Directors are responsible for the strategic decision making for the Group which consists of DIT, DOT, DDF and DXO. Consistent with how the CODM manages the business the operating segments within the Group are reviewed on a consolidated basis rather than at an individual trust level. Disclosures concerning DXS's operating segments as well as the operating segments key financial information provided to the CODM are presented in the Group's Financial Statements.

(g) Rounding of amounts

The Trust is the kind referred to in Class Order 98/0100, issued by the Australian Securities and Investment Commission, relating to the rounding off of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2. Finance costs

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Interest paid to related parties	10,140	11,725
Amount capitalised	(5,290)	(3,061)
Other finance costs	10	9
Net fair value (gain)/loss of interest rate swaps	(274)	15,581
Total finance costs	4,586	24,254

The average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 6.90% (2008: 6.90%).

Note 3. Investment properties

Reconciliation

	Note	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Opening balance at 1 July 2009		-	-
Additions		6,279	-
Transfers from property, plant and equipment	4	116,348	-
Net loss from fair value adjustments		(6,198)	-
Closing balance at 31 December 2009		116,429	-

Note 4. Property, plant and equipment

(a) Property plant and equipment

31 December 2009

	Construction in progress \$'000	Land and freehold buildings \$'000	IT and office \$'000	Total \$'000
Opening balance as at 1 July 2009	47,624	69,695	5,759	123,078
Additions	-	-	304	304
Depreciation charge	-	-	(1,603)	(1,603)
Transfer to IT and office	(971)	-	971	-
Transfer to investment properties	(46,653)	(69,695)	-	(116,348)
Closing balance as at 31 December 2009	-	-	5,431	5,431
Cost	-	-	9,739	9,739
Accumulated depreciation	-	-	(4,308)	(4,308)
Net book value as at 31 December 2009	-	-	5,431	5,431

30 June 2009

	Construction in progress \$'000	Land and freehold buildings \$'000	IT and office \$'000	Total \$'000
Opening balance as at 1 July 2008	31,999	97,873	6,039	135,911
Additions	49,088	29,617	1,521	80,226
Depreciation charge	-	(2,375)	(1,801)	(4,176)
Transfer to non-current assets classified as held for sale	-	(55,000)	-	(55,000)
Impairment	(33,463)	(420)	-	(33,883)
Closing balance as at 30 June 2009	47,624	69,695	5,759	123,078
Cost	81,087	78,211	8,145	167,443
Accumulated depreciation	-	(8,096)	(2,386)	(10,482)
Impairment	(33,463)	(420)	-	(33,883)
Net book value as at 30 June 2009	47,624	69,695	5,759	123,078

Note 5. Loans with related parties

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Current liabilities		
Non interest bearing loans with entities within DXS ¹	48,932	48,932
Total current liabilities	<u>48,932</u>	<u>48,932</u>
Non current liabilities		
Intercompany loan ²	282,358	325,867
Total non current liabilities	<u>282,358</u>	<u>325,867</u>

¹ Non interest bearing loans with entities within DXS were created to effect the stapling of DDF, DIT, DOT and DXO.

² The intercompany loan represents a loan with DEXUS Finance Pty Limited.

Note 6. Intangible assets

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Management rights¹		
Opening balance as at 1 July 2009	210,500	252,176
Amortisation charge	(560)	(566)
Impairment	-	(41,110)
Closing balance as at 31 December 2009	<u>209,940</u>	<u>210,500</u>
Cost	<u>252,382</u>	<u>252,382</u>
Accumulated amortisation	(1,332)	(772)
Accumulated impairment	(41,110)	(41,110)
Total management rights	<u>209,940</u>	<u>210,500</u>
Goodwill		
Opening balance as at 1 July 2009	2,767	2,937
Impairment	(168)	(170)
Closing balance as at 31 December 2009	<u>2,599</u>	<u>2,767</u>
Cost	<u>2,998</u>	<u>2,998</u>
Accumulated impairment	(399)	(231)
Total goodwill	<u>2,599</u>	<u>2,767</u>
Total intangibles	<u>212,539</u>	<u>213,267</u>

¹ Management rights represent the asset management rights owned by DXH which entitle it to management fee revenue from both finite life trusts (\$8,662,695) and infinite life trusts (\$201,276,836). 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.

Note 6. Intangible assets (continued)

Management rights valuation

During the period, DXO carried out a review of the recoverable amount of its intangible assets. The review determined that no impairment to management rights was necessary for the period ended 31 December 2009.

The value in use has been determined using management forecasts in a 5 year discounted cash flow model. Forecasts were based on projected returns of the business in light of current market conditions. The performance in year 5 has been used as a terminal value. The cash flows have been discounted at 8.2%.

Note 7. Contributed equity

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
(a) Contributed equity of unitholders		
Opening balance at 1 July 2009	26,335	12,876
Issue of units	-	12,275
Distributions reinvested	-	1,564
Cost of issuing units	(3)	(380)
Closing balance at 31 December 2009	26,332	26,335

	31 Dec 2009 No. of units	30 Jun 2009 No. of units
(b) Number of units on issue		
Opening balance at the beginning of the period	4,700,841,666	3,040,019,487
Issue of units	-	1,560,453,600
Distributions reinvested	65,251,600	100,368,579
Closing balance at the end of the period	4,766,093,266	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 Trust. Each stapled security entitles the holder to one vote, either in person or by proxy, at a meeting of each of the entities within DXS.

Distribution reinvestment plan

Under the Distribution Reinvestment Plan (DRP), stapled security holders may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities, rather than being paid in cash.

On 28 August 2009, 65,251,600 units were issued at a unit price of nil in relation to the June 2009 distribution period. This represents DXO's contribution to DXS's total DRP unit issue price of \$0.6941.

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

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

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

Note 8. Distributions paid and payable

Franked dividends

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

Franking credits	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Opening balance at the beginning of the period	21,380	14,139
Franking credits on net (refund)/payment of tax at 30 percent	(3,691)	5,976
Closing balance at the end of the period	17,689	20,115

Note 9. Contingent liabilities

The Trust together with DDF, DIT and DOT is a guarantor of a A\$300.0 million and US\$210.0 million syndicated bank debt facility and a total of A\$1,182.5 million and US\$120.0 million (A\$133.8 million) of bank bi-lateral facilities, a total of A\$610.0 million of medium term notes, a total of US\$400.0 million (A\$446.0 million) of privately placed notes, and a total of US\$300.0 million (A\$334.5 million) 144a senior notes, which have all been negotiated to finance the Trust and other entities within DXS. The guarantees have been given in support of debt outstanding and drawn against these facilities.

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

The Directors of the Responsible Entity are not aware of any other contingent liabilities in relation to the Trust, other than those disclosed in the Financial Statements, which should be brought to the attention of unitholders as at the date of completion of this report.

Note 10. Events occurring after reporting date

Since the end of the period, the Directors of the Responsible Entity are not aware of any matter or circumstance not otherwise dealt within their report or the Financial Statements that has significantly or may significantly affect the operations of the Trust, the results of those operations, or that state of the Trust's affairs in future periods.

Note 11. Segment information

The Chief Operating Decision Maker (CODM) has been identified as the Board of Directors of DXFM as they are responsible for the strategic decision making for the Group. The Group's operating segments have been identified based on the segments analysed within the management reports reviewed by the CODM in order to monitor performance across the Group and to appropriately allocate resources. The operating segments of the Group have been identified as follows:

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 management company is 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 <i>Operating Segments</i> 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.

Note 11. Segment information (continued)

Consistent with how the CODM manages the business, the operating segments within the Group are reviewed on a consolidated basis and are not monitored at an individual trust level. The results of the individual trusts are not limited to any one of the segments described above.

Disclosures concerning the DXS's operating segments as well as the operating segments key financial information provided to the CODM are presented in the Group's Financial Statements.

Note 12. Earnings per unit

(a) Basic earnings per unit on loss attributable to unitholders of the parent entity	31 Dec 2009	31 Dec 2008
	cents	cents
	(0.10)	(1.32)
(b) Diluted earnings per unit on loss attributable to unitholders of the parent entity	31 Dec 2008	31 Dec 2008
	cents	cents
	(0.10)	(1.32)
(c) Reconciliation of earnings used in calculating earnings per unit attributable to unitholders of the parent entity	31 Dec 2009	31 Dec 2008
	\$'000	\$'000
Net loss	(4,695)	(41,294)
Net loss attributable to the unitholders of the Trust used in calculating basic and diluted earnings per unit	(4,695)	(41,294)
(d) Weighted average number of units used as a denominator	31 Dec 2009	31 Dec 2008
	No. of units	No. of units
Weighted number of units outstanding used in calculation of basic and diluted earnings per unit	4,745,524,827	3,117,484,218

**DEXUS OPERATIONS TRUST
DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

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In the Directors' opinion:

- (a) the Financial Statements and notes set out on pages 4 to 16 are in accordance with the *Corporations Act 2001*, including;
 - a. complying with applicable Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Trust's financial position as at 31 December 2009 and of its performance for the half year ended on that date, and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and
- (c) the Trust has operated in accordance with the provisions of the Constitution dated 11 August 2004 (as amended) during the half year ended 31 December 2009.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



Christopher T Beare
Chair
Sydney
16 February 2010

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial statements of DEXUS Operations Trust, which comprise the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the DEXUS Operations Trust Group (the consolidated entity). The consolidated entity comprises both DEXUS Operations Trust (the trust) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the DEXUS Funds Management Limited (the Responsible Entity of the Trust) are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of DEXUS Operations Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

**Independent auditor's review report to the members of
DEXUS Operations Trust (continued)**

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

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

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the DEXUS Operations Trust (the Trust) for the half year ended 31 December 2009 included on DEXUS Operations Trust's web site. The Responsible Entity's directors are responsible for the integrity of the DEXUS Operations Trust's web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



JA Dunning
Partner

Sydney
16 February 2010