

DEXUS RENTS Trust - ASX release

24 September 2010

DEXUS RENTS Trust (ASX:DXRPA) 2010 Annual Report

DEXUS RENTS Trust provides a copy of its 2010 Annual Report and a letter to security holders who have elected not to receive printed communications.

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About DEXUS

DEXUS is one of Australia's leading property groups specialising in owning, managing and developing superior quality office, industrial and retail properties, with total assets under management of \$13.3 billion. In Australia, DEXUS is the number 1 owner/manager of office, number 3 in industrial and, on behalf of third party clients, a leading manager and developer of shopping centres.

DEXUS is committed to being a market leader in Corporate Responsibility and Sustainability and has been recognised for the second year running as one of the Global 100 Most Sustainable Corporations at the World Economic Forum in Davos. www.dexus.com

DEXUS Funds Management Ltd ABN 24 060 920 783, AFSL 238163, as Responsible Entity for DEXUS RENTS Trust (ASX: DXRPA)



DEXUS
PROPERTY GROUP

24 September 2010

DEXUS Funds Management Limited
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AFSL: 238163

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Dear Investor

We are pleased to advise that the DEXUS RENTS Trust 2010 Annual Report is now available on our website at www.dexus.com

The performance of DEXUS Property Group (ASX: DXS) underlies the performance of DEXUS RENTS Trust. DEXUS's annual reports are also available on our website and include the 2010 Security Holder Review, Annual Report and Combined Financial Statements.

If you have any questions or queries about DEXUS RENTS Trust or DEXUS Property Group please contact Investor Relations on 02 9017 1330. For queries regarding your security holding please contact Link Market Services on 1800 819 675 or access your holding details at www.dexus.com

I would like to thank you for your support during the year.

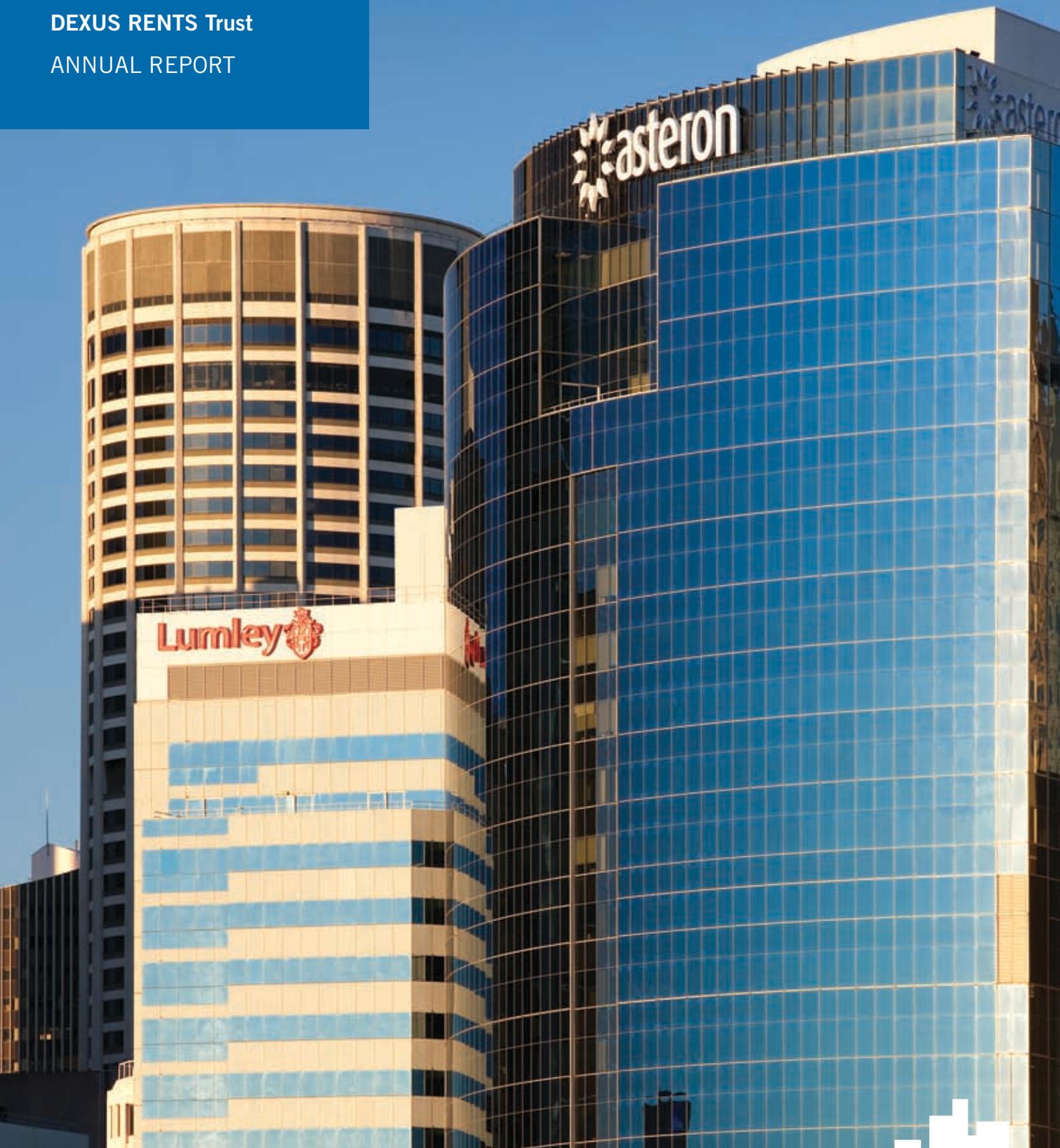
Yours sincerely

Victor P. Hoog Antink
Chief Executive Officer

2010

DEXUS RENTS Trust

ANNUAL REPORT



RESULTS HIGHLIGHTS	1
LETTER FROM THE CHAIR	2
CHIEF EXECUTIVE OFFICER'S REPORT	3
BOARD OF DIRECTORS	6
ABOUT DEXUS	8
CORPORATE GOVERNANCE STATEMENT	10
FINANCIAL STATEMENTS	16
INVESTOR RELATIONS	37
ADDITIONAL INFORMATION	39
DIRECTORY	

DISTRIBUTIONS

\$10.3m

NET ASSETS

\$204.2m

MARKET CAPITALISATION

\$169.3m

RESULTS HIGHLIGHTS

DEXUS RENTS Trust's objective is to provide quarterly income payments at an attractive yield.

DISTRIBUTION PER SECURITY

\$5.05



TOTAL ASSETS

\$207.2m



LETTER FROM THE CHAIR



L to R: Chair, Christopher Beare and CEO, Victor Hoog Antink

Dear Investor

I am pleased to present the DEXUS RENTS Trust annual report for the year ended 30 June 2010.

DEXUS RENTS Trust (RENTS) paid distributions totalling \$5.05 per security for the year (2009: \$6.74 per security) with 90% of that income being tax deferred.

In 2009, the 90 day bank bill rate declined as the Reserve Bank of Australia sought to cushion the Australian economy from a contraction in the global economy. In the 12 months to 30 June 2010, the Reserve Bank of Australia raised the official cash rate resulting in the 90 day bank bill rate increasing from 3.16% to 4.42%.

The security price closed at \$83.00 on 30 June 2010, resulting in a market capitalisation of \$169.3 million, a 15% increase on 2009. The net tangible asset per security is \$100.10 (2009: \$100.01).

Board and Governance

The Board has remained unchanged during the financial year to June 2010. The Board comprises eight Directors, seven of whom are independent. Specific skills the Directors bring to the Board include strategy, property investment, funds management, capital markets, financial and risk management.

During the year we reviewed the membership of Board Committees and rotated the chairs of each Committee to take full advantage of the Board's knowledge and expertise.

The Board is committed to the early adoption of ASX Corporate Governance Principles and Recommendations. As a result we have established new policies, such as a new Diversity Policy and have reviewed and updated existing policies where required to meet new and revised principles and recommendations.

Further information on the Board of Directors and our corporate governance policies follow in this report and can be found on the DEXUS website at www.dexus.com

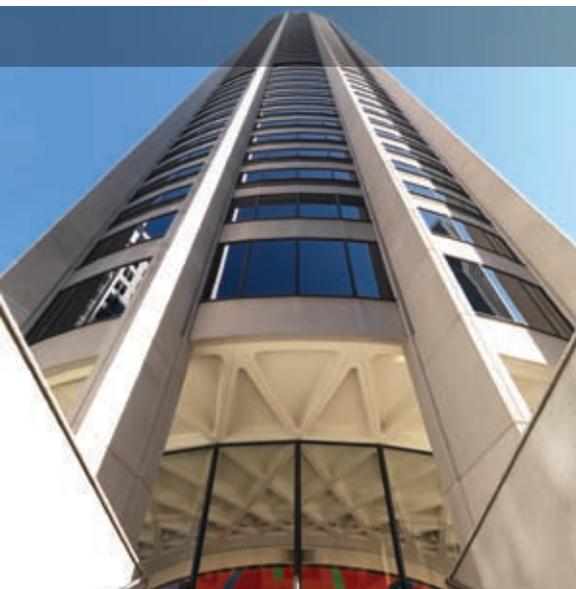
Our annual Employee Opinion Survey reflected improved results across the board and continued strength in employee satisfaction and engagement. It is pleasing to report that DEXUS out-performed 18 of the top 19 categories of the Towers Watson Australian National Norm and several categories of the Global High Performing Norm. Detailed information on our Employee Opinion Survey results and associated initiatives will be available in our 2010 Corporate Responsibility and Sustainability (CR&S) Report to be released in late October.

On behalf of the Board, I wish to thank you for your continued investment in RENTS and I look forward to reporting our activities to you next year.

Yours sincerely,

Christopher T Beare
Chair

23 September 2010



Australia Square Complex, 264-278 George Street, Sydney, NSW



30 The Bond, 30-34 Hickson Road, Sydney, NSW

During the year RENTS paid distributions of \$5.05 per security (2009: \$6.74 per security) which were 90% tax deferred.

RENTS pays quarterly distributions into investors' nominated Australian bank accounts. The distribution rate for RENTS is determined on the first business day of each quarter. Until 1 July 2012, the distribution rate will be equal to the 90 day bank bill rate plus 1.3% per annum. Investors who held RENTS for the 2010 year received the following income:

Quarter ending	Distribution rate %	Rate per RENTS \$
30 September 2009	4.4600	1.12
31 December 2009	4.6533	1.17
31 March 2010	5.4100	1.33
30 June 2010	5.7183	1.43
Total		5.05

The 90 day bank bill rate increased from 3.16% at the beginning of the year and ended at 4.42% for the June 2010 quarter. Accordingly, income from ordinary activities and distributions to security holders increased during the year in line with this movement. The movements in interest rates broadly reflected the movement in the Australian official cash rate over the period as the Reserve Bank of Australia adjusted policy in response to strengthening economic activity.

Financial results

Total revenue for the year was \$10.7 million and profit attributable to investors was \$10.5 million. Distributions totalling \$10.3 million were paid to investors for the year ended 30 June 2010 (2009: \$13.7 million). Total assets of RENTS were \$207.2 million (2009: \$206.3 million) and net assets were \$204.2 million (2009: \$204 million) or \$100.10 per security. The Financial Statements start on page 16 of this report and provide more detailed information.

DEXUS Property Group

The assets of RENTS are invested in a sub-trust of DEXUS Property Group. In 2012, RENTS may be converted into DEXUS Property Group stapled securities (DEXUS) (refer to RENTS structure on page 37 of this report). Consequently, it is the performance of DEXUS that supports the performance of RENTS.

DEXUS's portfolio comprised \$7.4 billion (including cash and other assets) at 30 June 2010 of direct property in Australia, New Zealand, the United States and Europe. In challenging market conditions the active management focus of the DEXUS team delivered operating earnings before interest and tax of \$461.3 million, down 10.3% on 2009. Net profit after tax attributable to DEXUS security holders was \$31.4 million up significantly on the previous year's net loss of \$1.5 billion. This result reflects the underlying quality of DEXUS's Australian office and industrial portfolios, which delivered like-for-like income growth of 0.4% and 1.6% respectively.



Victoria Cross, 60 Miller Street, North Sydney, NSW



44 Market Street, Sydney, NSW



12-18 Distribution Drive, Laverton North, VIC

The economic downturn has resulted in a slight decline in overall occupancy levels to 89.9% (2009: 91.5%), while average lease duration remains strong at 5.1 years (2009: 4.8 years).

DEXUS's full-year result reflects 12 months of focus on its core business of office and industrial property ownership, management and development. This activity, its strong financial position and improved market conditions will enable DEXUS to drive property returns during the property recovery cycle. Portfolio highlights during 2010 included:

- The office portfolio out-performed market benchmarks for occupancy and incentive costs and achieved leasing success despite weaker tenant demand during the year. DEXUS's two premium office developments, Albert Street, Brisbane and Bligh Street, Sydney will be delivered into improving markets in 2011
- The Australian industrial portfolio delivered steady like for like portfolio income growth in challenging market conditions. The quality of the portfolio was improved through the sale of non-core properties and the reinvestment of proceeds into core markets. Several pre-lease commitments were secured at two major industrial estates at Laverton, VIC and Greystanes, NSW
- In the United States significant progress was made repositioning the portfolio and establishing a DEXUS team with local knowledge and a strong track record to continue the repositioning plans

Capital management

DEXUS continues to maintain a strong balance sheet with the diversification and average maturity of its funding sources further improving to 3.2 years. In September 2009, DEXUS issued debt into the US public bond market, securing a new source of funding in one of the world's largest bond markets. In total during the year, \$700 million of debt was successfully issued in the Australian and US debt capital markets on competitive terms, with a weighted average maturity of greater than five years. Gearing at 29.8% was below DEXUS's policy maximum level of 40% and DEXUS continues to maintain stable credit ratings of Standard & Poor's BBB+ and Moody's Baa1.

For further information on DEXUS Property Group, its Security Holder Review and Annual Report are located on our website at www.dexus.com



Kent West Corporate Park, 21902 64th Avenue S, Kent, WA

DEXUS US management team

As part of DEXUS's long-term objective to build critical mass and become a market leader in industrial property on the west coast of the United States, DEXUS opened a new US management office in Newport Beach, California.

The US management team is led by Jane Lloyd along with Bruce McDonald and Bryan Bentrutt and their highly regarded team.

The appointments bring to DEXUS extensive US industrial property management, leasing and development expertise, together with established relationships with capital partners, particularly in DEXUS's preferred west coast markets.

The US team is currently managing our US\$300 million Whirlpool portfolio and \$300 million of new third party property mandates. After we assume direct management of all our west coast properties later in the 2011 financial year, DEXUS will be directly managing approximately US\$840 million of properties in the US. Further information is available on DEXUS's US website at www.dexus.com/us

Corporate Responsibility and Sustainability

DEXUS continued to drive sustainable performance achieving ongoing improvements in energy efficiency and resource consumption.

DEXUS was awarded more than \$3 million of Green Building Fund grants which will support the cost of sustainability upgrades in key properties. DEXUS continued to progress its NABERS Energy 4.5 star rating program with its portfolio rating average increasing to 3.3 stars and further progressed its sustainable developments at 1 Bligh Street, Sydney and 123 Albert Street, Brisbane, which are due to complete in the coming financial year.

DEXUS was again named one of the world's most sustainable corporations in the 2010 "Global 100" list announced at the Davos World Economic Forum, the only A-REIT to achieve listing in two consecutive years.

Further information on DEXUS's efforts in CR&S will be published in the 2010 Corporate Responsibility and Sustainability Report which will be available on request or at www.dexus.com in late October.

Thank you for your support during the year. We look forward to reporting continued strong performance in the coming period.

Victor P Hoog Antink
Chief Executive Officer
23 September 2010

BOARD OF DIRECTORS



Christopher T Beare

BSc, BE (Hons), MBA, PhD, FAICD
Chair and Independent Director
Age 60

Chris Beare is the Chair and an Independent Director of DEXUS Funds Management Limited (appointed 21 September 2004). He is also a member of the Board Nomination and Remuneration Committee and the Board Finance Committee.

Chris has significant experience in international business, technology, strategy, finance and management.

Previously Chris was Executive Director of the Melbourne based Advent Management venture capital firm, prior to joining investment bank Hambros Australia in 1991. At Hambros, Chris became Head of Corporate Finance in 1994 and joint Chief Executive in 1995, until Hambros was acquired by Société Générale in 1998. Chris remained a Director of SG Australia until 2002. From 1998 onwards, Chris helped form Radiata – a technology start-up in Sydney and Silicon Valley. As Chair and Chief Executive Officer, Chris steered Radiata to a successful sale to Cisco Systems in 2001 and then continued part time for four years as Director Business Development for Cisco. Chris has previously been a director of a number of companies in the finance, infrastructure and technology sectors.

Chris is currently Chair of Mnet Group which was recently listed on the ASX.



Elizabeth A Alexander AM

BComm, FCA, FAICD, FCPA
Independent Director
Age 67

Elizabeth Alexander is an Independent Director of DEXUS Funds Management Limited (appointed 1 January 2005), Chair of DEXUS Wholesale Property Limited and a member of the Board Audit and Board Risk and Sustainability Committees.

Elizabeth brings to the Board extensive experience in accounting, finance, corporate governance and risk management. She was formerly a partner with PricewaterhouseCoopers.

Elizabeth's previous appointments include National Chair of the Australian Institute of Company Directors, National President of the Australian Society of Certified Practising Accountants and Deputy Chairman of the Financial Reporting Council. Elizabeth was also on the Boards of Boral Limited and AMCOR Limited.

Elizabeth is currently Chair of CSL Limited and a Director of Medibank Private.



Barry R Brownjohn

BComm
Independent Director
Age 59

Barry Brownjohn is an Independent Director of DEXUS Funds Management Limited (appointed 1 January 2005), Chair of the Board Audit and Board Risk and Sustainability Committees and a member of the Board Finance Committee.

Barry has more than 20 years experience in Australia, Asia and North America in international banking. He previously held numerous positions with the Bank of America including heading global risk management for the Asia capital markets business and was the Australasian CEO between 1991 and 1996. Following his career with Bank of America, Barry has been active in advising companies in Australia and overseas on strategic expansion, venture capital, M&A and capital raising strategies, with particular emphasis on the financial services industry. Barry has also held numerous industry positions including Chair of the International Banks and Securities Association in Australia and the Asia Pacific Managed Futures Association.

Barry is an Independent Director of Citigroup Pty Limited, an Advisory Board Member of the South Australian Financing Authority and a Director of Bakers Delight Holdings Pty Limited.



John C Conde AO

BSc, BE (Hons), MBA
Independent Director
Age 62

John Conde is an Independent Director of DEXUS Funds Management Limited (appointed 29 April 2009), Chair of the Board Nomination and Remuneration Committee and a member of the Board Compliance Committee.

John brings to the Board extensive experience across diverse sectors including commerce, industry and government. John was previously a Director of BHP Billiton and Excel Coal Limited, Managing Director of Broadcast Investment Holdings Pty Limited, Director of Lumley Corporation and President of the National Heart Foundation of Australia.

John is Chairman of Energy Australia. He is also Chairman of the Bupa Australia Group and Whitehaven Coal Limited. John is President of the Commonwealth Remuneration Tribunal and Chairman of the Sydney Symphony. John is Chairman of the Australian Olympic Committee (NSW) Fundraising Committee, Chairman of the Homebush Motor Racing Authority Advisory Board, Chairman of Events NSW and a member of the Bond University Board of Trustees.



Stewart F Ewen OAM

Independent Director
Age 61

Stewart Ewen is an Independent Director of DEXUS Funds Management Limited (appointed 21 September 2004) and a member of the Board Nomination and Remuneration Committee.

Stewart has extensive property sector experience and started his property career with the Hooker Corporation in 1966. In 1983, Stewart established Byvan Limited which, by 2000, managed \$8 billion in shopping centres in Australia, Asia and North America. In 2000, Stewart sold his interest in Byvan to the Savills Group. In 1990 he started NavyB Pty Ltd, which has completed in excess of \$600 million of major residential and commercial property projects in Australia and New Zealand. Stewart was previously Managing Director of Enacon Ltd, a Director of the Abigroup and Chairman of Tuscan Pty Ltd, which developed and operated the Sydney University Village. Stewart was also a Director of CapitaCommercial Trust Management Limited in Singapore from 2004 to 2008. Stewart was previously President of the Property Council of NSW, a member of the NSW Heritage Council and Chair of the Cure Cancer Australia Foundation.



Victor P Hoog Antink

BComm, MBA, FCA, FAPI, FRICS, MAICD
Executive Director and Chief Executive Officer
Age 57

Victor Hoog Antink is CEO and an Executive Director of DEXUS Funds Management Limited (appointed 1 October 2004).

Victor has more than 29 years of experience in property and finance. Prior to joining DEXUS in November 2003, Victor held Executive positions at Westfield Holdings where he was the Director of Funds Management, responsible for both the Westfield Trust and the Westfield America Trust. Prior to joining Westfield in 1995, Victor held Executive management positions in a number of financial services and property companies in Australia. Victor has an MBA from the Harvard Business School, is a fellow of the Institute of Chartered Accountants in Australia, a fellow of the Australian Property Institute, a fellow of the Royal Institute of Chartered Surveyors, a member of the Australian Institute of Company Directors and a licensed Real Estate Agent.

Victor is a director and immediate past President of the Property Council of Australia and the national Chairman of the Property Industry Foundation.



Brian E Scullin

BEC
Independent Director
Age 59

Brian Scullin is an Independent Director of DEXUS Funds Management Limited (appointed 1 January 2005), DEXUS Wholesale Property Limited and Chair of the Board Compliance Committee.

Brian brings to the Board extensive domestic and international funds management knowledge as well as finance, corporate governance and risk management experience.

Following a career in government and politics in Canberra, Brian was appointed the inaugural Executive Director of the Association of Superannuation Funds of Australia (ASFA) in 1987. He joined Bankers Trust in Australia in 1993 and held a number of senior positions, becoming President of Japan Bankers Trust in 1997. In 1999 Brian was appointed Chief Executive Officer, Asia/Pacific for Deutsche Asset Management and retired from this position in 2002.

Brian was appointed Chair of BT Investment Management Limited in 2007.



Peter B St George

CA(SA), MBA
Independent Director
Age 64

Peter St George is an Independent Director of DEXUS Funds Management Limited (appointed 29 April 2009), Chair of the Board Finance Committee and a member of the Board Audit and Board Risk and Sustainability Committees.

Peter has more than 20 years experience in senior corporate advisory and finance roles within NatWest Markets and Hill Samuel & Co in London. Peter acted as Chief Executive/Co-Chief Executive Officer of Salomon Smith Barney Australia/NatWest Markets Australia from 1995 to 2001. Peter was previously a Director of Spark Infrastructure Group and Chedha Holdings (Powercor and Citipower, Victoria). Peter was also Chairman of Walter Turnbull Chartered Accountants and a Director of SFE Corporation Limited.

Peter is currently a Director of First Quantum Minerals Limited (listed on the Toronto Stock Exchange) and Boart Longyear Limited.

ABOUT DEXUS



Members of the DEXUS team at Gateway, 1 Macquarie Place, Sydney, NSW



DEXUS is one of Australia's leading property groups specialising in world-class office, industrial and retail properties with total assets under management of \$13.3 billion.

In Australia, DEXUS is the largest listed owner/manager of office and one of the largest in industrial.

On behalf of third party clients, DEXUS is a leading manager and developer of shopping centres.

Operating in the United States since 2004, DEXUS owns 98 industrial properties totalling more than 24 million square feet in 17 industrial and logistics markets.

Listed on the ASX, DEXUS has a track record of financial strength and prudent capital management.

The Group has two areas of operation:

- A \$7.4 billion direct property portfolio – one of Australia's largest listed property trusts – which owns, manages and develops high quality office and industrial properties primarily in Australia and the US

- A \$5.9 billion property funds management business, one of the largest in Australia, which manages and develops office, industrial and retail properties on behalf of third party investors. In Australia, this includes the DEXUS Wholesale Property Fund, two blue-chip private client mandates, a retail property syndicate and, in the US, industrial property mandates

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

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

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



Group Management Committee (L to R): John Easy – General Counsel, Paul Say – Chief Investment Officer, Victor Hoog Antink – Chief Executive Officer, Craig Mitchell – Chief Financial Officer, Tanya Cox – Chief Operating Officer

CORPORATE GOVERNANCE STATEMENT

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

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

To achieve this objective, DXFM has implemented a corporate governance framework that meets the requirements of *ASX Corporate Governance Principles and Recommendations* (2nd edition) as amended 30 June 2010, and addresses additional aspects of governance that the Board considers appropriate. The Board is committed to the early adoption of new and revised principles and recommendations.

A reconciliation of the ASX Principles against DXFM's governance framework can be found on the web page www.dexus.com/Corporate-Governance

The Board

Roles and responsibilities

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

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

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

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

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

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

Composition

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

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

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

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

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

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

Biographies outlining the skills and experience of each Director are set out on pages 6 to 7 of this report. Please refer to www.dexus.com/Corporate-Governance for a description of the procedure followed to select and appoint new Directors to the Board, which includes specific criteria applied to determine Director independence.

Performance

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

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

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

Governance

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

Board Nomination and Remuneration Committee

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

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

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

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

Board Audit Committee

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

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

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

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

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

The members of the Board Audit Committee are:

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

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

Board Audit Committee (continued)

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

Board Compliance Committee

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

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

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

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

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

The members of the Board Compliance Committee are:

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

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

The skills, experience and qualifications of Ms Cox, Mr Easy and Mr Esteban are outlined below.

Tanya Cox is the Chief Operating Officer and Company Secretary of DXFM and is responsible for the delivery of company secretarial, operational, information technology, communications and administration services, as well as operational risk management systems and practices across the Group. Prior to joining DXS in July 2003, Tanya held various general management positions over the past 16 years, including Director and Chief Operating Officer of NM Rothschild & Sons (Australia) Ltd and General Manager – Finance, Operations and IT for Bank of New Zealand (Australia). Tanya is Chair of the Property Council of Australia National Risk Committee and is a non-executive director of a number of not-for-profit organisations. Tanya is a member of the Australian Institute of Company Directors and a fellow of the Institute of Chartered Secretaries and Administrators (ICSA) and Chartered Secretaries Australia (CSA). Tanya has an MBA from the Australian Graduate School of Management and a Graduate Diploma in Applied Corporate Governance.

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

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

John is General Counsel and Company Secretary for DXFM, DXH and DWPL and is a member of the Board Compliance Committee.

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

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

Board Risk and Sustainability Committee

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

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

The members of the Board Risk and Sustainability Committee are:

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

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

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

The Group has in place a range of policies supporting the risk and compliance framework including:

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

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

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

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

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

Board Finance Committee

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

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

Members of the Board Finance Committee are:

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

Management

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

The management committees in place at 30 June 2010 are:

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

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

Ethical behaviour

Code of Conduct

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

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

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

Diversity

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

DEXUS believes that Boards should be small enough to be able to act decisively, but large enough that a diverse range of views is heard on any issue. DEXUS also believes that Boards need to have continuity and experience with DEXUS, as well as bringing fresh perspectives, and the DEXUS Board continually reviews these two factors.

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

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

Insider trading and trading in DEXUS securities

The Board has determined that Directors will not trade in any security managed by the Group, including RENTS and the Senior Executive team has similarly determined that they will not trade in any security managed by the Group. This decision has been made because the Board of DXFM has responsibility for the performance of DEXUS as well as the third party business. Directors are obliged to act in the best interests of each group of investors independently of each other. Therefore, to minimise the appearance of conflict that may arise, the Board has determined that it will not invest in any fund managed by the Group, including RENTS. This position is periodically reviewed by the Board.

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

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

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

Conflicts of interest and related party dealings

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

(a) Personal conflicts

These may arise where the interests of clients are in conflict with the interests of employees, or where the interests of DEXUS is in conflict with the interests of its employees.

The policies which deal with personal conflicts are the:

- Code of Conduct;
- Inside Information and Employee Trading Compliance Policies and Procedures ("CPP"); and
- Gifts and Entertainment CPP.

(b) Business conflicts

These may arise in the following ways:

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

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

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

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

Continuous disclosure

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

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

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

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

Training

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

Annual General Meeting

DEXUS respects the rights of security holders and to facilitate the effective exercise of those rights, the Board has committed to the conduct of an Annual General Meeting ("AGM") for DEXUS Property Group stapled security holders. RENTS security holders are also invited to attend this meeting.

Each AGM is designed to:

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

The Group has adopted a policy which requires Directors to attend its AGM.

In October 2009 all Directors attended the AGM.

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

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

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

FINANCIAL STATEMENTS

DIRECTORS' REPORT	17
AUDITOR'S INDEPENDENCE DECLARATION	19
STATEMENT OF COMPREHENSIVE INCOME	20
STATEMENT OF FINANCIAL POSITION	21
STATEMENT OF CHANGES IN EQUITY	22
STATEMENT OF CASH FLOWS	23
NOTES TO THE FINANCIAL STATEMENTS	24
DIRECTORS' DECLARATION	34
INDEPENDENT AUDITOR'S REPORT	35

The Directors of DEXUS Funds Management Limited (DXFM) as Responsible Entity of DEXUS RENTS Trust (the Trust) present their Directors' Report together with the Financial Statements for the year ended 30 June 2010.

1. Directors and other Key Management Personnel

1.1 Directors

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

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

1.2 Other Key Management Personnel

In addition to the Directors listed above the following persons were deemed by the Board Nomination and Remuneration Committee to be Key Management Personnel (KMP) at all times during the financial year.

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

2. Remuneration Report

Remuneration received by the KMP of the Trust is a cost of DEXUS Holdings Pty Limited (DXH) and not the Trust. DXH does not recover any proportion of KMP remuneration from the Trust.

3. Directors' interests

As at the date of this Directors' Report, no Director directly or indirectly held:

- RENTS securities; or
- options over, or any other contractual interest in, RENTS securities; or
- an interest in any other fund managed by DXFM or any other entity that forms part of the DEXUS Property Group.

4. Principal activities

During the year the principal activity of the Trust consisted of an investment in preference units of DOT Commercial Trust (DCT), a sub-trust of DEXUS Office Trust (DOT). DOT forms part of the DEXUS Property Group (DXS) stapled security. There were no significant changes in the nature of the Trust's activities during the year.

5. Total value of Trust assets

The total value of the assets of the Trust as at 30 June 2010 was \$207.2 million (2009: \$206.3 million). Details of the basis of the valuation are outlined in note 1 of the Notes to the Financial Statements and form part of this Directors' Report.

6. Review and results of operations

The Trust's results for the year ended 30 June 2010 was:

- profit attributable to unitholders was \$10.5 million (2009: \$13.7 million);
- distributions paid and payable to unitholders was \$10.3 million (2009: \$13.7 million);
- total assets were \$207.2 million (2009: \$206.3 million); and
- net assets were \$204.2 million (2009: \$204.0 million).

7. Likely developments and expected results of operations

In the opinion of the Directors, disclosure of any further information regarding business strategies and the future developments or results of the Trust, other than the information already outlined in this Directors' Report or the Financial Statements accompanying this Directors' Report would be unreasonably prejudicial to the Trust.

8. 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.

9. Matters subsequent to the end of the financial year

Since the end of the financial year the Directors of DXFM are not aware of any matter or circumstance not otherwise dealt with in this Directors' Report or the Financial Statements that has significantly or may significantly affect the operations of the Trust, the results of those operations, or the state of the Trust's affairs in future financial years.

10. Distributions

Distributions paid and payable by the Trust for the year ended 30 June 2010 are outlined in note 10 of the Notes to the Financial Statements and forms part of this Directors' Report.

11. DXFM's fees and associate interests

Details of fees paid or payable by the Trust to DXFM and its associates for the year ended 30 June 2010 are outlined in note 14 of the Notes to the Financial Statements and form part of this Directors' Report.

The number of units in the Trust held by DXFM or its related entities as at the end of the financial year were nil (2009: nil).

12. Interests in the Trust

The movement in units on issue in the Trust during the year and the number of units on issue as at 30 June 2010 are detailed in note 8 of the Notes to the Financial Statements and form part of this Directors' Report.

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

13. Environmental regulation

The Trust's senior management, through its Board Risk Committee, oversee the policies, procedures and systems that have been implemented to ensure the adequacy of its environmental risk management practices. It is the opinion of this Committee that adequate systems are in place for the management of its environmental responsibilities and compliance with its various licence requirements and regulations. Further, the Committee is not aware of any breaches of these requirements and to the best of its knowledge all activities have been undertaken in compliance with environmental requirements.

14. Indemnification and insurance

The insurance premium for a policy of insurance indemnifying Directors, officers and others (as defined in the relevant policy of insurance) is paid by DXH.

The Auditor, PricewaterhouseCoopers ("PwC"), is indemnified out of the assets of the Trust pursuant to the DEXUS specific Terms of Business agreed for all engagements with PwC, to the extent that the Trust inappropriately uses or discloses a report prepared by PwC. The Auditor, PwC, is not indemnified for the provision of services where such an indemnification is prohibited by the *Corporations Act 2001*.

15. Audit

15.1 Auditor

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

15.2 Non-audit services

Details of the amounts paid or payable to the Auditor, for audit and non-audit services provided during the year are set out in note 3 of the Notes to the Financial Statements.

The Board Audit Committee is satisfied that the provision of non-audit services provided during the year by the Auditor (or by another person or firm on the Auditor's behalf) is compatible with the standard of independence for auditors imposed by the *Corporations Act 2001*.

The reasons for the Directors being satisfied are:

- A Charter of Audit Independence was adopted during the year that provides guidelines under which the Auditor may be engaged to provide non-audit services without impairing the Auditor's objectivity or independence.
- The Charter states that the Auditor will not provide services where the Auditor may be required to review or audit its own work, including:
 - the preparation of tax provisions, accounting records and financial statements;
 - the design, implementation and operation of information technology systems;
 - the design and implementation of internal accounting and risk management controls;
 - conducting valuation, actuarial or legal services;
 - consultancy services that include direct involvement in management decision making functions;

- investment banking, borrowing, dealing or advisory services;
- acting as trustee, executor or administrator of trust or estate;
- prospectus independent expert reports and being a member of the due diligence committee; and
- providing internal audit services.

- Board Audit Committee regularly reviews the performance and independence of the Auditor and whether the independence of this function has been maintained having regard to the provision of non-audit services. The Auditor has provided a written declaration to the Board regarding its independence at each reporting period and Board Audit Committee approval is required before the engagement of the Auditor to perform any non-audit service for a fee in excess of \$100,000.

The above Directors' statements are in accordance with the advice received from the Board Audit Committee.

15.3 Auditor's Independence Declaration

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

16. Rounding of amounts and currency

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

17. Management representation

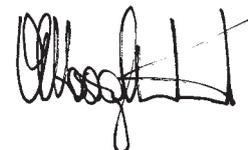
The Chief Executive Officer and Chief Financial Officer have reviewed the Trust's financial reporting processes, policies and procedures together with its risk management, internal control and compliance policies and procedures. Following that review it is their opinion that the Trust's financial records for the financial year have been properly maintained in accordance with the *Corporations Act 2001* and the Financial Statements and their notes comply with the accounting standards and give a true and fair view.

18. Directors' authorisation

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



Christopher T Beare
Chair
17 August 2010



Victor P Hoog Antink
Chief Executive Officer
17 August 2010



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Auditor's Independence Declaration

As lead auditor for the audit of DEXUS RENTS Trust for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of DEXUS RENTS Trust during the period.

J A Dunning
Partner
PricewaterhouseCoopers

17 August 2010

FINANCIAL STATEMENTS

Statement of Comprehensive Income

For the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Revenue			
Distribution revenue		10,652	13,850
Interest revenue		11	28
Total revenue		10,663	13,878
Expenses			
Other expenses	2	(185)	(175)
Total expenses		(185)	(175)
Net profit attributable to unitholders of DEXUS RENTS Trust		10,478	13,703
Total comprehensive income attributable to unitholders of DEXUS RENTS Trust for the year		10,478	13,703
Earnings per unit¹			
		Cents	Cents
Basic earnings per unit	18	–	–
Diluted earnings per unit	18	–	–

1 Earnings per unit represents the earnings attributable to the ordinary unitholder, DEXUS Office Trust. Details of earnings per unit attributable to preference unitholders are included in note 18 of the Notes to the Financial Statements.

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

	Notes	2010 \$'000	2009 \$'000
Current assets			
Cash and cash equivalents		3,185	2,330
Receivables	4	2	3
Total current assets		3,187	2,333
Non-current assets			
Financial assets at fair value through profit or loss	5	204,000	204,000
Total non-current assets		204,000	204,000
Total assets		207,187	206,333
Current liabilities			
Payables	6	68	63
Provisions	7	2,917	2,244
Total current liabilities		2,985	2,307
Total liabilities		2,985	2,307
Net assets		204,202	204,026
Equity			
Contributed equity	8	197,705	197,705
Retained profits	9	6,497	6,321
Total equity		204,202	204,026

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

Statement of Changes in Equity

For the year ended 30 June 2010

	Notes	Contributed equity \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2008		197,705	6,367	204,072
Total comprehensive income for the year		–	13,703	13,703
Transactions with owners in their capacity as owners				
Distributions paid or provided for	10	–	(13,749)	(13,749)
Balance at 30 June 2009		197,705	6,321	204,026
Balance at 1 July 2009		197,705	6,321	204,026
Total comprehensive income for the year		–	10,478	10,478
Transactions with owners in their capacity as owners				
Distributions paid or provided for	10	–	(10,302)	(10,302)
Balance at 30 June 2010		197,705	6,497	204,202

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

Statement of Cash Flows

For the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Cash flows from operating activities			
Payments in the course of operations (inclusive of GST)		(179)	(172)
Interest received		11	28
Distributions received		10,652	13,850
Net cash inflow from operating activities	17	10,484	13,706
Cash flows from financing activities			
Distributions paid		(9,629)	(16,136)
Net cash outflow from financing activities		(9,629)	(16,136)
Net increase/(decrease) in cash and cash equivalents		855	(2,430)
Cash and cash equivalents at the beginning of the year		2,330	4,760
Cash and cash equivalents at the end of the year		3,185	2,330

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

Note 1. Summary of significant accounting policies**(a) Basis of preparation**

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

These Financial Statements are prepared on a going concern basis and in accordance with historical cost conventions and have not been adjusted to take account of either changes in the general purchasing power of the dollar or changes in the values of specific assets, except for the revaluation of certain non-current assets and financial instruments (refer note 1(b)).

The Trust has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a Statement of Comprehensive Income and a Statement of Changes in Equity. Comparative information has been re-presented so that it is also in conformity with the revised standard.

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

Critical accounting estimates

The preparation of Financial Statements requires the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Trust's accounting policies. Other than the estimation of fair values described in note 1(b), 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 annual reporting period.

(b) Financial assets at fair value through profit and loss

The Trust has designated its investment in DCT as a financial asset at fair value through profit and loss to reduce a measurement or recognition inconsistency. The investment is revalued at each reporting date to its fair value in accordance with AASB 139 *Financial Instruments Recognition and Measurement*. Changes in the fair value of the investment are recognised in the Statement of Comprehensive Income for the year.

The fair value of the investment is determined using a discounted cash flow analysis. The discount rate applied in calculating the fair value of the investment is 1.3% per annum over the 90 day bank bill rate.

(c) Revenue recognition**Distribution revenue**

Distributions are recognised when declared. Amounts not received at the end of the reporting period are included as a receivable in the Statement of Financial Position.

Interest revenue

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

(d) Expenses

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

(e) Goods and Services Tax

Revenues, expenses and capital assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to the ATO is classified as operating cash flows.

(f) Taxation

Under current legislation, the Trust is not liable for income tax, provided it satisfies certain legislative requirements.

(g) Distributions

In accordance with the Trust's Constitution, the Trust distributes its distributable income to unitholders by cash. Distributions are provided for when they are approved by the Board of Directors and declared.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Receivables which are known to be uncollectible are written-off.

(j) Financial assets and liabilities

(i) Classification

DEXUS RENTS Trust has classified its financial assets and liabilities as follows:

Financial asset/ liability	Classification	Valuation basis	Reference
Cash	Fair value through profit and loss	Fair value	Refer note 1(h).
Receivables	Loans and receivables	Amortised cost	Refer note 1(i).
Other financial assets	Fair value through profit and loss	Fair value	Refer note 1(b).
Payables	Financial liability at amortised cost	Amortised cost	Refer note 1(k).

Financial assets and liabilities are classified in accordance with the purpose for which they were acquired.

(ii) Fair value estimation of financial assets and liabilities

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

(k) Payables

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

(l) Earnings per unit

Basic and diluted earnings per unit is determined by dividing the net profit attributable to unitholders of the Trust by the weighted average number of ordinary units outstanding during the year.

(m) Operating segments

During the current financial year, 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 on the same basis as that used for internal reporting purposes. This has resulted in a review of the reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM has been identified as the Board of Directors of DXFM as they are responsible for the strategic decision making within the Trust. The adoption of AASB 8 has not had an impact on the measurements reflected in the Trust's Financial Statements.

(n) Rounding of amounts

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

(o) New accounting standards and interpretations

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

- (i) AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2013). AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets. Under the new guidance, a financial asset is to be measured at amortised cost only if it is held within a business model whose objective is to collect contractual cash flows and the contractual terms of the asset give rise on specific dates to cash flows that are payments solely of principal and interest on the principal amount outstanding. All other financial assets are to be measured at fair value. The standard is not applicable until 1 January 2013 but is available for early adoption. The Trust is currently assessing the impact of this standard but does not expect it to be significant.
- (ii) Revised AASB 124 *Related Party Disclosures* (effective from 1 January 2011). In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party. The Trust will apply the amended standard from 1 July 2011. It is not expected to have any impact on the Trust's Financial Statements.
- (iii) AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (effective from 1 January 2010). In May 2010, the AASB issued a number of improvements to existing Australian Accounting Standards. The Trust will apply the revised standards from 1 July 2010 where applicable. The Trust is currently assessing the impact of the revised rules but does not expect it to be significant.
- (iv) AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (effective from 1 July 2013). On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. The Trust is listed on the ASX and is therefore not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. As a consequence, the two standards will have no impact on the Financial Statements of the Trust.

Note 2. Other expenses

	Notes	2010 \$'000	2009 \$'000
Audit and other fees	3	30	34
Other professional fees		12	–
Custodian fees		12	15
Registry costs and listing fees		91	81
Other expenses		14	17
Annual reporting expense		26	28
Total other expenses		185	175

Note 3. Audit and advisory fees

During the year the Auditor of the Trust and its related practices and non-related audit firms earned the following remuneration:

(a) Assurance services

	2010 \$	2009 \$
Audit Services		
PwC Australia audit and review of Financial Statements and other audit work under the <i>Corporations Act 2001</i>	28,459	22,485
Total remuneration for audit services	28,459	22,485

(b) Taxation services

Fees paid to PwC Australia	1,223	11,126
Total remuneration for taxation services	1,223	11,126
Total remuneration for audit and taxation services	29,681	33,611

Note 4. Current assets – receivables

	2010 \$'000	2009 \$'000
GST receivable	2	3
Total current assets – receivables	2	3

Note 5. Financial assets at fair value through profit and loss

Name of entity	Principal activity	2010 \$'000	2009 \$'000
DOT Commercial Trust (DCT)	Office property investments	204,000	204,000
Total financial assets at fair value through profit or loss		204,000	204,000

On 15 June 2005, the Trust purchased 1,976,320 preference units in DCT for \$100 each. Preference units do not confer on their holders any rights on the winding up of DCT or any rights to distributions. However, where a distribution is declared to preference unitholders, this distribution must be paid in preference to any distribution declared to ordinary unitholders. Preference units hold no voting rights in relation to DCT, other than where the matter is in relation to the rights of the preference units. In these matters, each preference unit carries 1,000 votes on a poll.

Note 6. Current liabilities – payables

	2010 \$'000	2009 \$'000
Accruals	68	63
Total current liabilities – payables	68	63

Note 7. Current liabilities – provisions

	2010 \$'000	2009 \$'000
Provision for distribution		
Opening balance as at 1 July 2009	2,244	4,631
Additional provisions	10,302	13,749
Payment of distributions	(9,629)	(16,136)
Closing balance as at 30 June 2010	2,917	2,244

Provision for distribution

A provision for distribution has been raised for the period ended 30 June 2010. This distribution was paid on 15 July 2010.

Note 8. Contributed equity

(a) Value of units on issue

	2010 \$'000	2009 \$'000
Opening balance as at 1 July	197,705	197,705
Closing balance as at 30 June	197,705	197,705

(b) Number of units on issue

	2010 No. of units	2009 No. of units
Opening balance as at 1 July	2,040,001	2,040,001
Closing balance as at 30 June	2,040,001	2,040,001

Terms and Conditions

Each preference unit ranks equally with all other preference units for the purposes of distributions and on termination of the Trust.

The one ordinary unit holds all the voting rights in the Trust, but has no beneficial interest in the Trust assets. The preference units hold the beneficial interest in the assets of the Trust. Payment of distributions to preference unitholders is at the Directors' discretion.

The preference units entitle holders to receive non-cumulative quarterly floating rate distributions at a margin of 130 basis points above the 90 day bank bill rate. The preference units may be exchanged for cash or stapled securities in DXS on 30 June 2012 (the Step-up Date).

For each distribution period following the Step-up Date, the margin will increase by a once only step-up of 2% per annum unless the preference units are repurchased or exchanged.

Payments which become due and payable to holders are guaranteed on an unsecured and subordinated basis by the Responsible Entity of each of the DXS stapled trusts (each a guarantor). This guarantee ranks ahead of the distribution payments on stapled securities, but is subordinated to the claims of senior creditors.

Note 9. Retained profits

	2010 \$'000	2009 \$'000
Retained profits as at 1 July	6,321	6,367
Total comprehensive income attributable to unitholders	10,478	13,703
Distributions provided for or paid	(10,302)	(13,749)
Retained profits as at 30 June	6,497	6,321

Note 10. Distributions paid and payable

	2010 \$'000	2009 \$'000
30 September 2009 (paid 16 October 2009)	2,285	4,651
31 December 2009 (paid 18 January 2010)	2,387	4,243
31 March 2010 (paid 19 April 2010)	2,713	2,611
30 June 2010 (payable 15 July 2010)	2,917	2,244
Total distributions paid and payable	10,302	13,749

	2010 Cents per unit	2009 Cents per unit
30 September 2009 (paid 16 October 2009)	112.00	228.00
31 December 2009 (paid 18 January 2010)	117.00	208.00
31 March 2010 (paid 19 April 2010)	133.00	128.00
30 June 2010 (payable 15 July 2010)	143.00	110.00
Total cents per unit	505.00	674.00

Note 11. Financial risk management

To ensure the effective and prudent management of the Trust's capital and financial risks, the Trust (as part of DXS), has a well established framework consisting of a Board Finance Committee and a Capital Markets Committee. The Board Finance Committee is accountable to and primarily acts as an advisory body to the DXFM Board and includes three Directors of the DXFM Board. Its responsibilities include reviewing and recommending financial risk management policies and funding strategies for approval.

The Capital Markets Committee is a management committee that is accountable to both the Board Finance Committee and the Group Management Committee. It convenes at least quarterly and conducts a review of financial risk management exposures including liquidity, funding strategies and hedging. It is also responsible for the development of financial risk management policies and funding strategies for recommendation to the Board Finance Committee, and the approval of treasury transactions within delegated limits and powers.

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

1. Capital risk management

Capital risk management is not managed at the individual trust level, but rather holistically as part of DXS.

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

The Trust is not rated by ratings agencies, however, DXS is rated BBB+ by Standard and Poor's and Baa1 by Moody's. The Trust considers potential impacts upon the rating when assessing the strategy and activities of the Trust.

DXFM has been issued with an Australian Financial Services Licence (AFSL). The licence is subject to certain capital requirements including the requirement to hold minimum net tangible assets (of \$5 million), and maintaining a minimum level of surplus liquid funds. Furthermore, the Responsible Entity maintains trigger points in accordance with the requirements of the licence. These trigger points maintain a headroom value above the AFSL requirements and the entity has in place a number of processes and procedures should a trigger point be reached.

2. Financial risk management

The Trust's activities expose it to a variety of financial risks: credit risk, market risk (interest rate risk), and liquidity risk. Financial risk management is not managed at the individual trust level, but rather holistically as part of DXS. DXS's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of DXS.

Risk management is implemented by a centralised treasury department (Group Treasury) whose members act under written policies approved by the Board of Directors of the Responsible Entity. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Trust's business units. The treasury policies approved by the Board of Directors cover overall treasury risk management, as well as policies and limits covering specific areas such as liquidity risk, interest rate risk, foreign exchange risk, credit risk and the use of derivatives and other financial instruments. In conjunction with its advisers, as part of DXS, the Responsible Entity continually reviews the Trust's exposures and (at least annually) updates its treasury policies and procedures.

(a) Liquidity risk

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

The Trust identifies and manages liquidity risk by continually monitoring forecast and actual cash flows.

Refinancing risk

A key liquidity risk is the Trust's ability to refinance its current facilities or alternative forms of capital. As the Trust's facilities mature, they are usually required to be refinanced with a replacement facility or alternative form of capital. The Trust distributes the majority of its realised operating income and therefore is not available to be used for funding requirements. The refinancing of existing facilities or alternative forms of capital or the requirement to raise new debt may also result in margin price risk, whereby market conditions may result in an unfavourable change in credit margins on the new or refinanced facilities.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of the Trust's financial instruments will fluctuate because of changes in market prices. The market risk that the Trust is exposed to is detailed further below.

(i) Interest rate risk

Interest rate risk is the risk that fluctuating interest rates will cause an adverse impact on interest payable (or receivable), or an adverse change on the capital value (present market value) of long-term fixed rate instruments.

Interest rate risk for the Trust arises from distributions on the Trust's units which are priced based on the 90 day bank bill rate (until 1 July 2012). This exposes the Trust to cash flow interest rate risk.

The primary objective of DXS's risk management policy for interest rate risk is to minimise the effects of interest rate movements on the DXS portfolio of financial assets and liabilities and financial performance. The policy sets out the minimum and maximum hedging amounts for the Trust which is managed on a portfolio basis.

The Trust does not transact derivative financial instruments rather, derivative financial instruments are transacted at the DXS level to hedge the Trust's cash flow interest rate risk. Cash flow interest rate risk on borrowings is managed through the use of interest rate swaps, whereby a floating interest rate exposure is converted to a fixed interest rate exposure.

Sensitivity on interest rates

An increase of 50bps in interest rates would result in an increase to the Trust's distribution of \$1.0 million (2009: \$1.0 million). The sensitivity on cash flow arises due to the impact that a change in interest rates will have on the Trust's distribution calculation. The increase or decrease in the distribution is proportional to the increase or decrease in interest rates.

(c) Credit risk

Credit risk is the risk of loss to the Trust in the event of non-performance by the Trust's financial instrument counterparties. Credit risk arises from cash and cash equivalents and loans and receivables. The Trust has exposure to credit risk on all financial assets.

The Trust manages this risk by:

- adopting a process for determining an approved counterparty, with consideration of qualitative factors as well as the counterparty's rating; and
- regularly monitoring loans and receivables on an ongoing basis.

The maximum exposure to credit risk at 30 June 2010 and at 30 June 2009 is the carrying amount of financial assets recognised on the Statement of Financial Position of the Trust. The Trust does not hold any significant amounts of collateral as security.

As at 30 June 2010, there were no loans or receivables that were past due or impaired (2009: nil).

The credit quality of financial assets that are neither past due nor impaired is consistently monitored to ensure that there are no adverse changes in credit quality.

Note 11. Financial risk management (continued)

2. Financial risk management (continued)

(d) Fair value of financial instruments

Fair value interest rate risk is the risk of an adverse change in the net fair (or market) value of an asset or liability due to movements in interest rates.

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

	Consolidated		Consolidated	
	2010 Carrying amount ¹ \$'000	2010 Fair value ² \$'000	2009 Carrying amount ¹ \$'000	2009 Fair value ² \$'000
Financial assets				
Cash and cash equivalents	3,185	3,185	2,330	2,330
Loans and receivables (current)	2	2	3	3
Financial assets at fair value through profit and loss	204,000	204,000	204,000	204,000
Total financial assets	207,187	207,187	206,333	206,333
Financial liabilities				
Payables	68	68	63	63
Provisions	2,917	2,917	2,244	2,244
Total financial liabilities	2,985	2,985	2,307	2,307

1 Carrying value is equal to the value of the financial instruments on the Statement of Financial Position.

2 Fair value is the amount for which the financial instrument could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, however, not recognised on the Statement of Financial Position.

Refer note 1(b) for the fair value methodology.

Determination of fair value

The Trust uses methods in the determination and disclosure of the fair value of financial instruments. These methods comprise:

Level 1: the fair value is calculated using quoted prices in active markets.

Level 2: the fair value is determined using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable data.

The following table presents the Trust's financial assets and liabilities measured and recognised at fair value at 30 June 2010.

Financial assets and liabilities	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2010 \$'000
Financial assets				
Financial assets at fair value through profit and loss	–	204,000	–	204,000
	–	204,000	–	204,000

Note 12. Contingent liabilities

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

Note 13. Commitments

There are no commitments receivable or payable which have not been recognised at the end of the reporting period.

Note 14. Related parties

Responsible Entity

The Trust was formed on 27 January 2005, at which time DXFM was appointed as the Responsible Entity.

Responsible Entity fees

Under the terms of the Trust Constitution, the Responsible Entity is not entitled to receive fees in relation to the management of the Trust. However, DXH is entitled to be reimbursed for expenses incurred in relation to administration or management of the Trust.

During the year the Trust paid \$15,144 (2009: \$5,168) to DXH in relation to administration expenses.

Related party transactions

All related party transactions are conducted on normal commercial terms and conditions unless otherwise stated.

Unitholdings

The Trust has no investments in the Responsible Entity. The Trust has an investment in DCT, a sub-trust of DOT, whose Responsible Entity is also DXFM. DOT is part of the DXS stapled security which is listed on the Australian Stock Exchange.

Directors

The following persons were Directors of DXFM at all times during the year:

C T Beare, BSc, BE (Hons), MBA, PhD, FAICD ^{1,4,5}	1 Independent Director
E A Alexander AM, BComm, FCA, FAICD, FCPA ^{1,2,6}	2 Audit Committee Member
B R Brownjohn, BComm ^{1,2,5,6}	3 Compliance Committee Member
J C Conde AO, BSc, BE (Hons), MBA ^{1,3,4}	4 Nomination and Remuneration Committee Member
S F Ewen OAM ^{1,4}	5 Finance Committee Member
V P Hoog Antink, BComm, MBA, FCA, FAPI, FRICS, MAICD	6 Risk and Sustainability Committee Member (name changed from Board Risk Committee on 2 June 2010)
B E Scullin, BEC ^{1,3,7}	7 Nomination and Remuneration Committee Member from 1 July 2009 to 31 August 2009
P B St George, CA(SA), MBA ^{1,2,5,6}	

No Directors held an interest in the Trust for the years ended 30 June 2010 and 30 June 2009.

Other Key Management Personnel

In addition to the Directors listed above the following persons were deemed by the Board Nomination and Remuneration Committee to be Key Management Personnel during all or part of the financial year.

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

Note 14. Related parties (continued)**Other Key Management Personnel** (continued)

Remuneration received by Key Management Personnel of the Trust is a cost of DXH and not the Trust. DXH does not recover any proportion of their remuneration from the Trust.

No Key Management Personnel or their related parties held an interest in the Trust for the years ended 30 June 2010 and 30 June 2009.

There were no loans or other transactions with Key Management Personnel or their related parties during the years ended 30 June 2010 and 30 June 2009.

Note 15. Events occurring after reporting date

Since the end of the year, the Directors of the Responsible Entity 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 16. Operating segments

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 Trust. The CODM monitors the performance and makes decisions on the allocation of resources for the Trust on a stand alone basis. Therefore management has determined that there are no separate operating segments within the Trust.

The Trust operates within the property trust investment sector with all investments being located in Australia.

Note 17. Reconciliation of net profit to net cash inflow from operating activities

	2010 \$'000	2009 \$'000
Net profit	10,478	13,703
Change in operating assets and liabilities		
Decrease in receivables	1	5
Increase/(decrease) in payables	5	(2)
Net cash inflow from operating activities	10,484	13,706

Note 18. Earnings per unit

(a) Basic earnings per unit

	2010 cents per unit	2009 cents per unit
Basic earnings per ordinary unit	–	–
Basic earnings per preference unit	513.63	671.72

(b) Diluted earnings per unit

Diluted earnings per ordinary unit	–	–
Diluted earnings per preference unit	513.63	671.72

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

	2010 \$'000	2009 \$'000
Profit attributable to ordinary unitholders of the Trust used in the calculation of basic and diluted earnings per unit	–	–
Profit attributable to preference unitholders of the Trust used in the calculation of basic and diluted earnings per unit	10,478	13,703
Profit attributable to unitholders of the Trust used in the calculation of basic and diluted earnings per unit	10,478	13,703

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

	2010 No. of units	2009 No. of units
Weighted average number of ordinary units outstanding used in the calculation of basic and diluted earnings per unit	1	1
Weighted average number of preference units outstanding used in the calculation of basic and diluted earnings per unit	2,040,000	2,040,000

Directors' Declaration

For the year ended 30 June 2010

The Directors of DEXUS Funds Management Limited as Responsible Entity of DEXUS RENTS Trust (the Trust) declare that the Financial Statements and notes set out on pages 20 to 33:

- (i) comply with applicable Australian Accounting Standards, the *Corporations Act 2001* and other mandatory professional reporting requirements; and
- (ii) give a true and fair view of the Trust's financial position as at 30 June 2010 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date.

In the Directors' opinion:

- (a) the Financial Statements and notes are in accordance with the *Corporations Act 2001*;
- (b) there are reasonable grounds to believe that the 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 27 January 2005 during the year ended 30 June 2010.

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

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

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



Christopher T Beare
Chair

17 August 2010



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Independent auditor's report to the unitholders of DEXUS RENTS Trust

Report on the financial report

We have audited the accompanying financial report of DEXUS RENTS Trust (the Trust) which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for DEXUS RENTS Trust.

Directors' responsibility for the financial report

The directors of DEXUS Funds Management Limited (the responsible entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

Liability limited by a scheme approved under Professional Standards Legislation



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of DEXUS RENTS Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Trust's financial position as at 30 June 2010 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of DEXUS RENTS Trust for the year ended 30 June 2010 included on DEXUS RENTS Trust web site. The Trust's directors are responsible for the integrity of the DEXUS RENTS Trust web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers

A handwritten signature in cursive script that reads "JA Dunning".

JA Dunning
Partner

Sydney
17 August 2010

DEXUS RENTS structure

Real-estate perpetual Exchangeable Step-up Securities are fully paid preference units in RENTS. RENTS are issued by DEXUS Funds Management Limited (DXFM) as Responsible Entity of the Trust.

The monies raised through the issue of RENTS were used to subscribe for preference units in DOT Commercial Trust, a sub-trust of DEXUS Office Trust which is part of the DEXUS Property Group stapled security. The proceeds of the subscription have been used within DEXUS Property Group to reduce senior debt.

RENTS securities are perpetual and have no maturity date. Investors have the benefit of a subordinated guarantee from DXFM as the Responsible Entity of DEXUS Diversified Trust, DEXUS Industrial Trust, DEXUS Office Trust and DEXUS Operations Trust, the four Trusts that comprise DEXUS Property Group (each a Guarantor). The Guarantors guarantee, on a subordinated basis, the obligations of the issuer and transferee (upon the exchange of any RENTS) to pay money which becomes due and payable to investors. If a distribution amount is not paid in full, while it is not cumulative, a "distribution stopper" will prevent DXFM as the Responsible Entity of DEXUS Property Group from paying any distribution or making any return of capital to investors of securities in DEXUS Property Group.

Subject to the direction of DXFM as the Responsible Entity of DEXUS Office Trust, DXFM as issuer of RENTS, may initiate exchange of RENTS into DEXUS Property Group stapled securities or repurchase RENTS for cash on or after the step-up date, being 1 July 2012, or earlier in certain circumstances. If RENTS are not exchanged or repurchased, the RENTS distribution margin will increase by a once off step-up of 2% per annum (i.e. become 3.3% per annum) from the step-up date being 1 July 2012.

DEXUS RENTS information

Other DEXUS RENTS Trust and DEXUS Property Group information required to be disclosed under the continuous disclosure obligations of the ASX Listing Rules may be obtained from our website at www.dexus.com

Holders of RENTS are entitled upon request to receive all notices of meetings of the DEXUS Property Group, and all other documents (including annual reports and financial statements) at the same time or within a reasonable time, as DEXUS Property Group stapled security holders.

If you have any queries in relation to your investment in RENTS, please contact the DEXUS Infoline on 1800 819 675 or from outside Australia on +61 2 8280 7126 or email to ir@dexus.com

Information available on the DEXUS website includes:

- ASX announcements
- Reports
- Presentations
- Distribution
- Tax information
- Corporate governance
- Research

Security registry

If you have administrative enquiries, such as change of address or the way in which you wish your distributions to be paid, you can contact Link Market Services on the DEXUS Infoline 1800 819 675 or update your account details via the website at www.dexus.com

Enquiries, obtaining information or making a complaint

The Group has processes in place to deal with security holder questions and complaints. If you have any questions, complaints, or wish to obtain information regarding RENTS or the DXS stapled securities, please contact the DEXUS Infoline on 1800 819 675 or from outside Australia +61 2 8280 7126 or email ir@dexus.com

The Group is a member of the Financial Ombudsman Service. This is an independent dispute resolution service and may be contacted through:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

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

Stock exchange listing

RENTS are listed on the ASX and the ticker code is (ASX:DXRPA).

Payment of distributions

Distributions can only be paid directly into a nominated Australian bank, building society or credit union account.

Annual tax statement

After the end of each financial year you will receive a tax statement. This statement summarises the distributions paid to you during the year and includes information required to complete your tax return.

If you require a replacement 2010 Annual Tax Statement you can obtain a free replacement using the "Investor Login" box on our website at www.dexus.com

A charge may be levied if you request one to be prepared and sent to you.

Tax file number

You are not required by law to provide your Tax File Number (TFN), Australian Business Number (ABN) or Exemption. However, if you do not provide your TFN, ABN or Exemption, withholding tax at the highest marginal rate, currently 46.5%, may be deducted from income distributions paid to you. If you have not supplied this information and wish to do so, please advise the registry or your sponsoring broker.

Non-resident tax information

Estimates that make up the DEXUS RENTS Trust 2009/2010 distributions are published on our website in the Investor Centre at www.dexus.com

These estimates are updated for each distribution period prior to the distribution payment and are for non-resident security holders and custodians of non-resident security holders.

Unclaimed funds

RENTS has a number of investors who have unclaimed funds. If you believe you have unclaimed funds please contact our Security Registry, Link Market Services on 1800 819 675 for assistance in the recovery of unclaimed funds for up to a seven year period. For outstanding monies after that time, you should contact the:

NSW Office of State Revenue
 Infoline: 1300 366 016
 Email: unclaimedmoney@osr.nsw.gov.au
 Website: osr.nsw.gov.au

Distributions

RENTS pays quarterly distributions into each investor's nominated Australian bank account. The distribution rate for RENTS is determined on the first business day of each quarter. Until 1 July 2012, the distribution rate will be equal to the 90 day bank bill rate plus 1.3% per annum. The distribution for the quarter ended 30 June 2010 was paid to investors on 15 July 2010. RENTS distribution history can be found at www.dexus.com/Investor-Centre/RENTS

Distribution timetable

The distribution timetable below indicates the anticipated distribution, banking and mailing dates for the year to June 2011. Investors should note that these dates are indicative only and may change.

Distribution period end	Announcement date	Ex-distribution date	Record date	Payment date
30 September 2010	21 September 2010	24 September 2010	30 September 2010	18 October 2010
31 December 2010	21 December 2010	24 December 2010	31 December 2010	17 January 2011
31 March 2011	22 March 2011	25 March 2011	31 March 2011	15 April 2011
30 June 2011	21 June 2011	24 June 2011	30 June 2011	15 July 2011

Top 20 security holders as at 18 August 2010

Rank	Investor	Current balance	% of issued capital
1	J P Morgan Nominees Australia Limited	746,128	36.57
2	Pan Australian Nominees Pty Limited	119,632	5.86
3	RBC Dexia Investor Services Australia Nominees Pty Limited <GSENI A/C>	107,409	5.27
4	Citicorp Nominees Pty Limited	89,174	4.37
5	M F Custodians Ltd	64,356	3.15
6	Tynong Pastoral Co Pty Ltd <Tynong Pastoral Unit A/C>	50,000	2.45
7	Questor Financial Services Limited <TPS RF A/C>	39,980	1.96
8	Mr John Edward Mytton Barnes	30,289	1.48
9	RBC Dexia Investor Services Australia Nominees Pty Limited <MLCI>	27,973	1.37
10	UBS Wealth Management Australia Nominees Pty Ltd	27,301	1.34
11	Cogent Nominees Pty Limited	26,740	1.31
12	ANZ Nominees Limited <Cash income A/C>	22,264	1.09
13	Avanteos Investments Limited <DNR IMA A/C>	17,181	0.84
14	National Nominees Limited	13,305	0.65
15	Ginger Max (Australia) Pty Ltd	12,200	0.60
16	Brispot Nominees Pty Ltd <House Head Nominee No 1 A/C>	12,150	0.60
17	Australian Executor Trustees Limited <No 1 Account>	11,774	0.58
18	Questor Financial Services Limited <TPS PIP A/C>	11,029	0.54
19	Easn Pty Ltd <Penance A/C>	10,000	0.49
20	Mr Gary Dean Corby & Mrs Helen Corby	8,000	0.39
	Total top 20	1,446,885	70.93
	Balance of register	593,115	29.07
	Total securities	2,040,000	100.00

ADDITIONAL INFORMATION

CONTINUED

Substantial holders

The names of substantial holders, who at 18 August 2010, have notified the Responsible Entity in accordance with Section 671B of the *Corporations Act 2001* are:

Date	Name	Number of stapled securities	Voting %
30 March 2010	The Goldman Sachs Group, Inc	115,587	5.67
19 December 2006	Deutsche Bank Group	135,916	6.66
1 September 2005	Challenger Financial Services	397,060	19.43

Class of securities

DEXUS RENTS Trust has one class of security trading on the ASX with 1,630 investors holding 2,040,000 securities at 18 August 2010.

Spread of securities at 18 August 2010

Range	Securities	Percent	No. of Holders
100,001 and over	973,169	47.70	3
10,001 to 100,000	455,716	22.34	15
5,001 to 10,000	36,881	1.81	5
1,001 to 5,000	209,832	10.29	99
1 to 1,000	364,402	17.86	1,508
Total	2,040,000	100.00	1,630

At 18 August 2010, there are three investors holding unmarketable parcels.

Voting rights

In the event that a meeting of RENTS investors is called, each investor has one vote. Voting is conducted by way of a show of hands. On a poll, each investor has one vote for each dollar of the value of the total interests they have in the Trust, for which they are eligible to vote as RENTS investors.

The number and class of securities that are restricted or subject to voluntary escrow

There are no securities that are restricted or subject to voluntary escrow.

On-market buy-back

DEXUS RENTS Trust has no on-market buy-back currently in place.

DEXUS RENTS Trust
ARSN 112 705 852

Responsible Entity

DEXUS Funds Management Limited
ABN 24 060 920 783

Registered office of Responsible Entity

Level 9, 343 George Street
Sydney NSW 2000

PO Box R1822
Royal Exchange
Sydney NSW 1225

Phone: +61 2 9017 1100
Fax: +61 2 9017 1101
Email: ir@dexus.com

www.dexus.com

DEXUS US Office

4200 Von Karman Avenue
Newport Beach CA 92660

Phone: +1 949 783 2801
Fax: +1 949 433 9124
Email: ir@dexus.com

www.dexus.com/us

Directors of the Responsible Entity

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

Secretaries of the Responsible Entity

Tanya L Cox
John C Easy

Auditors

PricewaterhouseCoopers
Chartered Accountants
201 Sussex Street
Sydney NSW 2000

Investor enquiries

Infoline: 1800 819 675
or +61 2 8280 7126
Investor Relations: +61 2 9017 1330
Email: ir@dexus.com
Website: [www.dexus.com/
Investor-Centre/RENTS](http://www.dexus.com/Investor-Centre/RENTS)

Security registry

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

Locked Bag A14
Sydney South NSW 1235

Registry Infoline: 1800 819 675
or +61 2 8280 7126
Fax: +61 2 9287 0303

Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

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

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

Australian Stock Exchange

ASX Code: DXRPA



Consistent with DEXUS's commitment to sustainability, this report is printed on an FSC Mixed Sources Certified paper, which ensures that all virgin pulp is derived from well-managed forests and controlled sources. It contains elemental chlorine free (ECF) bleached pulp and is manufactured by an ISO 14001 certified mill. The mill operates a three step, waste water and recycling treatment system. These steps involve chemical treatment; micro-organism treatment; and penton treatment. The mill utilises steam for energy sourced from its own cogeneration plant and has recently concluded a Voluntary Agreement for energy conservation. The printer of this report has Forest Stewardship Council (FSC), Chain of Custody Certification.

2010 DEXUS RENTS Trust
ANNUAL REPORT



DEXUS
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