DEXUS RENTS Trust - ASX release

17 August 2011

DEXUS RENTS Trust (ASX: DXRPA) 2011 Results announcement to the market for the year ending 30 June 2011

DEXUS Funds Management Limited, as responsible entity for DEXUS RENTS Trust (DXRPA), provides the following documents to the Australian Securities Exchange:

- Appendix 4E - Results for announcement to the market
- DEXUS RENTS Trust Financial Statements for the year ending 30 June 2011

For further information contact:

Media Relations		**Investor Relations**	
Emma Parry	T: (02) 9017 1133 M: 0421 000 329 E: emma.parry@dexus.com	Daniel Rubinstein	T: (02) 9017 1336 M: 0466 016 725 E: daniel.rubinstein@dexus.com
Ben Leeson	T: (02) 9017 1343 M: 0403 260 754 E: ben.leeson@dexus.com	David Brewin	T: (02) 9017 1256 M: 0411 162 457 E: david.brewin@dexus.com

About DEXUS

DEXUS is one of Australia's leading property groups specialising in world-class office, industrial and retail properties with total assets under management of $13.7bn. In Australia, DEXUS is the market leader in office and industrial and, on behalf of third party clients, a leading manager and developer of shopping centres. DEXUS is committed to being a market leader in Corporate Responsibility and Sustainability. **www.dexus.com**

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

DEXUS RENTS Trust (ASX: DXRPA) Appendix 4E

Results for announcement to the market

DEXUS RENTS Trust
ARSN 112 705 852

Financial reporting for the year ended 30 June 2011

	30 June 2011	30 June 2010	% change
	$'000	$'000	
Income from ordinary activities	12,643	10,663	18.57%
Net profit from ordinary activities after tax attributable to security holders	12,455	10,478	18.87%
Net profit after tax attributable to security holders	12,455	10,478	18.87%
Distribution to security holders	12,628	10,302	22.58%
Distributions per security	**CPS**	**CPS**	
30 September	155.00	112.00	38.39%
31 December	156.00	117.00	33.33%
31 March	154.00	133.00	15.79%
30 June	154.00	143.00	7.69%
Total distributions	**619.00**	**505.00**	
Basic and diluted earnings	610.54	513.63	18.87%
Tax deferred component of distribution	**90%**	**90%**	
	$'000	**$'000**	
Total assets	207,216	207,187	0.01%
Total borrowings	Nil	Nil	0.00%
Security holders equity	204,029	204,202	-0.08%
Market capitalisation	190,924	169,320	12.76%
	$ per security	**$ per security**	
Net tangible assets	100.02	100.10	-0.08%
Security price	93.59	83.00	12.76%
Securities on issue ('000)	2,040	2,040	0.00%
Record date – 30 June distribution	30 June 2011	30 June 2010	
Payment date – 30 June distribution	15 July 2011	15 July 2010	

DEXUS
PROPERTY GROUP

DEXUS RENTS Trust (ASX: DXRPA) Appendix 4E

Results for announcement to the market

Distribution Reinvestment Plan (DRP)

DEXUS RENTS Trust does not operate a DRP.

New entities

DEXUS RENTS Trust held no interest in any associate or joint venture during the year ended 30 June 2011. No new entities were acquired during the year ended 30 June 2011.

Results commentary

DEXUS RENTS Trust owns preference units in DEXUS Commercial Trust, a subsidiary of DEXUS Office Trust.

DEXUS RENTS Trust pays quarterly distributions where the distribution rate is determined on the first day of each quarter. Until 1 July 2012, the rate will be equal to the 90 day bank bill rate plus 1.3% per annum.

The increase in Income from Ordinary Activities and Distributions to Security Holders is due to the appreciation in the 90 day bank bill rate in comparison to prior year.

The 90 day bank bill rates during the year ended 30 June 2011 and 30 June 2010 were as follows:

	2011	**2010**
30 September	4.8400%	3.1600%
31 December	4.8800%	3.3533%
31 March	4.9600%	4.1100%
30 June	4.8883%	4.4183%

For a review of the results of DEXUS RENTS Trust for the year ended 30 June 2011, refer to the Financial Statements for the year ended 30 June 2011.

Notes

Attached with this Appendix 4E is a copy of the Financial Statements for the year ended 30 June 2011 together with the Independent Auditor's Review Report from PricewaterhouseCoopers.

DEXUS PROPERTY GROUP

2011

DEXUS RENTS Trust
(ARSN 112 705 852)

Financial Statements
30 June 2011

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PROPERTY GROUP

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The Directors of DEXUS Funds Management Limited (DXFM) as Responsible Entity of DEXUS RENTS Trust (RENTS or the Trust) present their Directors' Report together with the Financial Statements for the year ended 30 June 2011.

1 Directors and other key management personnel

1.1 Directors

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

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

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.

Name	Title
Victor P Hoog Antink	Chief Executive Officer
Tanya L Cox	Chief Operating Officer
John C Easy	General Counsel
Craig D Mitchell	Chief Financial Officer
Paul G Say	Chief Investment Officer

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 2011 was $207.2 million (2010: $207.2 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 2011 was:

- Profit attributable to unitholders was $12.5 million (2010: $10.5 million);
- Distributions paid and payable to unitholders was $12.6 million (2010: $10.3 million);
- Total assets were $207.2 million (2010: $207.2 million); and
- Net assets were $204.0 million (2010: $204.2 million).

7 Likely developments and expected results of operations

At the discretion of DXFM, as Responsible Entity of the Trust, the preference units issued by the Trust may be exchanged for cash or stapled securities in DXS from 1 July 2012 (the Step-up Date) or continue as preference units. The margin will increase by a once only step-up of two percent per annum for each distribution period following the Step-up Date unless the preference units are repurchased or exchanged. All options are available to DXS management in the current market and a final decision has not yet been made as at the date of this Directors' Report.

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 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 2011 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 2011 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 (2010: 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 2011 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 2011 (2010: nil).

13 Environmental regulation

DXS senior management, through its Board Risk and Sustainability Committee, oversee the policies, procedures and systems that have been implemented to ensure the adequacy of its environmental risk management practices. It is the opinion of this Committee that adequate systems are in place for the management of its environmental responsibilities and compliance with its various licence requirements and regulations. Further, the Committee is not aware of any material 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.

PricewaterhousewCoopers (PwC or the Auditor), 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 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 in 2010 that provides guidelines under which the Auditor may be engaged to provide non-audit services without impairing the Auditor's objectivity or independence.
- the Charter states that the Auditor will not provide services where the Auditor may be required to review or audit its own work, including:
  - the preparation of tax provisions, accounting records and financial statements;
  - the design, implementation and operation of information technology systems;
  - the design and implementation of internal accounting and risk management controls;
  - conducting valuation, actuarial or legal services;
  - consultancy services that include direct involvement in management decision making functions;
  - investment banking, borrowing, dealing or advisory services;
  - acting as trustee, executor or administrator of trust or estate;
  - prospectus independent expert reports and being a member of the due diligence committee; and
  - providing internal audit services.
- the Board Audit Committee regularly reviews the performance and independence of the Auditor and whether the independence of this function has been maintained having regard to the provision of non-audit services. The Auditor has provided a written declaration to the Board regarding its independence at each reporting period and 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 the 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 16 August 2011. The Directors have the power to amend and reissue the Financial Statements.

Christopher T Beare
Chair
16 August 2011

Victor P Hoog Antink
Chief Executive Officer
16 August 2011

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
www.pwc.com/au

Auditor's Independence Declaration

As lead auditor for the audit of DEXUS RENTS Trust for the year ended 30 June 2011, 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.

JA Dunning
Partner
PricewaterhouseCoopers

Sydney
16 August 2011

	Note	2011 $'000	2010 $'000
Revenue			
Distribution revenue		**12,628**	10,652
Interest revenue		**15**	11
Total revenue		**12,643**	10,663
Expenses			
Other expenses	2	(188)	(185)
Total expenses		**(188)**	(185)
Net profit attributable to unitholders of DEXUS RENTS Trust		**12,455**	10,478
Total comprehensive income attributable to unitholders of DEXUS		**12,455**	10,478

	Note	Cents	Cents
Earnings per unit[1]		-	-
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.

	Note	2011 $'000	2010 $'000
Current assets			
Cash and cash equivalents		**3,214**	3,185
Receivables	4	**2**	2
Total current assets		**3,216**	3,187
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		**207,216**	207,187
Current liabilities			
Payables	6	**45**	68
Provisions	7	**3,142**	2,917
Total current liabilities		**3,187**	2,985
Total liabilities		**3,187**	2,985
Net assets		**204,029**	204,202
Equity			
Contributed equity	8	**197,705**	197,705
Retained profits	9	**6,324**	6,497
Total equity		**204,029**	204,202

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

	Note	Contributed equity $'000	Retained profits $'000	Total equity $'000
Opening balance as 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)**
Closing balance as at 30 June 2010		**197,705**	**6,497**	**204,202**
Opening balance as at 1 July 2010		**197,705**	**6,497**	**204,202**
Total comprehensive income for the year		**-**	**12,455**	**12,455**
Transactions with owners in their capacity as owners				
Distributions paid or provided for	10	**-**	**(12,628)**	**(12,628)**
Closing balance as at 30 June 2011		**197,705**	**6,324**	**204,029**

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

	Note	2011 $'000	2010 $'000
Cash flows from operating activities			
Payments in the course of operations (inclusive of GST)		**(211)**	(179)
Interest received		**15**	11
Distributions received		**12,628**	10,652
Net cash inflow from operating activities	17	**12,432**	10,484
Cash flows from financing activities			
Distributions paid		**(12,403)**	(9,629)
Net cash outflow from financing activities		**(12,403)**	(9,629)
Net increase in cash and cash equivalents		**29**	855
Cash and cash equivalents at the beginning of the year		**3,185**	2,330
Cash and cash equivalents at the end of the year		**3,214**	3,185

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 2011 have been prepared in accordance with the requirements of the Trust's Constitution, the *Corporations Act 2001*, Australian Accounting Standards and 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 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 estimations described in note 1(b), no key assumptions concerning the future or other estimation of uncertainty at the end of each reporting period have a significant risk of causing material adjustments to the Financial Statements in the next annual reporting period.

(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 (2010:1.3%).

(c) Revenue recognition

(i) Distribution revenue

Revenue from 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.

(ii) 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.

Note 1

Summary of significant accounting policies (continued)

(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. 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 Australian Taxation Office is classified as cash flows from operating activities.

(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 uncollectable 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 or loss	Fair value	Refer note 1(h)
Receivables	Loans and receivables	Amortised cost	Refer note 1(i)
Other financial assets	Fair value through profit or 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.

Note 1

Summary of significant accounting policies (continued)

(m) Operating segments

Operating segments are reported in a manner that is consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM has been identified as the Board of Directors as they are responsible for the strategic decision making within the Trust.

(n) Rounding of amounts

The Trust is the kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments 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 2011 reporting period. Our assessment of the impact of these new standards and interpretations is set out below:

AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (effective 1 January 2011).
In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The Trust intends to apply the standard from 1 July 2011 and does not expect any significant impacts.

AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective 1 July 2011).
Amendments made to AASB 7 *Financial Instruments: Disclosures* in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will particularly affect entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. The Trust intends to apply the standard from 1 July 2011 and does not expect any significant impacts.

AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective 1 January 2013).
AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value. The Trust intends to apply the standards from 1 July 2013 and does not expect any significant impacts.

AASB 1054 *Australian Additional Disclosures*, AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project* and AASB 2011-2 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements* (effective 1 July 2011).
The AASB and NZ FRSB have issued accounting standards that eliminate most of the existing differences between their local standards and IFRS. Where additional disclosures were considered necessary, they were moved to new standard AASB 1054. Adoption of the new rules will not affect any of the amounts recognised in the Financial Statements, but may simplify some of the Trust's current disclosures. The Trust intends to apply the standards from 1 July 2011.

AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (effective 1 July 2013)
In July 2011 the AASB decided to remove the individual key management personnel disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the Notes to the Financial Statements, it will not affect any of the amounts recognised in the Financial Statements. The amendments apply from 1 July 2013 and cannot be adopted early. The Corporations Act requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

Note 1

Summary of significant accounting policies (continued)

The IASB has issued new and amended standards as discussed below. The AASB is expected to issue equivalent Australian standards shortly

IFRS 13 *Fair value measurement* (effective 1 January 2013).
IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures. Application of this standard will not affect any of the amounts recognised in the Financial Statements, but may impact some of the Trust's current disclosures. The Trust intends to apply the standard from 1 July 2013.

Revised IAS 1 *Presentation of Financial Statements* (effective 1 July 2012)
In June 2011, the IASB made an amendment to IAS 1 *Presentation of Financial Statements*. The AASB is expected to make equivalent changes to AASB 101 shortly. The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. It will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. The Trust intends to adopt the new standard from 1 July 2012.

Note 2
Other expenses

	Note	2011 $'000	2010 $'000
Audit and taxation fees	3	**27**	30
Legal and other professional fees		**37**	12
Custodian fees		**15**	12
Registry costs and listing fees		**101**	91
Other expenses		**8**	14
Annual reporting expense		**-**	26
Total other expenses		**188**	185

Note 3
Audit and taxation fees

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

	2011 $	2010 $
Audit fees		
PwC Australia - audit and review of Financial Statements	**21,472**	25,229
PwC Australia - regulatory audit and compliance services	**3,230**	3,230
Total audit fees	**24,702**	28,459
Taxation fees		
Fees paid to PwC Australia	**2,000**	1,223
Total taxation fees[1]	**2,000**	1,223
Total audit and taxation fees	**26,702**	29,681

1 These services include general compliance work, one off project work and advice with respect to the management of day to day affairs of the Trust

Note 4
Current assets - receivables

	2011 $'000	2010 $'000
GST receivable	**2**	2
Total current assets - receivables	**2**	2

Note 5
Financial assets at fair value through profit and loss

Name of Entity	Principal activity	2011 $'000	2010 $'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

	2011 $'000	2010 $'000
Accruals	**45**	68
Total current liabilities - payables	**45**	68

Note 7

Current liabilities - provisions

	2011 $'000	2010 $'000
Provision for distribution		
Opening balance at the beginning of the year	**2,917**	2,244
Additional provisions	**12,628**	10,302
Payment of distributions	**(12,403)**	(9,629)
Closing balance at the end of the year	**3,142**	2,917

A provision for distribution has been raised for the period ended 30 June 2011. This distribution was paid on 15 July 2011.

Note 8

Contributed equity

(a) Value of units on issue

	2011 $'000	2010 $'000
Ordinary units		
Opening balance at the beginning of the year	**-**	-
Closing balance at the end of the year	**-**	-
Preference units		
Opening balance at the beginning of the year	**197,705**	197,705
Closing balance at the end of the year	**197,705**	197,705
Total value of units issued at the end of the year	**197,705**	197,705

(b) Number of units on issue

	2011 No. of shares	2010 No. of shares
Ordinary units		
Opening balance at the beginning of the year	**1**	1
Closing balance at the end of the year	**1**	1
Preference units		
Opening balance at the beginning of the year	**2,040,000**	2,040,000
Closing balance at the end of the year	**2,040,000**	2,040,000

Note 8

Contributed equity (continued)

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 1 July 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 percent 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

	2011 $'000	2010 $'000
Opening balance at the beginning of the year	**6,497**	6,321
Total comprehensive income attributable to unitholders	**12,455**	10,478
Distributions provided for or paid	**(12,628)**	(10,302)
Closing balance at the end of the year	**6,324**	6,497

Note 10

Distributions paid and payable

	2011 $'000	2010 $'000
30 September 2010 (paid 18 October 2010)	**3,162**	2,285
31 December 2010 (paid 18 January 2011)	**3,182**	2,387
31 March 2011 (paid 15 April 2011)	**3,142**	2,713
30 June 2011 (payable 15 July 2011)	**3,142**	2,917
Total distributions paid and payable	**12,628**	10,302

	2011 Cents per unit	2010 Cents per unit
30 September 2010 (paid 18 October 2010)	**155.00**	112.00
31 December 2010 (paid 18 January 2011)	**156.00**	117.00
31 March 2011 (paid 15 April 2011)	**154.00**	133.00
30 June 2011 (payable 15 July 2011)	**154.00**	143.00
Total cents per unit	**619.00**	505.00

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 polices and funding strategies for approval.

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

Further information on the 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 (S&P) 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 to maintain 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 that are endorsed by the Board Audit Committee and approved by the Board of Directors of the Responsible Entity. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the 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 continuously monitoring forecast and actual cash flows.

Note 11

Financial risk management (continued)

(2) Financial risk management (continued)

(a) Liquidity risk (continued)

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.

Sensitivity on interest rates

An increase of a 50 basis points increase in interest rates would result in an increase to the Trust's distribution of $1.0 million (2010: $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 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 2011 and at 30 June 2010 is the carrying amount of financial assets recognised on the Statement of Financial Position.

As at 30 June 2011, there were no loans or receivables that were past due or impaired (2010: 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

As at 30 June 2011 and 30 June 2010, the carrying amounts and fair value of financial assets and liabilities are shown as follows:

	2011 Carrying amount[1] $'000	**2011 Fair value[2] $'000**	2010 Carrying amount[1] $'000	2010 Fair value[2] $'000
Financial assets				
Cash and cash equivalents	**3,214**	**3,214**	3,185	3,185
Loans and receivables (current)	**2**	**2**	2	2
Financial assets at fair value through profit and loss	**204,000**	**204,000**	204,000	204,000
Total financial assets	**207,216**	**207,216**	207,187	207,187
Financial liabilities				
Payables	**45**	**45**	68	68
Total financial liabilities	**45**	**45**	68	68

[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); and
- **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 2011 and 30 June 2010.

	Level1 $'000	**Level 2 $'000**	**Level 3 $'000**	**2011 $'000**
Financial assets				
Financial assets at fair value through profit and loss	-	204,400	-	204,400
	-	**204,400**	**-**	**204,400**

	Level1 $'000	Level 2 $'000	Level 3 $'000	2010 $'000
Financial assets				
Financial assets at fair value through profit and loss	-	204,400	-	204,400
	-	204,400	-	204,400

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 unitholders 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 $33,705 (2010: $15,144) 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 during the whole of the financial year unless otherwise stated:

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

1 Independent Director
2 Board Audit Committee Member
3 Board Compliance Committee Member
4 Board Nomination and Remuneration Committee Member
5 Board Finance Committee Member
6 Board Risk & Sustainability Committee Member

No Directors held an interest in the Trust for the years ended 30 June 2011 and 30 June 2010.

Note 14

Related parties (continued)

Other key management personnel

In addition to the Directors listed above, the following persons were deemed by the Board Nomination and Remuneration Committee to be key management personnel during all or part of the financial year.

Name	**Title**
Victor P Hoog Antink	Chief Executive Officer
Tanya L Cox	Chief Operating Officer
John C Easy	General Counsel
Craig D Mitchell	Chief Financial Officer
Paul G Say	Chief Investment Officer

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 2011 and 30 June 2011.

There were no loans or other transactions with key management personnel or their related parties during the years ended 30 June 2011 and 30 June 2010.

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

	2011 $'000	2010 $'000
Net profit	**12,455**	10,478
Change in operating assets and liabilities		
Decrease in receivables	**-**	1
(Decrease)/increase in payables	**(23)**	5
Net cash inflow from operating activities	**12,432**	10,484

Note 18

Earnings per unit

	2011 Cents per unit	2010 Cents per unit
Basic earnings per ordinary unit	-	-
Basic earnings per preference unit	610.54	513.63
Diluted earnings per ordinary unit	-	-
Diluted earnings per preference unit	610.54	513.63

(a) Reconciliation of earnings used in calculating earnings per unit	2011 $'000	2010 $'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	12,455	10,478
Profit attributable to unitholders of the Trust used in the calculation of basic and diluted earnings per unit	12,455	10,478

(b) Weighted average number of units used as a denominator	2011 No. of units	2010 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

The Directors of DEXUS Funds Management Limited as Responsible Entity of DEXUS RENTS Trust declare that the Financial Statements and notes set out on pages 6 to 22:

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

(ii) give a true and fair view of the Trust's financial position as at 30 June 2011 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 2011.

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
16 August 2011

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
www.pwc.com/au

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 balance sheet as at 30 June 2011, and 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 the DEXUS Funds Management Limited (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. 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.

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

PRICEWATERHOUSECOOPERS

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of DEXUS 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 2011 and of 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 Trust's 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 2011 included on DEXUS RENTS Trust web site. The Responsible Entity'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 and named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

JA Dunning

JA Dunning
Partner

Sydney
16 August 2011