DEXUS
PROPERTY GROUP

DEXUS Funds Management Limited
ABN 24 060 920 783
AFSL: 238163

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26 September 2008

The Manager
Australian Stock Exchange Limited
20 Bridge Street

Sydney NSW 2000

Dear Sir/Madam

DEXUS Property Group (ASX: DXS)
Annual Report for the period ending 30 June 2008

DEXUS Funds Management Limited, as responsible entity for DEXUS Property Group (DXS), provides a copy of the DEXUS Property Group 2008 Annual Report. We also provide a copy of the letter to DEXUS security holders who have not elected to receive the 2008 Annual Report advising them that this is available on our web site at www.dexus.com

For further information, please contact:

Investor Relations:	Karol O'Reilly	(03) 8611 2930
Media Relations:	Emma Parry	(02) 9017 1133

Yours sincerely

Tanya Cox
Company Secretary

26 September 2008

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Dear Investor

We are pleased to advise you that the 2008 Annual Report for DEXUS Property Group is now available on our website at www.dexus.com

The quality of our portfolio combined with our focus on active portfolio management and our prudent and conservative financial management approach, has delivered solid results during the year ending June 2008 and has contributed to the further strengthening of our balance sheet.

During the year, our portfolio continued to deliver strong results with operating income of $498 million, occupancy levels remaining strong at 93.7% and average lease durations at 4.8 years overall. Throughout the year we independently re-valued 75% of the portfolio which saw an increase in book value of $185 million to total $8.9 billion.

Across the Group, assets under management grew by 12.5% to $15.3 billion. DEXUS is one of the largest listed property trusts, the market leader in office space and the third largest provider of industrial space in Australia.

Earnings from operating activities of $498 million resulted in a distribution of 11.9 cents per stapled security, a 5.3% increase on last year's distribution. Transactions in the year and continued proactive debt management resulted in a reduction in gearing to 33.2% down from 35.6% at 30 June 2007.

DEXUS acquired $762 million of industrial properties in Australia, the United States and Canada during the year to 30 June 2008. In addition, we have continued to grow the development pipeline in Australia and North America with more than 700,000 square metres of new space currently planned for development or under construction, providing substantial new lettable area for future growth.

We have commenced the development of two major office towers at 123 Albert Street, Brisbane, QLD and 1 Bligh Street, Sydney NSW and have a number of key industrial developments underway in Australia, at Laverton North and Greystanes, and in the US.

In 2009, our strategic focus will be to continue to deliver solid performance from our world-class portfolio and build on our leadership positions in office and industrial. While economic conditions will continue to be difficult, DEXUS is well positioned with a clear strategy, proven management team and quality portfolio, to take advantage of opportunities this cycle creates to add value for investors.

We will continue to look at opportunities to leverage our core competencies and operate across more of the value chain, while delivering service excellence to our customers and sustainable outcomes for our investors, the community and our people.

Barring any unforseen circumstances, we expect that distributions in 2009 will increase by approximately 1.7% from 11.9 cents to 12.1 cents per security, inclusive of 0.2 to 0.3 cents reflecting gains realised through our development processes.

If you wish to download a copy of the 2008 DEXUS Property Group Annual Report please go to our website at www.dexus.com

Follow the links to the Investor Centre, DEXUS Property Group and then to Reports, or alternatively the direct address is: http://www.dexus.com/Investor-Centre/DXS/Reports.aspx

If you have any questions or queries about DEXUS Property Group, please contact Investor Relations on 02 9017 1134.

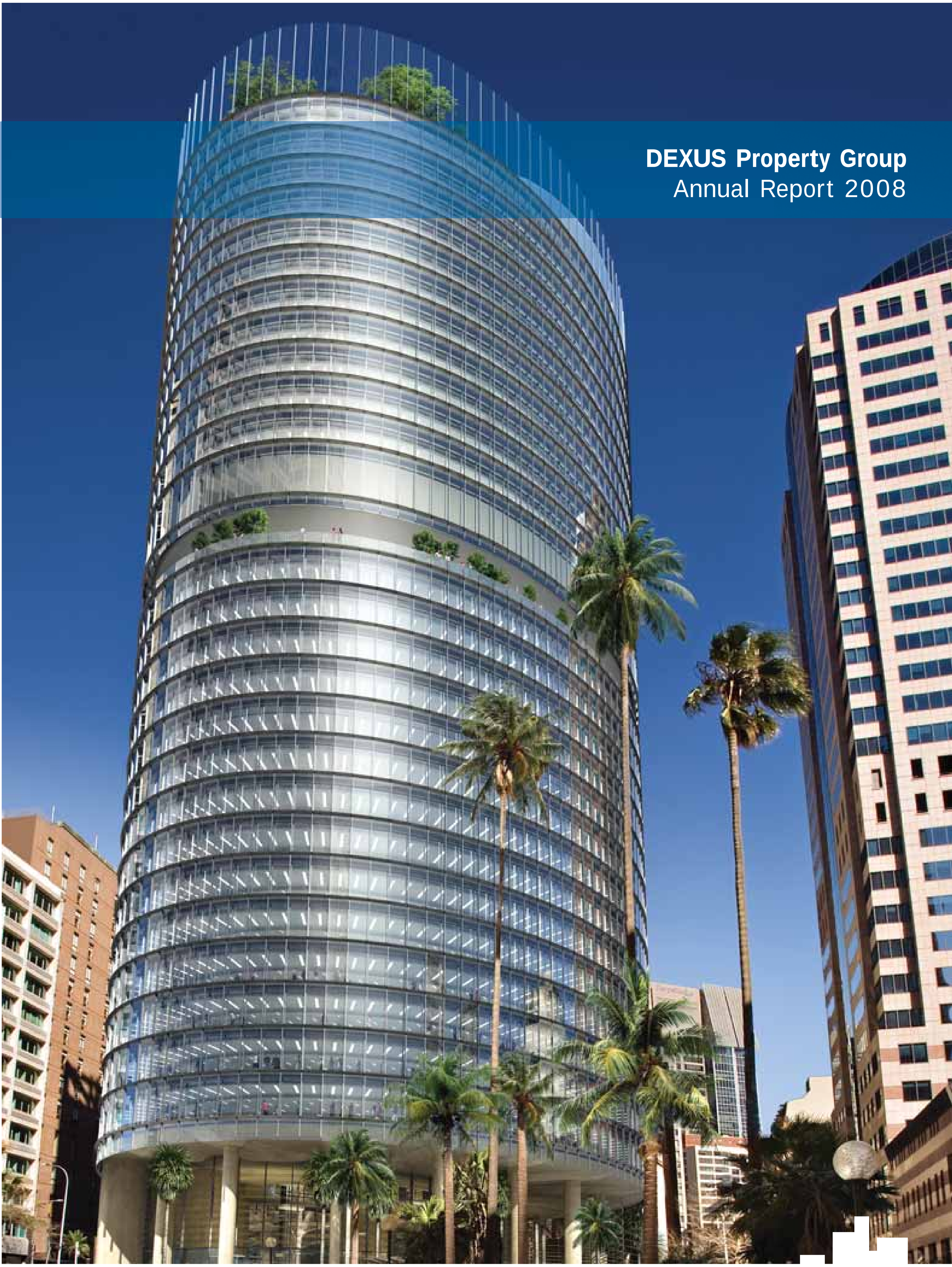
For queries regarding your holding, please contact Link Market Services on 1800 819 675 or access your holding details via our Investor Centre at http://www.dexus.com/Investor-Centre/DXS.aspx

I would like to thank you for your support during the year. We look forward to a continued strong performance in next year.

Yours sincerely

Victor P. Hoog Antink
Chief Executive Officer
DEXUS Property Group

DEXUS Property Group
Annual Report 2008



DEXUS
PROPERTY GROUP

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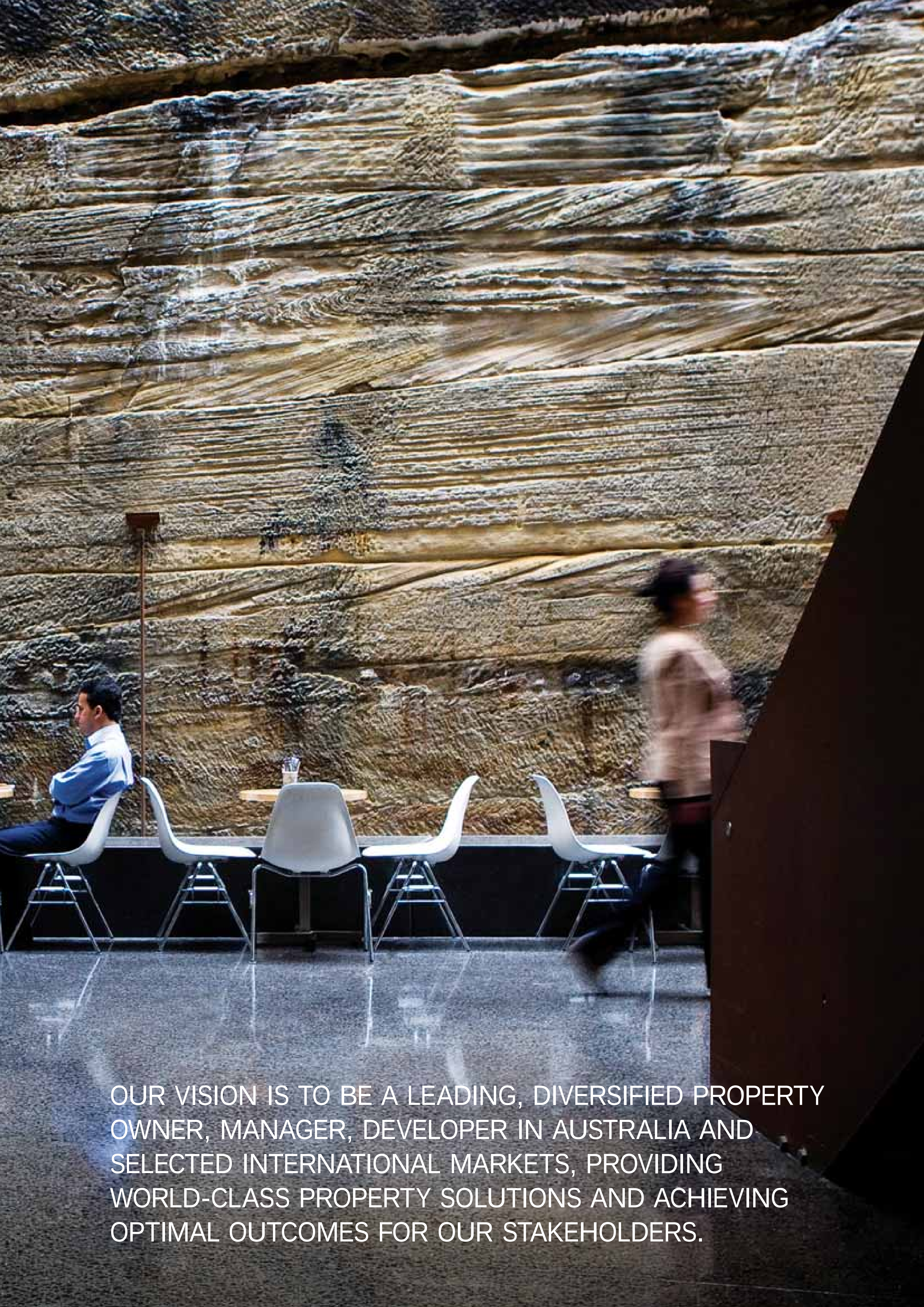
DEXUS Property Group (formerly DB RREEF Trust)

DXFM means DEXUS Funds Management Limited.

DEXUS Property Group, the Group, DEXUS or DXS means a stapled security comprising one unit in DEXUS Diversified Trust, DEXUS Industrial Trust, DEXUS Office Trust and DEXUS Operations Trust.

DEXUS Holdings means DEXUS Holdings Pty Limited.

Front cover: Artist’s impression of 1 Bligh Street, Sydney
Inside cover: 30 The Bond, Hickson Road, Sydney



OUR VISION IS TO BE A LEADING, DIVERSIFIED PROPERTY OWNER, MANAGER, DEVELOPER IN AUSTRALIA AND SELECTED INTERNATIONAL MARKETS, PROVIDING WORLD-CLASS PROPERTY SOLUTIONS AND ACHIEVING OPTIMAL OUTCOMES FOR OUR STAKEHOLDERS.

REDEFINING THE PROPERTY SKYLINE

Artist's impression of 1 Bligh Street, Sydney

OUR STRATEGY IS TO:

OWN

- A WORLD-CLASS QUALITY PORTFOLIO
- STRATEGIC LOCATIONS IN AUSTRALIA AND SELECT INTERNATIONAL MARKETS
- BUILD ON OUR LEADERSHIP POSITIONS IN OFFICE AND INDUSTRIAL

MANAGE

- BE A LEADER IN PROPERTY MANAGEMENT, DELIVERING SERVICE EXCELLENCE
- TAKING A PROACTIVE MANAGEMENT APPROACH
- MAXIMISING INVESTOR RETURNS

DEVELOP

- TAILORING PROPERTIES TO TENANT NEEDS
- WORLD-CLASS DESIGN
- SUSTAINABLE PERFORMANCE
- HIGH QUALITY DEVELOPMENT PIPELINE

WE CONTINUED TO DELIVER ON OUR STRATEGY VIA KEY INITIATIVES AND ACHIEVEMENTS IN 2007/2008

2007

2008

View from Southgate Complex, Melbourne

OCTOBER

- Disposal of five retail assets to third party funds platform for $950 million
- Acquired residual 20% interest in CalPERS US portfolio

DECEMBER

- Acquired strategic industrial estate in Greystanes, NSW
- Acquired Whirlpool distribution centre in Toronto, Canada
- Sold 50% of Coles distribution facility to mandate client

JANUARY

- Listed on the Australian SAM Sustainability Index
- Achieved first listing on the Goldman Sachs JBWere Climate Disclosure Leadership Index

FEBRUARY

- Fully internalised management platform
- Re-branded to DEXUS Property Group
- Secured Rio Tinto as major tenant for 123 Albert Street, Brisbane and construction commenced

MARCH

- 1 Bligh Street, Sydney construction commenced
- Office portfolio supported Earth Hour with 100% building participation

MAY

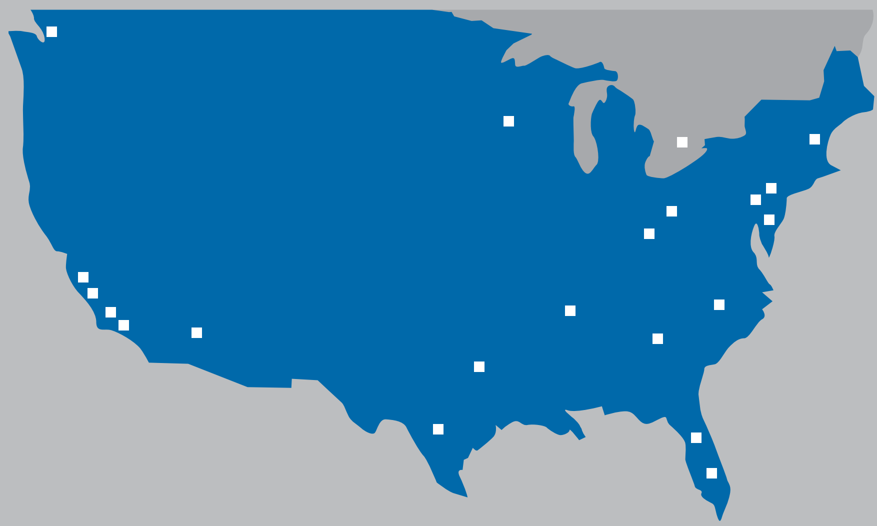
- Signed innovative water harvesting agreement at Greystanes development

SELECT MARKETS – STRATEGIC LOCATIONS

	2008	2007
INDUSTRIAL PROPERTIES	**176**	162
OFFICE PROPERTIES	**29**	30
RETAIL PROPERTIES	**1**	6

6 COUNTRIES
3 CONTINENTS

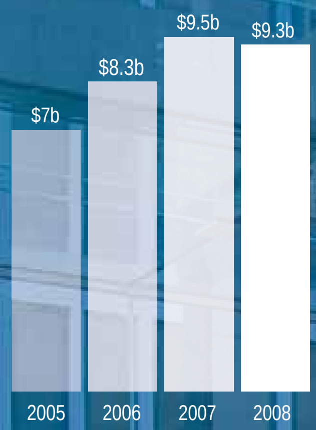
UNITED STATES OF AMERICA AND CANADA



PORTFOLIO HIGHLIGHTS

	2008	2007
PROPERTIES	206	198
PORTFOLIO VALUE	$8.9b	$9.0b
PORTFOLIO OCCUPANCY	93.7%	96.7%
SQM LEASED PER YEAR	818,000	1,152,000
TENANTS	5,180	4,992

FINANCIAL HIGHLIGHTS



$9.3b

TOTAL ASSETS

$498m

OPERATING EARNINGS

Members of the DEXUS Executive team at 321 Kent Street, Sydney

$15.3b

FUNDS UNDER MANAGEMENT

11.9c

DISTRIBUTIONS PER SECURITY

LETTER FROM THE CHAIR

L to R: CEO Victor Hoog Antink and Chair Christopher Beare at 343 George Street, Sydney

DEXUS PROPERTY GROUP CONTINUES TO BE ONE OF AUSTRALIA'S LARGEST, DIVERSIFIED PROPERTY GROUPS WITH TOTAL FUNDS UNDER MANAGEMENT OF APPROXIMATELY $15.3 BILLION AS AT 30 JUNE 2008, AN INCREASE OF 12.5% DURING THE YEAR.

Dear Investor

I am pleased to present this, my fourth, annual report for DEXUS Property Group since stapling and the first as a fully internalised property group. This financial year has seen a significant downturn in the local and international economy and the property sector has in turn been impacted with considerable market pressure and volatility on all listed stock prices. DEXUS Property Group has not been immune from this downturn. However, it is important to note that our share price performance relative to our peers is favourable, which is a reflection of our high quality portfolio, strong financials and our approach to prudent management.

I am also very pleased to report that against these tough market conditions, DEXUS has continued to deliver strong results, creating future income streams and extracting value across the portfolio.

Highlights for the year included:

- Continued active management of the portfolio leading to strong results in operating income, occupancy, lease durations and revaluations
- Further expansion of the portfolio with strategic acquisitions and commitments in Australia and North America totalling $1.1 billion
- Creation of significant development opportunities in Australia and internationally with $1.2 billion in the development pipeline
- Solid growth in third party funds under management, up $1.8 billion or 39% during the year

We have also been successful in achieving a number of key strategic milestones including the disposal of five retail assets and the acquisition of CalWest's 20% joint venture interest in our US portfolio. In February 2008, we fully internalised the management structure with the acquisition of Deutsche Bank's remaining 50% interest in DB RREEF Holdings and rebranded to DEXUS Property Group. This restructure fully aligns interests with our investors, ensuring 100% investment return and better positions DEXUS to take advantage of opportunities that arise.

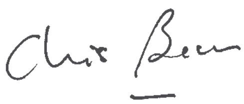
DEXUS continues to be one of Australia's largest, diversified property groups with total funds under management of approximately $15.3 billion as at 30 June 2008, an increase of 12.5% during the year.

The Group comprises approximately $8.9 billion of direct property in Australia, New Zealand, the United States, Canada and Europe and a third party funds management business with approximately $6.4 billion of assets in Australia and New Zealand.

The market outlook is for continued volatility and challenging times ahead. DEXUS however, is well positioned to face these tough operating conditions and we will continue to focus on managing the fundamentals, extracting value from our current portfolio and positioning DEXUS for growth.

On behalf of the Board, I would like to thank you for your support over the past 12 months and look forward to reporting back to you next year on the continuing growth and development of DEXUS Property Group.

Yours sincerely



Christopher T Beare
Chair

25 September 2008

CHIEF EXECUTIVE OFFICER'S REPORT

Artist's impression of 1 Bligh Street's atrium, Sydney

AT DEXUS, OUR VISION IS TO BE A LEADING DIVERSIFIED PROPERTY OWNER, MANAGER, DEVELOPER IN AUSTRALIA AND SELECTED INTERNATIONAL MARKETS, PROVIDING WORLD-CLASS PROPERTY SOLUTIONS TO ACHIEVE OPTIMAL OUTCOMES FOR OUR TENANTS, INVESTORS, EMPLOYEES AND THE WIDER COMMUNITY.

Strong performance in tough climate

The quality of our portfolio combined with our focus on active portfolio management and our prudent and conservative financial management approach, have delivered solid results during the year ending June 2008 and has contributed to the further strengthening of our balance sheet.

The economic environment

The past year has seen considerable financial market volatility that arose firstly from the US sub-prime mortgage crisis and continues to impact sentiment in the property market both in Australia and internationally. Key issues arising from this include rising interest rates, tighter availability and increased cost of debt finance, along with an economic slowdown both in the US and Australia.

DEXUS investors will be fully aware of the impact this is having on your investments, particularly in the property sector. It is important to note however that the price of DEXUS securities have not been as heavily impacted as many of our peers and that the fall in share prices does not reflect underlying asset values.

Vision, strategy and implementation

The Group has two core activities: the management of a direct domestic and international property portfolio and a third party funds management business.

The strategy for the direct property portfolio is to build on our leadership positions in office – where we are the largest owner/manager of the highest quality office portfolio in Australia; and industrial, where we are one of the top three providers of premium industrial facilities in strategic locations.

Our international portfolio strategy is to concentrate on the office and industrial market sectors in select, established markets where DEXUS can achieve scale, deliver sustainable returns and implement our property management model.

The strategy for the third party funds management business is to leverage our business model to provide third party investors with superior total returns over the medium to long-term in the office, industrial and retail sectors.

During the year we have made considerable progress in the realisation of the Group's strategic direction:

- We concluded the disposal of five retail assets to DEXUS Wholesale Property Fund, releasing $950 million of capital which significantly strengthened our balance sheet and reduced gearing
- In October 2007, we acquired CalWest's 20% minority interest in our US property portfolio. This acquisition will enable us to restructure the US portfolio to focus on geographically concentrated areas and achieve greater economies of scale
- In February 2008, we acquired Deutsche Bank's remaining 50% interest in our management company therefore fully internalising the management of the Group and aligning interests fully with investors. This also provides us with greater flexibility to capitalise on opportunities that arise including fully implementing our property management model domestically and internationally in the future
- In March 2008, we announced a management restructure to further expand our executive team and provide additional integration and focus in our property sector teams

Looking forward domestically, we will be enhancing our service delivery in Australia by bringing in-house those property management activities, which are currently outsourced. This will give DEXUS direct management control over all aspects of our direct property portfolio through a fully integrated property management service.

Internationally, our focus will continue to be in the United States and Western Europe. Consistent with our strategy to date, our long-term objective is to expand our international platform to provide our tenants with an integrated property service in international locations. Timing will be dependent on opportunities meeting our strategic requirements to expand our local expertise, achieve scale, long-term growth and value in the prevailing market conditions.

DEXUS PROPERTY GROUP PORTFOLIO AT A GLANCE

	JUNE 2008	JUNE 2007	JUNE 2006	JUNE 2005
Direct property portfolio ($b)	8.9	9.0	8.0	6.6
Area leased during the year ('000 sqm)	818	1,152	730	470
Occupancy %	93.7	96.7	96.1	93.1
Developments underway and pipeline ($b)	2.0	2.2	1.3	0.9

Portfolio results

During the year, our portfolio continued to deliver strong results with operating income of $498 million, occupancy levels remaining strong at 93.7% and average lease durations at 4.8 years overall. Throughout the year we independently re-valued 75% of the portfolio which saw an increase in book value of $185 million to total $8.9 billion.

Across the Group, assets under management grew by 12.5% to $15.3 billion. DEXUS is the fifth largest listed property trust, the market leader in office space, and the third largest provider of industrial space in Australia.

Financial results

Earnings from operating activities of $498 million resulted in a distribution of 11.9 cents per stapled security, a 5.3% increase on last year's distribution. Transactions in the year and continued proactive debt management resulted in a reduction in gearing to 33.2% down from 35.6% at 30 June 2007.

Acquisitions

DEXUS acquired $762 million of industrial properties in Australia, the United States and Canada during the year to 30 June 2008.

In addition, we have continued to grow the development pipeline in Australia and North America with more than 700,000 square metres of new space currently planned for development or under construction, providing substantial new lettable area for future growth.

In December 2007, we expanded our western Sydney development pipeline through the acquisition of the strategically located 47.4 hectare Greystanes estate, which will be delivered progressively over the next three years.

As part of the Whirlpool investment program we acquired two properties costing approximately $225 million. Under this program we have acquired three properties to date and a further three properties will be acquired once developed over the next 12 to 18 months taking the total program to its target value of US$450 (A$496) million. Further acquisitions under the program will be evaluated on an individual basis.

Artist's impression: Aerial view of 1 Bligh Street, Sydney showing full height atrium and roof terrace

Internationally, we further strengthened our portfolio through the acquisition of the remaining 20% interest in our industrial joint venture with CalWest. This acquisition gives DEXUS greater flexibility to actively manage our US property interests, to focus on geographically concentrated areas and achieve greater economies of scale.

Disposals

In October 2007, DEXUS completed the sale of five retail centres to the DEXUS Wholesale Property Fund, enabling DEXUS to concentrate on the industrial and office sectors, both in Australia and internationally and improving balance sheet strength by recycling capital to retire debt and increase the flexibility to capitalise on future opportunities.

In our Australian industrial portfolio, we completed the sale of a 50% share of the Coles Distribution facility located in our estate at Laverton North for $58 million.

Developments

We have commenced the development of two major office towers at 123 Albert Street, Brisbane, QLD and 1 Bligh Street, Sydney NSW and have a number of key industrial developments underway in Australia, at Laverton North and Greystanes, and in the US. Developments underway will add an estimated 147,600 square metres of lettable area to the portfolio over the next three years, at an estimated cost of $834 million. Looking forward, DEXUS has a development pipeline of approximately $1.2 billion anticipated to be completed over the next three to seven years.

Our strategy is to deliver our current development pipeline and we will be looking to proactively source prudent additions, ensuring the supply of high quality, strategically located product for future years to come.

KEY FINANCIAL RESULTS

	JUNE 2008	JUNE 2007	JUNE 2006	JUNE 2005
Total income ($m)[1]	890	1,597	1,463	810
Operating income ($m)	498	513	456	433
EBIT ($m)[1]	588	1,420	1,253	605
Profit after tax ($m)[1]	445	1,211	1,066	467
Net profit attributable to security holders ($m)[1]	438	1,169	1,010	396
Direct property portfolio ($m)	8,862	9,027	7,995	6,597
NTA per security ($)	1.77	1.82	1.53	1.29
Gearing ratio (%)	33.2	35.6	38.3	39.0
Distribution ($m)	355.4	324.6	306.3	281.3
Distribution (cents/security)	11.9	11.3	11.0	10.5

1 Change from 2007 to 2008 was due to property revaluations of $185 million vs $865 million in 2007.

30 The Bond, Hickson Road, Sydney

Third party funds management

As at 30 June 2008, the third party funds management business had more than $6.4 billion of assets under management, an increase of $1.8 billion or 39% since 30 June 2007. Third party funds management continued to deliver a strong investment performance, with a combined total return over five years of 14.3%.

Pro-active debt management

DEXUS continues to benefit from our active management approach to our debt profile. Debt maturities are spread over nine years and debt sources are well diversified. This is supported by a Standard & Poor's (S&P) long-term corporate credit rating of BBB+, which DEXUS has maintained since stapling.

DEXUS's overall level of debt is $3 billion, which represents gearing of 33.2%. This continues to be below our long-term targeted gearing range of 40 to 45%, providing us with substantial capacity to fund future opportunities, including developments.

During the 12 month period, we refinanced our bank debt obligations well before their maturity dates:

- In December 2007, we successfully refinanced $500 million of debt due to mature in September and December 2008, increasing the term of refinanced facilities to an average of 5.5 years.
- In May 2008, we refinanced a $300 million tranche of our syndicated line of credit which was due to mature in September 2008. This refinancing was committed for an average term of 3.8 years.
- We have already secured 50% or $250 million of commitments to refinance the $500 million CMBS due for repayment in April 2009.

These commitments reflect our strong credit fundamentals and excellent financier relationships. In addition, we have circa $500 million of undrawn facilities that further support upcoming maturing debt.

At DEXUS we continue to maintain a prudent financial risk management profile. A high proportion of forecast interest bearing exposure is hedged (86% at the 2008 financial year end) and the weighted average duration of these hedges is approximately 6.2 years. Foreign earnings are conservatively hedged for periods up to 5 years. In addition, where practical, we continue to match the currency of our debt with the currency of our investments. This policy minimises foreign currency exposure and provides substantial protection to security holders from adverse movements in net tangible assets due to currency fluctuations.

Corporate responsibility and sustainability

During the year we continued to deliver on our commitment to sustainability – both in progressing our new, highly sustainable developments and rolling out initiatives to future-proof our existing portfolio such as minimising resource consumption and maximising operating efficiencies.

We continued our support of industry best practice, using and trialling both the NABERS/ABGR and Green Star rating tools. We were also pleased to receive further external recognition of our achievements, with our second year listing on FTSE4Good, our inaugural listing on the Australian SAM Sustainability Index, and recognition of our response to climate change in the Citigroup Climate Change Winners report and Goldman Sachs JBWere's Climate Change Disclosure Leadership Index.

We also focused on further embedding our CR&S commitment into our operating platform and established our new CR&S Committee. This group is responsible for guiding and managing our group-wide sustainability programs, ensuring they are aligned with our broader corporate strategy.

An important part of our CR&S strategy is our commitment to operating to the highest standards of corporate governance, ethics and corporate social responsibility – ensuring we have a positive impact on the communities in which we operate. In this regard, we established a Community Engagement Working Group, with representation from across the business to guide and coordinate increased community activity. It is pleasing to report that we have collectively contributed over $300,000 to the community in Australia. Further information is provided in our CR&S summary report on pages 36 to 55.

We also aligned our CR&S reporting to the globally recognised GRI Guidelines in our 2007 CR&S report, which is available on our website at www.dexus.com

The 2008 CR&S report will be released at our Annual General Meeting on 29 October 2008.

2009 strategic focus

In 2009, our strategic focus will be to continue to deliver solid performance from our world-class portfolio and build on our leadership positions in office and industrial.

While economic conditions will continue to be difficult, DEXUS is well positioned with a clear strategy, proven management team and quality portfolio, to take advantage of opportunities this cycle creates to add value for investors.

We have a high quality, well diversified portfolio of properties heavily weighted to key locations with strong outlooks, for example 31% of the portfolio is located in Sydney. We continue to deliver stable earnings from a diverse range of tenants and industries and we have a strong balance sheet with low levels of gearing to support sustained growth.

We will continue to look at opportunities to leverage our core competencies and operate across more of the value chain, whilst delivering service excellence to our customers and sustainable outcomes for our investors, the community and our people.

Barring any unforseen circumstances, we expect that distributions in 2009 will increase by approximately 1.7% from 11.9 cents to 12.1 cents per security, inclusive of 0.2 to 0.3 cents reflecting gains realised through our development processes.

Victor P Hoog Antink
Chief Executive Officer

25 September 2008

OUR PORTFOLIO

Members of our Office team at Governor Phillip Tower, Sydney

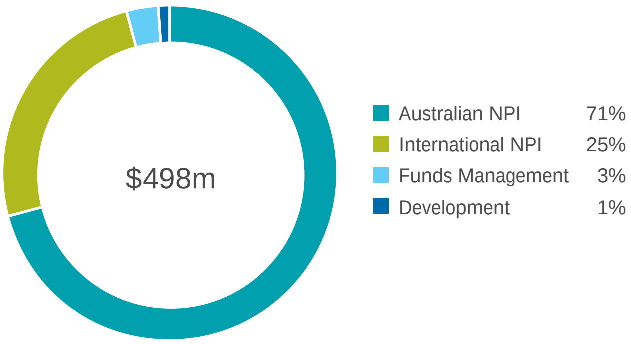
OUR CONTINUED FOCUS ON ACTIVE MANAGEMENT OF THE PORTFOLIO, COMBINED WITH THE HIGH QUALITY OF OUR ASSETS IN STRATEGIC LOCATIONS HAS DELIVERED CONSISTENT INCOME GROWTH IN OUR OFFICE AND INDUSTRIAL BUSINESSES.

Portfolio overview

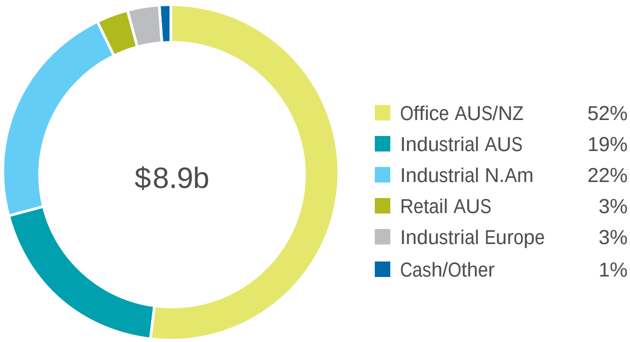
During the past year, our continued focus on active management of the portfolio, combined with the high quality of our assets in strategic locations has delivered consistent income growth in our office and industrial businesses.

This, combined with the significant progress of our development pipelines in Australia and overseas, further advances in our sustainability programs and service excellence focus, positions DEXUS Property Group strongly for future growth.

OPERATING INCOME AS AT 30 JUNE 2008



DIRECT PROPERTY PORTFOLIO AS AT 30 JUNE 2008



DIRECT PROPERTY PORTFOLIO AT 30 JUNE 2008

PROPERTY TYPE	PROPERTY VALUE 30 JUNE 2008[1] ($M)	PROPERTY VALUE 30 JUNE 2007[1] ($M)	AREA OCCUPIED (%)	AVERAGE LEASE TERM (YEARS)
Office/car parks – AUS/NZ	4,601	4,046	97.7	5.7
Retail – AUS	280	1,205	99.9	4.5
Industrial – AUS	1,636	1,761	98.6	4.0
Industrial – N.Am	1,904	1,453	91.8	3.9
Industrial – EUR	314	344	85.1	3.6
Total	**8,735**	**8,809**	**93.7**	**4.8**

1 Excludes cash and other assets.

OUR PORTFOLIO (CONTINUED)

DEVELOPMENTS UNDERWAY

	LETTABLE AREA SQM	ESTIMATED COST A$M	ESTIMATED COMPLETION DATE
OFFICE – AUSTRALIA			
60 Miller Street, North Sydney, NSW	4,500	25	Jun HY 2009
123 Albert Street, Brisbane, QLD	38,600	350	Dec HY 2010
1 Bligh Street, Sydney, NSW	42,000	410	Jun HY 2011
INDUSTRIAL – AUSTRALIA			
Redwood Gardens, Dingley, VIC	3,400	4	Oct 2008
INDUSTRIAL – NORTH AMERICA			
San Antonio, Texas US – Stage 1	59,100	45	Jun HY 2010
Total underway	**147,600**	**834**	

* All numbers represent DEXUS Property Group's interest and AUD/USD = 0.9626

Developments
Our development focus is squarely on the delivery of our current pipeline. In addition, we will be looking to source prudent additions to the pipeline, ensuring the supply of high quality, strategically located properties for future years to come.

Looking forward
We are working proactively to deliver further growth through our continued focus on active portfolio management, development management and prudent financial management to build on our leadership position in the office and industrial sectors in Australia.

Internationally, we are reviewing our US and European assets to recycle non-core and non-performing properties and reposition the location of our assets to maximise portfolio performance and achieve scale in fewer, select markets.

We will continue to focus on delivering service excellence to our customers and being the partner of choice to our tenants.

In the coming financial year, we will bring property management in-house in our Australian office portfolio. In addition to forging closer relationships with our tenants, these operational changes will enable DEXUS to maximise synergies and drive further efficiencies across the platform.

Our superior quality portfolio, experienced management team and focused strategy means we are well positioned to weather the current market conditions and deliver sustainable returns for our investors.

Development underway at 123 Albert Street, Brisbane

OFFICE PORTFOLIO AUSTRALIA AND NEW ZEALAND

AS THE MARKET LEADER IN HIGH QUALITY OFFICES IN AUSTRALIA, WITH OVER 95% OF THE PORTFOLIO BEING PRIME OR A-GRADE PROPERTIES, OUR CUSTOMERS ARE PREDOMINANTLY MAJOR AUSTRALIAN AND INTERNATIONAL COMPANIES AND GOVERNMENT BODIES.

The Australian office portfolio has delivered another solid performance in 2008. The high quality of the portfolio and our active management approach has maintained strong like for like net property income growth, a high level of occupancy and good tenant retention.

The office portfolio contributed $242.6 million (2007: $254.5 million) of net property income. On a like for like basis, comparable net property income increased by 4.4%. This contribution represents 48% (2007: 48%) of total net property income for the year.

All office portfolio fundamentals are tracking well with occupancy by area remaining high at 97.7% and weighted lease durations of 5.7 years.

The office portfolio comprises over 547,000 square metres of lettable area (adjusted for ownership) with 570 tenants in 24 office properties and five car parks. As the market leader in high quality offices in Australia, with over 95% of the portfolio being Prime or A-Grade properties, our customers are predominantly major Australian and international companies and government bodies.

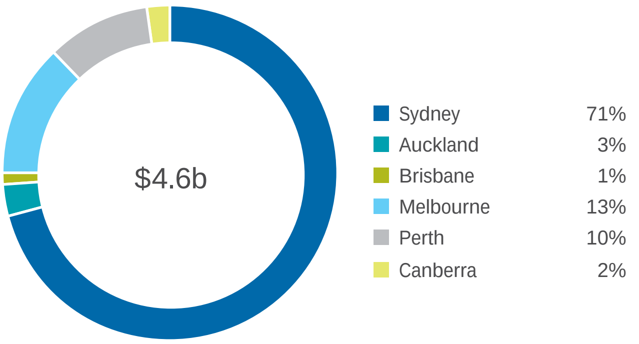
Developments

The office portfolio has three developments underway with an estimated cost on completion of more than $785 million. These developments are consistent with our strategy to own, manage and develop quality office buildings across Australia, designed to meet the needs of our major corporate and government tenants.

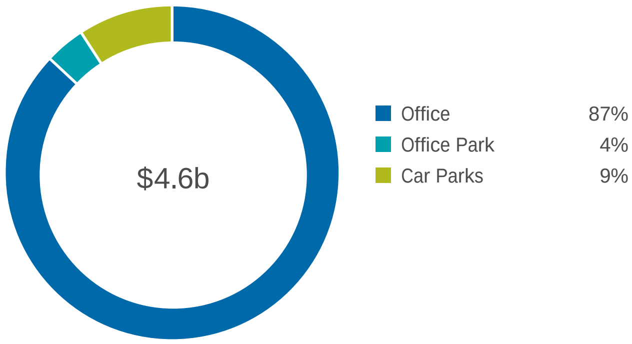
We made significant progress with our major office developments during the year. These include:

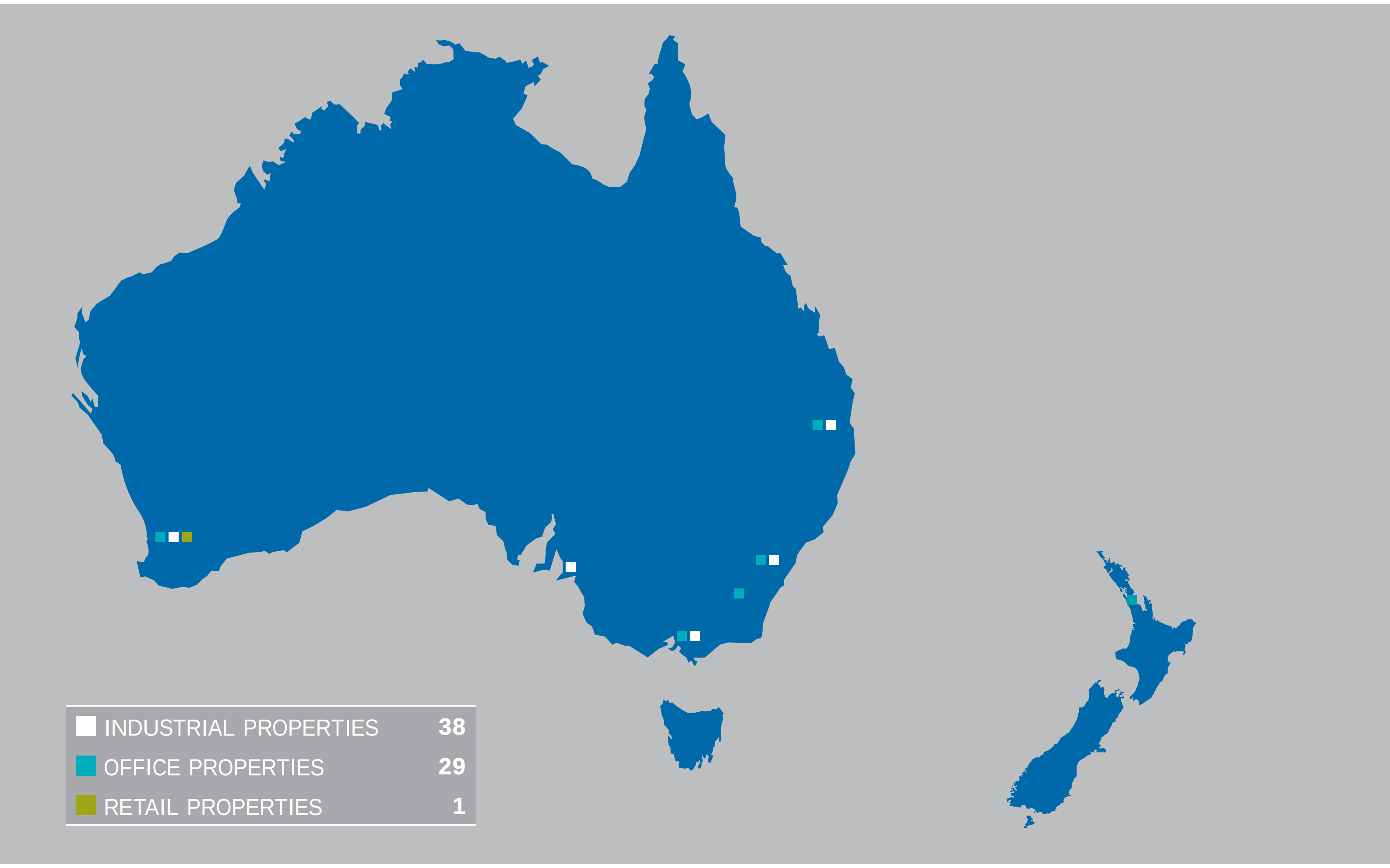
- 1 Bligh Street, Sydney – Construction has commenced on this state of the art office tower of approximately 42,000 square metres. Designed to achieve a 6 star Green Star and 5 star NABERS energy rating, 1 Bligh Street represents the next generation of office design. The project is estimated to have a total cost of $410 million (68.2% interest) with a yield on cost of 7.3% and is anticipated to be completed in mid 2011.
- 123 Albert Street, Brisbane – Demolition of the existing carpark has been completed and foundation work is underway on this new office tower of approximately 38,600 square metres. Designed to achieve a 6 star Green Star and 5 star NABERS energy rating, Rio Tinto Limited have leased 26,000 square metres or 68% of the building and have an option to lease further space. The project is estimated to have a total cost of $350 million with a yield of 6.8% and is anticipated to be completed in late 2010.
- 60 Miller Street, North Sydney – This project comprises the construction of 4,500 square metres of A grade office space adjoining our existing building. The development will expand the first five floors to over 2,000 square metres. Completion is due in early 2009 and marketing to prospective tenants is well progressed. The project is estimated to have a total cost of $25 million and produce a yield on cost of 8.3%.

GEOGRAPHICAL SPREAD



PROPERTY TYPE SPREAD





Office pipeline

Two developments are in planning:

- 105 Phillip Street, Parramatta – This project is estimated to have a total cost of $100 million and an estimated yield on cost of 8%. While all planning approvals have been obtained, construction of this 20,400 square metre office tower will not commence until a satisfactory level of leasing pre-commitment has been obtained. Marketing to prospective tenants to achieve this level of pre-commitment is under way.
- 144 Wicks Road, North Ryde – A master plan concept for an office business park has been made to the City of Ryde Council, with a development application lodged for the first stage in August 2008. The development has an estimated development cost of $187 million with a targeted yield on cost of 7.25%. A marketing campaign to target prospective pre-committing tenants is underway.

Revaluations

The office portfolio is valued at $4.6 billion (2007: $4.0 billion), an increase of $268 million or 13.4%.

The weighted average capitalisation rate of the office portfolio now stands at 6.4% (2007: 6.1%).

Leasing

New leases and renewals including heads of agreement were negotiated on more than 93,000 square metres, or 16% of the total office portfolio in the year. As a result, the office portfolio occupancy remained strong at 97.7% (2007: 99%), with an average lease duration by income of 5.7 years (2007: 6.2 years), excluding 1 Bligh Street, Sydney. Tenant retention was strong at 72% and the office lease expiry profile is well diversified. Our strategy of extending lease duration without concentration of expiries in any given year is being successfully implemented.

AUSTRALIA

SYDNEY

OFFICE
487,900m²
25.7% portfolio area
$3,260m value
50.0% portfolio value

18 properties

INDUSTRIAL
458,200m²
24.2% portfolio area
$893m value
13.7% portfolio value

24 properties

MELBOURNE

OFFICE
118,000m²
6.2% portfolio area
$603m value
9.3% portfolio value

6 properties

INDUSTRIAL
556,300m²
29.3% portfolio area
$641m value
9.8% portfolio value

10 properties

BRISBANE

OFFICE
0.0m²
0.0% portfolio area
$63m value
1.0% portfolio value

1 property

INDUSTRIAL
29,100 m²
1.5% portfolio area
$59m value
0.9% portfolio value

2 properties

PERTH

OFFICE
47,200m²
2.5% portfolio area
$447m value
6.9% portfolio value

1 property

INDUSTRIAL
4,700m²
0.2% portfolio area
$18m value
0.3% portfolio value

1 property

RETAIL
79,900m²
4.2% portfolio area
$280m value
4.3% portfolio value

1 property

ADELAIDE

INDUSTRIAL
72,000m²
3.8% portfolio area
$26m value
0.4% portfolio value

1 property

CANBERRA

OFFICE
22,500 m²
1.2% portfolio area
$107m value
1.6% portfolio value

2 properties

NEW ZEALAND

AUCKLAND

OFFICE
19,800m²
1.0% portfolio area
$123m value
1.9% portfolio value

1 property

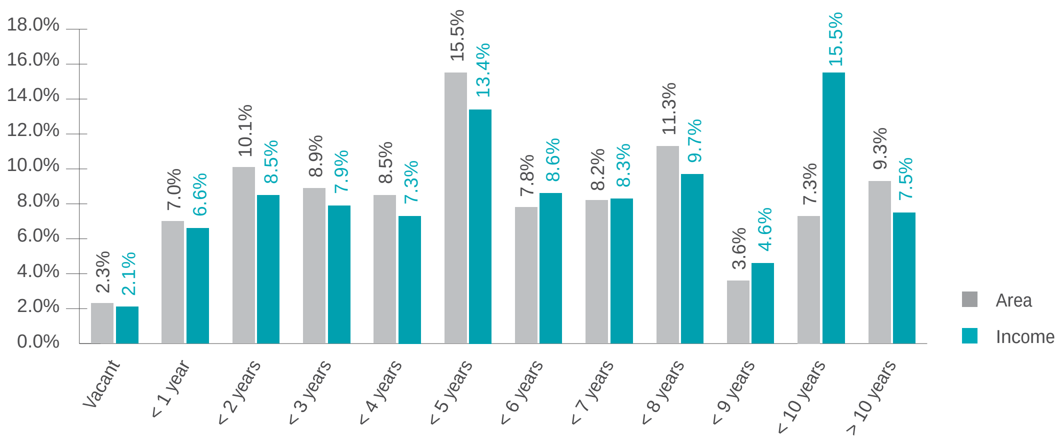
Note: These numbers exclude developments underway

L to R: Australia Square, Sydney; Governor Phillip Tower, Sydney; 83 Clarence Street, Sydney

Rent reviews

Market reviews covering 10% of the office portfolio's property income were subject to rent reviews and achieved an average rental increase of 6.4%. A further 14% of expiring leases which were renewed during the year, achieved an average rental increase of 6.9%. In the coming year to 30 June 2009, approximately 20% of the office portfolio's income will be exposed to the market and another 69% will be subject to defined increases.

AUSTRALIAN/NEW ZEALAND OFFICE LEASE EXPIRY PROFILE AS AT 30 JUNE 2008



INDUSTRIAL PORTFOLIO AUSTRALIA

OUR ACTIVE MANAGEMENT APPROACH HAS ENABLED THE PORTFOLIO TO DELIVER STRONG RESULTS IN THE YEAR ENDING 30 JUNE 2008

The Australian industrial portfolio is the third largest in Australia and comprises high quality institutional grade properties, diversified by location and property type in strategic locations. Our active management approach has enabled the portfolio to deliver strong results in the year ending 30 June 2008 through the successful delivery of developments and leasing activity.

The Australian industrial portfolio is valued at approximately $1.64 billion following revaluations through the year of $21 million and contributed $105.7 million (2007: $101.4 million) to total net property income. As a result of significant leasing activity, occupancy remains strong at 98.6% (2007: 98.3%) with the average lease duration at 4.4 years by income (2007: 4.7 years).

Acquisitions and disposals

During the year the portfolio was enhanced with the acquisition of an industrial property in western Sydney at Greystanes, NSW in December 2007.

This site known as Southern Employment Lands (SEL), Greystanes, NSW, is a 47.4 hectare industrial estate purchased from Boral Ltd for $73.2 million. In addition to acquiring the land we entered into a contract with Boral Recycling Pty Ltd to undertake landform and infrastructure works to deliver the land in preparation for development in four stages over two years.

The site has a total estimated development cost of $325 million and an estimated yield on cost of 7.5%. The master planning for the estate will see approximately 100,000 square metres of large scale distribution facilities, approximately 72,500 square metres of multi-tenanted industrial buildings typically ranging between 5,000 and 15,000 square metres, and a further stage of approximately 20 hectares where we will seek to sub-divide and sell small land parcels or develop smaller industrial buildings.

The development includes a number of innovative sustainability initiatives. For example, in partnership with Boral, the adjoining owner, it is anticipated that approximately 150 mega litres of stormwater and ground water from the combined 70 hectare site will be collected each year and provided to the adjacent Golf Club, local school and parks.

During the year, DEXUS sold a 50% interest in the Coles chilled distribution facility, Laverton North, Victoria to one of our mandate clients in our third party funds management platform for $58 million, realising $5.9 million of distributable gains.

Developments

During the year, the industrial development portfolio has continued to contribute to our diversification and earnings. DEXUS's key strategic development locations are at Laverton North, VIC and the recently acquired property in Greystanes, NSW. Developments either completed or underway include:

- DEXUS Industrial Estate, Laverton North, VIC – A facility for Best Bar comprising 12,950 square metres with an estimated end cost of $12 million was completed in August 2008
- Redwood Gardens, Dingley, VIC – A 3,400 square metre facility is being built for Sperian Protection Australia with an estimated end value of $4 million, which is due for completion in the October 2008
- Pound Road West, Dandenong, VIC – In April 2008, we completed the development of the purpose built powder coating facility for Orica Australia. The facility is 4,965 square metres and has an estimated value of $10 million

Members of our Industrial team at Pound Road West, Dandenong, VIC

L to R: Redwood Garden Industrial Estate, Dingley, VIC; Laverton North Industrial Park, VIC

We have three Australian industrial pipeline developments scheduled over the next six years with an estimated development cost of approximately $540 million:

- 3 Brookhollow Avenue, Baulkham Hills, NSW – two developments providing approximately 23,000 square metres of lettable area
- Laverton North, VIC – Stage 1-3 – adding more than 369,000 square metres of lettable area over the next six years
- Axxess Corporate Park, Mt Waverley, VIC – planned site of more then 16,000 square metres of lettable area

Leasing

The Australian industrial portfolio has 1,098,000 square metres of net lettable area. New leases and renewals, including heads of agreements, were negotiated over more than 289,000 square metres of the portfolio in the year to 30 June 2008 with an average increase of 4.2%. As a result, the industrial portfolio's occupancy remained high at 98.6% (2007: 98.3%) with an average lease duration by income of 4.4 years (2007: 4.7 years) and strong retention rates of 78%.

Rent reviews

Leases covering 4% of the Australian industrial portfolio's property income were subject to market rent reviews in the period, achieving an average rental increase of 4.2%. Defined rent reviews accounted for 93.7% of the portfolio's property income with an average rental increase of 3.8%. In the coming year to 30 June 2009, approximately 14.7% of the portfolio's income will be exposed to the market and another 85.3% will be subject to defined increases.

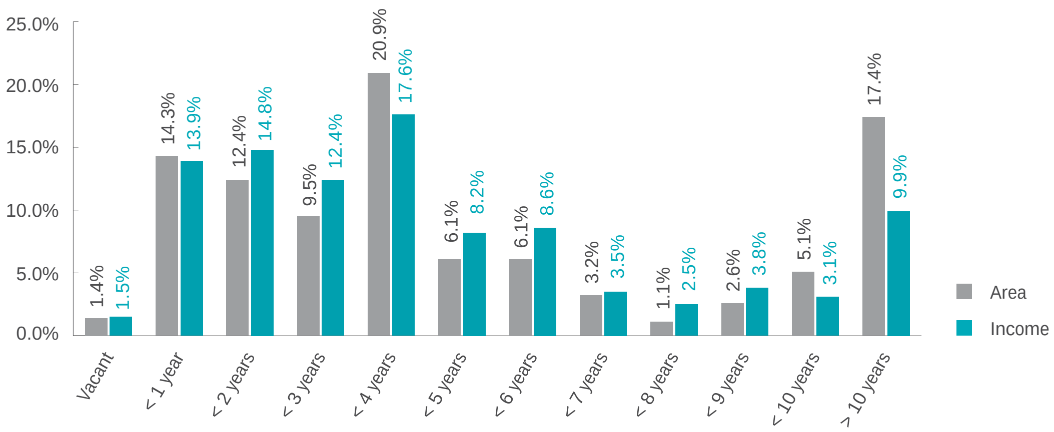
Revaluations

Revaluations resulted in an increase in asset value of $21 million or 1.5% over book value. Contributors to the uplift were:

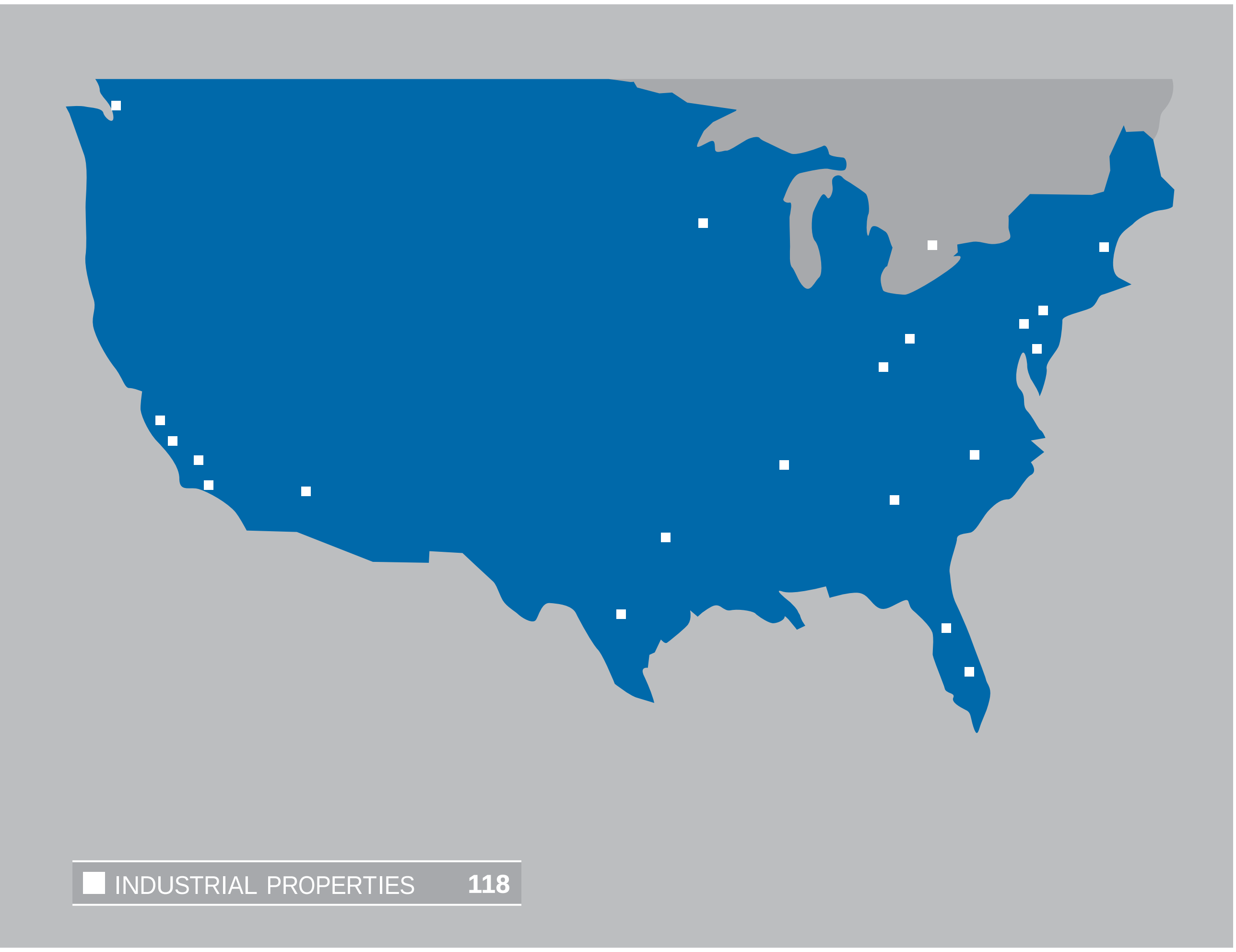
- 25 Donkin Street, West End Brisbane, QLD – up 26.2% to $35.8 million
- Axxess Corporate Park, Mt Waverley, VIC – up 3.6% to $192.6 million
- 68 Hasler Road, Herdsman, WA – up 61.8% to $17.5 million

The weighted average capitalisation rate of the Australian industrial portfolio now stands at 7.5% (2007: 7.2%).

AUSTRALIAN INDUSTRIAL LEASE EXPIRY PROFILE AS AT 30 JUNE 2008



INDUSTRIAL PORTFOLIO NORTH AMERICA



Overview

Overall the North American industrial portfolio is performing well, contributing $110 million (2007: $106.8 million) of net property income representing 22% of total net property income for the year to 30 June 2008. Comparable growth on a like for like basis was 7.2%.

The North American industrial portfolio is valued at A$1.9 billion (2007: $1.45 billion), the increase from 2007 is mainly due to 15 acquisitions including two Whirlpool assets, four assets and eight land parcels in San Antonio and a warehouse in Chicago. Leases were agreed for 17% of the North American industrial portfolio and occupancy remains strong at 91.8% (2007: 95.2%).

At 30 June 2008, the portfolio covered more than 24,748,000 square feet (2,299,000 square metres) of net lettable area in 118 properties throughout 21 metropolitan areas providing space for 530 tenants.

The North American industrial portfolio consists of approximately 18% business parks, 46% warehouse/distribution centres, 31% industrial estates, 4% office parks, and 1% land, by market value.

Acquisitions

During the year we acquired 15 properties and CalWest's 20% interest in the US portfolio costing in total approximately $689 million. The 15 properties provide more than 340,000 square metres of lettable area in the US and Canada as follows:

- Two properties forming part of the Whirlpool Investment program located in Toronto, Canada and Perris, California. These properties were acquired following their development in December 2007 and January 2008 for approximately $225 million
- An industrial property in Bensenville, Chicago on 19 December 2007 for a cost of approximately $34.5 million
- 12 properties forming part of the San Antonio developments platform costing approximately $71.2 million

Developments

During the year we have been actively progressing three developments in Sterling, Virginia, Santa Clarita, California and San Antonio, Texas. These have a combined estimated cost of $142 million on completion, and will provide more than 92,000 square metres of lettable area.

UNITED STATES

ATLANTA
775,900sf
3.2% portfolio area
US$42m value
2.4% portfolio value
5 properties

BALTIMORE
1,419,500sf
5.9% portfolio area
US$125m value
7.1% portfolio value
9 properties

BOSTON
153,400sf
0.6% portfolio area
US$10m value
0.6% portfolio value
1 property

CHARLOTTE
883,100sf
3.7% portfolio area
US$38m value
2.2% portfolio value
3 properties

CHICAGO
255,400sf
1.1% portfolio area
US$30m value
1.7% portfolio value
1 property

CINCINNATI
2,706,300sf
11.3% portfolio area
US$99m value
5.6% portfolio value
10 properties

COLUMBUS
1,610,300sf
6.7% portfolio area
US$62m value
3.5% portfolio value
4 properties

DALLAS
2,271,300sf
9.5% portfolio area
US$137m value
7.8% portfolio value
18 properties

HARRISBURG
1,058,200sf
4.4% portfolio area
US$50m value
2.8% portfolio value
3 properties

LOS ANGELES
1,050,300sf
4.4% portfolio area
US$167m value
9.5% portfolio value
5 properties

MEMPHIS
336,100sf
1.4% portfolio area
US$6m value
0.4% portfolio value
1 property

MINNEAPOLIS
1,118,300sf
4.7% portfolio area
US$68m value
3.9% portfolio value
8 properties

NTH VIRGINIA
1,101,600sf
4.6% portfolio area
US$236m value
13.4% portfolio value
8 properties

ORLANDO
1,894,000sf
7.9% portfolio area
US$110m value
6.2% portfolio value
3 properties

PHOENIX
1,782,700sf
7.4% portfolio area
US$117m value
6.6% portfolio value
11 properties

RIVERSIDE
3,230,000sf
13.5% portfolio area
US$258m value
14.6% portfolio value
7 properties

SAN ANTONIO
1,047,000sf
4.4% portfolio area
US$74m value
4.2% portfolio value
12 properties

SAN DIEGO
353,700sf
1.5% portfolio area
US$40m value
2.2% portfolio value
3 properties

SEATTLE
531,100sf
2.2% portfolio area
US$47m value
2.7% portfolio value
3 properties

SOUTH FLORIDA
415,300sf
1.7% portfolio area
US$49m value
2.8% portfolio value
2 properties

CANADA

TORONTO
754,700sf
100% portfolio area
US$68m value
100% portfolio value
1 property

Top to bottom: Whirlpool, North Perris Boulevard, Perris, CA; Cornerstone Building, San Antonio TX; Summit Oaks, CA

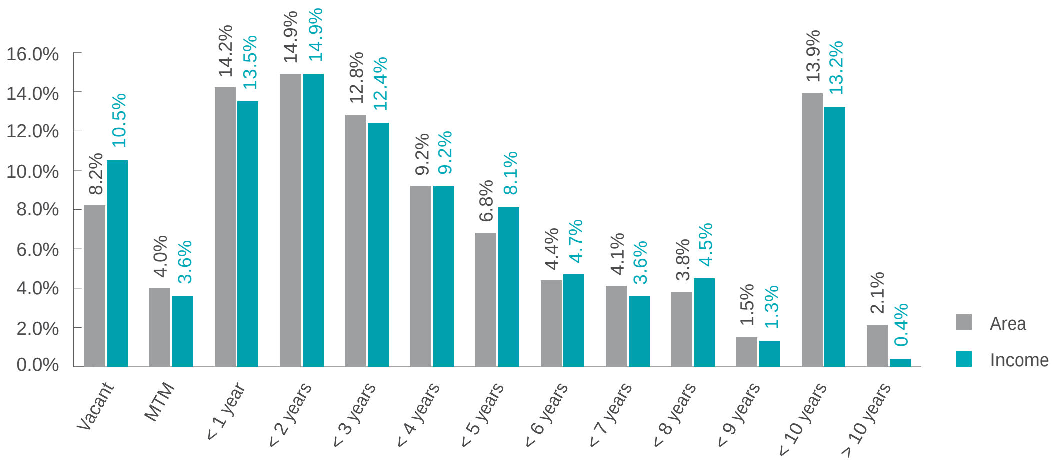
Leasing
In the year to 30 June 2008, new or renewed leases were entered into for over 385,000 square metres. This resulted in a steady occupancy rate of 91.8% (2007: 95.2%) and an average lease term to expiry of 3.9 years (2007: 3.4 years).

Rent reviews
Over the next two years approximately 32% of the North American industrial portfolio will be subject to market reviews.

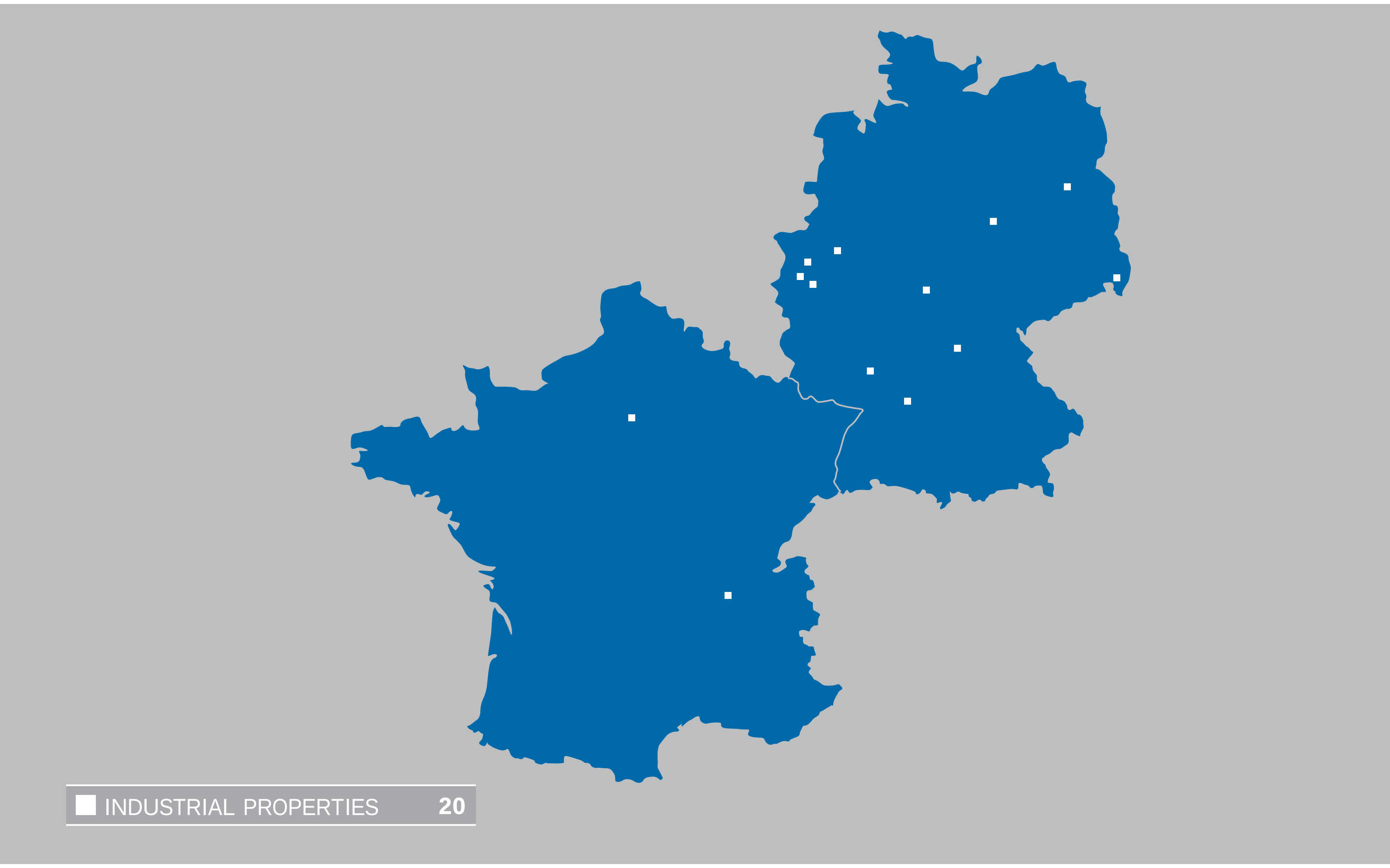
Revaluations
Revaluations resulted in a decrease in asset value of the North American industrial portfolio of $62 million or 3.3% over book value of the stabilised portfolio.

The weighted average capitalisation rate of the portfolio now stands at 6.9% (2007: 6.5%).

NORTH AMERICA INDUSTRIAL LEASE EXPIRY PROFILE AS AT 30 JUNE 2008



INDUSTRIAL PORTFOLIO EUROPE



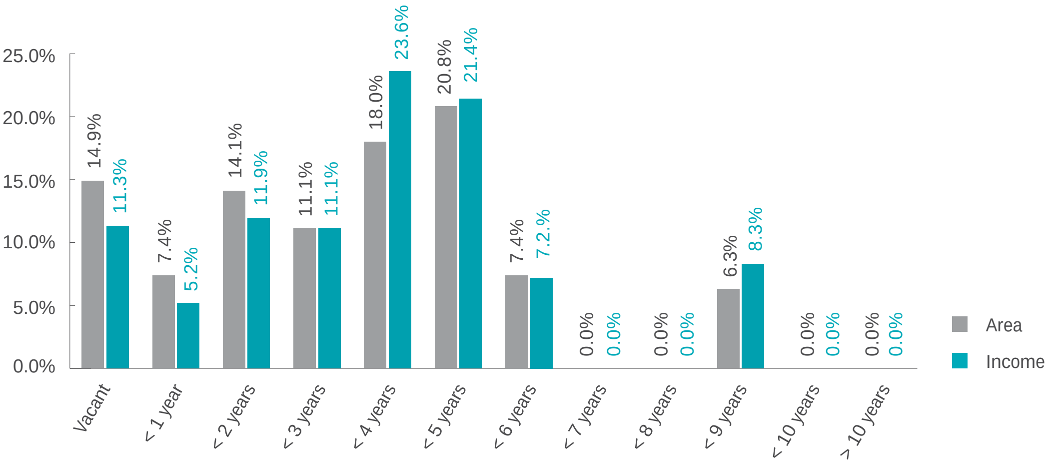
The European industrial portfolio contributed $21.9 million (2007: $14 million) of net property income. This represents 4% of total net property income for the year to 30 June 2008. The portfolio is valued at $314 million (2007: $344 million).

At 30 June 2008, the European industrial portfolio covers approximately 376,900 square metres of net lettable area in 20 properties with 30 tenants.

Occupancy remains steady for the European Industrial portfolio at 85.1% (2007: 92.8%) with the weighted average lease expiry at 3.6 years (2007: 4.1 years). The European industrial portfolio consists of approximately 72% warehouse/distribution centres and 28% industrial estates, by area.

The weighted average capitalisation rate is 7.4% (2007: 7.1%).

EUROPE INDUSTRIAL LEASE EXPIRY PROFILE AS AT 30 JUNE 2008



FRANCE

PARIS
83,300m^2
22.1% portfolio area
$43m value
22.5% portfolio value
5 properties

LYON
27,400m^2
7.3% portfolio area
$11m value
5.8% portfolio value
1 property

GERMANY

ELHOFEN
67,400m^2
17.9% portfolio area
$34m value
17.5% portfolio value
3 properties

FRIEDEWALD
15,500m^2
4.1% portfolio area
$4m value
2.1% portfolio value
1 property

KNETZGAU
21,400m^2
5.7% portfolio area
$11m value
5.6% portfolio value
1 property

LANGENFELD
36,500m^2
9.7% portfolio area
$15m value
7.6% portfolio value
2 properties

LANGENWEDDINGEN
26,300m^2
7.0% portfolio area
$7m value
3.4% portfolio value
1 property

LÖBAU
9,000m^2
2.4% portfolio area
$1m value
0.5% portfolio value
1 property

UNNA
27,400m^2
7.3% portfolio area
$17m value
8.7% portfolio value
1 property

WORMS
11,800m^2
3.1% portfolio area
$4m value
2.1% portfolio value
1 property

DUISBURG
27,100m^2
7.2% portfolio area
$20m value
10.5% portfolio value
1 property

DÜSSELDORF
13,800m^2
3.7% portfolio area
$16m value
8.1% portfolio value
1 property

BERLIN
10,100m^2
2.7% portfolio area
$11m value
5.5% portfolio value
1 property


L to R: Liverpooler Straße, Duisburg; Bremer Ring & Hansestraße, Wustermark, Berlin, Brandenburg

Leasing
The European industrial portfolio occupancy was 85.1% (2007: 92.8%) with an average lease duration of 3.6 years (2007: 4.1 years). Leases were agreed for 37% of the French portfolio and 4% of the German portfolio.

Rent reviews
France – leases covering 11% of the French industrial portfolio's property income were subject to fixed rent reviews.

Germany – leases covering 3.6% of the German industrial portfolio's property income were subject to fixed rent reviews and 21.3% were subject to CCI reviews.

Retail portfolio Australia
In August 2007, DEXUS disposed of its 50% share in five retail centres to the DEXUS Wholesale Property Fund. The Westfield Whitford City Shopping Centre in WA is the sole remaining retail asset in the DEXUS retail portfolio.

The centre contributed $27.6 million or 5.4% of DEXUS's net property income. Moving Annual Turnover (MAT) for the 12 months was 12% ($7,379 per square metre) with occupancy remaining robust at 99.9%. The average lease duration by income was 4.5 years.

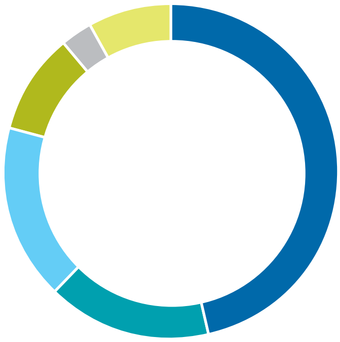
Westfield Whitford City Shopping Centre is valued at $280 million and has 79,900 square metres of net lettable area housing 296 tenants. The weighted average capitalisation rate is 5.8% (2007: 5.6%).

FUNDS MANAGEMENT REPORT

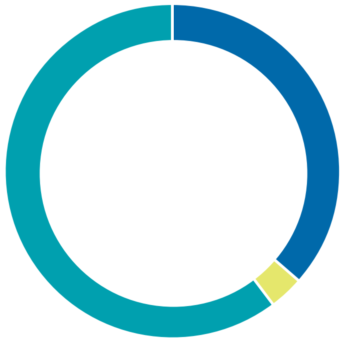
360 Collins Street, Melbourne

DURING THE YEAR, DEXUS PROPERTY GROUP'S THIRD PARTY FUNDS MANAGEMENT BUSINESS INCREASED BY $1.8 BILLION OR 39% TO $6.4 BILLION COMPRISING THE DEXUS WHOLESALE PROPERTY FUND, TWO PROPERTY SYNDICATES AND TWO DIRECT PROPERTY MANDATES.

SOURCE OF FUNDS AT 30 JUNE 2008



DWPF SECTOR ALLOCATION BY BOOK VALUE AT 30 JUNE 2008



DEXUS Wholesale Property Fund

DEXUS Wholesale Property Fund (DWPF) is an open-ended unlisted property fund with total gross assets of approximately $3.2 billion at 30 June 2008. DWPF has a high quality portfolio with approximately 85% of the portfolio comprising prime office buildings and regional retail centres.

In the first half of the financial year, DWPF raised more than $800 million of equity from both Australian and international investors to support the acquisition of interests in five prime shopping centres from DEXUS Property Group. There are approximately 60 institutional wholesale investors in DWPF with the top 10 unitholders representing approximately 57% of the register.

DWPF's development pipeline is currently estimated at approximately $635 million over the next five years, which provides the opportunity to improve the portfolio quality and diversity and achieve enhanced returns through the creation of high quality properties without acquisition costs. The extent and nature of the development activity in the portfolio is a strong indication of the future potential of DWPF.

For the year to 30 June 2008, DWPF delivered a total gross return of 9.09%. Over the three, five and ten year period, annualised gross returns were 15.55%, 14.55% and 12.27% respectively.

Direct Mandates

Our two direct mandates comprise approximately $3 billion or 38 direct property assets at 30 June 2008, managed by the Group on behalf of SAS Trustee Corporation (STC) and the AXA Group (AXA).

DEXUS Property Syndicates

The Group manages two unlisted assets valued at approximately $180.9 million as at 30 June 2008. The syndicates have over 780 unitholders and are closed ended, fixed term products.

Gordon Property Syndicate

This syndicate owns two retail assets, the Gordon Centre and the Gordon Village Arcade located in Gordon, NSW. At 30 June 2008 total assets of the syndicate were approximately $87.6 million.

Northgate Property Syndicate

This syndicate owns the Northgate Shopping Centre at Glenorchy in Hobart, TAS. At 30 June 2008 total assets of the syndicate were approximately $93.3 million.

Abbotsford Property Syndicate

This syndicate owned an office building in Abbotsford, VIC. Following a review it was terminated early in January 2008 and the syndicate's only property was sold to take advantage of the strong prevailing market conditions. A sale price of $22.1 million was achieved which equated to an approximate return of 20% per annum over its ten-year life.

ABOUT DEXUS

DEXUS House, 343 George Street, Sydney

DEXUS IS ONE OF THE LARGEST DIVERSIFIED PROPERTY GROUPS IN AUSTRALIA, WITH OVER A$15.3 BILLION OR 260 PROPERTIES UNDER MANAGEMENT. DEXUS HAS EXTENSIVE EXPERIENCE IN OWNING, MANAGING AND DEVELOPING HIGH QUALITY OFFICE, INDUSTRIAL AND RETAIL PROPERTIES IN AUSTRALIA, NEW ZEALAND, THE UNITED STATES, CANADA, GERMANY AND FRANCE.

DEXUS Property Group is the 5th largest property group on the Australian Stock Exchange and has a Standard & Poor's (S&P) rating of BBB+. The Group has two areas of operation:

- our A$8.9 billion direct property portfolio, which is focused on owning, managing and developing high quality office and industrial assets in Australia, New Zealand, North America and Europe
- our A$6.4 billion third party funds management business which develops and manages office, industrial and retail properties on behalf of third party investors. This includes DEXUS Wholesale Property Fund, two private client mandates and two property syndicates, which collectively make up one of the largest third party funds management businesses in Australia.

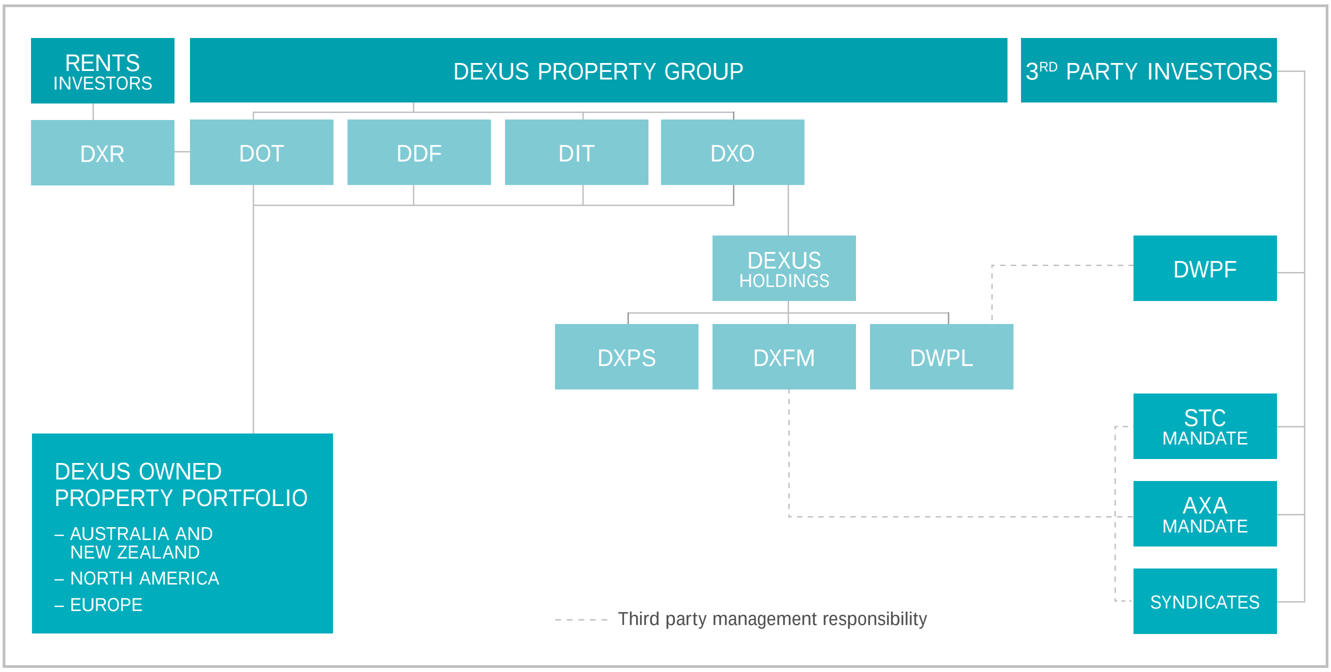
Local expertise, international reach

In Australia, the Group has over 270 employees nationwide and our head office is located in the Sydney CBD.

We offer our tenants and investors access to a world-class property portfolio managed by our expert team of property and funds management professionals.

The Group also has a number of strategic relationships with major Australian and international property owners, property managers and corporate partners. This includes a strategic relationship with RREEF Alternative Investments – Deutsche Bank's global alternative investment management business – which facilitates international acquisitions and the management of our property assets in selected international markets.

GROUP STRUCTURE



BOARD OF DIRECTORS

Christopher T Beare
BSc, BE (Hons), MBA, PhD, FAICD

Chair and Independent Director Age 57

Chris Beare has extensive experience in international business development, strategy and management.

Chris joined investment bank Hambros Australia in 1991, becoming Head of Corporate Finance in 1994 and joint Chief Executive in 1995, serving until Hambros was acquired by Société Générale in 1998. During that period Hambros was active in infrastructure, telecoms and media. Chris remained a Director of SG Australia until 2002. From 1998, he helped form Radiata (a technology start-up spanning Sydney and Silicon Valley). As Chair and Chief Executive Officer, he then steered it to a successful sale to Cisco Systems in 2001. For four years prior to joining Hambros, Chris was Executive Director of the Melbourne based Advent Management venture capital firm. Chris has been a Director of a number of companies in the finance, infrastructure and technology sectors.

Chris is both the Chair and an Independent, Non-Executive Director of DEXUS Funds Management Limited. He is also the Chair of the Board Nomination and Remuneration Committee and a member of the Board Finance Committee.

Elizabeth A Alexander AM
BComm, FCA, FAICD, FCPA

Independent Director Age 65

Elizabeth Alexander brings to the Board extensive knowledge of accounting, finance, corporate governance and risk management.

Elizabeth was formerly a partner with PricewaterhouseCoopers and is currently Chairman of CSL Limited and a Director of Boral Limited, Deputy Chair of the Financial Reporting Council, and a member of the Takeovers Panel. 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 a member of the Australian Accounting Standards Board. Elizabeth is also Chair of a number of board audit committees.

Elizabeth is an Independent, Non-Executive Director of DEXUS Funds Management Limited and Chair of the Board Audit Committee and the Board Risk Committee and a member of the Board Compliance Committee and Board Finance Committee.

Barry R Brownjohn
BComm

Independent Director Age 57

Barry Brownjohn brings extensive knowledge of the debt capital markets, risk management and business acquisitions.

Barry is a senior consultant with Pacific Road Corporate Finance where he focuses on advising companies on strategic acquisitions and divestments in the financial services and related technology sectors. He was formerly the Australian Managing Director of the Bank of America. While with the Bank of America, Barry held a range of senior management roles in various overseas locations. He is currently an Advisory Board Member of the South Australia Financing Authority, and a Director of Citigroup Pty Limited and Bakers' Delight Holdings Limited. Barry's previous appointments include Chair of the International Banks and Securities Association, and the Asia Pacific Managed Futures Association.

Barry is an Independent, Non-Executive Director of DEXUS Funds Management Limited, Chair of the Board Finance Committee and a member of the Board Audit Committee and Board Risk Committee.

Stewart F Ewen OAM
FILE

Independent Director Age 59

Stewart Ewen has an extensive background in retail, commercial and industrial property investment and development.

Stewart has had over 40 years of extensive property experience, commencing with the Hooker Corporation in 1966 where he worked throughout Australia and South East Asia. In 1983 he established Byvan Limited which, by 2000, managed $8 billion in shopping centre assets in Australia, Asia and North America. In 1999, he sold his interest in Byvan to the Savills Group in London, remaining as Chair until 2001. As the major partner of NavyB Pty Ltd he has completed numerous residential and commercial property projects. He has also held the position of Managing Director of Enacon Ltd, was previously a Director of Abigroup Ltd, and was instrumental in the establishment of Converting Technology Pty Ltd. Stewart has previously served as President of the Property Council of NSW and is a Director of the Cure Cancer Australia Foundation and assisted in the establishment of Cell Bank Australia. Stewart is also a Director of CapitaCommercial Trust Management Limited, Singapore.

Stewart is an Independent, Non-Executive Director of DEXUS Funds Management Limited and a member of the Board Nomination and Remuneration Committee.

Andrew J Fay
BAg.Ec (Hons), ASIA

Alternate Director to Charles B Leitner III Age 43

Andrew Fay brings to the Board significant experience in domestic and international funds management and exposure to both the retail and wholesale investments markets.

Andrew was until December 2007 the Head of Deutsche Asset Management Australia Limited (DeAM), as well as its Chief Investment Officer for Australia. Andrew is dually responsible for the operation of DeAM's Australian business and the consistency of the investment process for all asset classes within Australia. Andrew joined DeAM in 1994 after six years with the investment division of AMP Global Investors. Andrew sits on the Investment and Financial Services Association (IFSA) Investment Board in Australia. Andrew holds an Honours degree in Agricultural Economics from the University of Sydney and has completed a graduate diploma with the Securities Institute of Australia.

Andrew is a Non-Executive alternate Director to Charles B Leitner III and a member of the Board Nomination and Remuneration Committee.

Victor P Hoog Antink
BComm, MBA, FCA, FAPI, FRICS, MAICD

Executive Director
Age 55

Victor Hoog Antink has over 25 years experience in general management, property funds management and finance.

Victor joined DEXUS after almost nine years at Westfield Holdings where he was the Director of Funds Management, responsible for both the Westfield Trust and the Westfield America Trust.

Victor has a commerce degree from the University of Queensland, 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 and a member of the Institute of Company Directors. Victor is the immediate past president of the Property Council of Australia.

Victor is CEO and an Executive Director of DEXUS Funds Management Limited.

Charles B Leitner III
BA

Non-Executive Director
Age 48

Charles Leitner has significant experience in US property management and the international property funds management industry.

Charles is the Global Head of RREEF, the global alternative investments operation of Deutsche Asset Management, which manages €65.3 billion of real estate, infrastructure, private equity and hedge fund investments worldwide. With 23 years of real estate investment experience, Charles joined RREEF in 1988 and became a partner in the firm in 1996. In 2001 he assumed overall responsibility for RREEF's US property acquisition business and in 2004 was appointed Global Head of RREEF. Based in New York, Charles graduated from the University of Pennsylvania with a BA in Urban Studies/Regional Science. He is a Trustee of the Urban Land Institute, and a member of the Real Estate Roundtable, the National Association of Office and Industrial Parks, and the Pension Real Estate Association (PREA).

Charles in a Non-Executive Director of DEXUS Funds Management Limited.

Brian E Scullin
BEc

Independent Director
Age 57

Brian Scullin brings to the Board extensive domestic and international funds management knowledge as well as finance, corporate governance and risk management experience. Brian has also worked with many large corporations and government.

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 he was appointed Chief Executive Officer – Asia/Pacific for Deutsche Asset Management and retired from this position in 2002. Brian has been a panel member of the Financial Industry Complaints Service Limited and a Director of State Super Financial Services Limited. Brian is currently Chair of BT Investment Management Limited, a publicly listed company.

Brian is an Independent, Non-Executive Director of DEXUS Funds Management Limited, Chair of the Board Compliance Committee and is a member of the Board Nomination and Remuneration Committee, Board Audit Committee and Board Risk Committee. Brian is also Chair and an Independent, Non-Executive Director of DEXUS Wholesale Property Limited.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY

CEO/CHAIRMAN STATEMENT

WE ARE PLEASED TO REPORT THAT THE 07/08 FINANCIAL YEAR HAS SEEN FURTHER PROGRESS IN OUR CORPORATE RESPONSIBILITY AND SUSTAINABILITY (CR&S) PROGRAMS.

We are pleased to report that we have achieved further progress in our Corporate Responsibility & Sustainability (CR&S) programs in the 07/08 financial year.

We also continued to see sustainability gain further momentum in both the corporate and public sectors and growing public awareness is being combined with greater political commitment to CR&S. The property industry is no exception and in 2008 sustainability is increasingly becoming a market standard.

At the top end of the market, and in particular in premium office space – where DEXUS leads the way – we are seeing increasing tenant demands for sustainable buildings and leading edge green features. For example at 123 Albert Street in Brisbane, our commitment to achieving a 6 star Green Star building was a crucial component in securing our anchor tenant – Rio Tinto – who shared our vision for a sustainable building and fit-out.

In this our 10th year of sustainability programs, we have continued to roll-out new portfolio-wide initiatives to improve the performance of our buildings step by step, in line with the individual asset strategies, ensuring our sustainability programs are tailored to each property whilst enhancing its economic viability and investor returns.

At DEXUS we are committed to incorporating world's best practice sustainable design into our developments and have continued to advance our two new premium grade developments: 1 Bligh Street in Sydney and 123 Albert Street in Brisbane. As a major owner, manager and developer of quality property we are uniquely positioned to drive the specifications and deliver operationally superior sustainable buildings.

We are also well advanced in future-proofing our existing stock – a key challenge for us all in the property industry. At DEXUS we have focused our future-proofing programs in the office sector as this sector presents the greatest opportunity for improving resource efficiency and reducing carbon emissions.

In addition, as the largest owner and manager of office properties in Australia, we feel it is appropriate that we concentrate our efforts here. We have also commenced programs in our retail and industrial portfolios.

Making a difference

The recent Garnaut report and the Green Paper released by the Government in July 2008 reported that buildings and their occupants are the source of 23% of Australia's greenhouse emissions. Clearly action in our industry can make a real difference to the Australian and international carbon footprint.

At DEXUS we are reducing carbon emissions by determining our carbon footprint, reducing resource consumption and implementing energy efficiency projects across our portfolio and have implemented a new reporting and data capture system to measure operational performance against targets.

The DEXUS difference to sustainability is that we take a group-wide approach and look to improve our social, economic and environmental performance.

Our major achievements this year include:

Our corporate approach

- Continued to develop and refine our CR&S strategy including:
  - setting up our CR&S Committee and associated working groups
  - defining CR&S performance objectives and action plans for the Group and across our operating sectors (office, industrial, retail and corporate)
- Our commitment has been well recognised during this period including maintaining our listing on the FTSE4Good Index and obtaining our first listing on the Australian SAM Sustainability Index
- Increased the transparency of our reporting by aligning our CR&S Report for 2007 to GRI (G3) Global Reporting standards
- Launched our new Vision and Values program

Our people

- Included CR&S measures into our performance management objectives
- Completed our second employee survey, achieving stronger and improved results
- Our ratio of women in executive management has increased from 14% to 40%

Our communities

- Completed new tenant surveys in our Australian office and industrial portfolios to better understand and improve the quality of our service delivery
- Set-up our Community Engagement Working Group
- Developed our community engagement strategy including defining our financial and people support to charities, in the areas of environmental improvement, community development and youth programs
- Provided more than $300,000 in financial and in-kind contributions to registered charities

Our properties and our environment

- Completed the Green Profiling and Green Projects phases of our Green Building & Resource Management System for our office portfolio
- Continued to integrate sustainability features into our development projects notably at 1 Bligh Street in Sydney, 123 Albert Street in Brisbane and in our new US development properties
- Responded to CDP6, our third year of reporting in the international carbon disclosure project

Looking forward

In these more uncertain economic times, it is critical to future-proof our properties to weather the challenges ahead. We are actively ensuring the portfolio maintains its high quality and continues to attract tenants, both in terms of building features and as a result of our reputation and commitment to operating with the highest levels of ethics, integrity and social responsibility.

We are also starting to see competitive pressures in this area, which are driving new levels of innovation and as quality supply increases, we anticipate sustainability features to be a key differentiating factor – particularly at the premium end of the market. A commitment to sustainability is a long-term strategy, and one we certainly believe at DEXUS sets us apart from our peers.

Similarly, we anticipate a flight to quality in management, where active portfolio management and prudent capital management are key and on both these fronts DEXUS is well positioned for the future.

We will be releasing our 2008 CR&S Report at the Annual General Meeting in Sydney on October 29, 2008 and look forward to reporting to you then.

For any queries or feedback on our CR&S activities, please email us at crs@dexus.com

Christopher T Beare
Chair

Victor P Hoog Antink
Chief Executive Officer

REPORT SCOPE

This report forms the CR&S section of the 2008 DEXUS Property Group Annual Report and is an extract from the 2008 DEXUS Corporate Responsibility & Sustainability (CR&S) Report, which will be released at the Annual General Meeting on 29 October 2008. It represents an annual review of the Group's CR&S practices and achievements for the 12 months ending 30 June 2008.

If you have any questions relating to this report, or our CR&S activities, please contact us at crs@dexus.com

For further information and copies of our reports visit www.dexus.com/sustainability

KEY ACHIEVEMENTS

- CONTINUED TO DEVELOP AND REFINE OUR CR&S STRATEGY INCLUDING:
  - SETTING UP THE CR&S COMMITTEE AND ASSOCIATED WORKING GROUPS
  - DEFINING CR&S PERFORMANCE OBJECTIVES AND ACTION PLANS FOR THE GROUP AND ACROSS OUR OPERATING SECTORS – OFFICE, INDUSTRIAL, RETAIL AND CORPORATE
- LAUNCHED OUR NEW VISION AND VALUES PROGRAM
- MAINTAINED LISTING ON FTSE4GOOD INDEX AND OBTAINED NEW LISTING ON AUSTRALIAN SAM SUSTAINABILITY INDEX
- INCREASED THE TRANSPARENCY OF OUR CR&S REPORTING

Above: Foyer at DEXUS House, 343 George Street, Sydney

About DEXUS

DEXUS is one of Australia's largest diversified property groups and a leading owner, manager and developer of world-class office, industrial and retail properties.

The Group owns and/or manages more than 260 office, industrial and retail properties in Australia, New Zealand, the United States and Europe, valued at $15.3 billion.

Our team has a wealth of experience in asset, property, development and funds management and we provide property services to more than 5,000 tenants around the world, primarily major corporate and government organisations. We offer our investors access to a world-class property portfolio managed by our expert team.

DEXUS STAKEHOLDER GROUPS

Our vision

At DEXUS our vision is to be a leading, diversified property owner, manager and developer in Australia and selected international markets. We pride ourselves on providing world-class property solutions and delivering service excellence to our tenants. We seek to deliver long-term returns for our investors and optimum outcomes for our employees and the wider community.

A key part of this vision is our commitment to be a market leader in corporate responsibility and sustainability, both in the property sector and in the communities in which we operate.

This vision is supported by our ability to understand risks, identify opportunities and develop best practice management programs, which exceed the environmental, social and economic requirements of the properties we own and manage, and deliver the highest levels of corporate governance, ethics and integrity in the services we provide.

Our values

At DEXUS our corporate values underpin the way we do business. Ultimately, our values provide us with a common focus and define our culture.

Our corporate values were originally derived when the Group was part of Deutsche Bank. In February 2008, when we acquired the remaining 50% interest in DB RREEF Holdings and rebranded to DEXUS we took the opportunity to review our values, to ensure they fully represented our culture and ethos. Our new values are Respect, Excellence, Service, Integrity, Teamwork and Empowerment.

Embedding CR&S into our business

We are committed to ensuring that CR&S is a constant and visible consideration in all aspects of our business by embedding it into our culture and influencing our stakeholders. We seek to achieve sustainable outcomes through ongoing stakeholder engagement, which in the last year included:

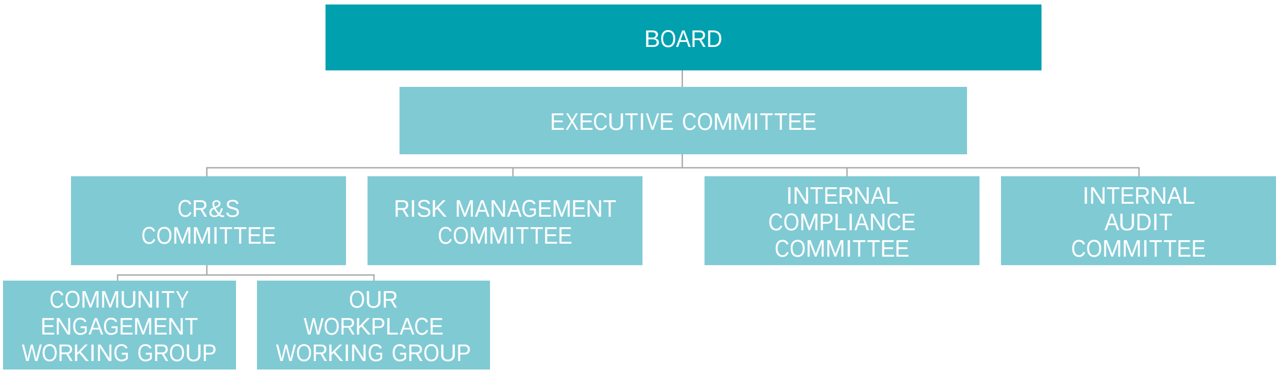
- Our people
  We continued to reinforce CR&S as an integral part of our business, for example, CR&S measures are now included in our people's performance management objectives and we established a number of new management/employee groups to expand our focus and activity in this area
- Our community
  We created a new Community Engagement Working Group to achieve greater community engagement, aligned to our business model and values
- Our tenants
  We provided our tenants with greener options in our properties and developments and engaged our tenants through our relaunched tenant surveys – the first under our new brand
- Our investors
  We improved the standards and transparency of our reporting, including the alignment of our 2007 CR&S Report to the GRI G3 framework. We also achieved external rating recognition through FTSE4Good, Australian SAM Sustainability Index and both Citigroup and Goldman Sachs JBWere rated our response to climate change favourably

L to R: DEXUS Full Year Results presentation; members of the DEXUS Finance team

CR&S management structure

In December 2007, we established our cross-divisional CR&S Steering Committee to oversee the development and implementation of strategy, procedures and systems to progress our sustainability programs and enable us to respond to emerging CR&S issues. This committee reports to our Executive Committee and comprises senior management including the Chief Operating Officer and the Sector Head of each of our business units.

Our CR&S management structure was further strengthened in 2008 with the formation of two working groups reporting into the CR&S Committee; Our Workplace and Our Community Engagement Working Groups.



CR&S COMMITTEE MEMBERS

- Chief Operating Officer (Chair)
- Head of Office
- Head of Industrial
- Head of Retail
- Fund Manager, Third Party Funds
- Head of Building Services
- Head of Marketing & Communications
- Sustainability Manager

IN DECEMBER 2007, WE ESTABLISHED OUR CROSS-DIVISIONAL CR&S STEERING COMMITTEE TO OVERSEE THE DEVELOPMENT OF OUR SUSTAINABILITY PROGRAMS

Our Community Engagement Working Group

The objective of this group is to develop our strategic approach to investing in and supporting our communities. The group is responsible for the integration of community involvement into our business model, making it core to our business culture. Our strategic approach includes:

- Active involvement and investment in the communities in which we operate
- A coordinated approach to community engagement ensuring mutual benefit
- Employee involvement and ownership of community programs

Members of this group include cross divisional representation from Human Resources, Facilities Management, Asset Management, Finance, Business Operations, Building Services and Marketing & Communications.

Our Workplace Working Group

In recognising the importance of reducing our environmental footprint of our own operations, we have established a Workplace Working Group. This group is responsible for the integration of sustainability and resource management principles into our corporate offices around Australia.

Our strategic approach includes:

- Improving our direct resource consumption (energy, water, waste, paper)
- Identifying areas to improve our environmental performance guided by external benchmarks including NABERS Energy & Green Star
- Integrating sustainability best practice into our workplace
- Engaging and educating our people in sustainable practices and promoting our achievements

Members of this group include cross divisional representation from Sustainability, Facilities Management, Property Management, Business Operations and Marketing & Communications.

FUTURE PLANS

IN 08/09, OUR FOCUS WILL INCLUDE:

› STRIVING TO ACHIEVE A HIGHER GRI REPORTING APPLICATION LEVEL FOR OUR 2008 CR&S REPORT

› CONTINUE OUR PRO-ACTIVE PARTICIPATION IN SUSTAINABILITY RATINGS AND INDICES INCLUDING

– CDP

– FTSE4GOOD INDEX AND THE AUSTRALIAN SAM SUSTAINABILITY INDEX

– OBTAIN LISTINGS ON DOW JONES SUSTAINABILITY INDEX

CR&S – OUR PEOPLE

KEY ACHIEVEMENTS

- LAUNCHED OUR NEW DEXUS VALUES AWARD PROGRAM
- INCLUDED CR&S OBJECTIVES AS KEY PERFORMANCE INDICATORS FOR OUR PEOPLE
- EXTENDED OUR LONG-TERM INCENTIVE PLAN TO ALL OUR PEOPLE
- STRONGER RESULTS ACHIEVED IN OUR SECOND EMPLOYEE OPINION SURVEY
- OUR RATIO OF WOMEN IN EXECUTIVE MANAGEMENT HAS INCREASED FROM 14% TO 40%

Above: Executive Committee at DEXUS House, 343 George Street, Sydney

Our people

At DEXUS, our people are our most important asset. The day to day success of our business is due to the dedication and expertise of our people. Whether it is sourcing, developing, leasing or managing our property portfolio, or working with our tenants, suppliers and corporate partners, our people are at the forefront of everything we do.

Working at DEXUS

Creating a harmonious and engaging workplace is integral to ensuring we attract and retain people of the highest calibre who are passionate about their work. We are committed to providing an enjoyable and balanced working environment that supports diversity, equal opportunity, team work, excellence and integrity in all we do, while growing our capabilities individually and as an organisation.

The importance we place on corporate responsibility and sustainability is reflected in our induction sessions and reinforced regularly at our business update sessions and through our performance management framework.

Our state of the art head office overlooking Sydney's Martin Place has been designed to nurture our culture by reinforcing our commitment to open communication as well as sustainable workspaces that enhance our people's well-being. We refurbished the interior of our heritage building to offer large, open floor spaces with floor-to-floor connectivity via an internal staircase spanning three levels, maximised access to natural light, introduced 100% fresh air supply through our chilled beam system and café/breakout spaces.

The results from our employee opinion surveys show that our people highly value our head office workspace for which we continued to receive external recognition, achieving a finalist position in the AFR *Boss* magazines's Work Space awards in March 2008.

WE ARE COMMITTED TO PROVIDING AN ENJOYABLE AND BALANCED WORKING ENVIRONMENT THAT SUPPORTS DIVERSITY, EQUAL OPPORTUNITY, TEAM WORK, EXCELLENCE AND INTEGRITY

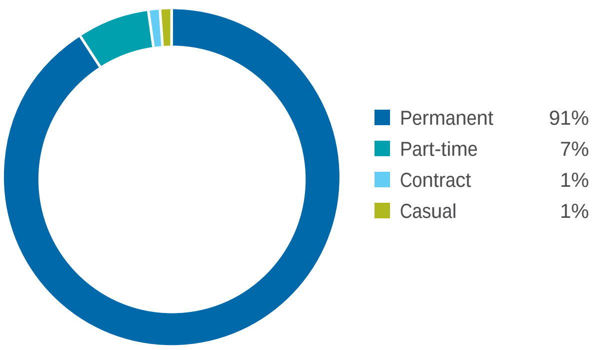
An open and engaging workplace

We believe that engaging our people in the business and in key initiatives such as corporate responsibility and sustainability is critical both to our success and to maintaining the highest levels of employee satisfaction and retention.

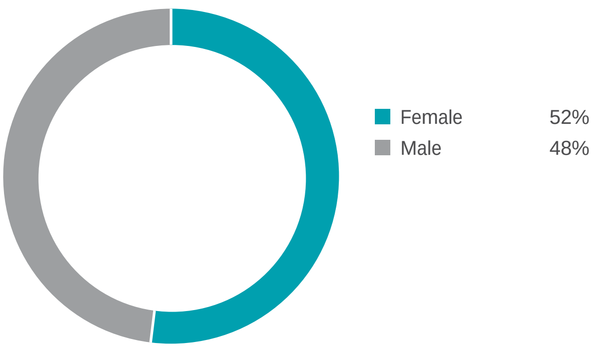
We continued to progress our internal communications through our monthly business updates, quarterly newsletters and active intranet. Our management culture encourages open communication and the exchange of ideas through a flat management structure, open door policy and open plan offices.

Over the past two years we have measured our people's engagement through an annual employee opinion survey. The results give us an insight into our people's work satisfaction and areas where we can improve our practices. The survey covers topics such as my role, my manager, leadership, training and communication. Employees may complete the survey anonymously and responses are collated by an independent party. See Case Study 1 on pages 44 to 45.

WORKFORCE BY EMPLOYMENT ARRANGEMENT



TOTAL WORKFORCE BY GENDER



CR&S – OUR PEOPLE (CONTINUED)

Members of the DEXUS team at 321 Kent Street, Sydney

Flexibility and work-life balance

The health and wellbeing of our people is integral to our overall success. We are committed to the continual development of our flexible work policies and seek to work with our people, as individuals, to provide suitable flexible work opportunities.

In response to our people's desire for greater work-life balance, in May 2008 we removed the cap of 10 days from our purchase leave policy. Our people can now purchase an uncapped amount of additional annual leave each year, providing more flexibility and enabling them to enjoy a greater work-life balance.

Training, learning and professional development

We support our people in their roles and encourage professional development to ensure our people have the most up-to-date industry knowledge and skills. All DEXUS employees are encouraged to undertake internal and external training each year, supported by a corporate training budget, and to take ownership of their professional development through the completion of annual personal development plans.

In addition, we have developed a tailored DEXUS Leadership and Management training program to address the training requirements of managers. Currently our people complete on average 28 hours training each year, the results of which are reported monthly to, and monitored by, the Executive Committee.

Our Study Assistance Policy provides an annual allowance for our people to undertake formal academic qualifications such as undergraduate and postgraduate university study and specialist programs provided by recognised educational institutions and industry associations. We have recently increased the flexibility of this policy to provide assistance for professional study in subjects not directly related to an employee's current role but aimed at the development of broader skills and knowledge and to facilitate future internal transfers and promotions.

We encourage our people to be members of at least one professional association relevant to their role. We also run training and information awareness events to improve employee understanding of key issues and business functions. In the area of sustainability and risk management, for example, we run annual Sustainability and Risk Management seminars for all our Australian and New Zealand property management teams.

Talent management and leadership planning

We undertake six-monthly reviews of the performance and potential of our people to ensure a continuous review of talent, promotion potential and succession plans for all roles.

During the year we also undertook an independent analysis of our leadership team's composition, structure, performance and potential. Incorporated into this analysis was a new process to support succession planning and talent management strategies for the leadership team. This process has resulted in improved governance around strategic succession planning, human capital risk management, talent management and leadership.

CASE STUDY 1

OUR SECOND EMPLOYEE OPINION SURVEY

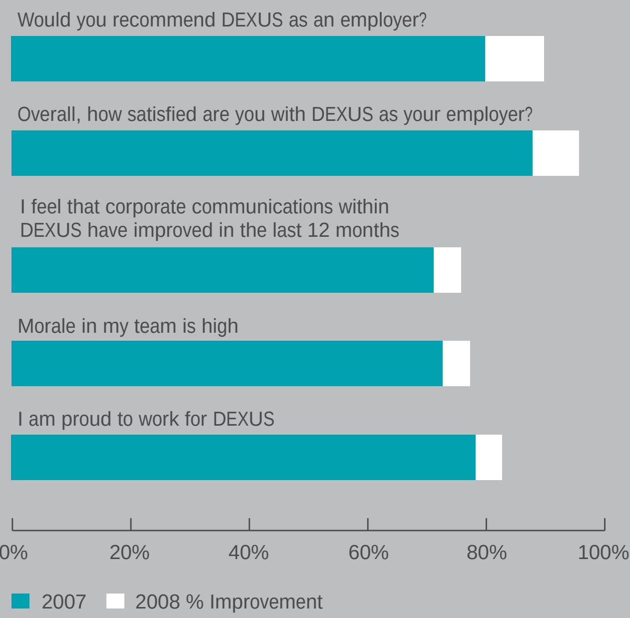
In January 2008, we conducted our second employee opinion survey to measure engagement and receive feedback from our employees. Results were pleasing, our response rate was again excellent at 70% (70% in 2007) and year on year increases were achieved for almost all questions. Stand out results included:

- 91% are satisfied with DEXUS as an employer compared with 79% last year
- 93% would recommend DEXUS as an employer compared with 80% last year

The topics and questions from last year's survey were repeated this year to allow us to measure year on year progress. The top five improvements are shown in the adjacent table.

This year's results will again be used to shape our policies and practices to further improve employee satisfaction and engagement in 08/09.

TOP FIVE IMPROVEMENTS



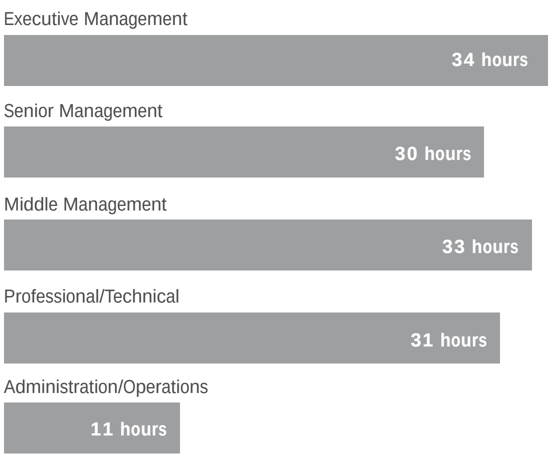
Reward and performance

We continually review our remuneration framework to ensure we attract, motivate and retain highly talented people to deliver service excellence to our tenants and superior long-term returns for our investors.

Performance is assessed at six monthly intervals to ensure our people receive performance feedback against agreed objectives and to discuss training needs and career progression. Since November 2007 CR&S objectives have been included as a key performance indicator for all employees.

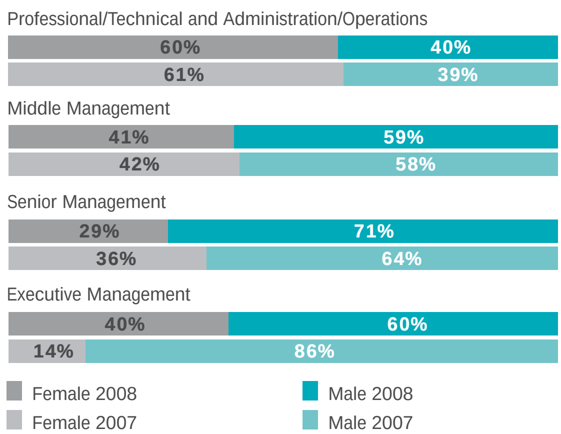
Our remuneration policy considers performance at an individual level as well as overall business results. Annual salary reviews are conducted to ensure our remuneration levels remain equitable and competitive with current market rates. All employees, who meet their performance management objectives are eligible to receive a cash bonus. We also offer a long-term incentive scheme to allow our people to share in our future growth and align the interests of our people with our investors.

AVERAGE TRAINING HOURS PER EMPLOYEE PER CATEGORY



Average training hours overall per employee: 28

EMPLOYMENT CATEGORY BY GENDER



CR&S – OUR PEOPLE (CONTINUED)

In June 2007 we launched our Service Awards to reward 5, 10 and 20 years service. As at 30 June 2008, we had presented 56 awards in total, demonstrating employee satisfaction and longevity of service.

In June 2008, we also introduced a new Values Award program to formally reward our people for living the DEXUS values and to showcase and celebrate our successes across the organisation.

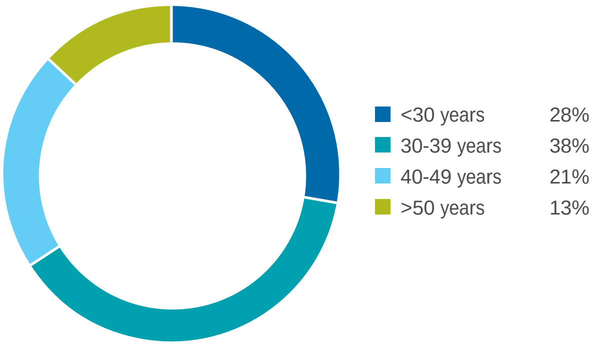
Diversity and equal opportunity

We value an inclusive and diverse working environment and our aim is to attract and retain people who are of the highest calibre and have the skills required to carry out their role – regardless of age, disability, ethnicity, gender or religion. We are committed to providing a workplace where our people have an equal opportunity to succeed, without any form of discrimination or harassment.

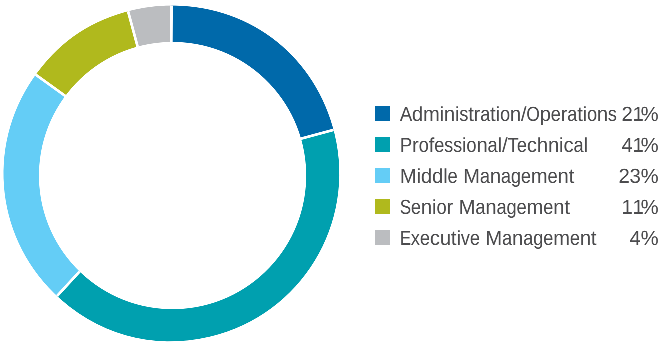
We host a Compliance Induction session for all new employees which covers appropriate workplace behaviour. We have also implemented a formal training program for all our people who have recruitment and selection responsibilities to ensure selection decisions are free from bias and comply with EEO principles.

As at 30 June 2008, our overall team composition by gender was very similar to the prior year with 52% female and 48% male (53.5% and 46.5% as at 30 June 07). Importantly, we have increased the ratio of women in executive management from 14% to 40%. 91% of our people worked full-time, while 9% were part-time or casual – an identical ratio to 2007.

WORKFORCE BY AGE



WORKFORCE BY EMPLOYMENT CATEGORY



FUTURE PLANS – OUR PEOPLE

IN 08/09, OUR FOCUS WILL INCLUDE:

- FOSTERING A LEARNING CULTURE BY PROMOTING THE SHARING OF KNOWLEDGE ACROSS OUR SECTORS AND TEAMS, AND ENCOURAGING COLLABORATION THROUGHOUT OUR BUSINESS
- REVIEWING OUR TALENT STREAM AND IDENTIFYING CROSS DIVISIONAL OPPORTUNITIES FOR OUR PEOPLE TO GROW AND DEVELOP
- ENCOURAGING CROSS DIVISIONAL COLLABORATION THROUGH ENGAGEMENT OF THE SENIOR MANAGEMENT GROUP IN CORPORATE BUSINESS PLANNING PROCESSES AND CULTURE CHANGE ACTIVITIES

KEY ACHIEVEMENTS

- ESTABLISHED OUR COMMUNITY ENGAGEMENT WORKING GROUP
- DEVELOPMENT OF OUR COMMUNITY ENGAGEMENT STRATEGY
- COMMENCED TENANT SURVEYS ACROSS OUR OFFICE AND INDUSTRIAL PORTFOLIOS
- CONTRIBUTED $300,000 TO CHARITABLE AND NOT FOR PROFIT GROUPS IN AUSTRALIA AND NEW ZEALAND

Above: 30 The Bond, Hickson Road, Sydney

Helen Squires, a customer of Smithfield Shopping Centre, participating in the World's Greatest Shave charity fundraising event

Our community

At DEXUS, we recognise that community participation is an integral part of our business and as one of the largest property groups in Australia, we believe it is our responsibility to ensure we have a positive impact on our communities.

We are committed to making community engagement a central part of our business and to increasing our participation and investment in the communities where we do business.

Our strategy for effective community involvement includes:

- A coordinated approach to community engagement including access to DEXUS resources, skills and expertise as well as financial and in kind support
- Employee participation in community programs through dollar-for-dollar matching and fund raising programs, volunteering, sponsorship programs, education and mentoring opportunities

DEXUS community sponsorship

In addition to financial donations and sponsorships, we provide space in our properties for charities, not-for-profit organisations and community groups to build their profile and raise funds. We also contribute our time to education and mentoring activities.

Led by our new Community Engagement Working Group, the community and charitable groups we support are determined by our people who work with, live in and understand the needs of our local communities.

Aligning activity with strategy

In addition to increasing our overall community engagement activity, our primary objective over the past 12 months, was to improve the alignment of our activities with our CR&S and corporate strategy. To achieve this objective we established a new Community Engagement Working Group, with member representatives from across our business.

This group has been set-up to drive and coordinate our group-wide community activity, to develop policy and guidelines, communicate our achievements and encourage increased community participation and active employee involvement. This group is also responsible for the integration of community engagement into our business model, making it core to our business culture.

Following a review of our community engagement strategy it was decided that going forward DEXUS will support programs aligned to our business and brand values and activity will be focused in the following areas:

- property industry programs
- environment and sustainability
- homelessness
- children and youth

Further information can be found in our annual CR&S Report, to be released in October 2008.

CASE STUDY 2

DEXUS SUPPORTING THE WORLD'S GREATEST SHAVE

Every year the Leukaemia Foundation provides support and care for patients and families living with leukaemia and related blood disorders, as well as funding vital research into treatments and cures. One of the most successful fundraising events the Foundation runs each year is the World's Greatest Shave – where people pledge to shave or colour their hair anytime during March and gain sponsorship for doing so. DEXUS and our employees donate to this charitable event and we also encourage our retail tenants and our customers to get involved and donate as well.

In March 2008, four of our retail centres were active in supporting the World's Greatest Shave; these were Willows Shopping Town and Smithfield Shopping Centre, North Queensland, Northgate Shopping Centre in Tasmania, and Plumpton Marketplace in New South Wales.

Combined the centres raised several thousands of dollars for the Leukaemia Foundation this year, in addition to the monies raised by DEXUS customers and tenants. For example, Helen Squires, pictured left, a regular customer of the Smithfield Centre, raised over $4,000 alone. Ms Squires had been growing her hair for 34 years and said her friend who lost her hair through chemotherapy treatment was her inspiration for getting involved.

This is just one example of the important role our retail centres play in the local community and is integral to our commitment to lead by example through not only raising monies but also helping to raise the profile of these charitable groups and their activities.

DEXUS People's Choice charity

As part of our commitment to engaging our employees in this area, we selected a new "People's Choice" charity of the year. Our people submitted nominations and The Royal Flying Doctor's Service was the most popular. Over the next year, we will be supporting them through our dollar for dollar matching program and through donating on behalf of our tenants when they complete tenant surveys.

Measuring our community engagement activity

For the first time we have undertaken a detailed assessment of both our financial and in-kind donations to not for profit/ charitable groups and this totalled more than $300,000 in the year to 30 June 2008. In doing so, we have developed a new community engagement reporting system for the business to improve our data collation and enabling us to report on our achievements.

Industry engagement

In addition to supporting charitable and fundraising programs in the property industry, for example through our involvement with the Property Industry Foundation, we also actively engage in industry education and mentoring programs. For example in the past year we continued both our professional exchange program with one of our partner property agencies and the Finance Graduate Trainee program with UTS. In 2008 we joined the AGSM "Lucy" mentoring program, an innovative leadership program to promote opportunities for women in business.

FUTURE PLANS – OUR COMMUNITY

IN 08/09 OUR COMMUNITY FOCUS WILL INCLUDE:

- EXCEEDING OUR 07/08 CHARITABLE CONTRIBUTIONS
- DEVELOPING A NEW EMPLOYEE VOLUNTEERING PROGRAM
- DEVELOPING A NEW COMMUNITY CHARTER FOR OUR RETAIL CENTRES
- ROLLING OUT OUR COMMUNITY ENGAGEMENT REPORTING SYSTEM ACROSS OUR BUSINESS

KEY ACHIEVEMENTS

- COMPLETED THE GREEN PROFILING AND GREEN PROJECTS PHASES OF OUR GREEN BUILDING AND RESOURCE MANAGEMENT SYSTEM (GBRMS) FOR OUR OFFICE PORTFOLIO
- CONTINUED TO INTEGRATE SUSTAINABILITY FEATURES INTO OUR DEVELOPMENT PROJECTS NOTABLY AT 1 BLIGH IN SYDNEY, 123 ALBERT STREET IN BRISBANE AND US DEVELOPMENTS
- RESPONDED TO CDP6, OUR THIRD YEAR OF REPORTING IN THE INTERNATIONAL CARBON DISCLOSURE PROJECT
- ACHIEVED RECOGNITION IN THE GOLDMAN SACHS JBWERE CLIMATE CHANGE DISCLOSURE LEADERSHIP INDEX
- IMPROVED THE CAPTURE AND COVERAGE OF OUR ENVIRONMENTAL PERFORMANCE DATA
- OFFSET EMISSIONS FROM OUR BUSINESS AIR TRAVEL AND MAJOR CORPORATE EVENTS
- ROLLED OUT WATERLESS URINALS PROJECT TO SELECTED OFFICE PROPERTIES
- ROLLED OUT RAINWATER HARVESTING PROJECT AND PROJECT LANDSCAPING GUIDELINES TO SELECTED INDUSTRIAL ESTATES

Above: Artist’s impression, 1 Bligh Street, Sydney

Our properties

DEXUS manages and operates over 260 properties across the office, retail and industrial sectors. Our operations encompass both the management and refurbishment of existing properties and the development of new properties.

In our experience investing in sustainability not only reduces our environmental footprint, but adds value to our properties and the services we offer and, in turn, attracts potential tenants and employees. It also results in direct commercial advantages from improved resource efficiency and lower operating costs, bringing financial savings for our tenants. Positive social benefits can also be delivered through greater tenant and employee satisfaction and positive corporate citizenship.

We believe the greatest challenge facing our industry is future-proofing; ensuring our existing properties meet the future demands of tenants, the challenges of a low carbon economy, climate change and appropriate resource management.

We are investing the necessary resources to determine how this can best be achieved and have prioritised the future-proofing of our existing office properties; as it is here that the greatest opportunity exists for improving resource efficiency and reducing carbon emissions.

Office sector

We are well ahead in future-proofing our existing office portfolio with further progress in the roll-out of our Green Building and Resource Management System (GBRMS).

Our GBRMS defines our approach to managing our environmental footprint and to future-proofing our properties.

Our GBRMS has three phases:

Phase 1. Green Profiling: Each property's resource consumption is measured and its environmental performance is established under Green Star/Office Existing and ABGR/NABERS – Energy.

Phase 2. Green Project Opportunities: A review of suitable green project opportunities to improve the environmental performance of our properties is undertaken. A property-specific Green List of projects is then developed.

Phase 3. Improvement Roadmaps: Improvement action plans or roadmaps are then developed. Structured in a logical order, the roadmap is considered against the overall strategic asset plan of each property and progressively implemented.

Over the past year we have completed Phases 1 and 2 for our office properties, and are progressively rolling out Phase 3 with improvement roadmaps completed for over a quarter of the properties with the balance to be completed in 08/09. Post-implementation, our property and asset managers will continue to monitor, manage and improve each property's green credentials and environmental performance.

A number of our property specific and portfolio wide initiatives, including building management system tuning, improved identification of resource consumption profiles and refurbishing or replacing end of life plant and equipment, are expected to deliver significantly reduced energy consumption over the next year. Case Study 4 demonstrates the reduction in resource consumption that can be achieved through efficient management and implementation of green projects.

Our progress with the roll-out of our GBRMS has been reaffirmed by a comparison to the Property Council of Australia's recently released "Existing Buildings/Survival Strategies", which represents a "how to" manual for future-proofing existing office properties. See Case Study 3.

In the coming year, we plan to roll out a version of the GBRMS to our industrial and retail sectors and will update our progress in future reporting periods.

Industrial sector

Although our industrial sector properties require far less resources to operate, compared to our office buildings, we are committed to ensuring they operate at a high level of resource efficiency. We are establishing consumption profiles for our industrial sector properties and are implementing a number of initiatives including minimising water usage.

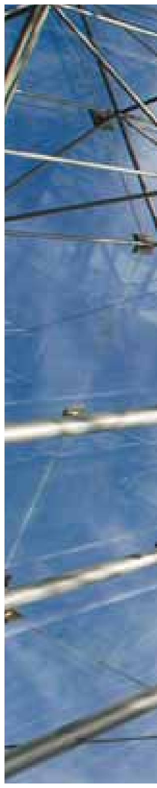
We have also developed water treatment and conservation policies for the landscaping of our industrial properties including:

- Reduction of lawn areas where possible
- Use of drought tolerant grass species and selection of plants which have low water requirements
- Irrigation restricted to plant establishment period only

Retail sector

All DEXUS managed retail sites are taking part in a pilot project to develop a NABERS Energy and Water rating tool for the retail sector. This is an exciting initiative that will, for the first time, provide industry benchmarks on energy and water consumption, and we will be building on the experience gained from the office sector.

Implemented this year, retail developments are now measured against our Green Projects/Ecologically Sustainable Development checklist. This checklist covers applicable environmental, social, economic and governance considerations and is cross referenced to the Green Star Shopping Centre Design Pilot rating tool, enabling our team to benchmark our developments against industry best practice.



CASE STUDY 3

FUTURE-PROOFING OUR EXISTING BUILDINGS

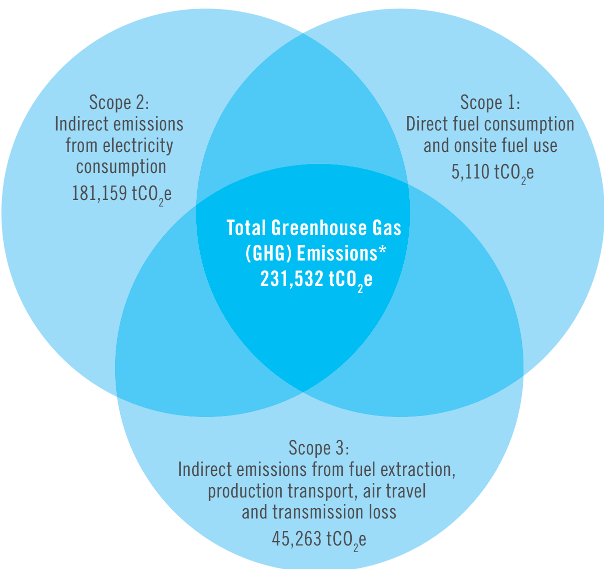
Our substantial progress in future-proofing our existing office buildings can be demonstrated by comparing our GBRMS established in 2006 against the recently released *Existing Buildings/Survival Strategies* paper from the Property Council of Australia (PCA). DEXUS is currently at the equivalent of Step 6 on the PCA's plan.

DEXUS GBRMS – OFFICE SECTOR	THE PCA SIX STEP PLAN FOR IMPROVING THE SUSTAINABILITY OF EXISTING BUILDINGS
Phase 1: Green profiling: determine where we are now	Step 1: Determine your baseline
Phase 1: Green profiling: assess ratings (Green Star, NABERS, energy and water), engage stakeholders and identify portfolio targets	Step 2: Establish your targets and goals
Phase 2: Contracts and specifications upgrade, bulk purchase of energy, install smart metering and purchase green power	Step 3: Review maintenance, housekeeping and energy purchase strategy
Phase 2: Identify all Green project opportunities including implementing our Minimum Green List	Step 4: Crunch time: Refurbish or demolish
Phase 3: Produce property specific improvement roadmaps	Step 5: Select your optimal upgrade initiatives
Phase 3: Implement the roadmap	Step 6: Get started

Our environment

At DEXUS, we are committed to reducing or eliminating our environmental impact across the key areas of energy, water, greenhouse gas (GHG) emissions and waste management. We aim to identify and control the environmental impacts of our properties and associated operational activities.

ANNUAL GREEN HOUSE GAS EMISSIONS



*GHG emissions arising from the global portfolio represent properties located within the United States, Australia, Germany and New Zealand.

Throughout this report, tCO_2e represents tonnes of carbon dioxide equivalent.

OUR CARBON FOOTPRINT

ELECTRICITY	
Total Electricity Purchased	203,201MWh
Total Electricity Purchased from Renewable Sources	15,400MWh

GAS	
Total Onsite Consumption	96,998,200MJ

Since our last CR&S Report we have continued to refine our systems and processes for estimating our entire portfolio's GHG emissions. This year our German properties have been included in this report for the first time.

In addition an automated data entry system was used to minimise data inaccuracies from our Australian and international properties. We are continually seeking to improve the accuracy and comprehensiveness of our data collection and reporting procedures. Additional sources of emissions continue to be identified and factored into our overall emission inventory.

This year's data is within our expected range given movements in the number and type of properties within our portfolio during the year.

The Zenith, Chatswood

The adjacent table shows our carbon footprint for the 2007 calendar year. This has been calculated following methodologies within the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

We continue to report our performance via requirements under the Carbon Disclosure Project (CDP) and publish our reports on our website.

Climate change and managing our carbon footprint

At DEXUS, we recognise that climate change presents the property sector with a number of challenges and opportunities. Key challenges are generally associated with risks to market competitiveness, increased regulatory requirements, short to long-term changes in climate, and rising energy, fuel and water costs. We believe that these challenges, where they are managed well, can present opportunities in the form of improved resource efficiency and community engagement.

Accordingly we address the challenge of climate change within our risk management framework and sustainability programs. The progressive implementation of our GBRMS, for example, is establishing a structured platform and management system from which to continue to proactively manage future resource shortages and reduce our resource consumption.

We believe that stakeholder education is critical to the success of managing our carbon footprint and we provide information and training to our property management teams and tenants to enable skills and knowledge to be enhanced.

We have identified a number of key areas through which we can reduce the impact of climate change and the overall environmental footprint of our business operations and property portfolio.

These are:

1. Energy management

Emissions reduction is driven primarily through the control of energy use and is an integral part of our property management strategy. Key programs are targeted at ensuring wastage is limited and the building is operating as efficiently as possible. Monthly consumption profiles and optimised Building Management Systems (BMS) are two key points of reference for the on–site team to ensure performance is tracking to targets and improving over time.

We have sought to improve our real time monitoring of our energy consumption by using a smart metering system at the base building meter in our properties. We are currently finalising a new consolidated database to capture historical consumption information through an innovative on-line system. This will enable consumption data to be captured directly from the smart metering program and, where smart metering is not in place, to monitor and report resource consumption across our entire portfolio including our international assets more effectively. This program will replace our previous manual reporting system.

CASE STUDY 4: RESOURCE EFFICIENCY

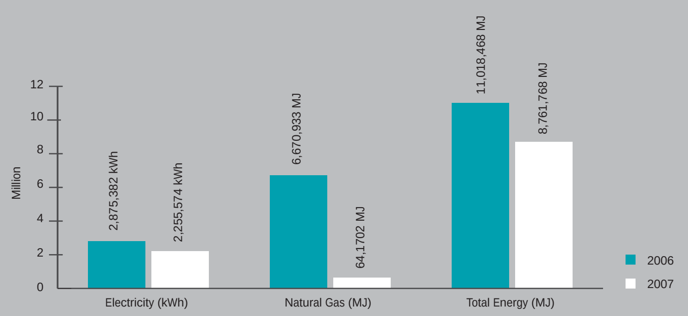
130 GEORGE STREET, PARRAMATTA, NSW

130 George Street is a 13 storey office tower located in Parramatta CBD. We have taken steps to future-proof this property by introducing a number of resource efficient initiatives such as lighting movement sensors and T5 fluorescent lighting on refurbished floors, dual flush toilets and low flush urinals. The energy initiatives have resulted in a 20% reduction in overall energy consumption in 2007 as the graph below illustrates.

The greenhouse gas emissions created by the site have been reduced from 2,593 to 2,040 tCO_2e resulting in a reduction of 553 tonnes of greenhouse gas emissions, equivalent to taking over 120 cars off the road.

Additional initiatives have been identified through the Improvement Roadmap and include reducing the overnight energy load, improving boiler operations, reducing chilled water operations during winter, reconfiguring car park ventilation systems to run on demand and upgrading common area lighting.

At DEXUS we take a holistic approach to CR&S and as well as environmental improvements such as upgrading existing waste management to increase recycling rates, we also look at measures to improve tenant services such as the incorporation of bicycle and shower facilities.



2. Building controls

A significant factor affecting the energy efficiency of buildings is the standard to which building controls/management systems operate. These BMS's drive the heating and cooling requirements and determine the output of major plant and equipment. In April 2008 we engaged a specialist controls consultancy to undertake a strategic review and 'tune-up' of the BMS's in our office sector properties which will continue into 08/09. This program is already delivering significant energy improvements as the identified system corrections are implemented.

3. Low emissions energy solutions

Delivering emissions solutions for the future also requires the incorporation of low emissions energy solutions. The use of co-generation and tri-generation systems offer a unique opportunity to deliver buildings that have far smaller carbon footprints than their predecessors. We are completing a feasibility study of how these systems can be incorporated into our existing buildings.

4. Water

Water use in buildings is mainly in three key areas; amenities, cooling towers and leakage. Operating our buildings in accordance with best practice guidelines ensures water-efficient fixtures and fittings are implemented, comprehensive cooling tower maintenance programs are in place and an effective leak detection and rectification plan operates.

Throughout our office sector properties and as part of all refurbishments, water saving measures are incorporated including dual flush toilets, low or no water urinals, flow restrictors, water saving taps and rated showerheads.

The measurement and monitoring of water consumption assists in the identification of leaks and consumption anomalies through the use of real time smart metering at the incoming mains supply.

In addition, to implementing initiatives to minimise the use of water, we look for opportunities, to include the harvesting of rainwater for reuse and the treatment of rainwater run-off in our property designs.

5. Waste

Managing and benchmarking waste management in an office building is a key challenge in the property sector due to the diversity of waste management programs provided by cleaning contractors. As a consequence, waste recycling programs that incorporate good levels of waste diversion from landfill tend to be very management intensive.

Our objective is to improve our waste recycling and management programs, review and enhance existing systems to ensure comprehensive recycling programs and measurement capability are incorporated within every property's waste management program. As part of this project a best practice guideline is being developed which will be utilised for all office properties in Australia.

6. Business travel

Each year, members of the DEXUS team travel by air to service our national and international portfolio.

In 2007, our people travelled a total of 3,435,975 kilometres. We have purchased offsets for this business travel and other business event emissions, such as our Annual Sustainability & Risk Management Roadshows.

EMISSIONS ARISING FROM BUSINESS TRAVEL (tCO_2E) IN 2007

AIR TRAVEL (tCO_2E) (INCLUDED IN TOTAL SCOPE 3 EMISSIONS)			
FLIGHT TYPE	**DEFINITION**	**TOTAL KM'S**	**SCOPE 3 EMISSIONS**
Short Haul	Less than 500 km	41,885	6.28
Medium Haul	Less that 1,600 km	928,015	110.81
Long Haul	More than 1,600 km	2,466,075	271.27
Total		3,435,975	388.40

Notes: Based on GHG Protocol (2007) and a workforce of approxiamately 270 employees.
Source: GHG Protocol, Greenhouse Gas Protocol (2007).
Calculation Tools: CO_2 Emissions from Business Travel – www.ghgprotocol.org

FUTURE PLANS – OUR PROPERTIES AND OUR ENVIRONMENT

IN 08/09 OUR FOCUS WILL INCLUDE:

› MINIMISING GREENHOUSE GAS EMISSIONS

› OFFSETTING EMISSIONS FROM OUR BUSINESS TRAVEL AND MAJOR CORPORATE EVENTS

› RESPONDING TO CARBON DISCLOSURE PROJECT CDP7

› DEVELOPING A CR&S AND SERVICE EXCELLENCE CHARTER FOR INTEGRATION INTO OUR SUPPLY CHAIN AGREEMENTS

› IMPROVING SUSTAINABILITY DATA CAPTURE AND REPORTING TO REFINE BASELINE DATA AND TARGETS

› CONTINUING TO BENCHMARK OUR ENVIRONMENTAL PERFORMANCE THROUGH THE USE OF INDUSTRY RATING TOOLS

› ROLL OUT OF GBRMS:

OFFICE:
– COMPLETING PHASE 3 IMPROVEMENT ROADMAPS FOR REMAINING OFFICE PROPERTIES

RETAIL AND INDUSTRIAL:
– COMPLETING PHASE 1: GREEN PROFILING AND PHASE 2: GREEN OPPORTUNITIES FOR RETAIL AND SELECTED INDUSTRIAL PROPERTIES

› INTEGRATING SUSTAINABILITY INITIATIVES INTO DEVELOPMENT PROJECTS:

› ENGAGING TENANTS ON SUSTAINABILITY INCLUDING:
– ROLL OUT OF TENANT SUSTAINABILITY GUIDELINES & GREEN LEASE SCHEDULE

– ENABLING TENANTS TO ACCESS OUR SUPPLY CHAIN TO SOURCE GREEN PRODUCTS

CORPORATE GOVERNANCE STATEMENT

44 Market Street, Sydney

DEXUS FUNDS MANAGEMENT LIMITED (DXFM) IS THE RESPONSIBLE ENTITY OF EACH OF THE FOUR TRUSTS THAT COMPRISE DEXUS PROPERTY GROUP (DEXUS). DXFM IS ALSO RESPONSIBLE FOR THE MANAGEMENT OF A NUMBER OF THIRD PARTY FUNDS AND MANDATES.

The Board has determined that the following corporate governance framework will apply to all the DXFM funds and mandates for which it is responsible.

The corporate governance framework is designed to support the strategic objectives for the Group by defining accountability and creating control systems appropriate 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) and addresses additional aspects of governance that the Board considers appropriate.

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

The Board

Roles and responsibilities

As DEXUS comprises four unit trusts, its corporate governance practices satisfy the requirements relevant to unit trusts. However, as the Group conducts itself as if it were a public company, 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 disclosures, 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 facilitate Board and management accountability and ensure a balance of authority.

The Board is responsible for establishing objectives and ensuring strategies for their achievement are in place and monitored. Goals are reviewed periodically to ensure that they remain consistent with the Group's priorities and the changing nature of its business. These goals become the performance targets for the CEO and Executive Committee. Performance against these goals is reviewed annually by the Board Nomination and Remuneration Committee and is taken into account in the remuneration review of Executive 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 to its own security holders, third party clients and investors are met.

The Board is directly responsible for appointing and removing the Chief Executive Officer (CEO), ratifying the appointment of the Chief Financial Officer (CFO) and Company Secretary, and monitoring the performance of the Executive 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 also meet without Executive Directors.

Each year the Directors also meet with the Executive and Senior Management to specifically consider strategy.

In addition to meeting these requirements, DXFM is committed to maintaining, through both the Executive Committee and the Board itself, 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 their 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.

The Board comprises seven members, five of whom are independent, one of whom is a Non-Executive Director and the Global Head of RREEF, Deutsche Bank's global real estate business and the seventh member is the DEXUS CEO. Each Director held office for the full financial year.

Specific skills the incumbent Directors bring to the Board include strategy, property management, funds management, capital markets and financial management.

Independent Directors are independent of management and free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement. Independent Directors are active 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 Independent 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 their 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 this 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.

During the year, and as a result of internalisation of the management of the Group, the Board considered the independent status of Mr Brian Scullin.

Prior to 21 February 2008, Mr Scullin was a Deutsche Bank appointed director. From 21 February 2008 Deutsche Bank is no longer a related party of the DEXUS Property Group.

Mr Scullin's final executive position with the Deutsche Bank group was that of CEO of Deutsche Asset Management, until in October 2002. Mr Scullin is no longer associated with Deutsche Bank or RREEF, its global real estate business.

During the years that Mr Scullin has been a Director of DEXUS Funds Management Limited, he has exercised his responsibilities with a high degree of independence and has significantly contributed to the effective review of the performance of management. Mr Scullin has invariably demonstrated autonomous thought and independent judgement.

The Board therefore concluded that Mr Scullin is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgement.

The Board has therefore determined that Mr Scullin should be recognised as an independent Director of DXFM.

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 pertinent 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.

CVs outlining the skills and experience of each Director are set out in the Annual Report.

Please refer to www.dexus.com/Corporate-Governance.aspx for a description of the procedure followed to select and appoint new Directors to the Board of DXFM, which includes specific criteria applied to determine Director independence.

Performance

To ensure that new Directors are able to meet their responsibilities effectively, 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.

In addition, Directors undertake training, through regular presentations by management and external advisers on sector, fund and industry specific trends and conditions.

Directors are also encouraged to:

- take independent professional advice, at the Group's expense;
- seek additional information from management; and
- directly access the Company Secretary, General Counsel and Head of Risk & Compliance.

The Board Nomination and Remuneration Committee oversees the Board performance evaluation program which extends over a two year period. The process is designed to identify opportunities for performance improvement.

In 2008, the evaluation process looked at the performance of the whole Board and its Committees and in 2007, individual Director performance was evaluated. In each alternate year the Board also reviews the progress of findings of the previous year's evaluation. The evaluation is undertaken through the use of questionnaires and face to face interviews on a broad range of issues.

Governance

The Board has established a number of committees to assist it in the fulfilment of its responsibilities.

Board Nomination and Remuneration Committee

A Board Nomination and Remuneration Committee has been established to oversee all aspects of Director and Executive remuneration, Board renewal, Board and management succession, performance evaluation, training and Director nominations. It comprises three Independent Directors (one of whom is the Chair). The members of the Board Nomination and Remuneration Committee are:

Christopher T Beare (Chair)	Independent Director
Stewart F Ewen OAM	Independent Director
Brian E Scullin	Independent Director

Reporting to the Board Nomination and Remuneration Committee and the Executive Committee, the Compensation Committee has been established to oversee the development and implementation of human resource management systems and advise the Board Nomination and Remuneration Committee.

Remuneration and incentive payments for employees are considered by the Compensation Committee and recommended to the Board Nomination and Remuneration Committee, based on the achievement of approved performance objectives and market comparatives.

Details of the Group's remuneration framework for Executive, Non-Executive Directors and employees are set out in the Remuneration Report that forms part of the Directors' Report contained in this Annual Report.

There are no schemes for retirement benefits (other than superannuation) for Non-Executive Directors.

Board Audit Committee

To ensure the truthful and factual presentation of each Trust's financial position, DXFM has put in place a structure of review and authorisation for each of the Trust's financial records and reports. This structure includes:

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

The Board Audit Committee's Terms of Reference require that all members are financially literate and have an understanding of the industry in which the Group operates, and one or more members have specific financial expertise.

The Board Audit Committee currently comprises three Independent Directors, including the Chair. 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.

In addition, 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. The Committee meets as frequently as required to undertake its role effectively and not less than four times per annum.

The members of the Board Audit Committee are:

Elizabeth A Alexander AM (Chair)	Independent Director
Barry R Brownjohn	Independent Director
Brian E Scullin	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.

Both the Chief Financial Officer and the Chief Executive Officer, 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 Chief Executive Officer makes a representation in relation to risk management at least quarterly to the Head of Risk & Compliance, regarding conformance with compliance policies and procedures. Any exceptions are reported by Compliance to the Board Compliance Committee.

Furthermore, on a quarterly basis, the Chief Financial Officer provides certification to the Board Compliance Committee as to the continued adequacy of financial risk management systems.

Board Compliance Committee

The Corporations Act 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 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 the *Corporations Act 2001* as it relates to Managed Investment Schemes.

The Committee includes only members who are familiar with the requirements of the 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.

As at 30 June 2008, 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 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. The members of the Board Compliance Committee, as at 30 June 2008, are:

Brian E Scullin (Chair)	Independent Member
Elizabeth A Alexander AM	Independent Member
Andrew P Esteban	Independent Member
Tanya L Cox	Executive Member
John C Easy	Executive Member

The skills, experience and qualifications of Mr Scullin, Ms Alexander, Ms Cox and Mr Easy are contained in this Annual Report.

Mr Esteban holds a Bachelor of Business majoring in Accounting. He is an Associate of the Australian Society of CPA's and a member of the Australian Institute of Company Directors. He has 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, a private company specialising 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. He currently sits as an independent member of compliance committees or risk and audit committees for a range of managed investment schemes, superannuation, insurance and infrastructure products (retail and wholesale) including Macquarie Bank, Credit Suisse Asset Management, Suncorp, IAG, Schroder Investment Management and Deutsche Asset Management Australia Ltd.

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

Board Risk Committee

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

Issues relating to Occupational Health & Safety are also reported to the Committee, as well as sustainability issues.

As at 30 June 2008, the Committee comprised three Independent Directors:

Elizabeth A Alexander AM (Chair)	Independent Member
Brian E Scullin	Independent Member
Barry R Brownjohn	Independent Member

The Group is subject to those risks inherent in the business of property funds management. These risks include:

1. Real Estate Risk – risks relating to the determination of price supporting the acquisition or divestment of property.
2. Construction Risk – risks relating to the construction and development of properties within the portfolio.
3. Operational Risk – risks relating to the ongoing operations of each property including human resources, ethical conduct, disaster recovery and business continuity.
4. Environmental Risk – the risk of damage to the environment emanating from a property owned by the Group or caused by a tenant of the Group.
5. Safety Risk – the risk of accidents or injury of employees or visitors at properties owned or managed by the Group.
6. Compliance Risk – risks relating to the failure to comply with applicable laws and regulations.
7. Market Risk – risks relating to the adverse affect of changing economic conditions.

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

Risk & Compliance 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.

Furthermore, DXFM has appointed an external firm to provide internal audit services to the Group. The appointment of an external organisation has the advantage of introducing broader industry experience to DXFM.

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 Committee on a quarterly basis, and the internal audit function has a dual reporting line to the Internal Audit Committee and the Board Risk Committee.

Board Finance Committee

The Group has significant financial risks, including interest rate and foreign exchange exposures. To assist in the effective management of these exposures the Board has established a number of committees to specifically manage these financial risks. These committees are the Board Finance Committee (previously the Board Treasury Policy Committee) and management Capital Markets Committee. The Board Finance Committee's role is to review and recommend for approval to the Board, financial risk management policies and hedging and funding strategies, and to review forward looking financial management processes and recommend periodic market guidance.

Members of the Board Finance Committee at 30 June 2008 are:

Barry R Brownjohn (Chair)	Independent Director
Christopher T Beare	Independent Director
Elizabeth A Alexander AM	Independent Member

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 in 2008 are:

- Executive Committee
- Investment Committee
- Trust Planning Committee
- Internal Risk Committee
- Internal Audit Committee
- Internal Compliance Committee
- Capital Markets Committee
- Corporate Responsibility & Sustainability Committee
- Project Steering Committee
- Compensation Committee

A summary of the responsibilities of these management committees is available at www.dexus.com/Corporate-Governance.aspx

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 by which it requires all employees to abide. 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.

Please refer to www.dexus.com/Corporate-Governance.aspx for a copy of the Group's Codes of Conduct.

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.aspx for a copy of the whistle-blowing policy.

Insider Trading and Trading in DEXUS Securities

The Group has implemented a trading policy that sets out the guidelines that apply to Directors and employees who wish to invest in any of the Group's financial products for their personal account or on behalf of an associate.

The policy requires any Director or 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 or full-year reporting periods and end on the day the results are released. In addition, if Compliance or the Chief Executive Officer 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.

The Board has determined that Directors will not trade in any security managed by the Group, and the Senior Executive team has similarly determined that they will not trade in any security managed by the Group.

Directors have made this decision because the Board of DXFM has responsibility for 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 by being a Director of multiple funds, the Board has determined that it will not invest in any fund managed by the Group, including DEXUS. This position is periodically reviewed by the Board.

With regard to aligning Senior Executives' interests with the interests of DEXUS's investors, the Board has put in place a long-term incentive scheme that it considers ensures an alignment of Senior Executive's interests with all investors. A description of the Senior Executives' long-term incentive scheme is contained in the Directors' Report.

All employees are required to provide a quarterly declaration confirming their understanding and compliance with the Employee Trading Policy. Risk & Compliance undertakes regular monitoring of the share register.

Please refer to www.dexus.com/Corporate-Governance.aspx for a copy of the Employee Trading Policy.

Conflicts of Interest and Related Party Dealings

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

- Employee trading
- Receipt and provision of gifts, benefits and entertainment
- Allocating property transactions
- Tenant conflicts
- Related party dealings

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

Where a related party dealing has been identified, the following process is adopted:

- at management level, the interests of both parties are represented by dedicated teams, each headed by a DEXUS executive;
- when required, at Board level the interests of both parties are represented by dedicated Board members;
- information barriers are established with dedicated team members operating on either side of the "wall";
- team members are briefed by Compliance regarding their obligations and responsibilities while working on the transaction;
- a clean desk policy applies while the transaction is in progress;
- documentation resulting from the transaction is maintained on a restricted access database; and
- ongoing training is conducted for dedicated employees in relation to management of conflicts of interest during the life of the transaction.

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 & Compliance reports related party transactions to the Board Compliance Committee. During the last financial year, related party transactions have included:

- the sale of an industrial development by DEXUS to a mandated client; and
- the acquisition of the 50% interest of DB RREEF Holdings Pty Limited from Deutsche Bank.

Continuous Disclosure

DXFM has implemented a process to ensure timely and balanced continuous disclosure for all material matters that impact the Group.

The process puts in place mechanisms designed to ensure compliance with ASX Listing Rules and ASIC's disclosure requirements such that:

- all investors 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.dexus.com/Corporate-Governance.aspx 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 three hour, interactive training session presented by the heads of various business units.

The Head of Risk & Compliance undertakes a one-to-one Compliance Induction session with each newly appointed Senior Executive outlining DEXUS's approach to risk management and compliance.

Annual General Meeting

DEXUS respects the rights of investors and to facilitate the effective exercise of those rights, the Board has committed to the conduct of an Annual General Meeting for DEXUS Property Group.

Each annual general meeting is designed to:

- supplement effective communication with investors;
- provide investors ready access to balanced and understandable information about their fund;
- increase the opportunities for investor participation; and
- facilitate investors' rights to appoint Non-Executive Directors to the Board of DXFM the Responsible Entity.

The external auditor of the Trust attends each Annual General Meeting and will be available to answer investor questions about the conduct of the audits of both the Trusts' financial records and their Compliance Plans and the preparation and content of the Auditor's Report.

In addition to conducting an Annual General Meeting, the Group has a communications and investor relations strategy that promotes an informed market and encourages participation with its investors.

This strategy includes the use of the Group's website to enable ready access to DEXUS announcements, annual and half-year reports, presentations and analyst support material.

The website also has available significant historical information on announcements, distributions and other related information on its website at www.dexus.com/Investor-Centre/DXS.aspx

FINANCIAL REPORTS

DEXUS DIVERSIFIED TRUST
(FORMERLY DB RREEF DIVERSIFIED TRUST)
(ARSN 089 324 541)
ANNUAL FINANCIAL REPORT
30 JUNE 2008

CONTENTS

DEXUS Property Group (formerly DB RREEF Trust) (DXS) (ASX Code: DXS), consists of DEXUS Diversified Trust (formerly DB RREEF Diversified Trust) (DDF), DEXUS Industrial Trust (formerly DB RREEF Industrial Trust) (DIT), DEXUS Office Trust (formerly DB RREEF Office Trust) (DOT), and DEXUS Operations Trust (formerly DB RREEF Operations Trust) (DXO), (the Trusts).

Under Australian equivalents to International Financial Reporting Standards (AIFRS), DDF has been deemed the parent entity for accounting purposes. Therefore the DDF Consolidated Financial Statements include all entities forming part of DXS.

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

30 The Bond, Hickson Road, Sydney

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2008

The Directors of DEXUS Funds Management Limited (formerly DB RREEF Funds Management Limited) (DXFM) as Responsible Entity of DEXUS Diversified Trust (formerly DB RREEF Diversified Trust) (the Trust) and its consolidated entities, DEXUS Property Group (formerly DB RREEF Trust) (DXS) present their Directors' Report together with the Consolidated Financial Statements for the year ended 30 June 2008.

The Trust together with DEXUS Industrial Trust (formerly DB RREEF Industrial Trust), DEXUS Office Trust (formerly DB RREEF Office Trust) and DEXUS Operations Trust (formerly DB RREEF Operations Trust) form the DEXUS Property Group stapled security.

1. Directors and secretaries

1.1 Directors

The following persons were Directors or Alternate 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
Stewart F Ewen OAM	4 August 2004
Victor P Hoog Antink	1 October 2004
Charles B Leitner III	10 March 2005
Brian E Scullin	1 January 2005
Alternate Director	
Andrew J Fay for Charles B Leitner III	30 January 2006

Particulars of the qualifications, experience and special responsibilities of current Directors and alternate Directors at the date of this Directors' Report are set out in the Directors section of the Annual Report and form part of this Directors' Report.

1.2 Company Secretaries

The names and details of the Company Secretaries of DXFM as at 30 June 2008 are as follows:

Tanya L Cox MBA MAICD ACIS (Company Secretary)
Appointed: 1 October 2004

Tanya Cox joined Deutsche Asset Management in July 2003 as Chief Operating Officer for the real estate funds management business, responsible for the overall operational efficiency of the business in Australia. Tanya has 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 of Bank of New Zealand (Australia).

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

John C Easy B Comm LLB ACIS (Company Secretary)
Appointed: 1 July 2005

John Easy joined Deutsche Asset Management as a senior lawyer in 1997 and was involved in the listing of Deutsche Office Trust and a number of major acquisition, disposal and leasing transactions for DXS. John has responsibility for all legal issues affecting DXS. John was formerly a senior associate with law firms Allens Arthur Robinson and Gilbert & Tobin.

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

2. Attendance of Directors at Board meetings and Board Committee meetings

The number of Directors' meetings held during the year and each Director's attendance at those meetings is set out in the table below.

The Directors met 17 times during the year. Ten Board meetings were main meetings and seven meetings were held to consider specific business. While the Board continuously considers strategy, in March 2008 it met with the executive and senior management over two days to consider DXS's strategic plans.

BOARD MEETINGS	MAIN MEETINGS HELD	MAIN MEETINGS ATTENDED[1]	SPECIAL MEETINGS HELD	SPECIAL MEETINGS ATTENDED[1]
DIRECTORS				
Christopher T Beare	10	10	7	7
Elizabeth A Alexander AM	10	10	7	6
Barry R Brownjohn	10	10	7	7
Stewart F Ewen OAM	10	10	7	7
Victor P Hoog Antink	10	10	7	6
Charles B Leitner III[2]	10	9	7	7
Brian E Scullin	10	10	7	6

1 Indicates where a Director attended either personally or their Alternate was in attendance.
2 Based in New York, USA.

Special meetings are held at a time to enable the maximum number of Directors to attend and are generally held to consider specific items that cannot be held over to the next scheduled main meeting.

During the year the Board reviewed its Board Committee structure and on 1 October 2007 the Board implemented a number of committee changes to enable the Directors to dedicate more time to the varying priorities of each Committee.

The table below sets out the number of Board Committee meetings held during the year for the Committees in place at the end of the year and each Directors' attendance at those meetings.

	BOARD AUDIT COMMITTEE		BOARD RISK COMMITTEE		BOARD COMPLIANCE COMMITTEE		BOARD NOMINATION AND REMUNERATION COMMITTEE		BOARD FINANCE COMMITTEE	
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
DIRECTORS										
Christopher T Beare	–	–	–	–	–	–	3	3	3	3
Elizabeth A Alexander AM	5	5	3	3	3	3	–	–	3	3
Barry R Brownjohn	5	5	3	3	–	–	–	–	3	3
Stewart F Ewen OAM	–	–	–	–	–	–	3	3	–	–
Victor P Hoog Antink	–	–	–	–	–	–	–	–	–	–
Charles B Leitner III	–	–	–	–	–	–	–	–	–	–
Brian E Scullin	5	5	3	3	3	3	3	3	–	–

The table below sets out each Director's attendance at the Board Risk and Compliance Committee meeting held prior to it being disbanded on 1 October 2007.

In addition, the Board Treasury Policy Committee did not meet before it was disbanded during the year.

	BOARD RISK AND COMPLIANCE COMMITTEE		BOARD TREASURY POLICY COMMITTEE	
DIRECTORS	**HELD**	**ATTENDED**	**HELD**	**ATTENDED**
Christopher T Beare			–	–
Elizabeth A Alexander AM	1	1		
Barry R Brownjohn			–	–
Stewart F Ewen OAM				
Victor P Hoog Antink			–	–
Charles B Leitner III				
Brian E Scullin	1	1		

3. Remuneration report

The Directors of DXFM as Responsible Entity of the Trust and its consolidated entities (DEXUS Property Group or DXS) present the Remuneration Report. Sections 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7 and 3.8 of this Remuneration Report for the year ended 30 June 2008 have been prepared by the Board Nomination Remuneration Committee and adopted by the Board in accordance with (AASB 124: *Related Party Disclosures*) which has been transferred from the Financial Report and has been audited. The remaining disclosures required by the Corporations Law have not been audited.

Please note that a reference to remuneration in this Report has the same meaning as compensation for the purposes of AASB 124.

3.1 Board nomination and remuneration committee

The Board Nomination and Remuneration Committee oversees the remuneration of Directors and Senior Executives. The role and membership of the Board Nomination and Remuneration Committee is set out in the Corporate Governance Statement in this Annual Report. The terms of reference of the Board Nomination and Remuneration Committee can be found on the web page
http://www.dexus.com/Corporate–Governance.aspx

3.2 Non-Executive Director remuneration

The disclosures in this section of the report relate to the Non-Executive Directors of DXFM who held office during the year ended 30 June 2008.

3.2.1 Non-Executive Directors' remuneration framework

The objective of the Non-Executive Directors' remuneration framework is to ensure Non-Executive Directors' fees reflect the responsibilities of Directors and the demands which are made on them, as well as ensuring they are in line with market.

Non-Executive Directors' fees are reviewed annually by the Board Nomination and Remuneration Committee. The Committee also obtains advice from independent remuneration consultants from time to time. Non-Executive Directors, other than the Chair, receive a base fee plus an additional fee for membership of a Board Committee. Taking into account the greater time commitment required, the Chair receives a higher fee than other Directors, which is benchmarked to the market median for comparably sized ASX listed organisations. The Chair receives no Board Committee fees, nor is the Chair present during any discussion relating to the determination of his fees.

Fees paid to Non-Executive Directors are paid from a remuneration pool of up to $1,250,000 per annum, which was approved by DEXUS Property Group investors at the Annual General Meeting held on 25 November 2005.

3. Remuneration report (continued)

3.2 Non-Executive Director remuneration (continued)

3.2.1 Non-Executive Directors' remuneration framework (continued)

Board and Committee fees paid to Non-Executive Directors for the years ended 30 June 2007 and 30 June 2008 are set out in the table below:

	DIRECTORS' FEES	COMMITTEE FEES						TOTAL CASH SALARY AND FEES
NAME	BOARD $	CHAIR DWPL $	BOARD AUDIT & RISK[2] $	BOARD COMPLIANCE $	BOARD NOM & REM $	BOARD TREASURY POLICY[3] $	BOARD FINANCE[4] $	$
Christopher T Beare								
2008	**300,000**	**–**	**–**	**–**	**–**	**–**	**–**	**300,000**
2007	272,500	–	–	–	–	–	–	272,500
Elizabeth A Alexander AM								
2008	**130,000**	**–**	**30,000**	**8,125**	**–**	**–**	**5,625**	**173,750**
2007	110,000	–	20,000	833	–	–	–	130,833
Barry R Brownjohn								
2008	**130,000**	**–**	**15,000**	**–**	**–**	**–**	**15,000**	**160,000**
2007	110,000	–	10,000	–	–	15,000	–	135,000
Stewart F Ewen OAM								
2008	**130,000**	**–**	**–**	**–**	**7,500**	**–**	**–**	**137,500**
2007	110,000	–	–	–	7,500	–	–	117,500
Charles B Leitner III[1]								
2008	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2007	–	–	–	–	–	–	–	–
Brian E Scullin								
2008	**130,000**	**30,000**	**15,000**	**16,250**	**7,500**	**–**	**–**	**198,750**
2007	110,000	15,000	10,000	20,000	7,500	–	–	162,500
Total								
2008	**820,000**	**30,000**	**60,000**	**24,375**	**15,000**	**–**	**20,625**	**970,000**
2007	712,500	15,000	40,000	20,833	15,000	15,000	–	818,333

1 As an employee of the Deutsche Bank group Mr Leitner has waived his right to receive Directors' fees. Accordingly, Mr Leitner's alternate Director, Mr Fay, does not receive directors' fees when acting as his alternate.

2 Board Audit & Risk Committee was separated into two discrete committees on 1 October 2007.

3 Treasury Policy Committee was discontinued on 1 October 2007.

4 Finance Committee was newly constituted on 1 October 2007.

All Non-Executive Directors also receive reimbursement for reasonable travel, accommodation and other expenses incurred whilst undertaking DEXUS Property Group business.

During the year ended 30 June 2008, Charles B Leitner III, Non-Executive Director, was an employee of RREEF America Inc., a Deutsche Bank group company, and was not paid fees or any other remuneration by DXFM or DXH or any of their subsidiaries.

The Chief Executive Officer, Victor P Hoog Antink, does not receive fees in respect of his role as a Director, but does receive remuneration as a Senior Executive of DXFM.

A private company associated with Mr Fay, received a consulting/advisory fee of $65,000 from DXFM for services rendered during the year ended 30 June 2008.

3.2.2 Remuneration paid

Details of the nature and amount of each element of remuneration for each Non-Executive Director of DXFM for the years ended 30 June 2007 and 30 June 2008 are set out in the following table.

NAME	SHORT-TERM EMPLOYEE BENEFITS $	POST–EMPLOYMENT BENEFITS[1] $	OTHER LONG-TERM BENEFITS $	TOTAL $
Christopher T Beare				
2008	**286,871**	**13,129**	**–**	**300,000**
2007	259,814	12,686	–	272,500
Elizabeth A Alexander AM				
2008	**160,621**	**13,129**	**–**	**173,750**
2007	25,720	105,113	–	130,833
Barry R Brownjohn				
2008	**123,379**	**36,621**	**–**	**160,000**
2007	29,887	105,113		135,000
Stewart F Ewen OAM				
2008	**126,147**	**11,353**	**–**	**137,500**
2007	107,798	9,702	–	117,500
Brian E Scullin				
2008	**139,605**	**59,145**	**–**	**198,750**
2007	119,797	42,703	–	162,500
Total				
2008	**836,623**	**133,377**	**–**	**970,000**
2007	543,016	275,317	–	818,333

1 Post employment benefits represent compulsory and salary sacrificed superannuation benefits.

3.3 Executive remuneration framework

The disclosures in this section of the Report relate to the executives listed below, being the Chief Executive Officer and the Senior Executives with authority and responsibility for planning, directing and controlling the activities of DEXUS Property Group during the financial year.

NAME	TITLE	THE DATE THEY QUALIFIED OR CEASED TO QUALIFY AS A SENIOR EXECUTIVE DURING THE 12 MONTHS ENDED 30 JUNE 2008
Victor P Hoog Antink	Chief Executive Officer	
Tanya L Cox	Chief Operating Officer	
Pat A Daniels	Head of Human Resources	Qualified 14 January 2008
John C Easy	General Counsel	
Ben J Lehmann	Fund Manager, DEXUS Property Group	Ceased to qualify 27 March 2008
Louise J Martin	Head of Office	Qualified 27 March 2008
Craig D Mitchell	Chief Financial Officer	Qualified 17 September 2007
Paul G Say	Head of Corporate Development	
Mark F Turner	Head of Unlisted Funds	
Andrew P Whiteside	Head of Industrial	Qualified 28 April 2008

3. Remuneration report (continued)

3.3 Executive remuneration framework (continued)

The objective of DXFM's executive remuneration framework is to ensure remuneration for performance is competitive and appropriate for the results delivered.

The framework for Senior Executive remuneration is based on the following key criteria:

- transparency, competitiveness and reasonableness;
- linked to performance;
- the ability to attract high quality executives;
- the retention of high performing executives; and
- alignment of executives' and investors' interests.

Alignment to investors' interests is achieved by a substantial proportion of Senior Executive remuneration being dependent upon performance. This ensures that remuneration for Senior Executives, including the Chief Executive Officer, is closely linked to:

- overall share price performance, relative to peer performance; and
- achievement of key non-financial value drivers.

The DXFM performance management program incorporates the establishment of specific, measurable, financial and non-financial objectives for all employees, which are then monitored throughout the year. Each of these individual objectives contribute to the achievement of DEXUS's overall strategic plans. At each year end the degree of an employee's achievement against objectives is assessed and the results reflected in their "at risk" performance incentive allocation.

Employee remuneration structure is a mix of:

- fixed salary, subject to annual review; and
- variable "at risk" pay earned according to short-term and long-term performance incentive plans.

The balance of an employee's remuneration between these components changes to reflect the employee's accountability and responsibility for results. As an employee's accountability and responsibility increases the lower will be the fixed component and the greater the "at risk" incentive component of their remuneration.

The DXFM target remuneration mix between fixed salary, short-term and long-term incentives for the Chief Executive Officer and other Senior Executives is outlined below:

	2008			2007		
	FIXED	STI	LTI	FIXED	STI	LTI
Chief Executive Officer	40	30	30	45	25	30
Senior Executives – Property	45	30	25	50	25	25
Senior Executives – Other	50	25	25	50	25	25

No employee receives DEXUS Property Group securities or securities in any other DEXUS product as part of their remuneration package. This practice is in line with the DEXUS trading policy outlined in the Corporate Governance Statement.

The Board has made this decision because DXFM has responsibility for the performance of DEXUS Property Group itself, as well as a number of third party funds and mandates. To minimise any appearance of conflict that may arise by being a manager of both listed and unlisted funds, the Directors and Senior Executives have determined that they will not directly invest in any fund managed by DEXUS, including DEXUS Property Group's own securities. This action ensures that the Directors and Senior Executives are not motivated to act in the interests of any one group of investors over another.

Recognising the need to achieve an alignment of interest with DXS investors, and the contribution third party funds make to the performance of the DEXUS Property Group, the Board has implemented a long-term incentive plan based on the combined performance of DEXUS Property Group and each fund managed by DEXUS. A detailed description of the long-term incentive plan is outlined below.

Fixed remuneration

Fixed remuneration is positioned at the market median. External remuneration consultants are retained to provide analysis and advice regarding market remuneration for comparable roles, responsibility and accountability. The fixed pay for all employees is reviewed annually.

Performance incentive pool

All short-term incentive payments and long-term incentive allocations are taken from a single performance incentive pool. The size of the performance incentive pool in any year is determined after reference to the group's performance against specific financial and non-financial targets determined by the Board. Should these predetermined performance targets be achieved, an incentive pool, approved by the Board following the recommendation of the Board Nomination and Remuneration Committee, is made available for allocation to all employees, including Senior Executives and the Chief Executive Officer, for the financial year.

Short-term performance incentive

At the end of each year, performance against set targets is assessed and the results reflected in the short-term performance incentive allocation from the incentive pool to each employee. The performance assessment is weighted to non-financial measures that vary between positions but include matters such as achieving delivery of projects, operational improvements, performance enhancements, leadership and team work.

Where performance falls below minimum threshold levels, no short-term performance incentive is paid. Short-term performance incentives are payable in cash in August/September each year.

The Board reserves the right to exercise discretion in the final determination of short-term incentives.

Long-term incentive plan

In 2005 the Board implemented a long-term incentive plan, which has operated without change. The plan is designed to:

- more closely align participants' interests with those of investors;
- provide participants with an incentive to create long-term, sustainable value for investors by enabling them to benefit from the long-term success of DEXUS activities; and
- assist in attracting and retaining high quality executives.

At the end of each year, performance against set targets is assessed and the results reflected in the long-term performance incentive allocation from the incentive pool to each participant. The performance assessment is weighted to financial measures that vary between positions but include matters such as DXS total shareholder return relative to its peer group, earnings growth, net tangible asset backing and third party fund performance. No long-term performance incentive allocation is granted for less than satisfactory performance. The Board Nomination and Remuneration Committee recommends to the Board the employees, including Senior Executives, who will be eligible to participate in the long-term incentive plan and the amount of long-term incentive that should be allocated to each participant.

The long-term incentive plan employs the following concepts:

- the "Composite Total Return" is 50% of the total return of DEXUS Property Group, plus 50% of the combined asset weighted total return of its unlisted funds and mandates; and
- the "Performance Benchmark" is 50% of the S&P/ASX 200 Property Accumulation Index for DEXUS Property Group and 50 percent of the Mercers Unlisted Property Fund Index for its unlisted funds and mandates.

In determining the construction of the Composite Total Return and in particular the relative weighting between the returns of DEXUS Property Group and its unlisted funds and mandates, the Board considered the following factors:

- the desire of DEXUS Property Group to attract and retain third party funds and mandates based on the assurance that incentives are in place to ensure their equitable treatment;
- the economic contribution to DEXUS Property Group of management fees arising from third party funds under management;
- the increased investment in its management team and infrastructure, enabled by third party funds management fees, which benefit investors in both the unlisted funds platform and DEXUS Property Group, including an in–house research team, valuations team, building services team and sustainability team, the cost of which is defrayed by those fees;
- the greater market presence that the third party business brings to the DEXUS Property Group.

The Board also considered whether the construction of the Composite Total Return should reflect the actual value of the unlisted funds and mandates, and DEXUS Property Group's own funds under management. However, the Board determined that a 50/50 allocation would provide greater assurance that all investors were treated equitably, than an uneven allocation.

Consequently, the Board is satisfied that the composition of the long-term incentive plan reflects the value contribution of third party funds to DEXUS Property Group.

The DXFM long-term incentive plan operates as follows:

- each year the Board, following a recommendation from the Board Nomination and Remuneration Committee, allocates participants a long-term incentive value. The long-term incentive value allocated varies depending on the role of the participant and the participant's performance against key performance indicators
- the long-term incentive value is held by DXH until the end of the three year vesting period, and is notionally reinvested during the vesting period in DEXUS Property Group securities (50% of long–incentive value) and its other unlisted funds and mandates (50% of long-term incentive value). The resulting "banked value" of each participant's long-term incentive allocation fluctuates in line with changes in the Composite Total Return
- at the end of the three year vesting period the final long-term incentive payment is determined by grossing up the final "banked value" by the Performance Multiplier
- the relevant Performance Multiplier is determined by comparing the Composite Total Return over the three year vesting period, to the Benchmark.

The table below sets out the appropriate Performance Multiplier based on the comparison of Composite Total Return to the relevant Benchmark performance:

PERFORMANCE HURDLE	LESS THAN 95% OF BENCHMARK	UP TO 100% OF BENCHMARK	UP TO 115% OF BENCHMARK	UP TO 130% OF BENCHMARK	GREATER THAN 130% OF BENCHMARK
Performance Multiplier	100%	110%	120%	140%	150%

- consequently, the long-term incentive payment made to each participant at the end of the vesting period reflects the overall return received by DEXUS investors, with performance exceeding the benchmark being recognised by a greater long-term incentive payment.

Participants in the long-term incentive plan only receive cash payments. In addition, if a participant terminates their employment during the vesting period their long-term incentive grant is forfeited, unless otherwise determined by the Board Nomination and Remuneration Committee.

3. Remuneration report (continued)

3.3 Executive remuneration framework (continued)

Long-term incentive plan (continued)

The rules of the plan allow the Board Nomination and Remuneration Committee to exercise discretion in regard to the allocation of long-term incentives.

The Board regularly reviews the construction of the long-term incentive plan. To ensure that the long-term incentive plan fairly reflects the interests of DXS and other funds' investors, during the 2008/09 year the Board will conduct a review of the plan, including consultation with investors. Suggested plan improvements will be considered by the Nomination and Remuneration Committee and changes deemed to more effectively motivate participants to create long-term, sustainable value for investors will be adopted in the 2008/09 plan year.

Performance indicators

Key performance indicators are typically a combination of financial and non-financial indicators which reflect the employee's role, seniority, accountability and responsibility and their personal objectives, and may include one or more of the following measures:

PERFORMANCE INDICATORS	REASON FOR USE
Financial performance indicators	
Total shareholder return, relative to its peers	to ensure focus on total return, relative to its peer group
Earnings growth	to ensure focus on improving earnings
Distributions growth	to ensure focus on distributions to investors
Third party funds performance	to ensure focus on achieving each funds objectives
Property performance indicators	
Net property income per property	to ensure focus on target income returns to investors
Percentage of vacant space per property	to ensure focus on target income returns to investors
Expenses against budget	to ensure focus on appropriate cost model
Non-financial indicators	
Project Delivery	to ensure focus on achievement of non-financial drivers of performance
Team work	to ensure focus on achievement of non-financial drivers of performance

3.4 DEXUS performance

DEXUS Property Group was created as a single stapled security in September 2004. Since stapling, DEXUS Property Group's operational and financial performance has been in line with expectations.

FUNDS UNDER MANAGEMENT

AS AT 30 JUNE	DEXUS FUNDS UNDER MANAGEMENT ($ BILLION)	THIRD PARTY FUND UNDER MANAGEMENT ($ BILLION)	TOTAL DEXUS FUNDS UNDER MANAGEMENT ($ BILLION)
2008	**8.86**	**6.41**	**15.27**
2007	9.03	4.63	13.66
2006	7.85	3.90	11.75
2005	7.00	3.50	10.50

DEXUS PROPERTY GROUP – ASX MARKET CAPITALISATION	
AS AT 30 JUNE	**MARKET CAPITALISATION ($ BILLION)**
2008	**4.20**
2007	5.69
2006	4.10
2005	3.70

Source: IRESS

DEXUS PROPERTY GROUP – EARNINGS, DISTRIBUTIONS AND NET TANGIBLE ASSETS (NTA)			
YEAR TO 30 JUNE	**EARNINGS PER SECURITY[1]**	**DISTRIBUTION PER SECURITY**	**NTA PER SECURITY**
2008	**14.80 Cents**	**11.90 Cents**	**$1.77**
2007	40.90 Cents	11.30 Cents	$1.82
2006	36.44 Cents	11.00 Cents	$1.53
2005	18.25 Cents	10.50 Cents	$1.28

1 Earnings attributable to staple security holders.

Total return analysis

- Composite Total Return – 50% of the total return of DEXUS Property Group, plus 50% of the combined asset weighted total return of its unlisted funds and mandates.
- Composite Performance Benchmark – 50% of the Mercers Unlisted Property Fund Index and 50% of the S&P/ASX 200 Property Accumulation Index.

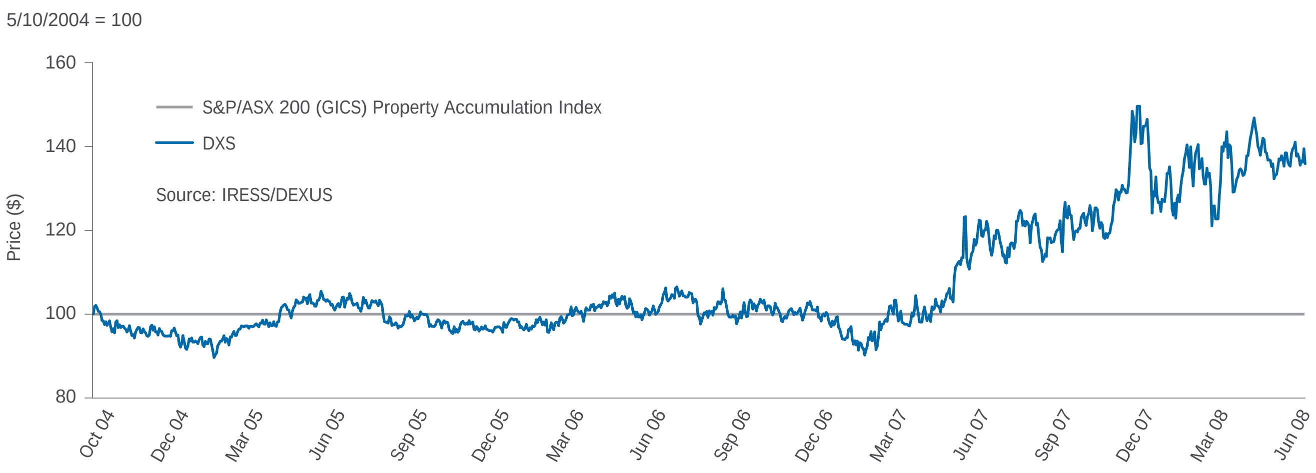
PERIOD TO 30 JUNE 2008	1 YEAR (% PER ANNUM)	2 YEARS (% PER ANNUM)	3 YEARS (% PER ANNUM)	SINCE 1 OCTOBER 2004[1] (% PER ANNUM)
Composite Total Return	(7.2)	8.3	11.5	12.4
Composite Performance Benchmark	(10.8)	3.2	7.4	8.7
DEXUS Property Group	(24.7)	3.6	7.6	9.4
S&P/ASX 200 Property Accumulation Index	(36.3)	(10.5)	(2.1)	0.9

1 Inception date is 1 October 2004.

During the year DEXUS Property Group did not buy back or cancel any of its securities.

DEXUS Property Group Security Price Performance

DXS relative market price performance compared to S&P/ASX 200 (GICS) Property Accumulation Index
6 October 2004 to 30 June 2008



3. Remuneration report (continued)

3.5 Details of Senior Executive remuneration paid/payable

Details of the nature and amount of each element of remuneration for the Chief Executive Officer and other Senior Executives for the years ended 30 June 2007 and 30 June 2008 are set out in the following table. This table includes details of the five highest paid Directors or Executives.

	SHORT-TERM EMPLOYEE BENEFITS			POST–EMPLOY BENEFITS	OTHER LONG-TERM BENEFITS		TOTAL
NAME	CASH SALARY AND FEES $	SHORT-TERM INCENTIVE $	OTHER SHORT-TERM BENEFIT $	PENSION AND SUPER BENEFITS $	LONG-TERM INCENTIVE VALUE $	TERMINATION BENEFITS $	$
Victor P Hoog Antink							
2008	**1,100,000**	**900,000**	**–**	**100,000**	**900,000**	**–**	**3,000,000**
2007	907,167	550,000	–	92,833	650,000	–	2,200,000
Tanya L Cox							
2008	**339,059**	**200,000**	**–**	**10,941**	**175,000**	**–**	**725,000**
2007	311,828	175,000	–	3,172	110,000	–	600,000
Pat A Daniels[1]							
2008	**103,470**	**60,000**	**–**	**5,471**	**100,000**	**–**	**268,941**
2007	–	–	–	–	–	–	–
John C Easy							
2008	**297,871**	**150,000**	**–**	**37,129**	**120,000**	**–**	**605,000**
2007	286,314	110,000	–	28,686	75,000	–	500,000
Ben J Lehmann[2]							
2008	**346,344**	**–**	**–**	**9,847**	**–**	**1,105,000**	**1,461,191**
2007	407,314	250,000	–	12,686	250,000	–	920,000
Louise J Martin[3]							
2008	**116,607**	**225,000**	**–**	**1,250**	**250,000**	**–**	**592,857**
2007	–	–	–	–	–	–	–
Craig D Mitchell[4]							
2008	**273,768**	**250,000**	**162,592**	**42,899**	**250,000**	**–**	**979,259**
2007	–	–	–	–	–	–	–
Peter C Roberts[5]							
2008	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2007	292,438	–	–	39,206	–	500,000	831,644
Paul G Say							
2008	**466,871**	**225,000**	**–**	**13,129**	**250,000**	**–**	**955,000**
2007	122,438	20,000	280,000	4,229	–	–	426,667
Mark F Turner							
2008	**377,172**	**200,000**	**–**	**42,828**	**200,000**	**–**	**820,000**
2007	297,615	200,000	–	42,385	180,000	–	720,000
Andrew P Whiteside[6]							
2008	**61,228**	**200,000**	**–**	**3,282**	**100,000**	**–**	**364,510**
2007	–	–	–	–	–	–	–
Total							
2008	**3,482,390**	**2,410,000**	**162,592**	**266,776**	**2,345,000**	**1,105,000**	**9,771,758**
2007	2,625,114	1,305,000	280,000	223,197	1,265,000	500,000	6,198,311

1 Pat Daniels qualified as a Senior Executive on 14 January 2008.
2 Ben Lehmann ceased to qualify as a Senior Executive on 27 March 2008.
3 Louise Martin qualified as a Senior Executive on 27 March 2008.
4 Craig Mitchell qualified as a Senior Executive on 17 September 2007.
5 Peter Roberts ceased to qualify as a Senior Executive on 8 June 2007.
6 Andrew Whiteside qualified as a Senior Executive on 28 April 2008.

In addition to the above remuneration, Ben Lehmann received salary payments until 20 June 2008.

3.6 Details of Senior Executive long-term incentive plan grants

The table below sets out details of the long-term incentive plan grants to each Senior Executive.

NAME	YEAR GRANTED	LTI GRANT VALUE $	MOVEMENT IN "BANKED VALUE" $	CLOSING "BANKED VALUE" AS AT 30 JUNE 2008 $	AWARD VESTED AS AT 30 JUNE 2008 $	YEAR THAT AWARD WILL VEST
Victor P Hoog Antink	**2008**	**900,000**				**2011**
	2007	650,000	(46,605)	603,395		2010
	2006	250,000	43,625	293,625		2009
	2005	187,500	73,556	261,056	391,584	2008
Tanya L Cox	**2008**	**175,000**				**2011**
	2007	110,000	(7,887)	102,113		2010
	2006	60,000	10,470	70,470		2009
	2005	10,000	3,923	13,923	20,885	2008
Pat A Daniels[1]	**2008**	**100,000**				**2011**
John C Easy	**2008**	**120,000**				**2011**
	2007	75,000	(5,378)	69,622		2010
	2006	50,000	8,725	58,725		2009
	2005	12,500	4,904	17,404	26,106	2008
Ben J Lehmann[2]	2007	250,000	(17,923)	232,077	232,077	2010
	2006	120,000	20,940	140,940	140,940	2009
	2005	50,000	19,615	69,615	104,423	2008
Louise J Martin[3]	**2008**	**250,000**				**2011**
Craig D Mitchell[4]	**2008**	**250,000**				**2011**
Paul G Say	**2008**	**250,000**				**2011**
Mark F Turner	**2008**	**200,000**				**2011**
	2007	180,000	(12,906)	167,094		2010
	2006	70,000	12,215	82,215		2009
	2005	10,000	3,923	13,923	20,885	2008
Andrew P Whiteside[5]	**2008**	**100,000**				**2011**

1 Pat Daniels qualified as a Senior Executive on 14 January 2008.
2 Ben Lehmann ceased to qualify as a Senior Executive on 27 March 2008.
3 Louise Martin qualified as a Senior Executive on 27 March 2008.
4 Craig Mitchell qualified as a Senior Executive on 17 September 2007.
5 Andrew Whiteside qualified as a Senior Executive on 28 April 2008.

Differences in closing "banked value" and vested amounts shown in the above table reflect the impact of the performance multiplier described in the terms of the long-term incentive plan outlined on page 71.

3.7 Equity plans and loans

DXFM does not operate a security or option participation plan or a loan plan for any Director or Senior Executive.

3. Remuneration report (continued)

3.8 Employment agreements

The table below outlines employment arrangements for the Chief Executive Officer and other Senior Executives:

NAME AND TITLE	COMMENCEMENT DATE	TERM	TERMINATION PROVISIONS/BENEFITS
Non-Executive Directors		Three years	Non-Executive Directors are appointed for a maximum three year term, at which time they may stand for re–election.
Victor P Hoog Antink Chief Executive Officer	1 October 2004	Unlimited in term	In the event of termination DXH will provide six months notice and may elect to pay out all or part of the notice period. In the event that DXH initiates the termination for reasons outside the control of the CEO, a severance payment, equal to 100% of fixed remuneration, is payable.
Other Senior Executives	Various	Unlimited in term	In the event of termination DXH will provide three months notice and may elect to pay out all or part of the notice period. In the event that DXH initiates the termination for reasons outside the control of the executive, a severance payment will be made taking into account the seniority of the executive, the length of service, performance of the executive and the reasons for termination.

The Nomination and Remuneration Committee will determine whether any STI or LTI payment is made. No notice is required in the event that termination is for misconduct or serious or persistent breach of the agreement.

4. Directors' interests

The Board's policy on insider trading and trading in DXS securities or securities in any of the funds managed by DEXUS, by any Director or employee is outlined in the Corporate Governance Statement.

While the trading policy described in the Corporate Governance Statement applies to Directors and Senior Executives, the Board has determined that Directors will not trade in any security managed by DEXUS.

Directors have made this decision because the Board of DXFM has responsibility for DXS 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 by being a Director of multiple funds, the Directors have determined that they will not invest in any fund managed by DEXUS including DXS. This position is periodically reviewed by the Board.

As a direct result of DEXUS's policy regarding Directors holding DXS securities, or securities in any of the funds managed by DEXUS, as at the date of this Directors' Report no Director or alternate Director directly or indirectly held:

- securities in DXS; or
- options over, or any other contractual interest in, securities in DXS; or
- an interest in any other fund managed by DXFM or any other entity that forms part of DXS.

5. Directors' directorships in other listed entities

The following table sets out directorships of other listed entities, not including DXFM, held by the Directors at any time in the three years immediately prior to the end of the year, and the period for which each directorship was held:

DIRECTOR	COMPANY	DATE APPOINTED	DATE RESIGNED OR CEASED BEING A DIRECTOR OF A LISTED SECURITY
Elizabeth A Alexander AM	CSL Limited	12 Jul 1991	
	Boral Limited	15 Dec 1999	
	AMCOR Limited	Apr 1994	Oct 2005
	Deutsche Asset Management (Australia) Limited[1]	24 Oct 2000	17 Oct 2006
	IYS Instalment Receipt Limited[1]	24 Oct 2000	17 Oct 2006
	SPARK Infrastructure RE Limited[2]	1 Nov 2005	24 Aug 2007
Brian E Scullin	BT Investment Management Limited	17 Sep 2007	
Alternate Director Andrew J Fay (alternate to Charles B Leitner III)	Deutsche Asset Management (Australia) Limited[1]	20 Oct 2004	17 Oct 2006
	IYS Instalment Receipt Limited[1]	20 Oct 2004	17 Oct 2006
	SPARK Infrastructure RE Limited[2]	7 Dec 2006	12 Dec 2007

1 IYS Instalment Receipt Limited had until 29 November 2006 issued ASX listed instalment receipts over units in the Deutsche Retail Infrastructure Trust, a managed investment scheme that was until 17 October 2006 listed but not quoted on the ASX and whose Responsible Entity was Deutsche Asset Management (Australia) Limited. Deutsche Asset Management (Australia) Limited ceased to be the Responsible Entity of IYS Instalment Receipt Limited on 17 October 2006.

2 SPARK Infrastructure RE Limited has issued ASX listed stapled securities trading as SPARK Infrastructure Group (ASX:SKI).

6. Principal activities

During the year the principal activity of DXS was real estate funds management and investment in real estate assets. There were no significant changes in the nature of DXS's activities during the year.

The number of employees of DXS at the end of the reporting period being 30 June 2008 was 270 (2007: 227).

7. Total value of Trust assets

The total value of the assets of DXS as at 30 June 2008 was $9,349.0 million (2007: $9,486.8 million). Details of the basis of this valuation are outlined in note 1 of the Notes to the financial statements and form part of this Directors' Report.

8. Review and results of operations

A review of the results, financial position, operations including business strategies and the expected results of operations of DEXUS Property Group, are set out in the Chief Executive Officer's Report in this Annual Report and forms part of this Directors' Report.

9. 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 DXS, other than the information already outlined in this Directors' Report or the financial statements accompanying this Directors' Report would be unreasonably prejudicial to DXS.

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

11. Matters subsequent to the end of the financial year

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

12. Distributions

Distributions paid or payable by DXS for the year ended 30 June 2008 were 11.9 cents per security (2007: 11.3 cents per security) as outlined in note 30 of the Notes to the financial statements.

13. DXFM's fees and associate interests

Details of fees paid or payable by DXS to DXFM for the year ended 30 June 2008 are outlined in note 34 of the Notes to the financial statements and form part of this Directors' Report.

The number of interests in DXS held by DXFM or its associates as at the end of the financial year are nil (2007: nil).

14. Interests in DXS

The movement in securities on issue in DXS during the year and the number of securities on issue as at 30 June 2008 are detailed in note 27 of the Notes to the financial statements and form part of this Directors' Report.

DXS did not have any options on issue as at 30 June 2008 (2007: nil).

15. Environmental regulation

DXS senior management, through its Risk Management 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.

16. 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 auditors are in no way indemnified out of the assets of DXS.

17. Audit

17.1 Auditor

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

17.2 Non-audit services

Details of the amounts paid to the Auditor, which include amounts paid for non-audit services are set out in note 6 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:

- Board Audit Committee has determined that the external auditor will not provide services that have the potential to impair the independence of its audit role, including:
  - participating in activities that are normally undertaken by management; and
  - being remunerated on a "success fee" basis.
- Board Audit Committee has determined that the Auditor will not provide services where the Auditor may be required to review or audit its own work, including:
  - the preparation of accounting records;
  - the design and implementation of information technology systems;
  - conducting valuation, actuarial or legal services;
  - promoting, dealing in or underwriting securities; or
  - providing internal audit services.

17. Audit (continued)

17.2 Non-audit services (continued)

- 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.

17.3 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.

18. Corporate governance

DXFM's Corporate Governance Statement is set out in a separate section of the Annual Report.

19. Rounding of amounts and currency

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

20. Management representation

The Chief Executive Officer and Chief Financial Officer have received certificates from DXS's Senior Executives, certifying that its financial reporting processes, policies and procedures together with its risk management and internal control and compliance policies and procedures are adequate and it is their opinion that DXS'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.

21. Directors' authorisation

This Directors' Report is made in accordance with a resolution of the Directors. The Financial Report was authorised for issue by the directors on 20 August 2008. The directors have the power to amend and reissue the Financial Report.

Christopher T Beare	Victor P Hoog Antink
Chair	Chief Executive Officer
20 August 2008	20 August 2008

PRICEWATERHOUSECOOPERS

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Auditor's Independence Declaration

As lead auditor for the audit of DEXUS Diversified Trust (formerly DB RREEF Diversified Trust) for the year ended 30 June 2008, 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 Diversified Trust and the entities it controlled during the period.

JA Dunning
Partner
PricewaterhouseCoopers

Sydney
20 August 2008

INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	NOTES	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
REVENUE FROM ORDINARY ACTIVITIES					
Property revenue	2	664,831	693,430	142,190	153,063
Distribution revenue		–	–	36,810	49,050
Interest revenue		8,134	8,106	715	560
Management fees		26,760	–	–	–
Total revenue from ordinary activities		**699,725**	**701,536**	**179,715**	**202,673**
Share of net profits of associates accounted for using the equity method	16	2,467	52,715	–	–
Proceeds from sale of inventory		–	3,959	–	–
Net gain on sale of investment properties		2,297	3,355	(5,743)	15
Net fair value gain of investment properties		184,444	831,330	30,733	217,847
Net fair value (loss)/gain of investments		–	–	(96,517)	73,909
Net fair value (loss)/gain of derivatives		(3,503)	727	(2,203)	838
Net foreign exchange gain		3,442	1,349	48,314	33,322
Other income		1,253	1,672	478	87
Total income		**890,125**	**1,596,643**	**154,777**	**528,691**
EXPENSES					
Property expenses		(159,565)	(170,120)	(34,803)	(39,470)
Responsible Entity fees	34	(21,869)	(33,147)	(9,397)	(11,961)
Finance costs	3	(213,233)	(133,055)	(23,560)	(31,823)
Carrying value of inventory sold		–	(3,478)	–	–
Depreciation and amortisation		(3,002)	(2,488)	–	–
Impairment of goodwill		(61)	–	–	–
Employee benefits expense		(23,340)	–	–	–
Other expenses	5	(15,892)	(11,091)	(1,213)	(1,580)
Total expenses		**(436,962)**	**(353,379)**	**(68,973)**	**(84,834)**
Profit before tax		**453,163**	**1,243,264**	**85,804**	**443,857**
TAX EXPENSE					
Income tax benefit	4 (a)	1,542	1,110	–	–
Withholding tax (expense)	4 (c)	(9,444)	(33,583)	–	–
Total tax expense		**(7,902)**	**(32,473)**	**–**	**–**
Profit after tax		**445,261**	**1,210,791**	**85,804**	**443,857**
Profit attributable to:					
Equity holders of the parent entity		83,470	446,378	85,804	443,857
Equity holders of other stapled entities (minority interest)		354,807	722,441	–	–
Stapled security holders		**438,277**	**1,168,819**	**85,804**	**443,857**
Net profit attributable to other minority interests		6,984	41,972	–	–
Net profit		**445,261**	**1,210,791**	**85,804**	**443,857**

EARNINGS PER UNIT		CENTS	CENTS	CENTS	CENTS
Basic earnings per unit on profit attributable to equity holders of the parent entity	40	2.82	15.62	2.90	15.53
Diluted earnings per unit on profit attributable to equity holders of the parent entity	40	2.82	15.62	2.90	15.53

The above Income Statements should be read in conjunction with the accompanying notes.

EARNINGS PER UNIT			
Basic earnings per unit on profit attributable to stapled security holders	40	14.80	40.90
Diluted earnings per unit on profit attributable to stapled security holders	40	14.80	40.90

BALANCE SHEETS
AS AT 30 JUNE 2008

	NOTES	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
CURRENT ASSETS					
Cash and cash equivalents	7	99,214	59,603	31,004	9,096
Receivables	8	40,669	36,389	8,419	19,495
Derivative financial instruments	10	191,162	145,425	70,059	33,124
Other financial assets	11	–	51,936	–	–
Current tax assets		124	112	–	–
Other	12	9,372	9,664	1,307	2,439
Total current assets		**340,541**	**303,129**	**110,789**	**64,154**
NON-CURRENT ASSETS					
Investment properties	13	8,182,295	8,585,703	1,589,089	1,987,034
Property plant and equipment	14	443,633	314,021	62,644	–
Other financial assets at fair value through profit and loss	15	–	–	–	294,901
Investments accounted for using the equity method	16	107,734	270,155	–	–
Investments in associates	16	–	–	314,989	481,712
Loans with related parties	9	–	–	119,533	–
Deferred tax assets	17	14,882	3,921	–	–
Intangible assets	18	255,113	–	–	–
Other	19	4,789	9,907	566	803
Total non-current assets		**9,008,446**	**9,183,707**	**2,086,821**	**2,764,450**
Total assets		**9,348,987**	**9,486,836**	**2,197,610**	**2,828,604**
CURRENT LIABILITIES					
Payables	20	118,396	124,509	13,968	24,129
Interest bearing liabilities	21	576,131	18,443	–	–
Loans with related parties	9	–	–	34,332	34,332
Current tax liabilities		1,019	1,930	–	–
Provisions	22	194,314	164,992	102,300	68,470
Derivative financial instruments	10	97,078	21,333	43,429	7,861
Other	23	1,799	3,150	–	–
Total current liabilities		**988,737**	**334,357**	**194,029**	**134,792**
NON-CURRENT LIABILITIES					
Interest bearing liabilities	21	2,430,788	3,334,884	–	–
Loans with related parties	9	–	–	–	702,914
Deferred tax liabilities	24	76,543	73,809	–	–
Financial liability with other minority interests	25	–	28,305	–	–
Provisions	22	9,818	–	–	–
Other	26	8,048	10,538	959	1,210
Total non-current liabilities		**2,525,197**	**3,447,536**	**959**	**704,124**
Total liabilities		**3,513,934**	**3,781,893**	**194,988**	**838,916**
Net assets		**5,835,053**	**5,704,943**	**2,002,622**	**1,989,688**
EQUITY					
Equity attributable to equity holders of the parent entity					
Contributed equity	27	1,297,831	1,151,526	1,297,831	1,151,526
Reserves	28	1,248	(925)	–	–
Undistributed income	28	705,510	839,248	704,791	838,162
Parent entity security holders' interest		**2,004,589**	**1,989,849**	**2,002,622**	**1,989,688**
Equity attributable to equity holders of other entities stapled to DDF (minority interest)					
Contributed equity	27	2,280,052	2,182,833	–	–
Reserves	28	49,689	3,054	–	–
Undistributed income	28	1,294,725	1,091,034	–	–
Other stapled security holders' interest		**3,624,466**	**3,276,921**	**–**	**–**
Stapled security holders' interest		**5,629,055**	**5,266,770**	**2,002,622**	**1,989,688**
Other minority interest	29	205,998	438,173	–	–
Total equity		**5,835,053**	**5,704,943**	**2,002,622**	**1,989,688**

The above Balance Sheets should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

		CONSOLIDATED		PARENT ENTITY	
	NOTES	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Total equity at the beginning of the year		**5,704,943**	**4,715,513**	**1,989,688**	**1,619,954**
Exchange differences on translation of foreign operations	28	(14,486)	1,951	–	–
Revaluation increment on investment	28	63,294	–	–	–
Net income recognised directly in equity		**48,808**	**1,951**	**–**	**–**
Net profit		**445,261**	**1,210,791**	**85,804**	**443,857**
Total recognised income and expense for the year		**494,069**	**1,212,742**	**85,804**	**443,857**
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs	27	243,524	145,328	146,305	57,382
Distributions provided for or paid	30	(355,380)	(324,638)	(219,175)	(131,505)
Acquisition of investment		402	–	–	–
Transactions with other minority interest:					
Contributions of equity, net of transaction costs		1,899	4,130	–	–
Distributions provided for or paid	30	(17,536)	(19,045)	–	–
Disposal of minority interest		(265,989)	–	–	–
Foreign currency translation reserve		29,121	(29,087)	–	–
Total transactions with equity holders		**(363,959)**	**(223,312)**	**(72,870)**	**(74,123)**
Total equity at the end of the year		**5,835,053**	**5,704,943**	**2,002,622**	**1,989,688**
Total recognised income and expense for the year is attributable to:					
Equity holders of the parent entity – DDF unitholders		85,643	444,714	85,804	443,857
Equity holders of other entities stapled to DDF (minority interest)		401,442	726,056	–	–
Security holders of DEXUS Diversified Trust		**487,085**	**1,170,770**	**85,804**	**443,857**
Other minority interest		6,984	41,972	–	–
Total recognised income and expense for the year		**494,069**	**1,212,742**	**85,804**	**443,857**

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

		CONSOLIDATED		PARENT ENTITY	
	NOTES	2008 $'000	2007 $'000	2008 $'000	2007 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts in the course of operations (inclusive of GST)		783,742	768,804	179,091	178,475
Payments in the course of operations (inclusive of GST)		(252,212)	(280,014)	(74,314)	(81,829)
Interest received		10,149	9,702	606	560
Finance costs (paid to)/received from financial institutions		(174,204)	(191,047)	8,189	(11,015)
Distributions received		9,862	13,177	36,810	49,050
Dividends received		3,250	4,750	–	–
Income and withholding taxes paid		(6,142)	(5,637)	–	–
Net cash inflow from operating activities	38 (a)	**374,445**	**319,735**	**150,382**	**135,241**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of investment properties		793,200	194,160	446,799	–
Proceeds from sale of inventory		–	3,959	–	–
Payments for capital expenditure on investment properties	38 (b)	(167,642)	(167,233)	(58,198)	(84,637)
Payments for investment properties		(321,327)	(393,627)	(2,800)	–
Proceeds from sale of investments		215,200	–	503,601	–
Payments for acquisition of investments net of cash		(321,191)	–	(96)	–
Payments for investments accounted for using the equity method		(18,630)	(8,897)	(141,178)	(1,131)
Wind up of investment		67	–	–	–
Payments for property plant and equipment		(80,661)	(69,683)	–	–
Payments for capital expenditure on property plant and equipment		(87,951)	(96,591)	(15,605)	–
Net cash inflow/(outflow) from investing activities		**11,065**	**(537,912)**	**732,523**	**(85,768)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Establishment expenses and unit issue cost		(154)	–	–	–
Increase in other minority interest		1,651	2,343	–	–
Borrowings provided to the Trusts		–	–	(606,896)	(141,644)
Borrowings provided by the Trusts		–	–	104,348	80,165
Proceeds from borrowings		2,487,200	2,053,575	264,620	111,340
Repayment of borrowings		(2,662,111)	(1,693,134)	(584,032)	(46,150)
Repayment of loan notes		(51,936)	–	–	–
Distributions paid to security holders		(94,306)	(169,841)	(39,037)	(59,831)
Dividends paid to related parties		(5,974)	–	–	–
Distributions paid to other minority interests		(16,884)	(18,577)	–	–
Net cash (outflow)/inflow from financing activities		**(342,514)**	**174,366**	**(860,997)**	**(56,120)**
Net increase/(decrease) in cash and cash equivalents		**42,996**	**(43,811)**	**21,908**	**(6,647)**
Cash and cash equivalents at the beginning of the year		59,603	106,428	9,096	15,743
Effects of exchange rate changes on cash and cash equivalents		(3,385)	(3,014)	–	–
Cash and cash equivalents at the end of the year	7	**99,214**	**59,603**	**31,004**	**9,096**

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

In accordance with AASB Interpretation 1002: *Post-Date-of-Transition Stapling Arrangements*, the Trusts must be consolidated. The parent entity and deemed acquirer of the Trusts is DDF.

The DDF consolidated column represents the consolidated result of DDF, which comprises DDF and its controlled entities, DIT and its controlled entities, DOT and its controlled entities, DXO and its controlled entities. Equity attributable to other trusts stapled to DDF is a form of minority interest in accordance with AASB 1002 and, in the DDF consolidated column, represents the equity of DIT, DOT and DXO. Other minority interests represent the equity attributable to parties external to the Trusts.

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

DEXUS Funds Management Limited (formerly DB RREEF Funds Management Limited) (DXFM) as Responsible Entity for each of the Trusts may only un-staple the Trusts if approval is obtained by special resolution of the stapled security holders.

This general purpose Financial Report for the year ended 30 June 2008 has been prepared in accordance with the requirements of the Trusts' Constitutions, the *Corporation Act 2001*, Australian Equivalents to International Financial Reporting Standards (AIFRS) and Urgent Issues Group Interpretations. Compliance with AIFRS ensures that the Consolidated Financial Statements and Notes comply with International Financial Reporting Standards (IFRS).

This Financial Report is prepared on the going concern basis and in accordance with historical cost conventions and has not been adjusted to take account of either changes in the general purchasing power of the dollar or changes in the values of specific assets, except for the revaluation of certain non-current assets and financial instruments (refer notes 1(e), 1(o), and 1(t)).

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 in conformity with AIFRS may require the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Trusts' accounting policies. Other than the estimation of fair values described in notes 1(e), 1(o), and 1(t), 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) Principles of consolidation

Controlled entities

The Financial Statements have been prepared on a consolidated basis in recognition of the fact that while the securities issued by the Trusts are stapled into one trading security and cannot be traded separately, the Financial Statements must be presented on a consolidated basis. The parent entity and deemed acquirer of the Trusts is DDF. The accounting policies of the subsidiary trusts are consistent with those of the parent.

The Financial Statements incorporate an elimination of inter-entity transactions and balances to present the Financial Statements on a consolidated basis. Net profit and equity in controlled entities, which is attributable to the unitholdings of minority interests, are shown separately in the Income Statements and Balance Sheets respectively.

Where control of an entity is obtained during a financial year, its results are included in the Income Statements from the date on which control is gained.

The Financial Statements incorporate all the assets, liabilities and results of the parent and its controlled entities.

Partnerships and joint ventures

Where assets are held in a partnership or joint venture with another entity directly, the Trusts' share of the results and assets of this partnership or joint venture are consolidated into the Income Statements and Balance Sheets of the Trusts. Where assets are jointly controlled via ownership of units in single purpose unlisted unit trusts or shares in companies, the Trusts apply equity accounting to record the operations of these investments (refer note 1(r)).

(c) Revenue recognition

Rent

Rental income is brought to account on a straight-line basis over the lease term for leases with fixed rent review clauses. In all other circumstances rental income is brought to account on an accruals basis. If not received at balance date, rental income is reflected in the Balance Sheets as a receivable. Recoverability of receivables is reviewed on an ongoing basis. Debts which are known to be not collectable are written off.

Interest income

Interest income is brought to account on an accruals basis using the effective interest rate method and, if not received at balance date, is reflected in the Balance Sheets as a receivable.

Dividends and distribution income

Income from dividends and distributions are recognised when declared. Amounts not received at balance date are included as a receivable in the Balance Sheets.

(d) Expenses

Expenses are brought to account on an accruals basis and, if not paid at balance date, are reflected in the Balances Sheets as a payable.

Property expenses

Property expenses include rates, taxes and other property outgoings incurred in relation to investment properties and property plant and equipment where such expenses are the responsibility of the Trusts.

Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation or ancillary costs incurred in connection with arrangement of borrowings and foreign exchange losses net of hedged amounts on borrowings, including trade creditors and lease finance charges. Borrowing costs are expensed as incurred unless they relate to qualifying assets.

Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the asset. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

(e) Derivatives and other financial instruments

(i) Derivatives

The Trust's activities expose it to a variety of financial risks including foreign exchange risk and interest rate risk. Accordingly, the Trust enters into various derivative financial instruments such as interest rate swaps and foreign exchange contracts to manage its exposure to certain risks. Written policies and limits are approved by the Board of Directors of the Responsible Entity, in relation to the use of financial instruments to manage financial risks. The Responsible Entity continually reviews the Trust's exposures and updates its treasury policies and procedures. The Trust does not trade in derivative instruments for speculative purposes.

Even though derivative financial instruments are entered into for the purpose of providing the Trusts with an economic hedge, the Trusts' have elected not to apply hedge accounting under AASB 139: *Financial Instruments: Recognition and Measurement*. Accordingly, derivatives including interest rate swaps, cross currency swaps and foreign exchange contracts, are measured at fair value with any changes in fair value recognised in the income statement.

(ii) Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in the Income Statements.

(iii) Debt and equity instruments issued by the Trusts

Financial instruments issued by the Trusts are classified as either liabilities or as equity in accordance with the substance of the contractual arrangements. Accordingly, ordinary units issued by DDF, DIT, DOT and DXO are classified as equity.

Interest and distributions are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments.

Transaction costs arising on the issue of equity instruments are recognised directly in equity (net of tax) as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(iv) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in the net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(v) Other financial assets

Loans and other receivables are measured at amortised cost using the effective interest rate method less impairment.

(f) Goods and services tax/value added tax

Revenues, expenses and capital assets are recognised net of any amount of Australian/New Zealand/Canada goods and services tax (GST) or French and German value added tax (VAT), except where the amount of GST/VAT incurred is not recoverable. In these circumstances the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.

Cash flows are included in the cash flow statements 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 operating cash flows.

Note 1. Summary of significant accounting policies (continued)

(g) Taxation

Under current Australian income tax legislation DDF, DIT and DOT, are not liable for income tax provided they satisfy certain legislative requirements. These Trusts may be liable for income tax in jurisdiction where foreign property is held (i.e United States, France, Germany, Canada, New Zealand).

DXO is a trading trust and is subject to Australian income tax as follows:

- The income tax expense for the year is the tax payable on the current year's taxable income based on a tax rate of 30% adjusted for changes in deferred tax assets and liabilities and unused tax losses;
- Deferred tax assets and liabilities are recognised for temporary differences arising from differences between the carrying amount of assets and liabilities and the corresponding tax base of those items. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax assets or liabilities. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability (where they do not arise as a result of a business combination and did not affect either accounting profit/loss or taxable profit/loss);
- Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses;
- Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future; and
- Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Withholding tax payable on distributions received by the Trusts from DEXUS Industrial Properties Inc (formerly DB RREEF Industrial Properties Inc) (US REIT) and DEXUS US Properties Inc (formerly DB RREEF US Properties Inc) (US REIT II) are recognised as an expense when tax is withheld.

In addition, a deferred tax liability or asset and related deferred tax expense/benefit is recognised on differences between the tax cost base of US assets and liabilities in the Trusts (held by US REIT and US REIT II) and their accounting carrying values at balance date. Any deferred tax liability or asset is calculated using a blend of the current withholding tax rate applicable to income distributions and the applicable US federal and state taxes.

Under current Australian income tax legislation, the security holders will generally be entitled to receive a foreign tax credit for US withholding tax deducted from distributions paid by the US REIT and US REIT II.

DIT France Logistique SAS (DIT France), a wholly owned sub-trust of DIT, is liable for French corporation tax on its taxable income at the rate of 34.43%. In addition, a deferred tax liability or asset and its related deferred tax expense/benefit is recognised on differences between the tax cost base of the French real estate assets and their accounting carrying value at balance date.

DEXUS GLOG Trust (formerly DB RREEF GLOG Trust), a wholly owned Australian sub-trust of DIT, is liable for German income tax on its German taxable income at the rate of 15.82% from 1 January 2008 (this rate was 26.375% prior to 1 January 2008). In addition, a deferred tax liability or asset and its related deferred tax expense/benefit is recognised on differences between the tax cost base of the German real estate assets and their accounting carrying value at balance date.

DOT NZ Sub-Trust No. 1, a wholly owned Australian sub-trust of DOT, is liable for New Zealand corporate tax on its New Zealand taxable income at the rate of 33%. In addition, a deferred tax liability or asset and its related deferred tax expense/benefit is recognised on differences between the tax cost base of the New Zealand real estate asset and the accounting carrying value at balance date.

DEXUS Canada Trust (formerly DB RREEF Canada Trust), a wholly owned Australian sub-trust of DIT, is liable for Canadian income tax on its Canadian taxable income at the rate of 25%. In addition, a deferred tax liability or asset and its related deferred tax expense/benefit is recognised on differences between the tax cost base of the Canadian real estate asset and the accounting carrying value at balance date.

Tax consolidation

DXH is the head entity in the DXH tax consolidated group comprising DEXUS Funds Management Limited (formerly DB RREEF Funds Management Limited), DEXUS Property Services Pty Limited (formerly DB RREEF Property Services Pty Limited), DEXUS Financial Services Pty Limited (formerly DB RREEF Financial Services Pty Limited) and DEXUS Wholesale Property Limited (formerly DB RREEF Wholesale Property Limited). The implementation date for the tax-consolidated group was 1 October 2004.

The entities in the DXH tax consolidated group entered into a Tax Sharing Deed on 29 June 2007 (effective 1 July 2006). In the opinion of the directors, this limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, DXH.

DXH and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These notional tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right pursuant to the Tax Funding Deed entered into on 29 June 2007 (effective 1 July 2006).

Under the Tax Funding Deed, the wholly owned entities fully compensate DXH for any current tax payable assumed and are compensated by DXH for any current tax receivable. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements and are recognised as current intercompany receivables or payables.

(h) Distributions

In accordance with the Trusts' Constitutions, the Trusts distribute their distributable income to unitholders by cash or reinvestment. Distributions are provided for when they are approved by the Board of Directors and declared.

(i) Repairs and maintenance

Plant is required to be overhauled on a regular basis and is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the replaced component will be derecognised and the replacement costs capitalised in accordance with note 1(o). Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

(j) 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.

(k) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, which is based on the invoiced amount less provision for doubtful debts. Trade receivables are required to be settled within 30 days and are assessed on an ongoing basis for impairment. Receivables which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Trusts will not be able to collect all amounts due according to the original terms of the receivables.

(l) Other financial assets at fair value through profit and loss

Interests held by the Trust in controlled entities and associates are measured at fair value with changes in fair value recognised immediately in the Income Statements.

(m) Property plant and equipment

Property under development is carried at historical cost until the development is complete. All costs of development are capitalised against the property and are not depreciated. Upon completion of development, the assets are classified as investment property.

All other property plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to its acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the trust and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statements during the financial period in which they are incurred.

(n) Depreciation of property plant and equipment

Land is not depreciated. Depreciation on buildings (including fit-out) is calculated on a straight-line basis so as to write off the net cost of each non-current asset over its expected useful life. Estimates for remaining useful lives are reviewed on a regular basis for all assets and are as follows:

Buildings (including fit-out)	5–50 years
IT equipment	3–5 years

(o) Investment properties

Investment properties consist of properties held for long-term rental yields, capital appreciation or both. Investment properties are initially recognised at cost including transaction costs. Investment properties are subsequently recognised at fair value in the Financial Statements. Each valuation firm and its signatory valuer are appointed on the basis that they are engaged for no more than three consecutive valuations.

The basis of valuations of investment properties is fair value being the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. Where this is not available, an appropriate valuation method is used, which may include the discounted cashflow and the capitalisation method. Discount rates and capitalisation rates are determined based on industry expertise and knowledge, and where possible a direct comparison to third party rates for similar assets in a comparable location. Rental income from current leases and assumptions about future leases, as well as any expected operational cash outflows in relation to the property, are also reflected in fair value.

External valuations of the individual investments are carried out in accordance with the Trusts' Constitutions, or may be earlier where the Responsible Entity believes there is a potential for a material change in the fair value of the property.

Changes in fair values are recorded in the Income Statements. The gain or loss on disposal of an investment property is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the Income Statements in the year of disposal.

Subsequent redevelopment and refurbishment costs (other than repairs and maintenance) are capitalised to the investment property where they result in an enhancement in the future economic benefits of the property. Repairs and maintenance are accounted for in accordance with 1(i).

Held for sale investment properties

Investment properties intended for sale are separately disclosed on the Balance Sheets as "Held for sale investment properties". Such properties are measured using the same methodology as investment properties.

(p) Leasing fees

Leasing fees incurred are capitalised and amortised over the lease periods to which they relate.

(q) Lease incentives

Prospective lessees may be offered incentives as an inducement to enter into operating leases. These incentives may take various forms including cash payments, rent free periods, or a contribution to certain lessee costs such as fit out costs or relocation costs.

The costs of incentives are recognised as a reduction of rental income on a straight-line basis from the earlier of the date which the tenant has effective use of the premises or the lease commencement date to the end of the lease term. The carrying amount of the lease incentives is reflected in the fair value of investment properties.

Note 1. Summary of significant accounting policies (continued)

(r) Investments accounted for using the equity method

Some property investments are held through the ownership of units in single purpose unlisted trusts or shares in unlisted companies where the Trusts exert significant influence or joint control but does not have a controlling interest. These investments are considered to be associates and the equity method of accounting is applied in the Consolidated Financial Statements.

Under this method, the entity's share of the post-acquisition profits of associates is recognised as revenue in the Consolidated Income Statements. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends or distributions receivable from associates are recognised in the parent entity's Income Statements, while in the Consolidated Financial Statements they reduce the carrying amount of the investment.

When the Trusts' share of losses in an associate equal or exceed its interest in the associate (including any unsecured receivables) the Trusts do not recognise any further losses unless it has incurred obligations or made payments on behalf of the associate.

(s) Business combinations

The purchase method of accounting is used for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values. The excess of the acquisition cost over the fair value of the assets and liabilities acquired is recorded as goodwill (refer note 1(t)). If the cost is less than the fair value of the net assets acquired, the difference is recognised directly in the Income Statements.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange at the entity's incremental financing rate.

(t) Intangible assets

(i) Goodwill

Where a business combination is acquired, the identifiable net assets acquired are measured at fair value. The excess of the acquisition costs over the fair value of the identifiable net assets is brought to account as goodwill in the Balance Sheets. The carrying value of the goodwill is tested for impairment at each reporting date with any decrement in value taken to the Income Statements as an expense.

(ii) Management rights

Management rights represent the asset management rights owned by the Trust which entitle it to management fee revenue from both finite and infinite trusts. The carrying value of these management rights is tested for impairment annually. If there is any impairment, this will be recognised through the Income Statements and separately disclosed. Those rights that are deemed to have a finite useful life, are measured at cost and amortised using the straight-line method over their estimated useful lives which vary from six to twenty-two years.

(u) Financial assets and liabilities

(i) Classification

DXS 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(j).
Receivables	Loans and receivables	Amortised cost	Refer note 1(k).
Other financial assets	Loans and receivables	Amortised cost	Refer note 1(e) (v).
Other financial assets	Fair value through profit and loss	Fair value	Refer note 1(l).
Payables	Financial liability at amortised cost	Amortised cost	Refer note 1(v).
Interest bearing liabilities	Financial liability at amortised cost	Amortised cost	Refer note 1(w).
Derivatives	Fair value through profit and loss	Fair value	Refer note 1(e).

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.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and available for sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Trusts is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques including dealer quotes for similar instruments and discounted cash flows. In particular, the fair value of interest rate swaps and cross currency swaps are calculated as the present value of the estimated future cash flows, the fair value of forward exchange rate contracts is determined using forward exchange market rates at the balance sheet date, and the fair value of barrier interest rate swaps and interest rate option contracts are calculated as the present value of the estimated future cash flows taking into account the time value and implied volatility of the underlying instrument.

(v) Payables

These amounts represent liabilities for amounts owing at balance date. The amounts are unsecured and are usually paid within 30 days of recognition.

(w) Interest bearing liabilities

Subsequent to initial recognition at fair value, net of transaction costs incurred, interest bearing liabilities are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statements over the period of the borrowings using the effective interest method.

(x) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Trusts expect to pay as at reporting date including related on-costs, such as workers compensation, insurance and payroll tax.

(ii) Long service leave

The provision for employee benefits for long service leave represents the present value of the estimated future cash outflows, to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government bonds at reporting date which most closely match the term of the maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

(y) Earnings per unit

Earnings per unit are determined by dividing the net profit attributable to equity holders of the parent entity by the weighted average number of ordinary units outstanding during the year.

(z) Foreign currency

Items included in the Financial Statements of the Trust are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Financial Statements are presented in Australian dollars, which is the functional and presentation currency of the Trust.

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of financial assets and liabilities denominated in foreign currencies are recognised in the Income Statements.

(ii) Foreign operations

Foreign operations are located in the United States of America, New Zealand, France, Germany and Canada. These operations have a functional currency of US Dollars, NZ Dollars, Euros and Canadian Dollars respectively, which are translated into the presentation currency.

The assets and liabilities of the foreign operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after the date of transition to AIFRS are treated as assets and liabilities of the foreign operation and translated at exchange rates prevailing at the reporting date.

(aa) Segment reporting

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing services within a particular geographic environment and is subject to risks and returns that are different from those of segments operating in other geographic environments.

(ab) Rounding of amounts

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

Note 1. Summary of significant accounting policies (continued)

(ac) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2008 reporting period. Our assessment of the impact of these new standards and interpretations is set out below:

(i) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a "management approach" to reporting on financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Trusts intend to apply the revised standard from 1 July 2009. Application of AASB 8 may result in different segments, segment results and different type of information being reported in the segment note of the financial report. However, it will not affect any of the amounts recognised in the financial statements.

(ii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*. The revised AASB 101 that was issued in September 2007 is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the Statements of Changes in Equity but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or a reclassification of items in the financial statements, it will also need to disclose a third balance sheet (Statement of Financial Position), this one being as at the beginning of the comparative period. The Trusts intend to apply the revised standard from 1 July 2009.

(iii) Revised AASB 123 *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123* [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]. The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the Financial Report of the Trusts, as the Trusts already capitalise borrowing costs relating to qualifying assets.

(iv) Revised AASB 3 *Business Combinations*, AASB 127 *Consolidated and Separate Financial Statements* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127.* Revised accounting standards for business combinations and consolidated financial statements were issued in March 2008 and are operative for annual reporting periods beginning on or after 1 July 2009, but may apply earlier. The Trusts will apply the revised standards from 1 July 2009. However, the new rules generally apply only prospectively to transactions that occur after the application date of the standard. Their impact will therefore depend on whether the Trusts will enter into any business combinations or other transactions that affect the level of ownership held in the controlled entities in the year of initial application. For example, under the new rules:

- all payments (including contingent consideration) to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments subsequently remeasured at fair value through income;
- all transaction cost will be expensed;
- the Trusts will need to decide whether to continue calculating goodwill based only on the parent's share of net assets or whether to recognise goodwill also in relation to the non-controlling (minority) interest; and
- when control is lost, any continuing ownership interest in the entity will be remeasured to fair value and a gain or loss recognised in profit or loss.

(v) Amendments to IFRS 1 and IAS 27 *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate.* In May 2008, the IASB made amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 27 *Consolidated and Separate Financial Statements.* The new rules will apply to financial reporting periods commencing on or after 1 January 2009. Amendments to the corresponding Australian Accounting Standards are expected to be issued shortly. The Trusts will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

(vi) Improvements to IFRS. In May 2008, the IASB issued a number of improvements to existing International Financial Reporting Standards. The amendments will generally apply to financial reporting periods commencing on or after 1 January 2009, except for some changes to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* regarding the sale of the controlling interest in a subsidiary which will apply from 1 July 2009. We expect the AASB to make the same changes to Australian Accounting Standards shortly. The Trusts will apply the revised standards from 1 July 2009. The Trusts do not expect that any adjustments will be necessary as the result of applying the revised rules.

Note 2. Property revenue

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Rent and recoverable outgoings	682,038	705,205	146,070	155,332
Incentive amortisation	(42,034)	(37,661)	(5,822)	(6,220)
Other revenue	24,827	25,886	1,942	3,951
Total property revenue	**664,831**	**693,430**	**142,190**	**153,063**

Note 3. Finance costs

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Interest paid/payable	183,164	197,462	–	97
Interest paid to related party	–	–	10,429	46,321
Amount capitalised	(17,949)	(14,639)	(6,141)	(3,746)
Other finance costs	3,281	1,963	237	–
Net fair value loss/(gain) of interest rate swaps	44,737	(51,731)	19,035	(10,849)
Total finance costs	**213,233**	**133,055**	**23,560**	**31,823**

The average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 6.40% (2007: 6.58%).

Note 4. Income tax

(a) Income tax benefit

	CONSOLIDATED	
	2008 $'000	2007 $'000
Current tax	4,256	2,241
Deferred tax	(5,798)	(3,351)
Income tax benefit	**(1,542)**	**(1,110)**
Deferred income tax expense included in income tax expense comprises:		
(Increase) in deferred tax assets	(6,135)	(3,729)
Increase in deferred tax liabilities	337	378
	(5,798)	**(3,351)**

Note 4. Income tax (continued)

(b) Reconciliation of income tax benefit to net profit

	CONSOLIDATED	
	2008 $'000	2007 $'000
Profit before tax	453,163	1,243,264
Profit not subject to income tax (note 1(g))	(492,953)	(1,241,409)
	(39,790)	**1,855**
Prima facie Tax at the Australian tax rate of 30% (2007: 30%)	(11,937)	557
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Depreciation and amortisation	(1,640)	(430)
Share of net profits of associates	700	47
Revaluation of investment properties	13,445	1,628
Difference in overseas tax rates	–	(194)
Previously unrecognised tax losses now recognised	(641)	(390)
Tax offset for franked dividends	(1,567)	(1,950)
Sundry items	25	(3)
	10,322	**(1,292)**
Under/(over) provision in prior year	73	(375)
Income tax benefit	**(1,542)**	**(1,110)**

(c) Withholding tax expense

Withholding tax expense of $9,444,000 (2007: $33,583,000) includes $7,236,000 (2007: $31,178,000) of deferred tax expense which is recognised on differences between the tax cost base of the US assets and liabilities and their accounting carrying value at balance date. The majority of the deferred tax expense arises due to the tax depreciation and revaluation of US investment properties as well as mark-to-market of derivatives.

Note 5. Other expenses

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Audit and other fees	3,114	2,829	386	562
Custodian fees	489	515	136	172
Legal and other professional fees	1,413	448	378	1
Bad and doubtful debts	–	2,083	–	644
Registry costs and listing fees	511	443	161	142
Occupancy expenses	463	–	–	–
Administration expenses	1,716	–	–	–
Other staff expenses	1,015	–	–	–
RREEF management fees	2,828	1,907	–	–
Other expenses	4,343	2,866	152	59
Total other expenses	**15,892**	**11,091**	**1,213**	**1,580**

Note 6. Audit and advisory fees

During the year the auditor of the parent entity and its related practices and non-related audit firms earned the following remuneration:

(a) Assurance services

	CONSOLIDATED		PARENT ENTITY	
	2008 $	**2007 $**	**2008 $**	**2007 $**
Audit Services				
PwC audit and review of financial reports and other audit work under the *Corporations Act 2001*	1,262,986	1,111,630	385,980	426,183
PwC fees paid in relation to outgoings audit[1]	171,118	194,627	24,206	38,250
Remuneration for audit services to PwC	**1,434,104**	**1,306,257**	**410,186**	**464,433**
Fees paid to non-PwC audit firms	885,981	691,626	–	22,941
Total remuneration for assurance services	**2,320,085**	**1,997,883**	**410,186**	**487,374**

(b) Taxation services

Fees paid to PwC Australia	518,070	318,843	117,359	112,307
Fees paid to PwC US	269,105	443,588	–	–
Remuneration for taxation services to PwC	**787,175**	**762,431**	**117,359**	**112,307**
Fees paid to non-PwC audit firms	295,648	263,815	370	–
Total remuneration for taxation services[2]	**1,082,823**	**1,026,246**	**117,729**	**112,307**
Total remuneration for assurance and taxation services	**3,402,907**	**3,024,129**	**527,915**	**599,681**

1 Included in property expenses are PwC fees paid in relation to outgoing audits.

2 These services include general compliance work, one off project work and advice with respect to the management of day to day tax affairs of the Trusts.

Note 7. Current assets – cash and cash equivalents

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Cash at bank	88,516	59,603	31,004	9,096
Short-term deposits	10,698	–	–	–
Total current assets – cash and cash equivalents	**99,214**	**59,603**	**31,004**	**9,096**

Note 8. Current assets – receivables

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Rent receivable	12,254	17,671	1,802	2,840
Less: Provision for doubtful debts	(1,487)	(2,232)	(377)	(681)
Total rental receivables	**10,767**	**15,439**	**1,425**	**2,159**
Dividend receivable	–	6,500	–	–
Fee receivable	11,907	–	–	–
Other receivables from controlled entities	–	–	4,700	12,559
GST receivable	–	1,513	–	891
Interest receivable	4,532	6	–	–
Other receivables	13,463	12,931	2,294	3,886
Total other receivables	**29,902**	**20,950**	**6,994**	**17,336**
Total current assets – receivables	**40,669**	**36,389**	**8,419**	**19,495**

Other receivables from controlled entities

Other receivables from controlled entities is an inter-entity loan, which is a non-interest bearing loan between the Trust and its controlled entities.

Note 9. Loan with related parties

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Non-current assets – loans with related parties				
Intercompany loans[2]	–	–	119,533	–
Total non-current assets – loan with related parties	**–**	**–**	**119,533**	**–**
Current liabilities – loans with related parties				
Non-interest bearing loans with the Trusts[1]	–	–	34,332	34,332
Total current liabilities – loan with related parties	**–**	**–**	**34,332**	**34,332**
Non-current liabilities – loans with related parties				
Intercompany loans[2]	–	–	–	702,914
Total non-current liabilities – loan with related parties	**–**	**–**	**–**	**702,914**

1 Non-interest bearing loans with the Trusts were created to effect the stapling of the Trust, DIT, DOT and DXO. These loan balances eliminate on consolidation.
2 The intercompany loans represent interest-bearing loans with DEXUS Finance Pty Limited (formerly DB RREEF Finance Pty Limited) (DXF) to or from the Trusts. These loan balances eliminate on consolidation.

Note 10. Derivative financial instruments

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Current assets				
Interest rate swap contracts	138,359	136,160	34,470	28,961
Cross currency swap contracts	42,141	–	30,567	–
Forward foreign exchange contracts	10,662	9,265	5,022	4,163
Total current assets – derivative financial instruments	**191,162**	**145,425**	**70,059**	**33,124**
Current liabilities				
Interest rate swap contracts	95,602	21,196	42,539	7,861
Forward foreign exchange contracts	1,476	137	890	–
Total current liabilities – derivative financial instruments	**97,078**	**21,333**	**43,429**	**7,861**
Net current derivative financial instruments	**94,084**	**124,092**	**26,630**	**25,263**

Refer note 31 for further discussion regarding derivative financial instruments.

Note 11. Current assets – other financial assets

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Loan notes receivable from DEXUS Holdings Pty Limited	–	51,936	–	–
Total current assets – other financial assets	**–**	**51,936**	**–**	**–**

On 27 September 2004, DEXUS Holdings Pty Limited (formerly DB RREEF Holdings Pty Limited) (DXH) issued an equal amount of loan notes to its two owners – First Australian Property Group Holdings Pty Limited (FAP) and DXO, in order to fund its 100% acquisition of DXFM (the Responsible Entity of DXO). On 31 October 2006, DXH issued further loan notes of equal amounts to its two owners to fund the acquisition of DWPL, the Responsible Entity of DEXUS Wholesale Property Fund (formerly DB RREEF Wholesale Property Fund) (DWPF). These loan notes pay a coupon of 11% per annum, mature on 1 October 2024 and may be redeemed at any time prior to maturity.

On 21 February 2008, DXO purchased the remaining 50% interest in DXH from FAP resulting in DXH being consolidated from that date and loan notes on issue to DXO being eliminated on consolidation. At the same time, DXH repaid the loan notes on issue to FAP.

Note 12. Current assets – other

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Prepayments	9,372	9,651	1,307	2,439
Tenant bonds	–	13	–	–
Total current assets – other	**9,372**	**9,664**	**1,307**	**2,439**

Note 13. Non-current assets – investment properties

(a) Properties

	OWNERSHIP	ACQUISITION DATE
Held by parent entity		
Kings Park Industrial Estate, Bowmans Road, Marayong, NSW	100%	May 1990
Target Distribution Centre, Lot 1, Taras Avenue, Altona North, VIC	100%	Oct 1995
Axxess Corporate Park, 164–180 Forster Road, 11 & 21–45 Gilby Road, 307–355 Ferntree Gully Road, Mount Waverley, VIC	100%	Oct 1996
Knoxfield Industrial Estate, 20 Henderson Road, Knoxfield, VIC	100%	Aug 1996
12 Frederick Street, St Leonards, NSW	100%	Jul 2000
40 Talavera Road, North Ryde, NSW	100%	Oct 2002
2 Alspec Place, Eastern Creek, NSW	100%	Mar 2004
Redwood Gardens Industrial Estate Stages 3,5,6 & 7 and Lot 4, Dingley, VIC	100%	Dec 1994
44 Market Street, Sydney, NSW	100%	Sep 1987
8 Nicholson Street, Melbourne, VIC	100%	Nov 1993
130 George Street & 105 Phillip Street, Parramatta, NSW	100%	May 1997
Flinders Gate Complex, 172 Flinders Street & 189 Flinders Lane, Melbourne, VIC	100%	Mar 1999
383–395 Kent Street, Sydney, NSW	100%	Sep 1987
14 Moore Street, Canberra, ACT**	100%	May 2002
Sydney CBD Floor Space[1]	100%	Jul 2000
Westfield Whitford City Shopping Centre Marmion & Whitfords Avenue, Hillarys, WA[2]	50%	Oct 1984
Westfield Whitfords Avenue Lot 6 Endeavour Road, Hillarys, WA[2]	50%	Dec 1992
West Lakes Shopping Centre, West Lakes, SA	–	Nov 1998
Plenty Valley Town Centre, 330–464 McDonald's Road, South Morang, VIC	–	Nov 1999
Westfield North Lakes Shopping Centre, Corner Anzac Avenue and Northlakes Drive, Mango Hill, QLD	–	Aug 2004
Albert & Charlotte Streets Carpark, Brisbane, QLD	100%	Oct 1984
34–60 Little Collins Street, Melbourne, VIC**	100%	Nov 1984
32–44 Flinders Street, Melbourne, VIC	100%	Jun 1998
Flinders Gate Carpark, 172–189 Flinders Street, Melbourne, VIC	100%	Mar 1999
383–395 Kent Street, Sydney, NSW	100%	Sep 1987
John Martin's Carpark & Retail Plaza Joint Venture	1%	Sep 1994
Total parent entity		

1 This relates to heritage floor space retained following the disposal of 1 Chifley Square, Sydney.
2 The valuation reflects 50% of the independent valuation amount.
The title to all properties is freehold, with the exception of the properties marked** which are leasehold.

COST INCLUDING ALL ADDITIONS $'000	INDEPENDENT VALUATION DATE	INDEPENDENT VALUATION AMOUNT $'000	INDEPENDENT VALUER	CONSOLIDATED BOOK VALUE 30 JUNE 2008 $'000	CONSOLIDATED BOOK VALUE 30 JUNE 2007 $'000
80,649	Jun 2008	104,000	(e)	104,000	101,000
25,536	Dec 2007	37,500	(a)	34,200	36,512
156,657	Jun 2008	192,650	(i)	192,650	184,000
30,269	Jun 2006	37,050	(f)	35,300	37,098
25,551	Jun 2007	38,000	(f)	37,000	38,000
33,451	Dec 2006	31,200	(d)	33,910	33,800
23,606	Dec 2006	26,000	(a)	24,800	26,010
24,982	Jun 2008	30,250	(e)	30,250	29,950
178,262	Jun 2008	225,000	(e)	225,000	220,000
69,846	Dec 2007	106,500	(e)	99,000	98,000
98,016	Jun 2006	80,000	(d)	92,000	93,059
15,573	Jun 2006	18,000	(d)	21,350	18,265
106,283	Jun 2008	153,000	(f)	153,000	131,378
37,706	Dec 2007	49,500	(a)	46,500	45,000
2,174	n/a	–	–	2,174	2,173
130,506	Jun 2007	252,350	(f)	255,350	252,350
5,506	Jun 2007	24,650	(f)	24,650	24,650
–	n/a	–	–	–	174,000
–	n/a	–	–	–	66,750
–	n/a	–	–	–	164,500
35,102	Jun 2006	38,500	(e)	–	39,354
16,186	Jun 2006	37,500	(d)	41,000	39,500
21,331	Jun 2006	32,500	(d)	32,592	32,585
47,306	Jun 2006	39,000	(d)	39,263	39,000
30,257	Jun 2008	65,000	(f)	65,000	60,000
–	n/a	–	–	100	100
1,194,755		**1,618,150**		**1,589,089**	**1,987,034**

Note 13. Non-current assets – investment properties (continued)

(a) Properties (continued)

	OWNERSHIP	ACQUISITION DATE
Other consolidated investment properties – non-current		
79–99 St Hilliers Road, Auburn, NSW	100%	Sep 1997
3 Brookhollow Avenue, Baulkham Hills, NSW	100%	Dec 2002
1 Garigal Road, Belrose, NSW	100%	Dec 1998
2 Minna Close, Belrose, NSW	100%	Dec 1998
114–120 Old Pittwater Road, Brookvale, NSW	100%	Sep 1997
145–151 Arthur Street, Flemington, NSW	100%	Sep 1997
436–484 Victoria Road, Gladesville, NSW	100%	Sep 1997
1 Foundation Place, Greystanes, NSW	100%	Dec 2002
5–15 Rosebery Avenue & 25–55 Rothschild Avenue, Rosebery, NSW	100%	Apr 1998 & Oct 2001
10–16 South Street, Rydalmere, NSW	100%	Sep 1997
19 Chifley Street, Smithfield, NSW	100%	Dec 1998
Pound Road West, Dandenong, VIC	100%	Jan 2004
352 Macaulay Road, Kensington, VIC	100%	Oct 1998
DEXUS Industrial Estate Boundary Road, Laverton North, VIC[1]	100%	Jul 2002
250 Forest Road, South Lara, VIC	100%	Dec 2002
15–23 Whicker Road, Gillman, SA	100%	Dec 2002
25 Donkin Street South, Brisbane, QLD	100%	Dec 1998
52 Holbeche Road, Arndell Park, NSW	100%	Jul 1998
3–7 Bessemer Street, Blacktown, NSW	100%	Jun 1997
30–32 Bessemer Street, Blacktown, NSW	100%	May 1997
27–29 Liberty Road, Huntingwood, NSW	100%	Jul 1998
154 O'Riordan Street, Mascot, NSW	100%	Jun 1997
11 Talavera Road, North Ryde, NSW	100%	Jun 2002
DEXUS Industrial Estate, Egerton Street, Silverwater, NSW	100%	May 1997
239–251 Woodpark Road, Smithfield, NSW	100%	May 1997
40 Biloela Street, Villawood, NSW	100%	Jul 1997
114 Fairbank Road, Clayton, VIC	100%	Jul 1997
30 Bellrick Street, Acacia Ridge, QLD	100%	Jun 1997
68 Hasler Road, Herdsman, WA	100%	Jul 1998
Zone Industrial Epone II, Epone	100%	Jul 2006
19 rue de Bretagne, Saint–Quentin Fallavier	100%	Jul 2006
21 rue du Chemin Blanc, Champlan	100%	Jul 2006
32 avenue de l'Oceanie, Villejust	100%	Jul 2006
RN 19 ZAC de L'Ormes Road, Servon (1)	100%	Jul 2006
RN 19 ZAC de L'Ormes Road, Servon (2)	100%	Jul 2006
Im Holderbusch 3, Industriestraße, Sulmstraße, Ellhofen–Weinsberg	100%	Dec 2006
Schillerstraße 51, Ellhofen	100%	Dec 2006
Schillerstraße 42, 42a, Bahnhofstraße 44, 50, Ellhofen	100%	Dec 2006
Im Gewerbegebiet 18, Friedewald	100%	Dec 2006
Im Steinbruch 4, 6, Knetzgau	100%	Dec 2006

1 This site comprises, Lot 1 Boundary Road which was externally valued at 31 December 2007 for $20 million and two remaining lots which were internally valued at 30 June 2008 for $61.4 million.

COST INCLUDING ALL ADDITIONS $'000	INDEPENDENT VALUATION DATE	INDEPENDENT VALUATION AMOUNT $'000	INDEPENDENT VALUER	CONSOLIDATED BOOK VALUE 30 JUNE 2008 $'000	CONSOLIDATED BOOK VALUE 30 JUNE 2007 $'000
38,373	Jun 2007	45,250	(a)	47,281	45,250
46,896	Jun 2008	54,800	(f)	44,800	54,700
23,446	Jun 2007	31,000	(d)	28,800	31,000
34,851	Jun 2007	35,000	(d)	33,000	35,000
34,876	Jun 2006	45,500	(f)	51,500	52,900
24,457	Dec 2007	37,900	(i)	35,000	36,900
28,803	Jun 2007	53,000	(e)	55,000	53,000
39,286	Jun 2008	48,000	(a)	48,000	48,055
73,885	Jun 2008	102,700	(d)	102,700	98,438
36,758	Dec 2006	47,000	(f)	48,000	47,425
12,164	Jun 2008	18,350	(i)	18,350	18,500
72,160	Dec 2007	81,550	(g)	91,486	74,000
7,668	Dec 2007	10,000	(a)	9,100	9,300
74,520	Dec 2007	85,900	(i)	81,400	26,900
33,808	Jun 2008	44,750	(a)	44,750	43,700
20,282	Dec 2006	25,500	(d)	25,800	25,500
19,267	Dec 2007	35,600	(e)	35,800	28,000
11,367	Jun 2008	13,500	(f)	13,500	14,000
11,167	Sep 2006	10,250	(d)	11,100	10,800
12,428	Jun 2006	17,850	(f)	19,044	19,000
8,108	Jun 2008	9,650	(a)	9,650	9,228
11,023	Dec 2006	16,000	(a)	15,000	16,065
135,236	Jun 2008	160,000	(f)	160,000	152,000
36,878	Dec 2007	50,000	(i)	48,200	47,583
5,117	Jun 2006	6,450	(f)	6,800	7,100
6,867	Jun 2006	8,750	(a)	8,100	8,797
15,748	Jun 2006	12,800	(i)	16,200	12,800
13,291	Jun 2008	22,700	(e)	22,700	20,650
9,740	Jun 2008	17,500	(i)	17,500	10,800
12,604	Jun 2008	10,417	(d)	10,417	12,629
23,919	Jun 2008	18,389	(d)	18,389	19,343
22,723	Jun 2008	16,913	(d)	16,913	15,845
18,236	Jun 2008	13,533	(d)	13,533	15,160
31,687	Jun 2008	21,867	(d)	21,867	33,038
10,872	Jun 2008	7,923	(d)	7,923	10,917
25,319	Jun 2008	23,376	(d)	23,376	25,319
20,972	Jun 2008	19,537	(d)	19,537	20,972
13,168	Jun 2008	12,156	(d)	12,156	13,168
8,492	Jun 2008	6,611	(d)	6,611	8,492
16,654	Jun 2008	17,520	(d)	17,520	16,654

Note 13. Non-current assets – investment properties (continued)

(a) Properties (continued)

	OWNERSHIP	ACQUISITION DATE
Other consolidated investment properties – non-current (continued)		
Carl–Leverkus–Straße 3–5, Winkelsweg 182–184, Langenfeld	100%	Dec 2006
Schneiderstraße 82, Langenfeld 3	100%	Dec 2006
Über der Dingelstelle, Langenweddingen	100%	Dec 2006
Nordstraße 1, Löbau	100%	Dec 2006
Former Straße 6, Unna	100%	Dec 2006
Niedesheimer Straße 24, Worms	100%	Dec 2006
Liverpooler–/ Kopenhagener–/ Osloer Straße, Duisburg	100%	Dec 2006
Bremer Ring, Hansestraße, Berlin–Wustermark	100%	Dec 2006
TheodorStraße, Düsseldorf	100%	Dec 2006
13201 South Orange Avenue, Orlando	100%	Jun 2007
8574 Boston Church Road, Milton, Ontario	100%	Dec 2007
Governor Phillip Tower & Governor Macquarie Tower Office Complex, 1 Farrer Place, Sydney, NSW[2]	50%	Dec 1998
45 Clarence Street, Sydney, NSW	100%	Dec 1998
309–321 Kent Street, Sydney, NSW[2]	50%	Dec 1998
1 Margaret Street, Sydney, NSW	100%	Dec 1998
Victoria Cross 60 Miller Street, North Sydney, NSW	100%	Dec 1998
The Zenith, 821–843 Pacific Highway, Chatswood, NSW[2]	50%	Dec 1998
Woodside Plaza, 240 St Georges Terrace, Perth, WA	100%	Jan 2001
30 The Bond, 30–34 Hickson Road, Sydney, NSW	100%	May 2002
Southgate Complex, 3 Southgate Avenue, Southgate, VIC	100%	Aug 2000
O'Connell House, 15–19 Bent Street, Sydney, NSW	–	Aug 2000
201–217 Elizabeth Street, Sydney, NSW[2]	50%	Aug 2000
Garema Court, 140–180 City Walk, Civic, ACT**	100%	Aug 2000
Australia Square Complex, 264–278 George St, Sydney, NSW[2]	50%	Aug 2000
Lumley Centre, 88 Shortland St, Auckland, New Zealand[1]	100%	Sep 2005
Westfield Hurstville, 262–264 Forest Road and 292 Forest Road, Hustville, NSW[2]	–	May 2005
3765 Atlanta Industrial Drive, Atlanta	100%	Sep 2004
7100 Highlands Parkway, Atlanta	100%	Sep 2004
Town Park Drive, Atlanta	100%	Sep 2004
Williams Drive, Atlanta	100%	Sep 2004
Stone Mountain, Atlanta	100%	Sep 2004
MD Food Park, Baltimore	100%	Sep 2004
West Nursery, Baltimore	100%	Sep 2004
Cabot Techs, Baltimore	100%	Sep 2004
9112 Guildford Road, Baltimore	100%	Sep 2004
8155 Stayton Drive, Baltimore	100%	Sep 2004
Patuxent Range Road, Baltimore	100%	Sep 2004
Bristol Court, Baltimore	100%	Sep 2004
NE Baltimore, Baltimore	100%	Sep 2004
1181 Portal, 1831 Portal and 6615 Tributary, Baltimore	100%	Jun 2005

1 The property was externally valued at NZ$155,000,000 at 30 June 2008. This valuation has been translated in to Australian dollars at the spot rate on 30 June 2008.
2 The valuation reflects 50% of the independent valuation amount.
The title to all properties is freehold, with the exception of the properties marked ** which are leasehold.

COST INCLUDING ALL ADDITIONS $'000	INDEPENDENT VALUATION DATE	INDEPENDENT VALUATION AMOUNT $'000	INDEPENDENT VALUER	CONSOLIDATED BOOK VALUE 30 JUNE 2008 $'000	CONSOLIDATED BOOK VALUE 30 JUNE 2007 $'000
16,675	Jun 2008	15,059	(d)	15,059	16,675
9,564	Jun 2008	8,809	(d)	8,809	9,564
12,112	Jun 2008	10,728	(d)	10,728	12,112
2,045	Jun 2008	1,427	(d)	1,427	2,045
27,708	Jun 2008	27,297	(d)	27,297	27,708
6,582	Jun 2008	6,578	(d)	6,578	6,582
32,840	Jun 2008	33,153	(d)	33,153	32,840
17,747	Jun 2008	17,142	(d)	17,142	17,747
27,152	Jun 2008	25,509	(d)	25,509	27,152
23,629	Jun 2008	30,646	(c)	30,646	29,867
73,237	Jun 2008	70,304	(c)	70,304	–
490,555	Dec 2006	638,750	(f)	744,993	646,710
221,398	Jun 2007	265,000	(e)	290,163	265,000
170,258	Dec 2006	183,500	(a)	210,483	194,000
144,078	Dec 2007	200,000	(a)	194,000	181,000
95,068	Dec 2005	90,000	(f)	110,068	103,101
108,402	Jun 2007	130,000	(a)	130,000	130,000
240,091	Jun 2008	446,500	(i)	446,500	390,000
117,986	Jun 2006	150,000	(e)	179,036	170,000
363,638	Jun 2007	380,000	(i)	370,000	380,000
–	Sep 2004	–	(e)	–	54,464
119,221	Jun 2007	158,750	(d)	164,130	158,750
43,970	Jun 2008	60,000	(i)	60,000	63,500
210,683	Dec 2007	312,500	(e)	303,000	261,739
89,726	Jun 2008	122,928	(i)	122,928	131,519
–	n/a	–	–	–	307,500
5,475	Jun 2008	4,571	(c)	4,571	5,302
15,300	Jun 2008	13,401	(c)	13,401	18,735
6,848	Jun 2008	8,934	(c)	8,934	10,015
10,440	Jun 2008	10,285	(c)	10,285	13,904
7,601	Jun 2008	6,233	(c)	6,233	7,305
20,569	Jun 2008	24,102	(c)	24,102	31,187
8,308	Jun 2008	9,038	(c)	9,038	10,015
21,704	Jun 2008	30,646	(c)	30,646	32,874
8,502	Jun 2008	9,557	(c)	9,557	12,608
7,282	Jun 2008	9,038	(c)	9,038	9,780
12,477	Jun 2008	13,609	(c)	13,609	15,789
11,345	Jun 2008	12,466	(c)	12,466	13,197
7,786	Jun 2008	9,038	(c)	9,038	10,487
10,980	Jun 2008	12,258	(c)	12,258	13,786

Note 13. Non-current assets – investment properties (continued)

(a) Properties (continued)

	OWNERSHIP	ACQUISITION DATE
Other consolidated investment properties – non-current (continued)		
10 Kenwood Circle, Boston	100%	Sep 2004
Commerce Park, Charlotte	100%	Sep 2004
9900 Brookford Street, Charlotte	100%	Sep 2004
Westinghouse, Charlotte	100%	Sep 2004
Airport Exchange, Cincinnati	100%	Sep 2004
Empire Drive, Cincinnati	100%	Sep 2004
International Way, Cincinnati	100%	Sep 2004
Kentucky Drive, Cincinnati	100%	Sep 2004
Spiral Drive, Cincinnati	100%	Sep 2004
Turfway Road, Cincinnati	100%	Sep 2004
124 Commerce, Cincinnati	100%	Sep 2004
Kenwood Road, Cincinnati	100%	Sep 2004
Lake Forest Drive, Cincinnati	100%	Sep 2004
World Park, Cincinnati	100%	Sep 2004
Equity/Westbelt/Dividend, Columbus	100%	Sep 2004
2700 International Street, Columbus	100%	Sep 2004
3800 Twin Creeks Drive, Columbus	100%	Sep 2004
SE Columbus, Columbus	100%	Sep 2004
Arlington, Dallas	100%	Sep 2004
1900 Diplomat Drive, Dallas	100%	Sep 2004
2055 Diplomat Drive, Dallas	100%	Sep 2004
1413 Bradley Lane, Dallas	100%	Sep 2004
North Lake, Dallas	100%	Sep 2004
555 Airline Drive, Dallas	100%	Sep 2004
455 Airline Drive, Dallas	100%	Sep 2004
Hillguard, Dallas	100%	Sep 2004
11011 Regency Crest Drive, Dallas	100%	Sep 2004
East Collins, Dallas	100%	Sep 2004
3601 East Plano/1000 Shiloh, Dallas	100%	Sep 2004
East Plano Parkway, Dallas	100%	Sep 2004
820–860 Avenue F, Dallas	100%	Sep 2004
10th Street, Dallas	100%	Sep 2004
Capital Avenue Dallas	100%	Sep 2004
CTC @ Valwood, Dallas	100%	Sep 2004
Brackbill, Harrisburg	100%	Sep 2004
Mechanicsburg, Harrisburg	100%	Sep 2004
181 Fulling Mill Road, Harrisburg	100%	Sep 2004
Glendale, Los Angeles	100%	Sep 2004
14489 Industry Circle, Los Angeles	100%	Sep 2004
14555 Alondra/6530 Altura, Los Angeles	100%	Sep 2004
San Fernando Valley, Los Angeles	100%	Sep 2004
Memphis Industrial, Memphis	100%	Sep 2004

COST INCLUDING ALL ADDITIONS $'000	INDEPENDENT VALUATION DATE	INDEPENDENT VALUATION AMOUNT $'000	INDEPENDENT VALUER	CONSOLIDATED BOOK VALUE 30 JUNE 2008 $'000	CONSOLIDATED BOOK VALUE 30 JUNE 2007 $'000
11,156	Jun 2008	10,596	(c)	10,596	14,774
7,744	Jun 2008	9,246	(c)	9,246	10,251
4,266	Jun 2008	4,571	(c)	4,571	5,302
21,360	Jun 2008	25,660	(c)	25,660	28,541
4,554	Jun 2008	3,532	(c)	3,532	4,566
6,544	Jun 2008	6,960	(c)	6,960	7,070
10,829	Jun 2008	12,258	(c)	12,258	13,668
11,680	Jun 2008	15,791	(c)	15,791	15,612
6,272	Jun 2008	6,233	(c)	6,233	6,716
5,528	Jun 2008	5,298	(c)	5,298	6,245
2,435	Jun 2008	2,597	(c)	2,597	3,181
19,524	Jun 2008	21,816	(c)	21,816	22,387
12,662	Jun 2008	14,648	(c)	14,648	16,025
13,174	Jun 2008	13,245	(c)	13,245	15,435
39,135	Jun 2008	41,554	(c)	41,554	48,780
4,663	Jun 2008	5,194	(c)	5,194	4,961
4,899	Jun 2008	5,714	(c)	5,714	5,950
14,196	Jun 2008	12,155	(c)	12,155	14,139
9,096	Jun 2008	9,350	(c)	9,350	10,840
4,756	Jun 2008	4,259	(c)	4,259	5,420
3,779	Jun 2008	3,013	(c)	3,013	4,507
3,216	Jun 2008	2,805	(c)	2,805	3,535
10,129	Jun 2008	12,466	(c)	12,466	15,671
6,739	Jun 2008	6,649	(c)	6,649	8,012
3,229	Jun 2008	3,532	(c)	3,532	4,595
9,125	Jun 2008	10,077	(c)	10,077	10,958
7,498	Jun 2008	8,207	(c)	8,207	8,955
3,707	Jun 2008	3,740	(c)	3,740	4,419
13,567	Jun 2008	18,439	(c)	18,439	18,282
22,085	Jun 2008	25,452	(c)	25,452	27,807
7,099	Jun 2008	6,233	(c)	6,233	7,729
10,135	Jun 2008	11,116	(c)	11,116	11,841
6,445	Jun 2008	6,545	(c)	6,545	7,859
3,553	Jun 2008	4,155	(c)	4,155	5,184
23,256	Jun 2008	21,623	(c)	21,623	28,632
18,896	Jun 2008	19,946	(c)	19,946	23,801
9,382	Jun 2008	10,103	(c)	10,103	11,311
53,226	Jun 2008	73,759	(c)	73,759	85,425
7,492	Jun 2008	12,523	(c)	12,523	13,079
18,171	Jun 2008	24,413	(c)	24,413	33,109
15,168	Jun 2008	25,971	(c)	25,971	28,868
9,793	Jun 2008	6,441	(c)	6,441	11,429

Note 13. Non-current assets – investment properties (continued)

(a) Properties (continued)

	OWNERSHIP	ACQUISITION DATE
Other consolidated investment properties – non-current (continued)		
2950 Lexington Avenue S, Minneapolis	100%	Sep 2004
Mounds View, Minneapolis	100%	Sep 2004
6105 Trenton Lane, Minneapolis	100%	Sep 2004
8575 Monticello Lane, Minneapolis	100%	Sep 2004
7401 Cahill Road, Minneapolis	100%	Sep 2004
CTC @ Dulles, Northern Virginia	100%	Sep 2004
Alexandria, Northern Virginia	100%	Sep 2004
Nokes Boulevard, Northern Virginia	100%	Sep 2004
Guildford, Northern Virginia	100%	Sep 2004
Beaumeade Telecom, Northern Virginia	100%	Sep 2004
Orlando Central Park, Orlando	100%	Sep 2004
7500 Exchange Drive, Orlando	100%	Sep 2004
105–107 South 41st Avenue, Phoenix	100%	Sep 2004
1429–1439 South 40th Avenue, Phoenix	100%	Sep 2004
10397 West Van Buren Street, Phoenix	100%	Sep 2004
844 44th Avenue, Phoenix	100%	Sep 2004
220 South 9th Street, Phoenix	100%	Sep 2004
431 North 47th Avenue, Phoenix	100%	Sep 2004
601 South 55th Avenue, Phoenix	100%	Sep 2004
1000 South Priest Drive, Phoenix	100%	Sep 2004
1120–1150 W. Alameda Drive, Phoenix	100%	Sep 2004
1858 East Encanto Drive, Phoenix	100%	Sep 2004
3802–3922 East University Drive, Phoenix	100%	Sep 2004
Chino, Riverside	100%	Sep 2004
Mira Loma, Riverside	100%	Sep 2004
Ontario, Riverside	100%	Sep 2004
4190 East Santa Ana Street, Riverside	100%	Sep 2004
Rancho Cucamonga, Riverside	100%	Sep 2004
12000 Jersey Court, Riverside	100%	Sep 2004
Airway Road, San Diego	100%	Sep 2004
5823 Newton Drive, San Diego	100%	Sep 2004
2210 Oak Ridge Way, San Diego	100%	Sep 2004
Kent West, Seattle	100%	Sep 2004
26507 79th Avenue – South, Seattle	100%	Sep 2004
8005 S. 266th Street, Seattle	100%	Sep 2004
West Palm Beach, South Florida	100%	Sep 2004
Calvert/Murry's, Northern Virginia	100%	Sep 2004
Turnpike Distribution Center	100%	Sep 2005
7700 68th Avenue, Brooklyn Park	100%	Nov 2005
7500 West 78th Street, Bloomington	100%	Nov 2005
1285 & 1301 Corporate Center Drive, 1230 & 1270 Eagan Industrial Road, Eagan	100%	Nov 2005

COST INCLUDING ALL ADDITIONS $'000	INDEPENDENT VALUATION DATE	INDEPENDENT VALUATION AMOUNT $'000	INDEPENDENT VALUER	CONSOLIDATED BOOK VALUE 30 JUNE 2008 $'000	CONSOLIDATED BOOK VALUE 30 JUNE 2007 $'000
9,234	Jun 2008	9,360	(c)	9,360	12,496
21,961	Jun 2008	22,024	(c)	22,024	26,255
8,153	Jun 2008	8,207	(c)	8,207	9,544
1,796	Jun 2008	2,182	(c)	2,182	2,828
3,562	Jun 2008	3,272	(c)	3,272	3,653
25,508	Jun 2008	30,646	(c)	30,646	37,704
47,362	Jun 2008	54,153	(c)	54,153	69,384
20,831	Jun 2008	48,203	(c)	48,203	40,061
18,187	Jun 2008	22,231	(c)	22,231	30,635
33,682	Jun 2008	45,710	(c)	45,710	49,487
62,553	Jun 2008	76,252	(c)	76,252	88,962
5,669	Jun 2008	7,376	(c)	7,376	8,248
14,550	Jun 2008	22,173	(c)	22,173	22,479
10,470	Jun 2008	15,063	(c)	15,063	15,612
8,849	Jun 2008	15,375	(c)	15,375	16,142
6,623	Jun 2008	8,415	(c)	8,415	9,780
7,338	Jun 2008	10,492	(c)	10,492	10,958
6,255	Jun 2008	9,246	(c)	9,246	10,015
4,781	Jun 2008	5,921	(c)	5,921	6,775
5,174	Jun 2008	6,233	(c)	6,233	8,248
8,223	Jun 2008	10,389	(c)	10,389	12,608
4,471	Jun 2008	6,649	(c)	6,649	6,952
10,060	Jun 2008	11,947	(c)	11,947	12,254
6,356	Jun 2008	9,661	(c)	9,661	11,783
10,843	Jun 2008	20,777	(c)	20,777	24,979
30,046	Jun 2008	50,384	(c)	50,384	61,624
5,053	Jun 2008	9,350	(c)	9,350	11,488
22,442	Jun 2008	37,918	(c)	37,918	46,660
4,345	Jun 2008	7,688	(c)	7,688	9,132
9,612	Jun 2008	10,389	(c)	10,389	15,612
17,065	Jun 2008	23,998	(c)	23,998	31,224
5,185	Jun 2008	6,732	(c)	6,732	8,484
29,466	Jun 2008	36,360	(c)	36,360	41,829
2,745	Jun 2008	3,740	(c)	3,740	4,124
7,243	Jun 2008	9,038	(c)	9,038	10,133
22,034	Jun 2008	21,296	(c)	21,296	30,753
5,494	Jun 2008	5,090	(c)	5,090	7,470
22,840	Jun 2008	29,919	(c)	29,919	30,635
5,791	Jun 2008	4,467	(c)	4,467	6,007
5,244	Jun 2008	5,402	(c)	5,402	7,116
19,542	Jun 2008	16,102	(c)	16,102	20,178

Note 13. Non-current assets – investment properties (continued)

(a) Properties (continued)

	OWNERSHIP	ACQUISITION DATE
Other consolidated investment properties – non-current (continued)		
850 E Devon Avenue 1260 N Ellis St 371 Meyer Road		
Bensenville, Chicago (O'Hare)	100%	Dec 2007
3722 Redlands Avenue, Perris, Riverside County	100%	Jan 2008
8151 and 8161 Interchange Parkway, San Antonio	100%	Jul 2007
Cornerstone I and II, 5411 Interstate 10 East and 1228 Cornerway Boulevarde, San Antonio	100%	Aug 2007
302 and 402 Tayman Road, Port of San Antonio	100%	Oct 2007
1803 Grandstand Avenue, Alamo Downs, San Antonio	100%	Aug 2007
Total other consolidated investment properties – non-current		
Total investment properties – non-current		

(a) Colliers International
(b) Landmark White
(c) Cushman & Wakefield
(d) Jones Lang LaSalle
(e) Knight Frank Valuations
(f) FPD Savills
(g) M3 Property
(h) Weiser Realty Advisors (USA)
(i) CB Richard Ellis

Valuation basis

The basis of valuation of investment properties is fair value, being the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. Properties independently valued in the last 12 months were based on independent assessments by a member of the Australian Property Institute, the New Zealand Institute of Valuers, the Appraisal Institute in the United States of America, the French Real Estate Valuation Institution, the Society of Property Researchers, Germany or the Appraisal Institute in Canada.

Acquisitions

On 22 August 2006, DIT, DDF and DEXUS US Properties, LLC (formerly DB RREEF US Properties, LLC) (collectively, the Investor) entered into an investor agreement with Whirlpool Corporation. Under this agreement, the Investor or its affiliate has committed to investing up to US$415.0 million (AUD$489.0 million) to acquire certain facilities across the US, Canada and Europe, to be built over the subsequent three years and leased long-term to Whirlpool Corporation or its affiliates. The acquisition of the first facility in Orlando, Florida was completed in June 2007 with a purchase price of US$24.3 million (AUD$28.6 million). The acquisition of the second facility in Toronto, Canada was completed in December 2007 with a purchase price of CAD$71.4 million (AUD$79.9 million). The acquisition of the third facility in Perris, Southern California was completed on 17 January 2008 with a purchase price of US$128.6 million (AUD$145.4 million). Acquisition of the remaining facilities will occur following construction completion and occupancy by Whirlpool Corporation. DDF sold its interest in DEXUS US Properties, LLC to DIT in June 2007 and accordingly, DDF is no longer an investor in this program.

San Antonio, Texas, USA

In July 2007, US REIT entered into a contract to acquire and develop certain real property commonly known as The Titan Industrial Portfolio (Titan Portfolio). Since July 2007, US REIT acquired seven stabilised assets as shown below:

PROPERTY	PURCHASE PRICE AUD $'000
Cornerstone I and II, 5411 Interstate 10 East and 1228 Cornerway Boulevarde, San Antonio	16,068
302 and 402 Tayman Road, Port of San Antonio	15,801
1803 Grandstand Avenue, Alamo Downs, San Antonio	13,063
8151 and 8161 Interchange Parkway, San Antonio	18,700
	63,632

Chicago, Illinois, USA

In December 2007, DEXUS Industrial, LLC (formerly DB RREEF Industrial, LLC) acquired a three building industrial portfolio totalling 255,387 square feet located in the O'Hare submarket of Chicago. The portfolio is comprised of newly constructed distribution facilities developed by Seefried Properties. The acquisition price was US$29.5 million (AUD$34.5 million).

COST INCLUDING ALL ADDITIONS $'000	INDEPENDENT VALUATION DATE	INDEPENDENT VALUATION AMOUNT $'000	INDEPENDENT VALUER	CONSOLIDATED BOOK VALUE 30 JUNE 2008 $'000	CONSOLIDATED BOOK VALUE 30 JUNE 2007 $'000
31,499	Jun 2008	30,646	(c)	30,646	–
134,085	Jun 2008	131,934	(c)	131,934	–
16,857	Jun 2008	16,102	(c)	16,102	–
14,404	Jun 2008	13,920	(c)	13,920	–
17,456	Jun 2008	19,842	(c)	19,842	–
11,192	Jun 2008	11,115	(c)	11,115	–
5,204,392		**6,404,521**		**6,593,206**	**6,598,669**
6,399,147		**8,022,671**		**8,182,295**	**8,585,703**

Developments

Pound Road West, Dandenong, VIC

The development at Lot 17, Pound Road West consists of office and warehouse of some 4,965 square metres. Construction of this building was completed in April 2008 for a total cost of $9.5 million.

Redwood Garden, Dingley, VIC

The development consists of an office/warehouse facility for Sperian Protection Australia totalling some 3,400 square metres. Construction of this building is expected to be completed by October 2008 with an estimated cost to complete of $3.7 million.

60 Miller Street, North Sydney, NSW

The development consists of a new 4,532 square metres annex building at 60 Miller Street, North Sydney. Development costs are estimated to be $24.2 million and completion is expected in May 2009.

105 Phillip Street, Parramatta, NSW

Development approval has been received to construct a 13 level office tower with approximately 20,380 square metres of floor space at 105 Phillip Street Parramatta, a site at the rear of the existing building at 130 George Street Parramatta. No decision has been made to proceed with the development at this stage, however the manager is marketing the potential development to tenants. Development costs are estimated to be $88.6 million.

Disposals

50% interest in shopping centres

On 17 October 2007, DDF sold its 50% interest in West Lakes Shopping Centre, North Lakes Shopping Centre, Plenty Valley Town Centre and Westfield Hurstville to DWPF for $735.2 million.

(b) Reconciliation

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Carrying amount at the beginning of the year	8,585,703	7,558,945	1,987,034	1,673,804
Additions	112,923	132,438	44,594	94,638
Acquisitions	317,765	396,178	2,800	–
Transfer from/(to) property plant and equipment	(2,376)	30,328	(44,416)	–
Lease incentives	49,962	59,655	4,023	6,965
Amortisation of lease incentives	(42,034)	(37,661)	(5,822)	(6,220)
Rent straightlining	3,536	9,986	–	–
Disposals	(737,457)	(165,918)	(429,857)	–
Transfer to equity accounted investment[1]	(54,478)	–	–	–
Net gain from fair value adjustments	184,444	831,330	30,733	217,847
Foreign exchange differences on foreign currency translation	(235,693)	(229,578)	–	–
Carrying amount at the end of the year	**8,182,295**	**8,585,703**	**1,589,089**	**1,987,034**

1 On 15 October 2007, the Bent Street Trust was transferred to equity accounted investments due to the sale of 31.8% DWPF.

Note 14. Non-current assets – property plant and equipment

(a) Property plant and equipment

30 JUNE 2008	CONSOLIDATED CONSTRUCTION IN PROGRESS $'000	CONSOLIDATED LAND AND FREEHOLD BUILDINGS $'000	CONSOLIDATED IT AND OFFICE $'000	CONSOLIDATED TOTAL $'000	PARENT ENTITY CONSTRUCTION IN PROGRESS $'000	PARENT ENTITY LAND AND FREEHOLD BUILDINGS $'000	PARENT ENTITY IT AND OFFICE $'000	PARENT ENTITY TOTAL $'000
Opening balance as at 1 July 2007	181,919	132,102	–	314,021	–	–	–	–
Additions	141,436	43,177	6,686	191,299	18,228	–	–	18,228
Foreign exchange differences on foreign currency translation	(9,227)	–	–	(9,227)	–	–	–	–
Depreciation charge	–	(2,211)	(585)	(2,796)	–	–	–	–
Disposal of interest	(49,222)	(2,818)	–	(52,040)	–	–	–	–
Transfer (to)/from investment properties	(44,844)	47,220	–	2,376	3,116	41,300	–	44,416
Closing balance as at 30 June 2008	**220,062**	**217,470**	**6,101**	**443,633**	**21,344**	**41,300**	**–**	**62,644**
Cost	220,062	223,192	6,686	449,940	21,344	41,300	–	62,644
Accumulated depreciation	–	(5,722)	(585)	(6,307)	–	–	–	–
Net book value as at 30 June 2008	**220,062**	**217,470**	**6,101**	**443,633**	**21,344**	**41,300**	**–**	**62,644**

30 JUNE 2007	CONSOLIDATED CONSTRUCTION IN PROGRESS $'000	CONSOLIDATED LAND AND FREEHOLD BUILDINGS $'000	CONSOLIDATED IT AND OFFICE $'000	CONSOLIDATED TOTAL $'000	PARENT ENTITY CONSTRUCTION IN PROGRESS $'000	PARENT ENTITY LAND AND FREEHOLD BUILDINGS $'000	PARENT ENTITY IT AND OFFICE $'000	PARENT ENTITY TOTAL $'000
Opening balance as at 1 July 2006	104,190	69,278	–	173,468	–	–	–	–
Additions	114,937	65,312	–	180,249	–	–	–	–
Foreign exchange differences on foreign currency translation	(6,880)	–	–	(6,880)	–	–	–	–
Depreciation charge	–	(2,488)	–	(2,488)	–	–	–	–
Transfer to investment properties	(30,328)	–	–	(30,328)	–	–	–	–
Closing balance as at 30 June 2007	**181,919**	**132,102**	**–**	**314,021**	**–**	**–**	**–**	**–**
Cost	181,919	135,613	–	317,532	–	–	–	–
Accumulated depreciation	–	(3,511)	–	(3,511)	–	–	–	–
Net book value as at 30 June 2007	**181,919**	**132,102**	**–**	**314,021**	**–**	**–**	**–**	**–**

(b) Non-current assets pledged as security

Refer to note 21 for information on non-current assets pledged as security by the parent entity and its controlled entities.

(c) Acquisitions and developments

Acquisitions

San Antonio, Texas

In July 2007, eight parcels of land were acquired in San Antonio, Texas for US$6.6 million (AUD$7.6 million).

Southern Employment Lands, Greystanes Estate, NSW

On 21 December 2007, settlement occurred for the acquisition of a site at Greystanes. $23.6 million was paid on settlement and a further $50.2 million prior to 30 June 2008. The remaining $91.0 million to be paid upon completion of each of the four stages of site improvement being undertaken by Boral. As a fully completed development, costs are expected to total approximately $327 million.

Developments

Boundary Road, North Laverton, VIC

In August 2006, DIT entered into an agreement to lease and build a distribution centre for Fosters Limited. Practical completion was achieved on 6 July 2007 with a development cost of $32.9 million.

In October 2007, DIT entered into an agreement to lease and build an office warehouse facility for Best Bar (VIC) Pty Ltd. Completion is estimated to occur during August 2008. The total budgeted cost for the project is $12.3 million.

144 Wicks Road, North Ryde, NSW

In November 2006, DOT (through its sub-trust Wicks Road Trust), acquired a 50% ownership interest in the former Peter Board High School site, 144 Wicks Road, North Ryde, NSW for a consideration of $25.9 million. The DA for stage 1 (estimated 24,000 square metre net lettable area) was lodged in August 2008 with Ryde City Council.

Atlantic Corporate Park, Sterling, Virginia (formerly Dulles Town Crossing)

The development consists of two four-storey office buildings comprising 219,982 square feet in Virginia. The total budgeted cost for the project is US$47.6 million (AUD$49.4 million). The current plan calls for construction completion by end of August 2008 with stabilisation occurring approximately 12-15 months thereafter.

Titan Development Properties, San Antonio, Texas

The development of the Titan properties acquired in the initial phase consists of eight warehouse and office buildings comprising 659,580 square feet in San Antonio, Texas. Total budgeted cost for this project is US$43.3 million (AUD$45.0 million). The current plan calls for construction completion by March 2010 with stabilisation occurring approximately 12-15 months thereafter.

Beaumeade, Ashburn, Virginia

The development of this land consists of two buildings comprising 137,131 square feet in Ashburn, Virginia. The total budgeted cost for the project is US$20.1 million (AUD$20.9 million). Market conditions have recently weakened. As a result, it is anticipated that once entitlements are obtained later in 2008, further development will not commence until a tenant has been identified or market conditions improve to warrant speculative development.

Summit Oaks, Valencia, California

The development of this land consists of a five-storey office building comprising 139,392 square feet in Santa Clarita, California. The total budgeted cost for the project is US$45.2 million (AUD$47.0 million). The current plan calls for construction completion by the end of July 2008 with stabilisation occurring approximately 12-15 months thereafter.

123 Albert Street, Brisbane, QLD

On 11 December 2007, approval was obtained from Brisbane City Council to build a 38,667 square metre office tower at 123 Albert Street, Brisbane. Development costs are estimated to be $347.9 million and completion is expected in December 2010. Rio Tinto have entered into an agreement for lease over 26,245 square metres of the building. This asset was previously known as Albert and Charlotte Streets Carpark and has been transferred from investment properties in June 2008.

Norwest Estate, Brookhollow Road, NSW

Norwest Estate includes vacant land capable of accommodating some 23,083 square metres of lettable area. Negotiations are under way with a number of tenants for a potential business park developments.

Disposals

Boundary Road, North Laverton, VIC

In May 2007, DIT entered into an agreement for the sale of 50% of the Coles Myer development at Boundary Road, Laverton North for $58.0 million. Settlement occurred on 18 December 2007. The remaining 50% has been transferred to investment properties at 31 December 2007.

Note 15. Non-current assets – other financial assets at fair value through profit or loss

Investments are adjusted to their fair value through the Income Statements.

NAME OF ENTITY	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST		PARENT ENTITY	
		2008 %	2007 %	2008 $'000	2007 $'000
Controlled Entities					
DEXUS Hurstville Trust[1]	Retail property investment	–	100.0	–	294,901
DEXUS Industrial Trust[2]	Industrial property investment	100.0	100.0	–	–
DEXUS Office Trust[2]	Commercial property investment	100.0	100.0	–	–
DEXUS Operations Trust[2]	Financial services	100.0	100.0	–	–
DEXUS Finance Pty Limited[3]	Financial services	25.0	–	–	–
Total non-current assets – other financial assets at fair value through profit and loss				**–**	**294,901**

RECONCILIATION	PARENT ENTITY	
	2008 $'000	2007 $'000
Opening balance as at 1 July 2007	294,901	247,172
Acquisitions	96	–
Fair value (loss)/gain	(6,596)	47,729
Disposal	(288,401)	–
Closing balance as at 30 June 2008	**–**	**294,901**

All controlled entities are wholly owned by the Trust. Both the parent entity and the controlled entities were formed in Australia.

1 DEXUS Hurstville Trust (formerly DB RREEF Hurstville Trust) was sold to DWPF on 17 October 2007.

2 In accordance with AASB Interpretation 1002, DDF is the deemed acquirer of DIT, DOT and DXO and therefore they are reflected in the financial statements as controlled entities of DDF.

3 On 27 June 2008, DEXUS Finance Pty Limited (formerly DB RREEF Finance Pty Limited) (DXF) issued 3 additional units to DDF, DIT and DOT for $96,400 each. Prior to this date, the entity was wholly owned and therefore consolidated by DXO.

Note 16. Non-current assets – investments accounted for using the equity method

Investments are accounted for in the Consolidated Financial Statements using the equity method of accounting (refer note 1).

Information relating to these entities is set out below.

NAME OF ENTITY	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST		CONSOLIDATED		PARENT ENTITY	
		2008 %	2007 %	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Held by parent entity							
Mt Druitt Shopping Centre Trust[1]	Retail property investment	–	50.0	–	211,517	–	211,517
DEXUS Industrial Properties, Inc.[2]	Asset, property and funds management	50.0	50.0	–	–	314,989	270,195
Held by controlled entities							
2 O'Connell Street Trust	Commercial property investment	–	50.0	–	8,565	–	–
4 O'Connell Street Trust	Commercial property investment	–	50.0	–	16,054	–	–
Bligh Street Trust	Commercial property investment	–	50.0	–	16,133	–	–
Bent Street Trust[3]	Commercial property investment	68.2	100.0	107,734	–	–	–
DEXUS Holdings Pty Limited[4]	Asset, property and funds management	100.0	50.0	–	17,886	–	–
Total				**107,734**	**270,155**	**314,989**	**481,712**

These entities were formed in Australia with the exception of DEXUS Industrial Properties, Inc. (formerly DB RREEF Industrial Properties, Inc.) which was formed in the United States.

1 On 17 October 2007, Mt Druitt Shopping Centre Trust was sold to DWPF for a settlement price of $215.2 million.

2 The remaining 50% of this entity is owned by DIT. As a result, this entity is classed as controlled on a DDF consolidated basis.

3 On 15 October 2007, the Bent Street Trust was transferred from investment properties due to the sale of 31.8% to DWPF. Both the Trusts and DWPF have joint control over the Bent Street Trust.

4 On 21 February 2008, DXO purchased the remaining 50% interest in DXH from First Australian Property Group Holdings Pty Limited. From this date DXH became a wholly owned subsidiary of DXO and is now consolidated.

MOVEMENTS IN CARRYING AMOUNTS OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	CONSOLIDATED	
	2008 $'000	2007 $'000
Opening balance as at 1 July 2007	270,155	235,062
Interest acquired during the year	62,858	2,053
Transfer from investment properties	54,478	–
Share of net profits after tax	2,467	52,715
Distributions/Dividends received	(12,587)	(19,675)
Transfer to other financial assets	(18,054)	–
Disposal of investment	(210,768)	–
Wind up of investment	(40,815)	–
Closing balance as at 30 June 2008	**107,734**	**270,155**
Results attributable to associates		
Operating profits before income tax	3,744	55,550
Income tax expense	(1,277)	(2,835)
Operating profits after income tax	**2,467**	**52,715**
Less: Distributions/Dividends received	(12,587)	(19,675)
	(10,120)	**33,040**
Undistributed income attributable to associates as at 1 July 2007	46,339	13,299
Undistributed income attributable to associates as at 30 June 2008	36,219	46,339

Summary of the performance and financial position of investments accounted for using the equity method

The Trusts' share of aggregate profits, assets and liabilities of investments accounted for using the equity method are:

	CONSOLIDATED	
	2008 $'000	2007 $'000
Profits from ordinary activities after income tax expense	2,467	52,715
Assets	117,024	534,997
Liabilities	9,296	190,754
Share of associates' expenditure commitments		
Capital commitments	191,742	–

Note 17. Non-current assets – deferred tax assets

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
The balance comprises temporary differences attributable to:				
Derivative financial instruments	4,103	2,140	–	–
Tax losses	2,552	1,497	–	–
Employee provision	6,849	–	–	–
Other	1,378	284	–	–
Net deferred tax assets	**14,882**	**3,921**	**–**	**–**
Movements				
Opening balance at 1 July 2007	3,921	116	–	–
Acquisition	4,811	–	–	–
Credited to the Income Statements	6,150	3,805	–	–
Closing balance at 30 June 2008	**14,882**	**3,921**	**–**	**–**

Note 18. Intangible assets

MANAGEMENT RIGHTS	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Opening balance as at 1 July 2007	–	–	–	–
Additions	252,382	–	–	–
Amortisation charge	(206)	–	–	–
Closing balance as at 30 June 2008	**252,176**	**–**	**–**	**–**

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cost	252,382	–	–	–
Accumulated amortisation	(206)	–	–	–
Total management rights	**252,176**	**–**	**–**	**–**

Management rights represent the asset management rights owned by DXH which entitle it to management fee revenue from both finite life trusts ($9,790,648) and infinite life trusts ($242,385,471). Those rights that are deemed to have a finite useful life, are measured at cost and amortised using the straight-line method over their estimated useful lives which vary from six to 22 years.

GOODWILL	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Opening balance as at 1 July 2007	–	–	–	–
Additions	2,998	–	–	–
Impairment	(61)	–	–	–
Closing balance as at 30 June 2008	**2,937**	**–**	**–**	**–**

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cost	2,998	–	–	–
Accumulated impairment	(61)	–	–	–
Total goodwill	**2,937**	**–**	**–**	**–**
Total intangibles	**255,113**	**–**	**–**	**–**

Note 19. Non-current assets – other

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Tenant and other bonds	1,240	2,631	566	803
Other	3,549	7,276	–	–
Total non-current assets – other	**4,789**	**9,907**	**566**	**803**

Note 20. Current liabilities – payables

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Trade creditors	51,383	41,554	7,015	6,423
Accruals	8,052	9,646	1,840	879
Amount payable to other minority interest	4,631	3,978	–	–
Accrued capital expenditure	13,419	24,284	500	13,204
Prepaid income	7,218	4,944	2,118	690
Responsible Entity fee payable	–	3,375	505	1,342
GST payable	1,554	2,797	158	–
Accrued interest	32,139	33,931	1,832	1,591
Total current liabilities – payables	**118,396**	**124,509**	**13,968**	**24,129**

Note 21. Interest bearing liabilities

		CONSOLIDATED		PARENT ENTITY	
	NOTES	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**
Current					
Secured					
Commercial mortgage backed securities	(a)	500,000	–	–	–
Bank loans	(d)	79,208	12,828	–	–
Total secured		**579,208**	**12,828**	**–**	**–**
Unsecured					
Bank loans		–	7,070	–	–
Total unsecured		**–**	**7,070**	**–**	**–**
Deferred borrowing costs		(3,077)	(1,455)	–	–
Total current liabilities – interest bearing liabilities		**576,131**	**18,443**	**–**	**–**
Non-current					
Secured					
Commercial paper		–	344,500	–	–
Commercial mortgage backed securities		–	684,693	–	–
Bank loans	(d), (e)	235,725	357,195	–	–
Total secured		**235,725**	**1,386,388**	**–**	**–**
Unsecured					
US senior notes		415,541	471,309	–	–
Bank loans	(b), (c)	1,328,060	1,026,957	–	–
Medium term notes		455,425	456,153	–	–
Preference shares	(f)	96	109	–	–
Total unsecured		**2,199,122**	**1,954,528**	**–**	**–**
Deferred borrowing costs		(4,059)	(6,032)	–	–
Total non-current liabilities – interest bearing liabilities		**2,430,788**	**3,334,884**	**–**	**–**
Total interest bearing liabilities		**3,006,919**	**3,353,327**	**–**	**–**

Note 21. Interest bearing liabilities (continued)

FINANCING ARRANGEMENTS					CONSOLIDATED	
					2008 $'000	2008 $'000
TYPE OF FACILITY	NOTES	CURRENCY	SECURITY	MATURITY DATE	UTILISED	FACILITY LIMIT
Commercial mortgage backed securities	(a)	AUD	Secured	Apr-09	500,000	500,000
US senior notes		USD	Unsecured	Feb-11 to Mar-17	415,542	415,542
Medium term notes		AUD	Unsecured	Feb-10 to Feb-11	450,000	450,000
		USD	Unsecured	Sep-10	5,425	5,425
Multi-option revolving credit facilities	(b)	Multi currency	Unsecured	Dec-10 to Dec-13	861,521	1,307,162
Syndicated revolving credit facility	(c)	Multi currency	Unsecured	Mar-10 to Sep 10	466,539	518,159
Bank debt – secured	(d)	USD	Secured	Mar-09 to Jan-15	81,191	81,191
	(e)	USD	Secured	Sep-11	233,742	233,742
Total					**3,013,960**	**3,511,221**
Bank guarantee utilised					6,621	
Unused at balance date					**490,640**	

Each of the Trust's unsecured borrowing facilities are supported by the Trusts' guarantee arrangements, and have negative pledge provisions which limit the amount and type of encumbrances that the Trusts' can have over their assets and ensures that all senior unsecured debt ranks pari-pasu.

The current debt facilities will be refinanced as at/or prior to their maturity.

(a) Commercial mortgage backed securities and commercial paper

The commercial mortgage backed securities (CMBS) are secured by mortgages over seven investment properties of DOT with a total value of $2,065.2 million as at 30 June 2008. The mortgage over one of the investment properties (St Georges Terrace, Perth WA) was removed during the period.

During the period, $344.5 million (facility limit of $346.0 million) of asset backed commercial paper (CP) was repaid and the associated standby and liquidity facilities were cancelled.

A US$156.7 million (AUD$162.8 million) CMBS issue was repaid during the period and associated mortgages cancelled.

(b) Multi-option revolving credit facilities

This includes 12 facilities maturing between December 2010 and December 2013 with a weighted average maturity of June 2012. Of the total facility limit, $4.3 million and US$2.2 million (AUD$2.3 million) are utilised as bank guarantees for developments.

(c) Syndicated revolving credit facility

Consists of a $300 million facility and a US$210 million (AUD$218.2 million) facility, maturing in March 2010 and September 2010 respectively. AUD$300 million facility with a maturity date of September 2008 was refinanced in May 2008 with new multi-option facilities.

(d) Bank loans – secured

The facilities include a total of US$78.2 million (AUD$81.2 million) of secured bank debt facilities that amortise through monthly principal and interest payments with a weighted average maturity date of March 2009. These facilities are secured by mortgages over investment properties totalling US$222.0 million (AUD$230.6 million) as at 30 June 2008.

(e) Bank loans – secured

A US$225.0 million (AUD$233.7 million) secured interest only bank loan maturing in September 2011 (maximum assuming a two year extension option is executed). This facility is secured by mortgages over investment properties totalling US$561.9 million (AUD$583.8 million) as at 30 June 2008.

(f) Preferred shares

US REIT has issued US$92,550 (AUD$96,146) of preferred shares as part of the requirement to be classified as a Real Estate Investment Trust (REIT) under US tax legislation. These preferred shares will remain on issue until such time that the Board decides that it is no longer in the company's interest to qualify as a REIT.

Note 22. Provisions

	CONSOLIDATED		PARENT ENTITY	
CURRENT	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**
Provision for distribution	182,388	164,992	102,300	68,470
Provision for employee benefits	11,926	–	–	–
	194,314	**164,992**	**102,300**	**68,470**

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	CONSOLIDATED		PARENT ENTITY	
PROVISION FOR DISTRIBUTION	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**
Opening balance as at 1 July 2007	164,992	155,523	68,470	54,178
Additional provisions	355,380	324,638	219,175	131,505
Payments and reinvestment of distributions	(337,984)	(315,169)	(185,345)	(117,213)
Closing balance as at 30 June 2008	**182,388**	**164,992**	**102,300**	**68,470**

Provision for distribution

Provision is made for distributions to be paid for the period ended 30 June 2008 payable on 29 August 2008.

	CONSOLIDATED		PARENT ENTITY	
NON-CURRENT	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**
Provision for employee benefits	9,818	–	–	–
	9,818	**–**	**–**	**–**

Note 23. Current liabilities – other

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Tenant bonds	–	13	–	–
Other borrowing costs	1,799	3,137	–	–
Total current liabilities – other	**1,799**	**3,150**	**–**	**–**

Note 24. Non-current liabilities – deferred tax liabilities

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
The balance comprises temporary differences attributable to:				
Derivative financial instruments	352	–	–	–
Goodwill	2,937	–	–	–
Investment properties	72,326	73,360	–	–
Other	928	449	–	–
Total non-current liabilities – deferred tax liabilities	**76,543**	**73,809**	**–**	**–**
Movements				
Opening balance at 1 July 2007	73,809	48,726	–	–
Acquisition	3,390	–	–	–
Credited to income tax benefit	3,344	378	–	–
(Debited)/credited to withholding tax expense	(4,000)	24,705	–	–
Closing balance at 30 June 2008	**76,543**	**73,809**	**–**	**–**

Note 25. Non-current liabilities – financial liabilities with minority interest

US REIT owned 80% of DEXUS Industrial, LLC, (formerly DB RREEF Industrial LLC) a joint venture with Calwest Industrial Properties, LLC (Calwest), the 20% owner. The joint venture agreement entitled Calwest to receive 40% of certain cash flows arising from the joint venture, rather than the 20% that it would be entitled to in terms of its ownership interest, up until 30 June 2014, after which time the rights to the cash flows revert to the ownership percentages. This additional entitlement is known as the "special interest" or "Calwest promote".

The joint venture agreement entitles US REIT to purchase the special interest from Calwest at any time up until 30 June 2014 at an agreed predetermined price (which increases over time) (the agreed price). Calwest has a right to sell the special interest to the US REIT, from 1 July 2009 to 30 June 2014, at a price not exceeding the agreed price.

The agreed price at 30 June 2007 was $28,305,000, which was the value recognised in the financial statements.

On 30 September 2007, US REIT purchased Calwest's 20% interest in DEXUS Industrial, LLC (formerly DB RREEF Industrial LLC) and purchased the Calwest promote.

Note 26. Non-current liabilities – other

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Tenant bonds	7,543	7,975	959	1,210
Other borrowing costs	441	2,541	–	–
Other	64	22	–	–
Total non-current liabilities – other	**8,048**	**10,538**	**959**	**1,210**

Note 27. Contributed equity

(a) Contributed equity of equity holders of the parent entity

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Opening balance as at 1 July 2007	1,151,526	1,094,144	1,151,526	1,094,144
Distributions reinvested	146,305	57,382	146,305	57,382
Closing balance as at 30 June 2008	**1,297,831**	**1,151,526**	**1,297,831**	**1,151,526**

(b) Contributed equity of equity holders of other entities stapled to DDF (minority interest)

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Opening balance as at 1 July 2007	2,182,833	2,094,887	–	–
Distributions reinvested	97,373	87,946	–	–
Cost of issuing units	(154)	–	–	–
Closing balance as at 30 June 2008	**2,280,052**	**2,182,833**	**–**	**–**

(c) Number of securities on issue

	CONSOLIDATED		PARENT ENTITY	
	2008 NO. OF SECURITIES	2007 NO. OF SECURITIES	2008 NO. OF UNITS	2007 NO. OF UNITS
Opening balance as at 1 July 2007	2,894,600,006	2,802,209,393	2,894,600,006	2,802,209,393
Distributions reinvested	145,419,481	92,390,613	145,419,481	92,390,613
Closing balance as at 30 June 2008	**3,040,019,487**	**2,894,600,006**	**3,040,019,487**	**2,894,600,006**

Terms and conditions

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

Distribution reinvestment plan

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

On 29 August 2007, 37,466,012 units were issued at a unit price of $1.8867 in relation to the June 2007 distribution period.

On 29 February 2008, 107,953,469 units were issued at a unit price of $1.6021 in relation to the December 2007 distribution period.

Note 28. Reserves and undistributed income

(a) Reserves

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Foreign currency translation reserve	(12,357)	2,129	–	–
Asset revaluation reserve	63,294	–	–	–
Total reserves	**50,937**	**2,129**	**–**	**–**

MOVEMENTS:	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Foreign currency translation reserve				
Opening balance as at 1 July 2007	2,129	178	–	–
Exchange difference arising from the translation of the financial statements of foreign operations	(14,486)	1,951	–	–
Total movement in foreign currency translation reserve	**(14,486)**	**1,951**	**–**	**–**
Closing balance as at 30 June 2008	**(12,357)**	**2,129**	**–**	**–**

MOVEMENTS:	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Asset revaluation reserve				
Opening balance as at 1 July 2007	–	–	–	–
Revaluation increment on investment	63,294	–	–	–
Total movement in asset revaluation reserve	**63,294**	**–**	**–**	**–**
Closing balance as at 30 June 2008	**63,294**	**–**	**–**	**–**

(b) Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations.

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

(c) Undistributed income

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Undistributed income as at 1 July 2007	1,930,282	1,098,453	838,162	525,810
Net profit attributable to security holders	438,277	1,168,819	85,804	443,857
Transfer of capital reserve of minority interest	(13,346)	(12,352)	–	–
Acquisition of investment	402	–	–	–
Distributions provided for or paid	(355,380)	(324,638)	(219,175)	(131,505)
Undistributed income as at 30 June 2008	**2,000,235**	**1,930,282**	**704,791**	**838,162**

Note 29. Other minority interests

	CONSOLIDATED		PARENT ENTITY	
INTEREST IN	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**
Contributed equity	200,019	348,062	–	–
Reserves	41,352	(1,119)	–	–
Undistributed income	(35,373)	91,230	–	–
Total other minority interests	**205,998**	**438,173**	**–**	**–**

Note 30. Distributions paid and payable

(a) Distribution to security holders

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
31 December (paid 29 February 2008)	172,992	159,646	116,875	63,035
30 June (payable 29 August 2008)	182,388	164,992	102,300	68,470
	355,380	**324,638**	**219,175**	**131,505**

(b) Distribution to other minority interests

DEXUS Industrial Holdings, LLC (paid)	421	3,599	–	–
DEXUS RENTS Trust (paid 16 October 2007)	3,978	3,737	–	–
DEXUS RENTS Trust (paid 16 January 2008)	4,202	3,856	–	–
DEXUS RENTS Trust (paid 15 April 2008)	4,304	3,876	–	–
DEXUS RENTS Trust (payable 15 July 2008)	4,631	3,977	–	–
	17,536	**19,045**	**–**	**–**
Total distributions	**372,916**	**343,683**	**219,175**	**131,505**

(c) Distribution rate

	CONSOLIDATED		PARENT ENTITY	
	2008 CENTS PER SECURITY	**2007 CENTS PER SECURITY**	**2008 CENTS PER UNIT**	**2007 CENTS PER UNIT**
31 December (paid 29 February 2008)	5.90	5.60	3.99	2.21
30 June (payable 29 August 2008)	6.00	5.70	3.37	2.37
Total distributions	**11.90**	**11.30**	**7.36**	**4.58**

(d) Franked dividends

The franked portions of the final dividends recommended after 30 June 2008 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 June 2008.

FRANKING CREDITS	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Opening balance as at 1 July 2007	3,512	744	–	–
Franking credits arising during the year on payment of tax at 30%	4,694	3,261	–	–
Franking debits arising from payment of interim dividend	(5,296)	(493)	–	–
Franking credits arising on receipt of dividend	5,024	–	–	–
Franking credits on acquisition	6,205	–	–	–
Closing balance as at 30 June 2008	**14,139**	**3,512**	**–**	**–**

Note 31. Financial risk management

To ensure the effective and prudent management of the Trust's capital and financial risks, 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 for approval financial risk management polices and funding strategies.

The Capital Markets Committee is a management committee that is accountable to both the Board Finance Committee and the DXS Executive 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 funding strategies for recommendation to the Board Finance Committee, and the approval of treasury transactions within delegated limits and powers.

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

(1) Capital risk management

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

The capital structure of the Trust consists of debt (see note 21), cash and cash equivalents, and equity attributable to unitholders (including hybrids securities). The capital structure is monitored and managed in consideration of a range of factors including:

- the cost of capital and the financial risks associated with each class of capital;
- gearing levels and other covenants;
- potential impacts on the Trust's rating; and
- other market factors and circumstances.

The Trust has a stated target gearing range of between 40% and 45%. On a look through basis, the gearing ratio at 30 June 2008 was 33.2%, which is below the stated gearing range.

GEARING RATIO	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Total net debt[1]	2,914,841	3,301,211	–	694,346
Total tangible assets[2]	8,788,492	9,277,775	2,096,547	2,786,384
Gearing ratio %	33.2%	35.6%	0.0%	24.9%

1 Total net debt comprises Interest bearing liabilities less cash and cash equivalents as reported internally to management.
2 Total tangible assets comprise total tangible assets less cash and cash equivalents, derivatives and deferred and current tax balances as reported internally to management.

The Trust has been rated BBB+ by Standard and Poor's since its first rating in July 2006. The Trust considers potential impacts upon the rating when assessing the strategy and activities of the Trust.

The Responsible Entity (DXFM) for the managed investment schemes that are stapled to form DXS 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.

DWPL, a wholly owned controlled entity, has also been issued with an AFSL as it is the Responsible Entity for DEXUS Wholesale Property Fund. It is subject to the same requirements.

During the period, both responsible entities have complied with the AFSL requirements.

Note 31. Financial risk management (continued)

(2) Financial risk management

The Trust's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk, interest rate risk and price risk), and liquidity risk. The Trust's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Trust.

Accordingly, the Trust enters into various derivative financial instruments such as interest rate swaps and foreign exchange contracts to manage its exposure to certain risks. The Trust does not trade in derivative instruments for speculative purposes. The Trust uses different methods to measure the different types of risks to which it is exposed, including monitoring the levels of exposure and conducting sensitivity analysis in the case of interest rate, foreign exchange and other price risks.

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 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, the Responsible Entity continually reviews the Trust's exposures and 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 across short, medium and long-term categories:

- Short-term liquidity management includes continuously monitoring forecast and actual cash flows;
- Medium-term liquidity management includes maintaining a level of committed borrowing facilities that include a headroom value above the forecast committed debt requirements. Committed debt includes future expenditure that has been approved by the Board or Investment Committee (as required within delegated limits), and may also include projects that have a very high probability of proceeding and in consideration of other risk factors such as the level of regulatory approval, tenant pre-commitments and portfolio considerations; and
- Long-term liquidity risk is managed through ensuring an adequate spread of maturities of borrowing facilities so that refinancing risk is not concentrated, and ensuring an adequate diversification of funding sources.

Refinancing risk

A key liquidity risk is the Trust's ability to refinance its current debt facilities. As the Trust's debt facilities mature, they are usually required to be refinanced with a replacement facility or alternative form of capital. The Trust's policy is to distribute the majority of its realised operating income and therefore is not available to be used for funding requirements. The refinancing of existing facilities 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.

The Trust's key risk management strategy for refinancing risk is to spread the maturities of debt facilities over different time periods to reduce the volume of facilities to be refinanced and the exposure to unfavourable market conditions in any one period.

An analysis of the contractual maturities of the Trust's interest bearing liabilities and derivative financial instruments are shown in the table below. The amounts in the table represent undiscounted cash flows.

MATURITY PROFILE	CONSOLIDATED 30 JUNE 2008			CONSOLIDATED 30 JUNE 2007		
	EXPIRING WITHIN ONE YEAR $'000	EXPIRING BETWEEN ONE AND FIVE YEARS $'000	EXPIRING AFTER FIVE YEARS $'000	EXPIRING WITHIN ONE YEAR $'000	EXPIRING BETWEEN ONE AND FIVE YEARS $'000	EXPIRING AFTER FIVE YEARS $'000
Receivables	40,669	–	–	36,389	–	–
Payables	118,396	–	–	124,509	–	–
	(77,727)	**–**	**–**	**(88,120)**	**–**	**–**
Interest bearing liabilities						
– Fixed interest bearing liabilities	234,208	900,215	190,893	12,828	1,155,287	266,805
– Floating interest bearing liabilities	345,000	1,028,371	315,272	536,263	1,268,269	121,253
Total interest bearing liabilities[1]	**579,208**	**1,928,586**	**506,165**	**549,091**	**2,423,556**	**388,058**
Derivative financial instruments						
– Derivative assets	606,517	223,022	22,976	51,992	83,472	7,863
– Derivative liabilities	557,309	160,311	11,178	38,081	58,581	3,919
Total net derivative financial instruments[2]	**49,208**	**62,711**	**11,798**	**13,911**	**24,891**	**3,944**

1 Refer to note 21 (interest bearing liabilities). Excludes deferred borrowing costs and preference shares.

2 The notional maturities on derivatives is only shown for cross currency interest rate swaps (refer foreign exchange rate risk) and forward foreign exchange contracts as they are the only instruments where a principal amount is exchanged, and therefore are exposed to liquidity risk. For interest rate swaps, only the net interest cash flows (not the notional principal) are included.

	PARENT ENTITY 30 JUNE 2008			PARENT ENTITY 30 JUNE 2007		
	EXPIRING WITHIN ONE YEAR $'000	EXPIRING BETWEEN ONE AND FIVE YEARS $'000	EXPIRING AFTER FIVE YEARS $'000	EXPIRING WITHIN ONE YEAR $'000	EXPIRING BETWEEN ONE AND FIVE YEARS $'000	EXPIRING AFTER FIVE YEARS $'000
Receivables	8,419	–	–	19,495	–	–
Payables	13,968	–	–	24,129	–	–
	(5,549)	**–**	**–**	**(4,634)**	**–**	**–**
Loans with related parties	**–**	**–**	**119,533**	**–**	**–**	**(702,914)**
Derivative financial instruments						
– Derivative assets	520,595	55,892	4,313	17,335	26,905	358
– Derivative liabilities	478,687	60,287	4,567	11,740	21,899	1,529
Total net derivative financial instruments[1]	**41,907**	**(4,395)**	**(254)**	**5,595**	**5,006**	**(1,171)**

1 The notional maturities on derivatives is only shown for cross currency interest rate swaps (refer foreign exchange rate risk) and forward foreign exchange contracts as they are the only instruments where a principal amount is exchanged, and therefore are exposed to liquidity risk. For interest rate swaps, only the net interest cash flows (not the notional principal) are included.

(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 risks that Trust is exposed to are 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 interest bearing financial assets and liabilities that the Trust holds. Borrowings issued at variable rates expose the Trust to cash flow interest rate risk. Borrowings issued at fixed rates expose the Trust to fair value interest rate risk.

The primary objective of the Trust's risk management policy for interest rate risk is to minimise the effects of interest rate movements on the Trust's 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.

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. Fair value interest rate risk on borrowings is also managed through the use of interest rate swaps, whereby a fixed interest exposure is converted to a floating interest rate exposure. The mix of fixed and floating rate exposures is monitored regularly to ensure that the interest rate exposure on the Trust's cash flows is managed within the parameters defined by the Group Treasury Policy.

As at 30 June 2008, 85% (2007: 89%) of the financial assets and liabilities (including DEXUS RENTS Trust) of the Trust have an effective fixed interest rate.

The Trust holds borrowings in multiple currencies with both fixed and floating rate exposures and is exposed to interest rate risk related to each particular currency.

The net notional amount of fixed rate debt and interest rate swaps in place in each year and the weighted average effective hedge rate per currency is set out in the next table.

Note 31. Financial risk management (continued)

(2) Financial risk management (continued)

(b) Market risk (continued)

(i) Interest rate risk (continued)

CONSOLIDATED 30 JUNE 2008	JUN 2009	JUN 2010	JUN 2011	JUN 2012	JUN 2013	> JUN 2013
Fixed rate debt						
AUDm fixed rate debt[1]	566,250	345,833	116,667	–	–	–
USDm fixed rate debt[1]	668,155	617,131	569,446	289,495	208,837	103,116
Interest rate swaps						
AUDm hedged[1]	49,700	254,967	494,467	488,200	494,167	278,000
AUD hedge rate (%)[2]	4.54%	4.30%	4.81%	4.64%	5.13%	5.98%
USDm hedged[1]	908,185	956,770	934,738	1,187,596	1,175,315	500,086
USD hedge rate (%)[2]	4.75%	4.87%	4.91%	4.88%	4.89%	4.99%
EURm hedged[1]	180,000	180,000	177,500	167,500	145,000	52,000
EUR hedge rate (%)[2]	3.96%	3.96%	3.97%	3.97%	3.98%	4.00%
NZDm hedged[1]	–	–	–	–	–	–
NZD hedge rate (%)[2]	N/A	N/A	N/A	N/A	N/A	N/A
CADm hedged[1]	70,000	70,000	70,000	70,000	70,000	61,833
CAD hedge rate (%)[2]	4.77%	4.77%	4.77%	4.77%	4.77%	4.77%
Combined fixed debt and swaps (A$ Equivalent)	**2,620,865**	**2,603,181**	**2,536,987**	**2,369,505**	**2,242,012**	**1,053,588**
Hedge rate (%)	**4.61%**	**4.63%**	**4.77%**	**4.72%**	**4.84%**	**5.16%**

1 Average amounts for the period. Hedged amounts above do not include potential hedges that are cancellable at the counterparty's option.
2 The above hedge rates do not include margins payable on borrowings.

Sensitivity on interest expense

The table below shows the impact on net interest expense of a 25bps increase or decrease in market interest rates. The sensitivity on cash flow arises due to the impact that a change in interest rates will have on the Trust's floating rate debt and derivative cash flows.

		CONSOLIDATED		PARENT ENTITY	
		2008 (+/–) '000s	**2007 (+/–) '000s**	**2008 (+/–) '000s**	**2007 (+/–) '000s**
+/– 0.25% (25 basis points)	AUD	237	(176)	255	(80)
+/– 0.25% (25 basis points)	USD	402	256	(308)	4
+/– 0.25% (25 basis points)	EUR	26	76	–	–
+/– 0.25% (25 basis points)	CAD	–	–	–	–
Total A$ Equivalent		**698**	**247**	**(66)**	**(75)**

The sensitivity on A$ interest expense for 30 June 2007 is shown as a negative as it reflects the sensitivity of floating rate debt and does not take into consideration the exposure to floating interest rates associated with RENTS securities.

The increase or decrease in interest expense is proportional to the increase or decrease in interest rates.

Sensitivity on fair value

The table below shows the impact on the Income Statements for changes in the fair value of interest rate swaps for a 25bps increase and decrease in market rates. The sensitivity on the fair value arises from the impact that changes in market rates will have on the mark-to-market valuation of the interest rate swaps. Although interest rate swaps are transacted for the purpose of providing the Trust with an economic hedge, the Trust has elected not to apply hedge accounting to its interest rate derivatives. Accordingly, gains or losses arising from changes in the fair value are reflected in the Income Statements.

		CONSOLIDATED		PARENT ENTITY	
		2008 (+/–) '000s	**2007 (+/–) '000s**	**2008 (+/–) '000s**	**2007 (+/–) '000s**
+/– 0.25% (25 basis points)	AUD	4,153	10,454	(4,505)	2,967
+/– 0.25% (25 basis points)	USD	16,448	8,061	4,215	1,147
+/– 0.25% (25 basis points)	EUR	2,297	2,520	–	–
+/– 0.25% (25 basis points)	CAD	1,352	–	–	–
Total A$ Equivalent		**26,399**	**23,944**	**(126)**	**4,319**

(ii) Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates used to convert foreign currency revenues, expenses, assets, or liabilities to the Trust's functional currency will have an adverse effect on the Trust.

The Trust's foreign exchange risk primarily arises from:

- Translation of investments in foreign operations;
- Borrowings denominated in foreign currencies; and
- Earnings distributions and other transactions denominated in foreign currencies.

The Trust operates internationally with investments in the United States, New Zealand, France, Germany and Canada and is exposed to the relative functional currency of each country. The foreign exchange risk is measured using cash flow forecasting and sensitivity analysis.

When hedging its exposures to foreign investments, the Trust adopts a strategy that combines the use of both natural hedges and derivative financial instruments. Natural hedges occur when foreign debt is used to generate foreign denominated interest expense, which offsets foreign denominated income and foreign denominated net operating assets. The Trust uses derivative financial instruments to supplement its natural hedges.

Foreign exchange risk on cash flows is hedged to ensure that movements in exchange rates have a minimal adverse impact on the Trust's cash flows and foreign earnings.

Note 31. Financial risk management (continued)

(2) Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk (continued)

Foreign currency assets and liabilities

Exposure to foreign exchange risk is minimised by the way the Trust manages its borrowing arrangements. The Trust predominantly matches the currency of its debt with the currency of its investment to form a natural hedge against movements in exchange rates. Where the borrowing is in Australian dollars, foreign currency derivatives are used to manage the foreign exchange risk. The Trust's net foreign currency exposures for net investments in foreign operations and hedging instruments are as follows:

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
USD net assets[1]	783,161	545,247	312,905	259,578
USD net borrowings[2]	(311,200)	(417,500)	86,926	(202,609)
USD cross currency swaps[3]	(420,000)	–	(420,000)	–
USD denominated net investment	**51,961**	**127,747**	**(20,169)**	**56,969**
% hedged	**97%**	**92%**	**103%**	**92%**
EUR net assets[1]	161,400	222,491	–	–
EUR net borrowings[2]	(163,500)	(220,500)	–	–
EUR denominated net investment	**(2,100)**	**1,991**	**–**	**–**
% hedged	**101%**	**99%**		
CAD net assets[1]	68,300	–	–	–
CAD cross currency swaps[3]	(70,000)	–	–	–
CAD denominated net investment	**(1,700)**	**–**	**–**	**–**
% hedged	**102%**			
NZD net assets[1]	157,509	142,824	–	–
NZD denominated net investment	**157,509**	**142,824**	**–**	**–**
% hedged	**0%**	**0%**		

1 Net assets excludes working capital and cash as reported internally to management.

2 Net borrowings is equal to interest bearing liabilities less cash.

3 Cross currency swap amounts comprise the foreign currency denominated leg of the cross currency swaps. The US$420 million cross currency swap was transacted for cash flow management purposes, with the exchange of the principal amount at commencement and maturity. The maturity date is matched to the maturity of the A$500 million CMBS (refer note 21). The CAD70 million cross currency swap was transacted for balance sheet management purposes, and has an exchange of principal at commencement and maturity.

The Trust transacts cross currency swaps which are used to:

- manage the currency impacts that arise from cash flows denominated in different currencies; and
- swap Australian dollar borrowings into foreign currency borrowings and vice versa.

In each case, the Trust has committed foreign currency borrowing capacity in place that can replace the foreign currency amounts that are due under the cross currency swaps.

Sensitivity on fair value of cross currency swaps

The table below shows the impact on the Income Statements for changes in the fair value of cross currency swaps for a 10% increase and decrease in market rates. The sensitivity on the fair value arises from the impact that changes in market rates will have on the mark-to-market valuation of the cross currency swaps. The Trust has elected not to apply hedge accounting to its cross currency swaps. Accordingly, gains or losses arising from changes in the fair value are reflected in the Income Statements.

		CONSOLIDATED		PARENT ENTITY	
		2008 (+/–) '000s	2007 (+/–) '000s	2008 (+/–) '000s	2007 (+/–) '000s
+/– 10% (9.6 cents)	USD (AUD equivalent)	1,545	–	1,545	–
+/– 10% (9.7 cents)	CAD (AUD equivalent)	347	–	–	–

Net foreign currency denominated cash flows

Foreign exchange risk exists in relation to net cash flows and transactions with foreign operations that are denominated in foreign currencies. This risk is managed through the use of forward foreign exchange contracts (after taking into account the natural hedging through foreign denominated interest expense).

Forward foreign exchange contracts outstanding at 30 June 2008 are as follows:

CONTRACTS TO RECEIVE A$ AND PAY US$ AT AN AGREED EXCHANGE RATE:

	2008 TO PAY US$ MILLION	2008 TO RECEIVE A$ MILLION	2008 WEIGHTED AVERAGE EXCHANGE RATE	2007 TO PAY US$ MILLION	2007 TO RECEIVE A$ MILLION	2007 WEIGHTED AVERAGE EXCHANGE RATE
1 year or less	9.5	13.9	0.6844	12.8	18.4	0.6957
Over 1 and less than 2 years	5.2	7.7	0.6725	13.6	19.5	0.6971
More than 2 years	17.2	25.0	0.6868	19.6	27.3	0.7170

CONTRACTS TO RECEIVE A$ AND PAY NZ$ AT AN AGREED EXCHANGE RATE:

	2008 TO PAY NZ$ MILLION	2008 TO RECEIVE A$ MILLION	2008 WEIGHTED AVERAGE EXCHANGE RATE	2007 TO PAY NZ$ MILLION	2007 TO RECEIVE A$ MILLION	2007 WEIGHTED AVERAGE EXCHANGE RATE
1 year or less	7.5	6.6	1.1311	7.9	6.9	1.1417
Over 1 and less than 2 years	4.0	3.4	1.1780	–	–	–
More than 2 years	2.0	1.7	1.1847	–	–	–

CONTRACTS TO RECEIVE A$ AND PAY € AT AN AGREED EXCHANGE RATE:

	2008 TO PAY € MILLION	2008 TO RECEIVE A$ MILLION	2008 WEIGHTED AVERAGE EXCHANGE RATE	2007 TO PAY € MILLION	2007 TO RECEIVE A$ MILLION	2007 WEIGHTED AVERAGE EXCHANGE RATE
1 year or less	–	–	–	2.7	4.8	0.5702
Over 1 and less than 2 years	–	–	–	1.7	3.1	0.5560
More than 2 years	–	–	–	2.6	4.8	0.5370

Sensitivity on fair value of foreign exchange contracts

The table below shows the impact on the Income Statements for changes in the fair value of forward foreign exchange contracts for a 10% increase and decrease in market rates. The sensitivity on the fair value arises from the impact that changes in market rates will have on the mark-to-market valuation of the forward foreign exchange contracts.

Although forward foreign exchange contracts are transacted for the purpose of providing the Trust with an economic hedge, the Trust has elected not to apply hedge accounting to its forward foreign exchange contracts. Accordingly, gains or losses arising from changes in the fair value are reflected in the Income Statements.

		CONSOLIDATED		PARENT ENTITY	
		2008 (+/–) '000s	2007 (+/–) '000s	2008 (+/–) '000s	2007 (+/–) '000s
+/– 10% (9.6 cents)	USD (AUD equivalent)	2,945	4,769	1,444	2,384
+/– 10% (12.6 cents)	NZD (AUD equivalent)	959	665	–	–
+/– 10% (6.1 cents)	EUR (AUD equivalent)	–	1,006	–	–
	Total (AUD equivalent)	**3,904**	**6,440**	**1,444**	**2,384**

The increase or decrease in cash flow is proportional to the movement in the exchange rate.

Note 31. Financial risk management (continued)

(2) Financial risk management (continued)

(b) Market risk (continued)

(iii) Price risk

The Trust is exposed to equity securities price risk from equity securities and derivative financial instruments that the Trust transacts. Equity securities price risk is subject to a number of risks, the key risk variable is the quoted market price of equity securities which are affected by a number of factors which are largely out of the control of the Trust. The Trust does not use financial instruments to hedge the price risk.

As at 30 June 2008, the Trust does not have a material exposure to price risk.

(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, loans and receivables, and derivative financial instruments. The Trust and parent entity have 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;
- regularly monitoring counterparty exposure within approved credit limits that are based on a S&P credit rating range. The exposure includes the current market value of in-the-money contracts as well as potential exposure, which is measured with reference to credit conversion factors as per APRA guidelines;
- entering into ISDA Master Agreements once a financial institution counterparty is approved;
- ensuring tenants, together with approved credit limits, are approved and ensuring that leases are undertaken with a large number of tenants;
- for some trade receivables, obtaining collateral where necessary in the form of bank guarantees and tenant bonds; and
- regularly monitoring loans and receivables on an ongoing basis.

A minimum S&P rating of A– is required to become or remain an approved counterparty. As at 30 June 2008, the lowest rating of counterparties the Trust is exposed to was A–.

The maximum exposure to credit risk at 30 June 2008 is the carrying amounts of financial assets recognised on the Balance Sheets of the Trust and parent entity.

As at 30 June 2008, the Trust and the parent have no significant concentrations of credit risk for trade receivables. Trade receivable balances and the credit quality of trade debtors are consistently monitored on an ongoing basis. As a result, the Trust and parent entity's exposure to bad debts is not significant.

For the consolidated entity, the ageing analysis of loans and receivables at 30 June 2008 is ($'000): 36,226.9 (0-30 days), 1,313.1 (31-60 days), 702.6 (61-90 days), 2,456.4 (91+ days). The ageing analysis of loans and receivables at 30 June 2007 is ($'000): 27,906.1 (0-30 days), 2,047.1 (31-60 days), 1,618.7 (61-90 days), 4,817.1 (91+ days). Amounts over 31 days are past due, however, no receivables are impaired.

For the parent entity, the ageing analysis for loans and receivables at 30 June 2008 is ($'000): 8,124.3 (0-30 days), 123.7 (31-60 days), 37.6 (61-90 days), 133.4 (91+ days). The ageing analysis of loans and receivables for the parent entity at 30 June 2007 is ($'000): 17,435.5 (0-30 days), 517.8 (31-60 days), –39.6 (61-90 days), 1,581.3 (91+ days). Amounts over 31 days are past due, however, no receivables are impaired.

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.

Financial instrument transactions are spread amongst a number of approved financial institutions within specified credit limits to minimise the Trust's exposure to any one counterparty. As a result, there are no significant concentrations of credit risk for financial instruments.

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 2008, the carrying amounts and fair values of financial assets and liabilities are shown as follows:

	CONSOLIDATED		CONSOLIDATED	
	2008 CARRYING AMOUNT[1] $'000	2008 FAIR VALUE[2] $'000	2007 CARRYING AMOUNT[1] $'000	2007 FAIR VALUE[2] $'000
Financial assets				
Cash and cash equivalents	99,214	99,214	59,603	59,603
Loans and receivables (current)	40,669	40,669	36,389	36,389
Derivative assets	191,162	191,162	145,425	145,425
Total financial assets	**331,045**	**331,045**	**241,417**	**241,417**
Financial liabilities				
Trade payables	118,396	118,396	124,509	124,509
Derivative liabilities	97,078	97,078	21,333	21,333
Interest bearing liabilities				
Multi-option facility	861,521	861,521	253,561	253,561
Multi-option syndicated facility	466,539	466,539	780,465	780,465
US private placements	415,542	438,050	471,309	460,740
Commercial paper	–	–	344,500	344,500
Commercial mortgage backed securities	500,000	494,108	684,693	683,511
Medium term notes	455,425	445,510	456,153	451,185
Other	314,933	318,913	370,024	355,823
Intercompany loans	–	–	–	–
Preference shares	96	96	109	109
Total financial liabilities	**3,229,530**	**3,240,211**	**3,506,656**	**3,475,736**

	PARENT ENTITY		PARENT ENTITY	
	2008 CARRYING AMOUNT[1] $'000	2008 FAIR VALUE[2] $'000	2007 CARRYING AMOUNT[1] $'000	2007 FAIR VALUE[2] $'000
Financial assets				
Cash and cash equivalents	31,004	31,004	9,096	9,096
Loans and receivables (current)	8,419	8,419	19,495	19,495
Derivative assets	70,059	70,059	33,124	33,124
Intercompany loans	119,533	119,533	–	–
Total financial assets	**229,015**	**229,015**	**61,715**	**61,715**
Financial liabilities				
Trade payables	13,968	13,968	24,129	24,129
Derivative liabilities	43,429	43,429	7,861	7,861
Intercompany loans	34,332	34,332	702,914	702,914
Total financial liabilities	**91,729**	**91,729**	**734,904**	**734,904**

1 Carrying value is equal to the value of the financial instruments on the balance sheet.

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 balance sheet.

The fair values of fixed rate interest bearing liabilities have been determined by discounting the expected future cash flows by the relevant market rates. The discount rates applied range from 3.11% to 4.60% for USD and 7.81% to 7.93% for AUD. The fair values of floating rate interest bearing liabilities have been determined by adjusting for transaction costs where appropriate. Refer note 1(u) for fair value methodology for financial assets and liabilities.

Note 32. Contingent liabilities

DETAILS AND ESTIMATES OF MAXIMUM AMOUNTS OF CONTINGENT LIABILITIES ARE AS FOLLOWS:	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Bank guarantees by the Trusts in respect of variations and other financial risks associated with the development of:				
Coles Myer development at Boundary Road, Laverton, VIC	–	1,000	–	–
60 Miller Street, North Sydney, NSW	496	496	–	–
Atlantic Corporate Park, Sterling, Virginia (formerly Dulles Town Crossing)	1,596	1,810	–	–
The Titan Industrial Portfolio	709	–	–	–
Bligh Street, Sydney, NSW	3,820	–	–	–
Total contingent liabilities	**6,621**	**3,306**	**–**	**–**

The Trusts are also guarantors of a AUD$300 million and USD$210 million syndicated bank debt facility and a total of AUD$1,182.5 million and USD$120 million (AUD$124.7 million) of bank bi-lateral facilities, a total of $450 million of medium term notes and a total of USD$400 million (AUD$415.6 million) of privately placed notes, which have all been negotiated to finance the Trusts. The guarantees have been given in support of debt outstanding and drawn against these facilities.

The guarantees are issued in respect of the Trusts and do not constitute an additional liability to those already existing in interest bearing liabilities on the Balance Sheet.

The Directors of the Responsible Entity are not aware of any other contingent liabilities in relation to the Trusts, 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 33. Commitments

(a) Capital commitments

The following amounts represent capital expenditure on investment properties contracted at the reporting date but not recognised as liabilities payable:

CAPITAL EXPENDITURE COMMITMENTS IN RELATION TO DEVELOPMENT WORKS:	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Not longer than one year				
Plenty Valley Town Centre, 330–464 McDonald's Road, South Morang, VIC	–	81,576	–	81,576
North Lakes Shopping Centre, Mango Hill, QLD	–	48,398	–	48,398
3 Brookhollow Avenue, Norwest, NSW	227	–	–	–
10–16 South Street Rydalmere, NSW	189	–	–	–
5–13 Rosebery Avenue, Rosebery, NSW	200	–	–	–
Egerton Street, Silverwater, NSW	475	–	–	–
Boundary Road, Laverton North, VIC	6,890	3,547	–	–
Pound Road West, Dandenong, VIC	1,257	8,539	–	–
114 Fairbank Road, Clayton, VIC	–	3,170	–	–
21 rue du Chemin Blanc, Champlan	–	339	–	–
32 avenue de L'Oceanie, Villejust	–	157	–	–
201 Elizabeth Street, Sydney, NSW	–	215	–	–
Governor Phillip Tower & Governor Macquarie Tower Office Complex 1 Farrer Place, Sydney, NSW	39	2,446	–	–
309–321 Kent Street, Sydney, NSW	163	2,323	–	–
Australia Square, 264 George Street, Sydney, NSW	–	3,115	–	–
Southgate Complex, 3 Southgate Avenue, Southgate, VIC	203	20	–	–
Williams Drive, Atlanta	–	124	–	–
Westinghouse Boulevard, Charlotte	87	471	–	–
O'Hare, Chicago	347	–	–	–

CAPITAL EXPENDITURE COMMITMENTS IN RELATION TO DEVELOPMENT WORKS:	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Kenwood Road, Cincinnati	203	42	–	–
Turfway Road, Cincinnati	141	–	–	–
Airport Exchange Boulevard, Cincinnati	–	390	–	–
SE, Columbus	460	–	–	–
Regency Crest Drive, Dallas	26	474	–	–
E Plano/Shiloh, Dallas	–	219	–	–
Capital Avenue, Dallas	31	231	–	–
Avenue F, Dallas	222	–	–	–
Mechanicsburg, Harrisburg	–	149	–	–
Glendale, Los Angeles	264	340	–	–
Memphis Industrial, Memphis	–	13	–	–
Lexington Avenue, Minneapolis	126	–	–	–
Mounds View, Minneapolis	856	229	–	–
Trenton Lane, Minneapolis	557	906	–	–
Braemar Ridge, Minneapolis	17	277	–	–
Eagandale Business Campus, Minneapolis	114	2,355	–	–
Alexandria, North Virginia	838	–	–	–
West Alameda Drive, Phoenix	96	196	–	–
44th Avenue, Phoenix	73	274	–	–
South Priest Drive, Phoenix	105	–	–	–
East University, Phoenix	348	–	–	–
South 41st Avenue, Phoenix	205	–	–	–
South 40th Avenue, Phoenix	208	–	–	–
Southern Employment Lands, Greystanes	63,848	–	–	–
Kent West, Seattle	277	571	–	–
189 Flinders Lane, Melbourne, VIC	340	–	340	–
8 Nicholson Street, Melbourne, VIC	255	–	255	–
The Zenith, 821–843 Pacific Highway, Chatswood, NSW	1,191	–	–	–
60 Miller Street, North Ryde, NSW	10,921	–	–	–
144 Wicks Road, North Ryde, NSW	325	–	–	–
123 Albert Street, Brisbane QLD	57,293	–	57,293	–
	149,417	**161,106**	**57,888**	**129,974**
Later than one year but not later than five years				
Governor Phillip Tower & Governor Macquarie Tower Office Complex 1 Farrer Place, Sydney, NSW	7,664	11,037	–	–
Australia Square, 264 George Street, Sydney, NSW	–	176	–	–
North Lake Drive, Dallas	–	118	–	–
10th Street, Dallas	–	295	–	–
Eq/West/Div, Columbus	–	353	–	–
Southern Employment Lands, Greystanes	27,174	–	–	–
123 Albert Street, Brisbane, QLD	148,767	–	148,767	–
	183,605	**11,979**	**148,767**	**–**
Later than five years				
Australia Square, 264 George Street, Sydney, NSW	–	836	–	–
	–	**836**	**–**	**–**
Total capital commitments	**333,023**	**173,921**	**206,655**	**129,974**

Note 33. Commitments (continued)

(b) Lease payable commitments

COMMITMENTS IN RELATION TO LEASES CONTRACTED FOR AT THE REPORTING DATE BUT NOT RECOGNISED AS LIABILITIES PAYABLE:	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Within one year	290	290	290	290
Later than one year but not later than five years	1,162	1,162	1,162	1,162
Later than five years	6,970	7,260	6,970	7,260
Total lease payable commitments	**8,422**	**8,712**	**8,422**	**8,712**

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

The Trust has a commitment for ground rent payable in respect of a leasehold property included in property investments. An amount of $290,356 was paid in respect of the year ended 30 June 2008 (2007: $290,356). This commitment was reviewed in 2003 and annual lease payments were increased by a CPI factor as per the lease agreement. This commitment is next subject for review in 2012 and expires in 2037.

No provisions have been recognised in respect of non-cancellable operating leases.

(c) Lease receivable commitments

THE FUTURE MINIMUM LEASE PAYMENTS RECEIVABLE BY THE TRUSTS ARE:	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Within one year	457,594	572,632	90,728	173,502
Later than one year but not later than five years	1,447,477	1,677,318	291,568	549,873
Later than five years	666,413	1,018,754	187,665	435,658
Total lease receivable commitments	**2,571,484**	**3,268,704**	**569,961**	**1,159,033**

Note 34. Related parties

Responsible Entity

DXFM is the Responsible Entity of the Trusts.

On 21 February 2008, DXO purchased the remaining 50% interest in DXH (the parent entity of DXFM) from FAP, a subsidiary of Deutsche Bank.

DXFM is also the Responsible Entity of Abbotsford Property Trust, Abbotsford Property Investment Trust, Gordon Property Trust, Gordon Property Investment Trust, Northgate Property Trust and Northgate Property Investment Trust (collectively known as "the Syndicates").

DXH is the parent entity of DEXUS Wholesale Property Limited (formerly DB RREEF Wholesale Property Limited) (DWPL), the Responsible Entity for DWPF.

Responsible Entity fees

Under the terms of the Trusts' Constitutions, the Responsible Entities are entitled to receive fees in relation to the management of the Trusts. DXH is entitled to be reimbursed for administration expenses incurred on behalf of the Trusts. DEXUS Property Services Pty Limited (DXPS), a wholly owned subsidiary of DXH is entitled to property management fees from the Trusts.

Related party transactions

Prior to DXO's acquisition of the remaining 50% interest in DXH on 21 February 2008, all related party transactions were conducted on normal commercial terms and conditions unless otherwise stated. Following the acquisition, Responsible Entity fees in relation to DXS assets moved to cost recovery. All agreements with third party funds remain unchanged.

Investments

On 21 February 2008, DXO purchased the remaining 50% interest in DXH from FAP. Deutsche Bank ceased to be a related party on this date.

DEXUS Funds Management Limited and its related entities

There were a number of transactions and balances between the Trust and the Responsible Entity and its related entities as detailed below:

	CONSOLIDATED		PARENT ENTITY	
	2008 $	2007 $	2008 $	2007 $
Responsible Entity fees paid and payable[1]	21,869,324	33,147,164	9,397,076	11,961,394
Loan note interest earned from DXH	3,693,880	5,461,329	–	–
Property management fees to DXPS	8,400,054	9,273,393	736,069	728,000
Recovery of administration expenses paid to DXH	4,952,925	8,510,965	1,188,892	2,516,480
Aggregate amounts payable to the Responsible Entity at reporting date	–	3,374,190	504,613	1,342,379

DEXUS Wholesale Property Fund (formerly DB RREEF Wholesale Property Fund)[2]

	CONSOLIDATED		PARENT ENTITY	
	2008 $	2007 $	2008 $	2007 $
Responsible Entity fee income	6,200,512	–	–	–
Property management fee income	993,255	–	–	–
Recovery of administration expenses	797,068	–	–	–
Aggregate amount receivable at reporting date	1,853,954	–	–	–

The Syndicates[2]

	CONSOLIDATED		PARENT ENTITY	
	2008 $	2007 $	2008 $	2007 $
Responsible Entity fee income	742,994	–	–	–
Property management fee income	235,080	–	–	–
Recovery of administration expenses	300,100	–	–	–
Aggregate amount receivable at reporting date	329,230	–	–	–

Bent Street Trust[2]

	CONSOLIDATED		PARENT ENTITY	
	2008 $	2007 $	2008 $	2007 $
Property management fee income	6,400,740	–	–	–
Recovery of administration expenses	18,286	–	–	–
Aggregate amount receivable at reporting date	3,446,957	–	–	–

1 Amounts in 2008 reflect transactions from 1 July 2007 to 20 February 2008.
2 Amounts in 2008 reflect transactions between 21 February 2008 and 30 June 2008.

Note 34. Related parties (continued)

RREEF[1]

RREEF (a subsidiary of Deustche Bank AG), as fund manager of the DEXUS Industrial Properties, Inc. (formerly DB RREEF Industrial Properties, Inc) is entitled to the following fees:

	CONSOLIDATED		PARENT ENTITY	
	2008 $	2007 $	2008 $	2007 $
Investment management fee	2,174,822	1,561,000	–	–
Asset management fee	229,230	343,761	–	–
Acquisition fee	3,245,899	3,549,000	–	–
Property management fees	3,081,512	4,901,006	–	–
Construction supervision fee	622,598	791,821	–	–
Development fees	1,444,421	917,705	–	–
Leasing commissions	1,772,242	2,841,166	–	–
Performance fees	64,411	(10,121)	–	–

Deutsche Bank AG[1]

Dealings with the bank include, not only transactions in its capacity as part owner of the Responsible Entity, but also in the provision of financial services.

There were a number of transactions and balances between the Trust and the Responsible Entity and related entities as detailed below:

	CONSOLIDATED		PARENT ENTITY	
	2008 $	2007 $	2008 $	2007 $
Deutsche Bank AG in its capacity as a financier:				
Interest paid on swaps for whom the counterparty was Deutsche Bank AG	9,955,000	14,826,000	226,271	(294,922)
Interest and financing fees on borrowings to Deutsche Bank AG	431,000	601,000	–	–
Borrowings from Deutsche Bank AG	–	13,034,000	–	–
Proceeds from Borrowings from Deutsche Bank AG	7,033,000	14,688,000	–	–
Loan repayment to Deutsche Bank AG	10,650,755	11,757,000	–	–
Interest received on swaps for whom the counterparty was Deutsche Bank AG	10,315,000	16,890,000	870,762	–
Other transactions with Deutsche Bank AG:				
Interest paid and payable to FAP	814,000	233,724	–	–
Purchase of DXH shares	79,829,700	–	–	–
Redemption of loan notes	51,936,300	–	–	–
Dividends paid	5,974,000	–	–	–

1 Amounts in 2008 reflect transactions between 1 July 2007 and 20 February 2008.

The following persons were directors or alternate directors of DXFM during the whole of the financial year and up to the date of this report, unless otherwise stated:

DIRECTORS
C T Beare, BSc, BE (Hons), MBA, PhD, FAICD[1,4,5]
E A Alexander AM, BComm, FCA, FAICD, FCPA[1,2,3,5,6,7]
B R Brownjohn, BComm[1,2,5,6,7]
S F Ewen OAM, FILE[1,4]
V P Hoog Antink, BCom, MBA, FCA, FAPI, FRICS, MAICD
C B Leitner III, BA
B E Scullin, BEc[1,2,3,4,6,7]
A J Fay, BAg.Ec (Hons), ASIA (Alternate to C B Leitner)[8]

1 Independent Director
2 Audit and Risk Committee Member (Committee ceased on 30 September 2007)
3 Compliance Committee Member
4 Nomination and Remuneration Committee Member
5 Finance Committee Member
6 Audit Committee Member (Committee commenced on 1 October 2007)
7 Risk Committee Member (Committee commenced on 1 October 2007)
8 Nomination & Remuneration Committee Member from 1 July 2007 to 21 February 2008

No directors held an interest in the Trust as at 30 June 2008 or at the date of this report.

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 and up to the date of this report:

NAME	POSITION	QUALIFICATION DATE OF OTHER KEY MANAGEMENT PERSONNEL DURING THE 12 MONTHS ENDED 30 JUNE 2008
Victor P Hoog Antink	Chief Executive Officer	
Tanya L Cox	Chief Operating Officer	
Pat A Daniels	Head of Human Resources	Qualified 14 January 2008
John C Easy	General Counsel	
Ben J Lehmann	Fund Manager, DEXUS Property Group	Ceased to qualify 27 March 2008
Louise J Martin	Head of Office	Qualified 27 March 2008
Craig D Mitchell	Chief Financial Officer	Qualified 17 September 2007
Paul G Say	Head of Corporate Development	
Mark F Turner	Head of Unlisted Funds	
Andrew P Whiteside	Head of Industrial	Qualified 28 April 2008

No key management personnel or their related parties held an interest in the Trust for the years ended 30 June 2007 and 30 June 2008 or at the date of this report.

There were no loans or other transactions with key management personnel or their related parties during the years ended 30 June 2007 and 30 June 2008 or at the date of this report.

	2008 $	2007 $
COMPENSATION		
Short-term employee benefits	6,891,605	4,753,130
Post-employment benefits	400,153	998,514
Other long-term benefits	3,450,000	1,265,000
	10,741,758	**7,016,644**

The Trust has shown the detailed remuneration disclosures in the Directors' Report. The relevant information can be found in section 3 of the Directors' Report on pages 67 to 72.

Note 35. Business Combinations

(a) Summary of acquisition

On 21 February 2008, DXO acquired the remaining 50% interest in DXH.

Prior to this acquisition DXO held a 50% share in DXH and accounted for DXH on an equity accounting basis. The acquisition of the remaining 50% has resulted in DXO effectively controlling DXH and thus this acquisition was accounted for as a 'business combination achieved in stages' as described in AASB 3 *Business Combinations*. The acquisition resulted in goodwill of $2.998 million.

The acquired business contributed revenues of $37.428 million and net profit of $2.278 million to the Trusts for the period from 21 February 2008 to 30 June 2008. If the acquisition had occurred on 1 July 2007, consolidated revenue and consolidated profit for the year ended 30 June 2008 would have been $943.197 million and $441.169 million respectively. These amounts have been calculated using the Trusts' accounting policies.

	$'000
Purchase consideration (refer to (b) below):	
Cash paid[1]	79,830
Direct costs related to acquisition	768
Total purchase price	**80,598**
Fair value of net identifiable assets acquired (refer below)	77,600
Goodwill	**2,998**

(b) Purchase consideration

	CONSOLIDATED		**PARENT ENTITY**	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Outflow of cash to acquire subsidiary, net of cash acquired				
Cash consideration	79,830	–	–	–
Less: Cash balances acquired	12,486	–	–	–
Outflow of cash	**67,344**	**–**	**–**	**–**

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	ACQUIREE'S CARRYING AMOUNT	**FAIR VALUE**
	$'000	**$'000**
Property plant and equipment	4,529	4,529
Deferred tax assets	1,467	1,467
Intangible assets – management rights	125,796	252,382
Other non-current assets	40	40
Cash and cash equivalents	12,486	12,486
Receivables	22,688	22,688
Other current assets	877	877
Provisions	(14,556)	(14,556)
Payables	(13,360)	(13,360)
Interest bearing liabilities	(111,353)	(111,353)
Net assets	**28,614**	**155,200**
Identifiable net assets acquired		**77,600**

1 Represents consideration for the remaining 50% of DXH shares. In addition to this $51,936,300 of loan notes were repaid resulting in total cash outlay of $131,766,000.

Note 36. Events occurring after reporting date

Refinance of Commercial Mortgage Backed Securities

Subsequent to the reporting date, a commitment has been received for a $250.0 million, three year facility to partially refinance the $500.0 million Commercial Mortgage Backed Securities due to mature in April 2009. The facility is subject to the execution of legal documentation that is to be in a form and substance satisfactory to the financier. There are market standard conditions precedent to signing of the documentation.

Since 30 June 2008, other than the matter discussed above, the directors of the Responsible Entity are not aware of any matter or circumstance not otherwise dealt with in their report or the financial statements that has significantly or may significantly affect the operations of the Trust, the results of those operations, or state of the Trust's affairs.

Note 37. Segment information

Business segments

The Trusts operate in the following segments:
Retail – investment in the retail property sector;
Office and car park – investment in the commercial and car park property sectors; and
Industrial – investment in the industrial property sector.

2008

	RETAIL $'000	COMMERCIAL & CAR PARK $'000	INDUSTRIAL $'000	ELIMINATIONS/ UNALLOCATED $'000	CONSOLIDATED $'000
Property revenue	35,673	323,501	306,304	(647)	664,831
Interest revenue	136	1,034	4,634	2,330	8,134
Management fees	–	–	–	26,760	26,760
Share of net profits/(losses) of associates accounted for using the equity method	3,629	(4,055)	–	2,893	2,467
	39,438	**320,480**	**310,938**	**31,336**	**702,192**
Net (loss)/gain on sale of investment properties	(3,114)	(476)	5,887	–	2,297
Net fair value gain/(loss) of investment properties	3,058	268,356	(86,695)	(275)	184,444
Net fair value (loss) of derivatives	–	–	–	(3,503)	(3,503)
Net foreign exchange gain	–	–	–	3,442	3,442
Other income	–	4	129	1,120	1,253
Total segment income	**39,382**	**588,364**	**230,259**	**32,120**	**890,125**
Segment result	**24,013**	**509,152**	**46,933**	**(141,821)**	**438,277**
Segment assets	281,958	4,736,899	4,096,314	233,816	9,348,987
Segment liabilities	2,295	1,249,601	2,424,004	(161,966)	3,513,934
Investments accounted for using the equity method	–	107,734	–	–	107,734
Acquisition of investment properties	–	2,800	314,965	–	317,765
Additions to property plant and equipment	–	22,368	162,245	6,686	191,299
Incentive amortisation expense	952	29,404	11,678	–	42,034
Other non-cash expenses	–	2,796	–	267	3,063

Note 37. Segment information (continued)

2007

	RETAIL $'000	COMMERCIAL & CAR PARK $'000	INDUSTRIAL $'000	ELIMINATIONS/ UNALLOCATED $'000	CONSOLIDATED $'000
Property revenue	66,079	318,122	309,229	–	693,430
Interest revenue	264	1,159	2,094	4,589	8,106
Share of net profits of associates accounted for using the equity method	40,656	5,717	–	6,342	52,715
	106,999	**324,998**	**311,323**	**10,931**	**754,251**
Net gain on sale of investment properties	–	–	3,959	–	3,959
Net fair value (loss)/gain of investment properties	–	(105)	3,460	–	3,355
Net fair value gain of investment properties	184,424	448,406	198,500	–	831,330
Net fair value gain of derivatives	–	–	–	727	727
Net foreign exchange (loss)/gain	–	(166)	1,515	–	1,349
Other income	–	1,508	–	164	1,672
Total segment income	**291,423**	**774,641**	**518,757**	**11,822**	**1,596,643**
Segment result	**309,610**	**625,653**	**284,482**	**(50,926)**	**1,168,819**
Segment assets	1,229,217	4,104,675	3,931,679	221,265	9,486,836
Segment liabilities	4,006	938,666	2,273,561	565,660	3,781,893
Investments accounted for using the equity method	211,517	40,750	–	17,888	270,155
Acquisition of investment properties	–	–	396,178	–	396,178
Additions to property plant and equipment	–	31,495	148,754	–	180,249
Incentive amortisation expense	2,174	24,585	10,902	–	37,661
Other non-cash expenses	–	2,488	–	–	2,488

Geographical segments

The Trusts' investments are located in Australia, New Zealand, the United States of America, France, Germany and Canada.

2008

	AUSTRALIA $'000	NEW ZEALAND $'000	UNITED STATES OF AMERICA $'000	FRANCE $'000	GERMANY $'000	CANADA $'000	CONSOLIDATED $'000
Rental and other property income	478,574	9,807	146,570	9,396	17,887	2,597	664,831
Segment assets	6,844,831	124,484	1,968,077	99,390	231,065	81,140	9,348,987
Acquisitions of investment properties	–	–	241,175	–	–	76,590	317,765
Additions to property plant and equipment	120,813	–	70,486	–	–	–	191,299

2007

	AUSTRALIA $'000	NEW ZEALAND $'000	UNITED STATES OF AMERICA $'000	FRANCE $'000	GERMANY $'000	CANADA $'000	CONSOLIDATED $'000
Rental and other property income	515,435	10,041	150,173	9,583	8,198	–	693,430
Segment assets	7,692,110	133,617	1,303,064	112,441	245,604	–	9,486,836
Acquisitions of investment properties	–	–	29,867	118,856	247,455	–	396,178
Additions to property plant and equipment	148,632	–	31,617	–	–	–	180,249

Note 38. Reconciliation of net profit to net cash inflow from operating activities

(a) Reconciliation

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Net profit	445,261	1,210,791	85,804	443,857
Capitalised interest	(17,949)	(14,639)	(6,141)	(3,746)
Depreciation and amortisation	3,002	2,488	–	–
Impairment of goodwill	61	–	–	–
Net increment on revaluation of investments	(184,444)	(831,330)	65,784	(307,406)
Share of net profits of associates accounted for using the equity method	(2,467)	(52,715)	–	–
Net fair value loss/(gain) of derivatives	3,503	(727)	2,203	(838)
Net gain on sale of investment properties	(2,297)	(3,355)	5,743	(15)
Profit on sale of inventories	–	(481)	–	–
Net foreign exchange loss/(gain)	30,597	(1,027)	(9,515)	(32,301)
Provision for doubtful debts	(290)	640	–	408
Change in operating assets and liabilities				
Decrease/(increase) in receivables	460	(120,872)	11,078	2,203
(Increase)/decrease in prepaid expenses	(3,554)	(1,853)	1,132	(1,212)
Decrease/(increase) in other non-current assets – investments	147,936	75,941	(13,693)	21,867
(Increase)/decrease in other current assets	23,758	113	–	–
Decrease in other non-current assets	(85,989)	30,115	237	(53)
Increase/(decrease) in payables	1,282	768	2,544	(4,748)
(Decrease) in other current liabilities	(21,785)	(49,795)	(3,569)	(7,422)
Increase in other non-current liabilities	31,624	43,620	8,775	24,647
Increase in deferred tax liabilities	5,736	32,053	–	–
Net cash inflow from operating activities	**374,445**	**319,735**	**150,382**	**135,241**

(b) Capital expenditure on investment properties

Payment for capital expenditure on investment properties includes $90.8 million of maintenance and incentive capital expenditure.

Note 39. Non-cash financing and investing activities

		CONSOLIDATED		PARENT ENTITY	
	NOTE	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Distributions reinvested	27	243,678	145,328	146,305	57,382

Note 40. Earnings per unit

(a) Basic earnings per unit on profit attributable to equity holders of the parent entity

	CONSOLIDATED		PARENT ENTITY	
	2008 CENTS	2007 CENTS	2008 CENTS	2007 CENTS
	2.82	15.62	2.90	15.53

(b) Diluted earnings per unit on profit attributable to equity holders of the parent entity

	CONSOLIDATED		PARENT ENTITY	
	2008 CENTS	2007 CENTS	2008 CENTS	2007 CENTS
	2.82	15.62	2.90	15.53

(c) Basic earnings per unit on profit attributable to stapled security holders

	CONSOLIDATED	
	2008 CENTS	2007 CENTS
	14.80	40.90

(d) Diluted earnings per unit on profit attributable to stapled security holders

	CONSOLIDATED	
	2008 CENTS	2007 CENTS
	14.80	40.90

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

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Net profit	445,261	1,210,791	85,804	443,857
Net profit attributable to equity holders of other entities stapled to DDF (minority interests)	(354,807)	(722,441)	–	–
Net profit attributable to other minority interests	(6,984)	(41,972)	–	–
Net profit attributable to the unitholders of the Trust in calculating basic and diluted earnings per unit	83,470	446,378	85,804	443,857

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

Weighted average number of units outstanding used in the calculation of basic and diluted earnings per unit

	CONSOLIDATED		PARENT ENTITY	
	2008 UNITS	2007 UNITS	2008 UNITS	2007 UNITS
	2,962,305,859	2,857,716,193	2,962,305,859	2,857,716,193

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2008

The Directors of DEXUS Funds Management Limited as Responsible Entity of DEXUS Diversified Trust (the Trust) declare that the Financial Statements and notes set out on pages 80 to 138:

(i) comply with applicable Australian Equivalents to International Financial Reporting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2008 and of their performance, as represented by the results of their operations and their 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 and its consolidated entities will be able to pay their debts as and when they become due and payable; and the Trust has operated in accordance with the provisions of the Constitution dated 15 August 1984 (as amended) during the year ended 30 June 2008.

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

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

Christopher T Beare
Chair

Sydney
20 August 2008

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
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Independent auditor's report to the stapled security holders members of DEXUS Diversified Trust (formerly DB RREEF Diversified Trust)

Report on the financial report

We have audited the accompanying financial report of DEXUS Diversified Trust (formerly DB RREEF Diversified Trust) (the Trust), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both DEXUS Diversified Trust and the DEXUS Diversified Trust Group (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of DEXUS Funds Management Limited (formerly known as DB RREEF Funds Management Limited) as responsible entity for the Trust, 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 compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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.

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

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

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 Diversified Trust is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2008 and of their 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 consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 2 to 10 of the directors' report for the year ended 30 June 2008. The directors of the responsible entity DEXUS Funds Management Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of DEXUS Diversified Trust for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of DEXUS Diversified Trust (the Trust) for the year ended 30 June 2008 included on DEXUS Diversified Trust's web site. The directors of the responsible entity, DEXUS Funds Management Limited are responsible for the integrity of the DEXUS Diversified Trust's 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 remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or the remuneration 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 and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

JA Dunning

JA Dunning
Partner

Sydney
20 August 2008

INVESTOR INFORMATION

Concierge, 1 Farrer Place, Sydney

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

Security holders will need to use the services of a stockbroker or online broking facility to be able to trade your DEXUS Property Group securities.

DEXUS Property Group information

Investors and other interested people may obtain information on various aspects of DEXUS Property Group's activities via our website at www.dexus.com/Investor-Centre/DXS.aspx

Information available includes:

- Property information;
- ASX announcements;
- Periodic reports and presentations;
- Distribution and tax information;
- Corporate responsibility and sustainability;
- Corporate governance; and
- Research.

Website

Information relating to the DEXUS Property Group can be found at www.dexus.com The website contains information on our funds, property portfolio and corporate information. The site also provides access to your investment details, fund reports and ASX announcements.

Stock exchange listing

The stapled security (ASX: DXS) is included in the top 200 listed entities in Australia in terms of market capitalisation and currently forms part of the following indices:

- All Ordinaries;
- All Industrials;
- Listed Property Trusts; and
- The S&P/ASX200.

Complaints handling

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

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

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

Distribution payments

Distributions are paid for the six months to December and June each year. You can receive your distribution by direct credit into your nominated bank account or receive additional DEXUS securities via the distribution reinvestment plan (DRP). If you wish to change your method of payment or your DRP participation, you should contact the DEXUS Infoline on 1800 819 675.

Distribution reinvestment plan

DEXUS Property Group has a distribution reinvestment plan available to security holders providing them the opportunity to purchase additional stapled securities by reinvesting all or part of their income distributions. The amount to be reinvested will be applied to acquire fully paid stapled securities in DEXUS Property Group. Where the amount to be realised does not equal a whole multiple of the DXS issue price, the residual money will be carried forward and added to the next reinvestment amount. For further information on the DRP please go to our website at www.dexus.com/Investor-Centre/DXS/Investor-Information/Distributions.aspx

INVESTOR INFORMATION (CONTINUED)

Distribution history and timetable

Distribution history schedules for DEXUS Property Group can be downloaded by visiting our website www.dexus.com/Investor-Centre/DXS/Investor-Information/Distributions.aspx

The timetable below shows the anticipated distribution, banking and mailing dates for the next two distributions. Please note that these dates are indicative and may change.

DISTRIBUTION PERIOD	ANNOUNCEMENT DATED	EX-DISTRIBUTION DATE	RECORD DATE	ANTICIPATED PAYMENT DATE
1 July 2008 to 31 December 2008	18 December 2008	23 December 2008	31 December 2008	27 February 2009
1 January 2009 to 30 June 2009	19 June 2009	24 June 2009	30 June 2009	28 August 2009

Unpresented cheques and unclaimed funds

DEXUS Property Group has a number of security holders who have unpresented cheques and/or unclaimed funds. If you believe you have unpresented cheques or unclaimed funds, please contact our Security Registry, Link Market Services on 1800 819 675. Link Market Services will complete a search for you and assist you in recovering your funds for up to a seven year period. For outstanding monies after that time, you should contact the NSW Office of State Revenue on 1300 366 016 or go to their website at www.osr.nsw.gov.au and use their search facility for unclaimed monies.

Tax file number

You are not required by law to provide your tax file number, 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.

Annual tax statement

Each financial year security holders will receive a tax statement. This statement summarises the distributions paid to you during the year and includes information required to complete your tax return.

Apportionment percentages

Apportionment percentages for DEXUS Property Group stapled securities since stapling can be found on the tax information page on our website at www.dexus.com/dxs/tax.aspx or by contacting the Infoline on 1800 819 675.

Capital gains taxation cost base information

A brochure called ‘Capital Gains Taxation Information’ has been prepared for DEXUS Property Group stapled security holders. This will assist holders to determine the capital gains tax cost base of the DEXUS Property Group securities and any capital gains on the disposal of their securities. Security holders may obtain a copy of this brochure by visiting our website at www.dexus.com/dxs/tax.aspx

Registry information

Top 20 stapled security holders as at 26 August 2008

RANK	INVESTOR	CURRENT BALANCE	% OF ISSUED CAPITAL
1	HSBC Custody Nominees (Australia) Limited	805,095,796	26.48
2	JP Morgan Nominees Australia Limited	456,499,375	15.02
3	National Nominees Limited	447,890,993	14.73
4	Citicorp Nominees Pty Limited	205,328,325	6.75
5	Merrill Lynch (Australia) Nominees Pty Limited	117,556,727	3.87
6	RBC Dexia Investor Services Australia Nominees Pty Limited	91,611,464	3.01
7	ANZ Nominees Limited	72,093,520	2.37
8	Citicorp Nominees Pty Limited	55,439,331	1.82
9	Cogent Nominees Pty Limited	47,154,708	1.55
10	ANZ Nominees Limited	43,300,514	1.42
11	Bond Street Custodians Limited	34,188,654	1.12
12	AMP Life Limited	27,237,593	0.90
13	Questor Financial Services Limited	27,234,033	0.90
14	Citicorp Nominees Pty Limited	19,785,538	0.65
15	Cogent Nominees Pty Limited	19,392,652	0.64
16	Citicorp Nominees Pty Limited	16,993,681	0.56
17	UBS Nominees Pty Ltd	15,246,709	0.50
18	Queensland Investment Corporation	12,299,102	0.40
19	Bond Street Custodians Limited	11,204,379	0.37
20	Citicorp Nominees Pty Limited	10,601,041	0.35
	Total top 20 holders	**2,536,154,135**	**83.43**
	Total other holders	**503,865,352**	**16.57**
	Total units on issue	**3,040,019,487**	**100.00**

Substantial holders as at 26 August 2008

The names of substantial holders, who at 26 August 2008, have notified the Responsible Entity in accordance with Section 671B of the *Corporations Act 2001* are:

NAME	NUMBER OF STAPLED SECURITIES	% VOTING
Barclays Group	249,591,755	8.22

Class of securities

DEXUS Property Group has one class of stapled security trading on the ASX with 21,927 investors holding 3,040,019,487 stapled securities at 26 August 2008.

Spread of stapled securities at 26 August 2008

RANGES	INVESTORS	SECURITIES	% OF ISSUED CAPITAL
1 to 1,000	1,342	525,627	0.02
1,001 to 5,000	4,309	13,943,358	0.46
5,001 to 10,000	5,569	42,440,193	1.40
10,001 to 50,000	9,645	200,655,436	6.60
50,001 to 100,000	734	49,715,272	1.64
100,001 and over	328	2,732,739,603	89.89
Total	**21,927**	**3,040,019,487**	**100.00**

At 26 August 2008, the number of security investors holding less then a marketable parcel of 338 securities ($500) is 684 and they hold 74,160 securities.

Voting rights

At meetings of the security holders of DEXUS Diversified Trust, DEXUS Industrial Trust, DEXUS Office Trust and DEXUS Operations Trust, being the Trusts that comprise DEXUS Property Group, on a show of hands, each security holder of each Trust has one vote. On a poll, each security holder of each Trust has one vote for each dollar of the value of the total interests they have in the Trust.

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

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

On-market buy-back

DEXUS Property Group has no on-market buy-back currently in place.

Flinders Street Car Park, Flinders Street, Melbourne

DIRECTORY

DEXUS Diversified Trust
ARSN 089 324 541

DEXUS Industrial Trust
ARSN 090 879 137

DEXUS Office Trust
ARSN 090 768 531

DEXUS Operations Trust
ARSN 110 521 223

Responsible Entity

DEXUS Funds Management Limited
ABN 24 060 920 783

Registered office of Responsible Entity

Level 9, 343 George Street
Sydney NSW 2000

PO Box R1822
Royal Exchange
Sydney NSW 1225

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

Directors of the Responsible Entity

Christopher T Beare, Chair
Elizabeth A Alexander AM
Barry R Brownjohn
Stewart F Ewen OAM
Victor P Hoog Antink
Charles B Leitner III (Alternate Andrew J Fay)
Brian E Scullin

Secretaries of the Responsible Entity

Tanya L Cox
John C Easy

Investor enquiries

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

Auditors

PricewaterhouseCoopers
Chartered Accountants
201 Sussex Street
Sydney NSW 2000

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

For enquiries regarding your holding you can either contact the Security Registry, or access your holding details via the Investor Centre on our website www.dexus.com/Investor-Centre/DXS.aspx and look for the blue Investor Login box.

Australian Stock Exchange
ASX Code: DXS

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