

FINANCIAL STATEMENTS DEXUS DIVERSIFIED TRUST

(ARSN 089 324 541)

HALF YEAR FINANCIAL REPORT 31 DECEMBER 2009

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

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

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

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

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

Directors

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

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

¹ Independent Director

² Audit Committee Member

³ Risk Committee Member

⁴ Compliance Committee Member

⁵ Nomination and Remuneration Committee Member

⁶ Finance Committee Member

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

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

Review and results of operations

During the half year, the operations of DEXUS Property Group consisted of investment in real property in Australia, New Zealand, the United States, Canada and Europe.

The results for the half year ended 31 December 2009 were:

- Loss attributable to stapled security holders was \$107.0 million (2008: \$975.2 million);
- Funds From Operations (FFO)¹ was \$181.1 million (2008: \$188.7 million);
- Distributions paid and payable to stapled security holders was \$126.3 million being 70% of FFO (2008: \$132.1 million);
- Total assets were \$7.8 billion (June 2009: \$8.4 billion); and
- Net assets were \$4.9 billion (June 2009: \$5.1 billion).

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

Rounding of amounts and currency

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

¹ Funds From Operations (FFO) or distributable income is often used as a measure of real estate operating performance after finance costs and taxes. DXS's FFO comprises AIFRS profit/loss after tax attributable to stapled security holders adjusted for: property revaluations, impairments, derivative and FX mark to market impacts, amortisation of certain tenant incentives, profit and loss on sale of assets, straight line rent adjustments, deferred tax expense/benefit and DEXUS RENTS Trust capital distribution.

Auditor

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

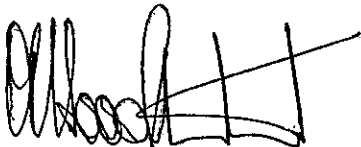
A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3 and forms part of this Directors' Report.

Directors' authorisation

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



Christopher T Beare
Chair
16 February 2010



Victor P Hoog Antink
Chief Executive Officer
16 February 2010

PricewaterhouseCoopers
ABN 52 780 433 757

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

Auditor's Independence Declaration

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

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

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



JA Dunning
Partner
PricewaterhouseCoopers

Sydney
16 February 2010

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

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	Notes	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Revenue from ordinary activities			
Property revenue		338,383	342,767
Management fee income		27,478	28,333
Interest revenue		767	1,987
Total revenue from ordinary activities		366,628	373,087
Net fair value gain/(loss) of derivatives		9,516	(20,736)
Net foreign exchange gain		2,481	154
Other income		137	523
Total income		378,762	353,028
Expenses			
Property expenses		(87,032)	(82,630)
Finance costs	2	(57,768)	(485,817)
Share of net profit of associates accounted for using the equity method	7	(26,833)	27
Net fair value loss of investment properties		(259,264)	(702,172)
Net loss on sale of investment properties		(50,082)	(437)
Net loss on sale of investment		(15)	-
Depreciation and amortisation		(2,246)	(2,440)
Impairment		(168)	(91,765)
Employee benefits expense		(28,867)	(30,829)
Other expenses		(9,848)	(12,672)
Total expenses		(522,123)	(1,408,735)
Loss before tax		(143,361)	(1,055,707)
Tax benefit			
Income tax benefit/(expense)		2,801	(647)
Withholding tax benefit ¹		32,383	83,568
Total tax benefit		35,184	82,921
Loss after tax		(108,177)	(972,786)
Other comprehensive loss:			
Exchange differences on translating foreign operations		(11,610)	(3,936)
Total comprehensive loss for the period		(119,787)	(976,722)
(Loss)/profit attributable to:			
Equity holders of the parent entity		(79,454)	(177,477)
Equity holders of other stapled entities (non-controlling interest)		(27,573)	(797,676)
Security holders of DEXUS Diversified Trust		(107,027)	(975,153)
Other non-controlling interests		(1,150)	2,367
Total loss for the period		(108,177)	(972,786)
Total comprehensive loss attributable to:			
Equity holders of the parent entity		(102,388)	(184,192)
Equity holders of other stapled entities (non-controlling interest)		(15,986)	(795,705)
Security holders of DEXUS Diversified Trust		(118,374)	(979,897)
Other non-controlling interests		(1,413)	3,175
Total comprehensive loss for the period		(119,787)	(976,722)
Earnings per unit			
		Cents	Cents
Basic earnings per unit on loss attributable to equity holders of the parent entity	15	(1.67)	(5.69)
Diluted earnings per unit on loss attributable to equity holders of the parent entity	15	(1.67)	(5.69)

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

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

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	Notes	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Current assets			
Cash and cash equivalents	3	70,777	84,845
Receivables		34,584	35,816
Non-current assets classified as held for sale	4	302,422	98,054
Derivative financial instruments		36,335	81,427
Current tax assets		8,236	1,423
Other		11,380	13,618
Total current assets		463,734	315,183
Non-current assets			
Investment properties	5	6,926,210	7,120,710
Property, plant and equipment	6	5,431	438,620
Investments accounted for using the equity method	7	69,881	84,165
Derivative financial instruments		72,609	124,064
Deferred tax assets		76,425	49,136
Intangible assets	8	212,539	213,267
Other		3,753	5,965
Total non-current assets		7,366,848	8,035,927
Total assets		7,830,582	8,351,110
Current liabilities			
Payables		102,514	98,410
Interest bearing liabilities	9	316,390	381,673
Current tax liabilities		1,120	1,051
Provisions		137,959	177,618
Derivative financial instruments		42,736	32,443
Other		243	281
Total current liabilities		600,962	691,476
Non-current liabilities			
Interest bearing liabilities	9	2,088,161	2,127,339
Deferred tax liabilities		8,634	9,975
Provisions		12,831	13,533
Derivative financial instruments		172,599	353,781
Other		6,709	8,789
Total non-current liabilities		2,288,934	2,513,417
Total liabilities		2,889,896	3,204,893
Net assets		4,940,686	5,146,217
Equity			
Equity attributable to equity holders of the parent entity			
Contributed equity	10	1,766,042	1,741,211
Reserves		(82,186)	(59,252)
Undistributed income		118,444	264,819
Parent entity equity holders' interest		1,802,300	1,946,778
Equity attributable to equity holders of other stapled entities (non-controlling interest)			
Contributed equity	10	2,987,014	2,966,643
Reserves		47,407	35,820
Undistributed loss		(100,653)	(9,796)
Other stapled security holders' interest		2,933,768	2,992,667
Stapled security holders' interest		4,736,068	4,939,445
Other non-controlling interests		204,618	206,772
Total equity		4,940,686	5,146,217

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

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

Notes	Stapled security holders equity							Total equity \$'000
	Contributed equity \$'000	Undistributed income \$'000	Foreign Currency Translation Reserve \$'000	Management revaluation reserve \$'000	Stapled security holders equity \$'000	Other non-controlling interest \$'000		
Opening balance at 1 July 2008	3,577,883	2,000,235	(12,357)	63,294	5,629,055	205,998	5,835,053	
Comprehensive loss for the period attributable to Equity holders of the parent entity	-	(177,477)	-	-	(177,477)	-	(177,477)	
Other stapled entities (non-controlling interest)	-	(797,676)	(4,744)	-	(802,420)	-	(802,420)	
Other non-controlling interest	-	-	-	-	-	3,175	3,175	
Total comprehensive income	-	(975,153)	(4,744)	-	(979,897)	3,175	(976,722)	
Transactions with owners in their capacity as owners								
Contributions of equity, net of transaction costs	351,854	-	-	-	351,854	372	352,226	
Distributions paid or provided for	-	(132,119)	-	-	(132,119)	(8,894)	(141,013)	
Total transactions with owners in their capacity as owners	351,854	(132,119)	-	-	219,735	(8,522)	211,213	
Transfer to/from undistributed income	-	3,971	-	(10,447)	(6,476)	6,476	-	
Closing balance at 31 December 2008	3,929,737	896,934	(17,101)	52,847	4,862,417	207,127	5,069,544	
Opening balance at 1 July 2009	4,707,854	255,023	(66,171)	42,739	4,939,445	206,772	5,146,217	
Comprehensive loss for the period attributable to Equity holders of the parent entity	-	(79,454)	(22,934)	-	(102,388)	-	(102,388)	
Other stapled entities (non-controlling interest)	-	(27,573)	11,587	-	(15,986)	-	(15,986)	
Other non-controlling interest	-	-	-	-	-	(1,413)	(1,413)	
Total comprehensive income	-	(107,027)	(11,347)	-	(118,374)	(1,413)	(119,787)	
Transactions with owners in their capacity as owners								
Contributions of equity, net of transaction costs	45,202	-	-	-	45,202	27	45,229	
Distributions paid or provided for	-	(126,301)	-	-	(126,301)	(4,672)	(130,973)	
Total transactions with owners in their capacity as owners	45,202	(126,301)	-	-	(81,099)	(4,645)	(85,744)	
Transfer to/from undistributed income	-	(3,904)	-	-	(3,904)	3,904	-	
Closing balance at 31 December 2009	4,753,056	17,791	(77,518)	42,739	4,736,068	204,618	4,940,686	

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

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

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	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Cash flows from operating activities		
Receipts in the course of operations (inclusive of GST)	430,741	427,828
Payments in the course of operations (inclusive of GST)	(170,703)	(172,263)
Interest received	625	1,920
Finance costs paid to financial institutions	(104,730)	(98,748)
Distributions received	16	-
Income and withholding taxes paid	(3,157)	(8,332)
Net cash inflow from operating activities	<u>152,792</u>	<u>150,405</u>
Cash flows from investing activities		
Proceeds from sale of investment properties	287,558	8,184
Proceeds from sale of investment	3,288	-
Payments for capital expenditure on investment properties	(77,285)	(66,606)
Payments for acquisition of investment properties	(285,390)	-
Payments for investments accounted for using the equity method	(12,866)	(14,323)
Payments for property, plant and equipment	-	(14,337)
Payments for capital expenditure on property, plant and equipment	(305)	(83,454)
Net cash outflow from investing activities	<u>(85,000)</u>	<u>(170,536)</u>
Cash flows from financing activities		
Issue of units	-	301,617
Establishment expenses and unit issue costs	(88)	(7,849)
Equity issued to other non-controlling interests	27	372
Proceeds from borrowings	1,492,999	1,256,260
Repayment of borrowings	(1,447,751)	(1,412,798)
Distributions paid to security holders	(119,238)	(124,301)
Distributions paid to other non-controlling interests	(4,529)	(4,651)
Net cash (outflow)/inflow from financing activities	<u>(78,580)</u>	<u>8,650</u>
Net decrease in cash and cash equivalents	<u>(10,788)</u>	<u>(11,481)</u>
Cash and cash equivalents at the beginning of the period	84,845	99,214
Effects of exchange rate changes on cash and cash equivalents	(3,280)	10,635
Cash and cash equivalents at the end of the period	<u><u>70,777</u></u>	<u><u>98,368</u></u>

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

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

The DDF result comprises DDF and its controlled entities, DIT and its controlled entities, DOT and its controlled entities and DXO and its controlled entities. Equity attributable to other entities stapled to DDF is a form of non-controlling interest in accordance with AASB Interpretation 1002: *Post-Date-of-Transition Stapling Arrangements* and represents the equity of DIT, DOT and DXO. Other non-controlling interests represent the equity attributable to parties external to DXS.

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

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

As at 31 December 2009, DXS had a current net asset deficiency of \$137.2 million. This Financial Report is prepared on a going concern basis as DXS has sufficient working capital and cash flow due to the existence of unutilised facilities of \$1,462.8 million as set out in Note 9.

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

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

(b) Critical accounting estimates

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

Uncertainty around property valuations

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

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

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

(b) Critical accounting estimates (continued)

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

(c) Investment properties

During the period DXS adopted the amendments to AASB 140 *Investment Property* as set out in AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* effective for reporting periods beginning on or after 1 January 2009. Under this amendment, property that is under construction or development for future use as investment property falls within the scope of AASB 140. As such development property of this nature is no longer recognised and measured as property, plant and equipment but is included as investment property measured at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. As required by the standard, the amendments to AASB 140 have been applied prospectively from 1 July 2009.

The Group's investment properties consist of properties held for long-term rental yields and/or capital appreciation and property that is being constructed or developed for future use as investment property. Investment properties are initially recognised at cost including transaction costs. Investment properties are subsequently recognised at fair value in the Financial Statements. Each valuation firm and its signatory valuer are appointed on the basis that they are engaged for no more than three consecutive valuations.

The basis of valuations of investment properties is fair value being the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. In addition, an appropriate valuation method is used, which may include the discounted cashflow and the capitalisation method. Discount rates and capitalisation rates are determined based on industry expertise and knowledge, and where possible a direct comparison to third party rates for similar assets in a comparable location. Rental income from current leases and assumptions about future leases, as well as any expected operational cash outflows in relation to the property, are also reflected in fair value. In relation to development properties under construction for future use as investment property, where reliably measurable, fair value is determined based on the market value of the property on the assumption it had already been completed at the valuation date less costs still required to complete the project, including an appropriate adjustment for profit and risk.

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

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

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

(d) Tax consolidation

In December 2009 the DXH tax consolidated group elected to deconsolidate and DXO elected to form a tax consolidated group comprising 20 Barrack Street Trust, DEXUS Holdings Pty Limited, DEXUS Funds Management Limited, DEXUS Property Services Pty Limited, DEXUS Financial Services Pty Limited and DEXUS Wholesale Property Limited, DEXUS CMBS Issuer Pty Limited and DWPL Nominees Pty Limited. The implementation date for the DXO tax consolidated group is 1 July 2008.

The entities in the DXO tax consolidated group entered into a Tax Sharing Deed effective 1 July 2008. In the opinion of the directors, this limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, DXO.

DXO and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These notional tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right pursuant to the Tax Funding Deed effective 1 July 2008.

Under the Tax Funding Deed, the wholly owned entities fully compensate DXO for any current tax payable assumed and are compensated by DXO for any current tax receivable. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' Financial Statements and are recognised as current inter-company receivables or payables.

(e) Segment reporting

During the period DXS adopted AASB 8 *Operating Segments* which replaced AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a review of the reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM has been identified as the Board of Directors as they are responsible for the strategic decision making within the Group. Apart from the additional disclosures and measures reflected in the operating segments note (Note 14), the adoption of AASB 8 has not had an impact on the measurements reflected in the Group's Financial Statements. Comparative information has been adjusted.

(f) Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

(g) Rounding of amounts

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

Note 2. Finance costs

	31 Dec 2009	31 Dec 2008
	\$'000	\$'000
Interest paid/payable	60,772	100,280
Amount capitalised	(18,286)	(18,227)
Other finance costs	2,471	1,548
Net fair value (gain)/loss of interest rate swaps	3,631	402,216
	<u>48,588</u>	<u>485,817</u>
Finance costs attributable to asset disposal programme ¹	9,180	-
Total finance costs	<u><u>57,768</u></u>	<u><u>485,817</u></u>

¹ As a result of the asset sale programme, debt has been repaid and associated finance costs have been recognised in the Statement of Comprehensive Income.

The average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 6.70% (2008: 6.70%).

Note 3. Current assets – cash and cash equivalents

	31 Dec 2009	30 Jun 2009
	\$'000	\$'000
Cash at bank	39,319	74,147
Short-term deposits ¹	31,458	10,698
Total current-assets - cash and cash equivalents	<u><u>70,777</u></u>	<u><u>84,845</u></u>

¹ As at 31 December 2009 DXS held cash of A\$20.8 million in Escrow in relation to a pending sales transaction in the North American portfolio. The funds were used to pay down secured bank loans on 3 February 2010.

Note 4. Non-current assets classified as held for sale

(a) Non-current assets held for sale

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Investment property held for sale	302,422	43,054
Property, plant and equipment held for sale	-	55,000
Total non-current assets classified as held for sale	302,422	98,054

(b) Reconciliation

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Opening balance as at 1 July 2009	98,054	-
Disposals	(91,595)	-
Transfer from investment property	295,822	43,054
Transfer from property, plant and equipment	-	55,000
Additions, amortisation and other	141	-
Closing balance as at 31 December 2009	302,422	98,054

As part of the asset sale program, certain assets have been classified as non-current assets held for sale and are carried at fair value.

Investment properties in Australia classified as held for sale comprise 352 Macaulay Road Kensington (\$2.1 million); Redwood Gardens Industrial Estate (\$6.6 million) and Whitford City Shopping Centre (\$256.5 million).

Investment properties in North America classified as held for sale comprise Commerce Park, Charlotte (\$5.7 million); 181 Fulling Mill Road Harrisburg (\$8.1 million); Mechanicsburg Harrisburg (\$16.2 million); 3802-3922 East University Drive Phoenix (\$7.2 million).

Note 5. Investment properties

(a) Properties

	Ownership	Acquisition date	Cost including all additions* \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Book value 31 Dec 2009 \$'000	Book value 30 June 2009 \$'000
Kings Park Industrial Estate, Bowmans Road, Marayong, NSW	100%	May 1990	81,087	Dec 2009	88,000	(i)	88,000	91,200
Target Distribution Centre, Lot 1, Tara Avenue, Altona North, VIC	100%	Oct 1995	25,641	Dec 2009	28,900	(e)	28,900	30,000
Axess Corporate Park, 164 - 180 Forster Road, 11 & 21 - 45 Gilby Road, 307 - 355 Fernree Gully Road, Mount Waverley, VIC	100%	Oct 1996	158,817	Jun 2008	192,650	(i)	181,097	180,600
Knoxfield Industrial Estate, 20 Henderson Road, Knoxfield, VIC	100%	Aug 1996	31,201	Jun 2009	33,000	(a)	33,119	33,000
12 Frederick Street, St Leonards, NSW	100%	Jul 2000	25,790	Jun 2009	33,100	(e)	33,381	33,100
40 Talavera Road, North Ryde, NSW	100%	Oct 2002	33,114	Jun 2009	29,200	(f)	26,000	29,200
2 Alsipac Place, Eastern Creek, NSW	100%	Mar 2004	23,634	Dec 2008	24,800	(f)	23,300	23,300
44 Market Street, Sydney, NSW	100%	Sep 1987	182,697	Jun 2008	225,000	(e)	191,342	190,000
8 Nicholson Street, Melbourne, VIC	100%	Nov 1993	70,348	Jun 2009	85,000	(f)	80,000	85,000
130 George Street, Parramatta, NSW	100%	May 1997	82,667	Dec 2008	90,000	(a)	72,746	72,000
Flinders Gate Complex, 172 Flinders Street & 189 Flinders Lane, Melbourne, VIC	100%	Mar 1999	17,062	Dec 2008	25,150	(i)	22,649	22,000
383 - 395 Kent Street, Sydney, NSW	100%	Sep 1987	108,137	Jun 2008	153,000	(f)	121,949	120,000
14 Moore Street, Canberra, ACT**	100%	May 2002	38,792	Dec 2007	49,500	(a)	39,000	41,000
Sydney CBD Floor Space ¹	100%	Jul 2000	215	n/a	-	-	196	196
Westfield Whitford City Shopping Centre Marmion & Whitfords Avenue, Hilllarys, WA ²	50%	Oct 1984	-	Jun 2007	252,350	(f)	-	245,350
Westfield Whitfords Avenue Lot 6 Endeavour Road, Hilllarys, WA ²	50%	Dec 1992	-	Jun 2007	24,650	(f)	-	24,650
34 - 60 Little Collins Street, Melbourne, VIC**	100%	Nov 1984	16,851	Dec 2008	40,900	(i)	34,000	36,000
32 - 44 Flinders Street, Melbourne, VIC	100%	Jun 1998	21,777	Dec 2008	38,800	(i)	27,000	34,000
Flinders Gate Carpark, 172 - 189 Flinders Street, Melbourne, VIC	100%	Mar 1999	47,747	Dec 2008	54,600	(i)	49,006	49,000
383 - 395 Kent Street, Sydney, NSW	100%	Sep 1987	30,746	Jun 2008	65,000	(f)	58,001	58,000
2 - 4 Military Rd Maitraville	100%	Dec 2009	48,676		-	(f)	48,676	-

¹ This relates to heritage floor space retained following the disposal of 1 Chiffley Square, Sydney.

² The valuation reflects 50 percent of the independent valuation amount. During the current year this asset was transferred to non-current assets classified as held for sale (refer Note 4) as its carrying amount will be recovered principally through an expected sale transaction rather through continued use.

The title to all properties is freehold, with the exception of the properties marked ** which are leasehold.

DEXUS DIVERSIFIED TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Note 5. Investment properties (continued)

(a) Properties (continued)

	Ownership	Acquisition date	Cost including all additions* \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Book value 31 Dec 2009 \$'000	Book value 30 June 2009 \$'000
79-99 St Hilliers Road, Auburn, NSW	100%	Sep 1997	40,699	Jun 2009	40,000	(e)	40,108	40,000
3 Brookhollow Avenue, Baulkham Hills, NSW	100%	Dec 2002	37,039	Jun 2008	44,800	(f)	41,301	41,000
1 Garigal Road, Belrose, NSW	100%	Dec 1998	24,196	Jun 2009	24,000	(f)	24,830	24,000
2 Minna Close, Belrose, NSW	100%	Dec 1998	36,828	Jun 2009	27,600	(f)	27,000	27,600
114 - 120 Old Pittwater Road, Brookvale, NSW	100%	Sep 1997	35,049	Dec 2008	48,000	(f)	40,000	44,000
145 - 151 Arthur Street, Flemington, NSW	100%	Sep 1997	25,217	Jun 2009	30,750	(g)	30,821	30,750
436 - 484 Victoria Road, Gladesville, NSW	100%	Sep 1997	29,011	Jun 2009	46,000	(a)	46,325	46,000
1 Foundation Place, Greystanes, NSW	100%	Feb 2003	39,287	Jun 2008	48,000	(a)	41,000	41,000
5 - 15 Roseberry Avenue & 25 - 55 Rothschild Avenue, Rosebery, NSW	100%	Apr 1998 & Oct 2001	75,135	Jun 2008	102,700	(d)	88,451	88,000
10 - 16 South Street, Rydalmere, NSW	100%	Sep 1997	37,351	Dec 2008	44,000	(e)	39,200	41,000
19 Chiffley Street, Smithfield, NSW	100%	Dec 1998	12,287	Jun 2008	18,350	(l)	16,369	16,300
Pound Road West, Dandenong, VIC	100%	Jan 2004	73,988	Dec 2007	81,550	(g)	77,121	77,000
352 Macaulay Road, Kensington, VIC ¹	100%	Oct 1998	-	Dec 2007	10,000	(a)	-	8,205
DEXUS Industrial Estate, Boundary Road, Laverton North, VIC	100%	Jul 2002	120,088	Dec 2009	109,800	(g)	107,300	102,400
250 Forest Road, South Lara, VIC	100%	Dec 2002	39,000	Jun 2008	44,750	(a)	47,500	48,758
15 - 23 Whicker Road, Gillman, SA	100%	Dec 2002	20,295	Dec 2008	26,800	(e)	25,712	25,700
25 Donkin Street, Brisbane, QLD	100%	Dec 1998	19,619	Dec 2007	35,600	(e)	32,090	32,000
52 Holbeche Road, Arndell Park, NSW	100%	Jul 1998	11,394	Dec 2009	11,500	(a)	11,500	11,300
30 - 32 Bessemer Street, Blacktown, NSW	100%	May 1997	12,479	Dec 2008	16,300	(e)	13,900	14,900
27 - 29 Liberty Road, Huntingwood, NSW	100%	Jul 1998	8,113	Jun 2008	9,650	(a)	8,064	8,000
154 O'Riordan Street, Mascot, NSW	100%	Jun 1997	11,174	Dec 2008	15,000	(l)	13,509	13,500
11 Talavera Road, North Ryde, NSW	100%	Jun 2002	136,054	Jun 2008	160,000	(f)	126,000	130,000
DEXUS Industrial Estate, Egerton Street, Silverwater, NSW	100%	May 1997	37,610	Dec 2009	39,500	(e)	39,500	40,000
40 Biloela Street, Villawood, NSW	100%	Jul 1997	-	Dec 2008	7,000	(d)	-	6,500
114 Fairbank Road, Clayton, VIC	100%	Jul 1997	15,907	Dec 2008	15,600	(g)	14,029	14,000
30 Bellrick Street, Acacia Ridge, QLD	100%	Jun 1997	13,291	Jun 2008	22,700	(e)	20,800	20,000
Zone Industrial Epone II, Epone	100%	Jul 2006	12,893	Dec 2009	6,842	(l)	6,842	5,990
32 avenue de l'Oceanie, Villejust	100%	Jul 2006	20,599	Dec 2009	10,030	(l)	10,030	9,598
21 rue du Chemin Blanc, Champlan	100%	Jul 2006	24,391	Dec 2009	8,220	(l)	8,220	8,851

¹ During the current year this asset was transferred to non-current assets classified as held for sale (refer note 3) as its carrying amount will be recovered principally through an expected sale transaction rather through continued use.

Note 5. Investment properties (continued)

(a) Properties (continued)

	Ownership	Acquisition date	Cost including all additions*	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Book value 31 Dec 2009 \$'000	Book value 30 June 2009 \$'000
19 rue de Bretagne, Saint-Quentin Fallavier	100%	Jul 2006	24,308	Dec 2009	9,197	(f)	9,197	9,755
RN 19 ZAC de L'Ormes Road, Servon (1)	100%	Jul 2006	31,879	Dec 2009	13,251	(f)	13,251	15,528
RN 19 ZAC de L'Ormes Road, Servon (2)	100%	Jul 2006	10,872	Dec 2009	5,015	(f)	5,015	5,286
Im Holderbusch 3, Industriestraße, Sulmstraße, Eilhofen - Weinsberg	100%	Dec 2006	25,328	Dec 2009	19,596	(f)	19,596	21,753
Schillerstraße 51 Eilhofen	100%	Dec 2006	20,979	Dec 2009	14,581	(f)	14,581	16,554
Schillerstraße 42, 42a, Bahnhofstraße 44, 50 Eilhofen	100%	Dec 2006	13,172	Dec 2009	7,883	(f)	7,883	9,120
Im Gewerbegebiet 18 Friedewald	100%	Dec 2006	8,790	Dec 2009	5,352	(f)	5,352	5,869
Im Steinbruch 4, 6, Knetzgau	100%	Dec 2006	16,759	Dec 2009	12,434	(f)	12,434	13,737
Carl-Leverkus-Straße 3-5, Winkelsweg 182-184, Langenfeld	100%	Dec 2006	16,779	Dec 2009	11,104	(f)	11,104	12,285
Schneiderstraße 82, Langenfeld 3	100%	Dec 2006	9,637	Dec 2009	7,242	(f)	7,242	8,016
Über der Dingelstelle, Langenweddingen	100%	Dec 2006	12,147	Dec 2009	6,986	(f)	6,986	7,833
Former Straße 6, Unna	100%	Dec 2006	27,718	Dec 2009	15,574	(f)	15,574	22,953
Niedesheimer Straße 24, Worms	100%	Dec 2006	6,647	Dec 2009	5,480	(f)	5,480	6,129
Liverpooler-/Kopenhagener-/Osloer Straße, Duisburg	100%	Dec 2006	32,851	Dec 2009	22,945	(f)	22,945	25,535
Theodorstraße, Düsseldorf	100%	Dec 2006	27,161	Dec 2009	18,314	(f)	18,314	20,544
Bremer Ring, Hansestraße, Berlin-Wustermark	100%	Dec 2006	17,753	Dec 2009	12,610	(f)	12,610	13,893
13201 South Orange Avenue, Orlando	100%	Jun 2007	23,635	Dec 2009	26,201	(c)	26,201	30,441
8574 Bostron Church Road, Milton, Ontario, Canada	100%	Dec 2007	75,795	Dec 2009	54,590	(c)	54,590	55,017
Governor Phillip Tower & Governor Macquarie Tower Office Complex, 1 Farrer Place, Sydney, NSW ¹	50%	Dec 1998	494,118	Dec 2008	680,000	(a)	620,000	615,000
45 Clarence Street, Sydney, NSW	100%	Dec 1998	222,558	Jun 2009	250,000	(d)	250,496	250,000
309 - 321 Kent Street, Sydney, NSW ¹	50%	Dec 1998	171,369	Dec 2008	199,250	(d)	177,155	177,000
1 Margaret Street, Sydney, NSW	100%	Dec 1998	144,938	Dec 2009	162,500	(f)	162,500	170,000
Victoria Cross 60 Miller Street, North Sydney, NSW	100%	Dec 1998	119,101	Dec 2008	124,800	(f)	128,078	120,000
The Zenith, 821 - 843 Pacific Highway, Chatswood, NSW ¹	50%	Dec 1998	110,570	Jun 2007	190,000	(a)	110,000	110,000
Woodside Plaza, 240 St Georges Terrace, Perth, WA	100%	Jan 2001	240,094	Jun 2008	446,500	(f)	420,000	400,000
30 The Bond, 30 - 34 Hickson Road, Sydney, NSW	100%	May 2002	117,991	Dec 2008	170,000	(f)	150,005	150,000
Southgate Complex, 3 Southgate Avenue, Southgate, VIC	100%	Aug 2000	373,559	Jun 2009	340,000	(f)	331,000	340,000
201 - 217 Elizabeth Street, Sydney, NSW ¹	50%	Aug 2000	120,253	Jun 2009	140,000	(f)	140,047	140,000

¹ The valuation reflects 50 percent of the independent valuation amount.

**DEXUS DIVERSIFIED TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

Note 5. Investment properties (continued)

(a) Properties (continued)

	Ownership	Acquisition date	Cost including all additions* \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Book value 31 Dec 2009 \$'000	Book value 30 June 2009 \$'000
Garema Court, 140 - 180 City Walk, Civic, ACT ** Australia Square Complex, 264 - 278 George Street, Sydney, NSW ¹	100%	Aug 2000	44,096	Mar 2009	50,600	(i)	38,000	48,000
Lumley Centre, 88 Shortland Street, Auckland, New Zealand	50%	Aug 2000	212,970	Dec 2009	264,250	(d)	264,250	267,000
7100 Highlands Parkway, Atlanta	100%	Sep 2005	91,712	Jun 2008	124,718	(f)	105,239	104,603
Town Park Drive, Atlanta	100%	Sep 2004	-	Jun 2009	13,660	(c)	-	13,660
Williams Drive, Atlanta	100%	Sep 2004	6,859	Jun 2009	8,257	(c)	6,148	8,257
Stone Mountain, Atlanta	100%	Sep 2004	10,588	Jun 2009	8,874	(c)	7,899	8,874
MD Food Park, Baltimore	100%	Sep 2004	-	Jun 2009	6,778	(c)	-	6,778
West Nursery, Baltimore	100%	Sep 2004	20,569	Dec 2009	17,839	(c)	17,839	23,170
Cabot Techs, Baltimore	100%	Sep 2004	8,308	Jun 2009	8,997	(c)	5,584	8,997
9112 Guildford Road, Baltimore	100%	Sep 2004	21,771	Dec 2009	20,404	(c)	20,404	30,811
8155 Stayton Drive, Baltimore	100%	Sep 2004	8,502	Jun 2009	9,860	(c)	7,989	9,860
Patuxent Range Road, Baltimore	100%	Sep 2004	7,282	Jun 2009	9,613	(c)	7,409	9,613
Bristol Court, Baltimore	100%	Sep 2004	12,477	Jun 2009	14,050	(c)	9,282	14,050
NE Baltimore, Baltimore	100%	Sep 2004	11,356	Jun 2009	12,817	(c)	10,023	12,817
1181 Portal, 1831 Portal and 6615 Tributary, Baltimore	100%	Sep 2004	7,804	Jun 2009	8,874	(c)	7,147	8,874
10 Kenwood Circle, Boston	100%	Jun 2005	11,141	Dec 2009	10,258	(c)	10,258	13,064
Commerce Park, Charlotte ²	100%	Sep 2004	-	Jun 2009	10,352	(c)	-	10,352
9900 Brookford Street, Charlotte	100%	Sep 2004	-	Jun 2009	8,011	(c)	-	8,011
Westinghouse, Charlotte	100%	Sep 2004	4,266	Jun 2009	4,190	(c)	3,445	4,190
Airport Exchange, Cincinnati	100%	Sep 2004	21,659	Jun 2009	22,184	(c)	17,979	22,184
Empire Drive, Cincinnati	100%	Sep 2004	4,615	Dec 2009	2,899	(c)	2,899	3,328
International Way, Cincinnati	100%	Sep 2004	6,610	Dec 2009	5,686	(c)	5,686	6,902
Kentucky Drive, Cincinnati	100%	Sep 2004	10,847	Jun 2009	12,571	(c)	9,867	12,571
Spiral Drive, Cincinnati	100%	Sep 2004	11,752	Dec 2009	14,494	(c)	14,494	18,487
Turfway Road, Cincinnati	100%	Sep 2004	6,351	Dec 2009	4,516	(c)	4,516	5,792
124 Commerce, Cincinnati	100%	Sep 2004	5,627	Jun 2009	4,930	(c)	4,101	4,930
Kenwood Road, Cincinnati	100%	Sep 2004	2,454	Dec 2009	2,230	(c)	2,230	2,588
	100%	Sep 2004	19,928	Dec 2009	16,334	(c)	16,334	21,044

¹ The valuation reflects 50 percent of the independent valuation amount.

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The title to all properties is freehold, with the exception of the properties marked ** which are leasehold.

DEXUS DIVERSIFIED TRUST
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Note 5. Investment properties (continued)

(a) Properties (continued)

	Ownership	Acquisition date	Cost including all additions*	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Book value 31 Dec 2009 \$'000	Book value 30 June 2009 \$'000
Lake Forest Drive, Cincinnati	100%	Sep 2004	-	Jun 2009	12,848	(c)	-	12,848
World Park, Cincinnati	100%	Sep 2004	13,226	Dec 2009	9,310	(c)	9,310	10,722
Equity/Westbelt/Dividend, Columbus	100%	Sep 2004	39,484	Dec 2009	30,466	(c)	30,466	36,973
2700 International Street, Columbus	100%	Sep 2004	4,770	Dec 2009	3,038	(c)	3,038	4,314
3800 Twin Creeks Drive, Columbus	100%	Sep 2004	-	Jun 2009	5,792	(c)	-	5,792
SE Columbus, Columbus	100%	Sep 2004	14,270	Dec 2009	9,505	(c)	9,505	11,708
Arlington, Dallas	100%	Sep 2004	9,096	Jun 2009	8,504	(c)	7,582	8,504
1900 Diplomat Drive, Dallas	100%	Sep 2004	5,291	Jun 2009	3,697	(c)	3,248	3,697
2055 Diplomat Drive, Dallas	100%	Sep 2004	3,820	Jun 2009	2,650	(c)	2,552	2,650
1413 Bradley Lane, Dallas	100%	Sep 2004	-	Jun 2009	2,526	(c)	-	2,526
North Lake, Dallas	100%	Sep 2004	10,158	Jun 2009	10,476	(c)	10,938	10,476
555 Airline Drive, Dallas	100%	Sep 2004	6,745	Jun 2009	6,285	(c)	5,318	6,285
455 Airline Drive, Dallas	100%	Sep 2004	-	Jun 2009	3,451	(c)	-	3,451
Hillguard, Dallas	100%	Sep 2004	9,167	Jun 2009	9,736	(c)	7,509	9,736
11011 Regency Crest Drive, Dallas	100%	Sep 2004	7,609	Jun 2009	7,271	(c)	5,558	7,271
East Collins, Dallas	100%	Sep 2004	3,827	Jun 2009	2,835	(c)	2,704	2,835
3601 East Plano/1000 Shioh, Dallas	100%	Sep 2004	19,614	Dec 2009	10,258	(c)	10,258	11,585
East Plano Parkway, Dallas	100%	Sep 2004	22,321	Dec 2009	21,519	(c)	21,519	23,663
820-860 Avenue F, Dallas	100%	Sep 2004	7,240	Jun 2009	5,854	(c)	5,332	5,854
10th Street, Dallas	100%	Sep 2004	10,292	Jun 2009	10,722	(c)	10,241	10,722
Capital Avenue Dallas	100%	Sep 2004	6,938	Jun 2009	5,916	(c)	5,324	5,916
CTC @ Valwood, Dallas	100%	Sep 2004	3,576	Jun 2009	3,821	(c)	3,317	3,821
Brackbill, Harrisburg	100%	Sep 2004	23,240	Jun 2009	16,039	(c)	14,092	16,039
Mechanicsburg, Harrisburg ¹	100%	Sep 2004	-	Jun 2009	21,937	(c)	-	21,937
181 Fulling Mill Road, Harrisburg ¹	100%	Sep 2004	-	Jun 2009	10,969	(c)	-	10,969
Glendale, Los Angeles	100%	Sep 2004	53,625	Dec 2009	54,744	(c)	54,744	63,717
14489 Industry Circle, Los Angeles	100%	Sep 2004	7,700	Dec 2009	7,247	(c)	7,247	9,490
14555 Alondra/6530 Altura, Los Angeles	100%	Sep 2004	18,697	Dec 2009	16,390	(c)	16,390	20,705
San Fernando Valley, Los Angeles	100%	Sep 2004	15,168	Dec 2009	20,292	(c)	20,292	24,156
Memphis Industrial, Memphis	100%	Sep 2004	-	Jun 2009	6,409	(c)	-	6,409
2950 Lexington Avenue S, Minneapolis	100%	Sep 2004	9,544	Dec 2009	6,801	(c)	6,801	8,689
Mounds View, Minneapolis	100%	Sep 2004	23,171	Dec 2009	16,111	(c)	16,111	19,534
6105 Trenton Lane, Minneapolis	100%	Sep 2004	8,153	Jun 2009	8,504	(c)	7,208	8,504

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DEXUS DIVERSIFIED TRUST
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Note 5. Investment properties (continued)

(a) Properties (continued)

	Ownership	Acquisition date	Cost including all additions*	Independent valuation date	Independent valuation amount	Independent valuer	Book value 31 Dec 2009 \$'000	Book value 30 June 2009 \$'000
8575 Monticello Lane, Minneapolis	100%	Sep 2004	1,833	Jun 2009	2,095	(c)	1,784	2,095
7401 Cahill Road, Minneapolis	100%	Sep 2004	-	Jun 2009	2,896	(c)	-	2,896
CTC @ Dulles, Northern Virginia	100%	Sep 2004	25,861	Jun 2009	29,579	(c)	21,546	29,579
Alexandria, Northern Virginia	100%	Sep 2004	47,509	Jun 2009	48,522	(c)	43,144	48,522
Nokes Boulevard, Northern Virginia	100%	Sep 2004	-	Jun 2009	52,379	(c)	-	52,379
Guildford, Northern Virginia	100%	Sep 2004	18,473	Jun 2009	13,680	(c)	14,076	13,680
Beauneade Telecom, Northern Virginia	100%	Sep 2004	-	Jun 2009	43,135	(c)	-	43,135
Orlando Central Park, Orlando	100%	Sep 2004	63,833	Dec 2009	59,873	(c)	60,224	67,802
7500 Exchange Drive, Orlando	100%	Sep 2004	5,864	Jun 2009	5,916	(c)	5,237	5,916
105-107 South 41st Avenue, Phoenix	100%	Sep 2004	15,187	Dec 2009	13,825	(c)	13,825	19,596
1429-1439 South 40th Avenue, Phoenix	100%	Sep 2004	10,348	Dec 2009	10,146	(c)	10,146	14,296
10397 West Van Buren St., Phoenix	100%	Sep 2004	8,848	Dec 2009	8,920	(c)	8,920	13,557
844 44th Avenue, Phoenix	100%	Sep 2004	6,623	Dec 2009	6,913	(c)	6,913	8,504
220 South 9th Street, Phoenix	100%	Sep 2004	7,338	Dec 2009	6,433	(c)	6,433	10,254
431 North 47th Avenue, Phoenix	100%	Sep 2004	6,465	Jun 2009	9,182	(c)	5,208	9,182
601 South 55th Avenue, Phoenix	100%	Sep 2004	4,808	Jun 2009	7,025	(c)	4,697	7,025
1000 South Priest Drive, Phoenix	100%	Sep 2004	5,174	Dec 2009	3,178	(c)	3,178	4,215
1120-1150 W. Alameda Drive, Phoenix	100%	Sep 2004	8,250	Dec 2009	6,166	(c)	6,166	9,243
1888 East Encanto Drive, Phoenix	100%	Sep 2004	-	Jun 2009	6,162	(c)	-	6,162
3802-3922 East University Drive, Phoenix ¹	100%	Sep 2004	-	Jun 2009	9,453	(c)	-	9,453
Chino, Riverside	100%	Sep 2004	6,609	Dec 2009	6,021	(c)	6,021	8,011
Mira Loma, Riverside	100%	Sep 2004	11,117	Dec 2009	11,707	(c)	11,707	16,145
Ontario, Riverside	100%	Sep 2004	30,294	Dec 2009	26,201	(c)	26,201	35,741
4190 East Santa Ana Street, Riverside	100%	Sep 2004	5,053	Dec 2009	5,575	(c)	5,575	6,778
Rancho Cucamonga, Riverside	100%	Sep 2004	22,494	Dec 2009	21,965	(c)	21,965	27,730
12000 Jersey Court, Riverside	100%	Sep 2004	4,366	Dec 2009	4,460	(c)	4,460	5,792
Airway Road, San Diego	100%	Sep 2004	9,731	Dec 2009	7,927	(c)	7,927	9,860
5823 Newton Drive, San Diego	100%	Sep 2004	-	Jun 2009	18,487	(c)	-	18,487
2210 Oak Ridge Way, San Diego	100%	Sep 2004	-	Jun 2009	6,902	(c)	-	6,902
Kent West, Seattle	100%	Sep 2004	30,148	Jun 2009	29,579	(c)	25,449	29,579

¹ During the current year this asset was transferred to non-current assets classified as held for sale (refer Note 4) as its carrying amount will be recovered principally through an expected sale transaction rather than through continued use.

DEXUS DIVERSIFIED TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Note 5. Investment properties (continued)

(a) Properties (continued)

	Ownership	Acquisition date	Cost including all additions* \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Book value 31 Dec 2009 \$'000	Book value 30 June 2009 \$'000
26507 79th Avenue South, Seattle	100%	Sep 2004	2,745	Jun 2009	3,389	(c)	2,482	3,389
8005 South 266th Street, Seattle	100%	Sep 2004	7,244	Jun 2009	8,011	(c)	6,583	8,011
West Palm Beach, South Florida	100%	Sep 2004	-	Jun 2009	15,282	(c)	-	15,282
Calvert / Murray's, Northern Virginia	100%	Sep 2004	5,744	Jun 2009	4,794	(c)	3,986	4,794
Turnpike Distribution Center	100%	Sep 2004	-	Jun 2009	23,786	(c)	-	23,786
7700 68th Avenue, Brooklyn Park	100%	Nov 2005	5,905	Jun 2009	3,574	(c)	2,916	3,574
7500 West 78th Street, Bloomington	100%	Nov 2005	5,526	Jun 2009	5,299	(c)	3,975	5,299
1285 & 1301 Corporate Center Drive, 1230 & 1270 Eagan Industrial Road, Eagan	100%	Nov 2005	20,037	Jun 2009	16,391	(c)	13,981	16,391
850 E Devon Avenue, 1260 N Ellis Street, 371 Meyer Road Bensenville, Chicago (O'Hare)	100%	Dec 2007	-	Jun 2009	22,184	(c)	-	22,184
3722 Redlands Avenue, Perris, Riverside County	100%	Jan 2008	134,839	Dec 2009	95,886	(c)	95,886	108,578
8151 & 8161 Interchange Parkway, San Antonio	100%	Jul 2007	16,867	Jun 2009	14,788	(c)	13,324	14,788
Cornestone I and II, 5411 Interstate 10 East and 1228 Cornerway Boulevard, San Antonio	100%	Aug 2007	14,420	Jun 2009	14,787	(c)	13,588	14,787
302 and 402 Tayman Road, Port of San Antonio	100%	Oct 2007	17,977	Dec 2009	18,954	(c)	18,954	20,950
1803 Grandstand Avenue, Alamo Downs, San Antonio	100%	Aug 2007	11,191	Jun 2009	9,860	(c)	8,474	9,860
195 King Mill Road, McDonough	100%	Nov 2009	79,886	-	-	-	70,242	-
19700 38th Avenue East, Spanaway	100%	Oct 2009	76,456	-	-	-	60,598	-
6241 Shook Road, Columbus, Franklin County	100%	Jul 2009	80,371	Dec 2009	67,455	(c)	67,455	-
Summit Oaks, Valencia, California	92%	Dec 2006	52,105	Jun 2009	21,450	(c)	26,003	-
Total investment properties excluding development properties			6,338,499		7,450,428		6,538,395	7,120,710
Development properties held as investment property							387,815	-
Total investment properties							6,926,210	7,120,710

* Cost including all additions* is carried at historical cost with all foreign amounts translated at the transaction rate.

- (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

Note 5. Investment properties (continued)

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. In relation to development properties under construction for future use as investment property, fair value is determined based on the market value of the property on the assumption it had already been completed at the valuation date less costs still required to complete the project, including an appropriate adjustment for profit and risk. 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 or the Society of Property Researchers, Germany or the Appraisal Institute in Canada.

Acquisitions

- On 9 December 2009, DDF acquired an industrial property, 2 - 4 Military Rd, Matraville NSW, for \$48.7 million
- On 5 October 2009, DEXUS Frederickson WA LLC, which is owned 100% by DEXUS Industrial Properties, Inc. acquired a property located in Seattle, Washington. The total acquisition price is US\$66.5 million (A\$76.5 million).
- On 4 November 2009, DEXUS Atlanta GA LLC, which is owned 100% by DEXUS Industrial Properties, Inc. acquired a property located in Atlanta, Georgia. The total acquisition price is US\$71.5 million (A\$79.8 million).
- On 2 July 2009, the Group acquired a property located in Columbus, Ohio for US\$ 64.6 million (A\$80.4 million).

Disposals

- On 28 September 2009, 40 Biloela Street, Villawood, NSW was disposed of for \$6.3 million.
- 4 Strata lots within the Macaulay Road, Kensington Estate were disposed of; Lot 6 for \$2.4 million on 5 October 2009 and Lots 1-3 for \$3.1 million on 2 November 2009.
- During the current period the Group disposed of 18 US industrial properties for \$184.9 million.

(b) Reconciliation

	Notes	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Opening balance as at 1 July 2009		7,120,710	8,182,295
Additions		65,141	65,623
Acquisitions		285,390	-
Transfer from property, plant and equipment ¹	6	431,891	23,118
Lease incentives		30,493	50,822
Amortisation of lease incentives		(23,976)	(47,242)
Rent straightlining		93	3,668
Disposals		(246,045)	(20,740)
Transfer to non-current assets classified as held for sale	4	(295,822)	(43,054)
Net loss from fair value adjustments		(259,264)	(1,517,564)
Foreign exchange (loss)/gain on foreign currency translation		(182,401)	423,784
Closing balance as at 31 December 2009		6,926,210	7,120,710

¹ Transfers from property, plant and equipment include \$431.9 million of development property under construction for future use as investment property. During the period DXS adopted the amendments to AASB 140 *Investment Property* as set out in Note 1.

Note 6. Property, plant and equipment

(a) Property, plant and equipment

31 December 2009	Construction in progress \$'000	Land and freehold buildings \$'000	IT and office \$'000	Total \$'000
Opening balance as at 1 July 2009	248,824	183,067	6,729	438,620
Additions	-	-	305	305
Depreciation charge	-	-	(1,603)	(1,603)
Transfer to investment properties	(248,824)	(183,067)	-	(431,891)
Closing balance as at 31 December 2009	-	-	5,431	5,431
Cost	-	-	9,420	9,420
Accumulated depreciation	-	-	(3,989)	(3,989)
Net book value as at 31 December 2009	-	-	5,431	5,431

30 June 2009	Construction in progress \$'000	Land and freehold buildings \$'000	IT and office \$'000	Total \$'000
Opening balance as at 1 July 2008	220,062	217,470	6,101	443,633
Additions	148,386	29,616	1,459	179,461
Foreign exchange differences on foreign currency translation	24,709	-	-	24,709
Depreciation charge	-	(2,375)	(1,801)	(4,176)
Impairment	(111,215)	(15,674)	-	(126,889)
Transfer to non-current assets classified as held for sale	-	(55,000)	-	(55,000)
Transfer to IT and office	-	(970)	970	-
Transfer (to)/from investment properties	(33,118)	10,000	-	(23,118)
Closing balance as at 30 June 2009	248,824	183,067	6,729	438,620
Cost	360,039	206,838	9,115	575,992
Accumulated depreciation	-	(8,097)	(2,386)	(10,483)
Impairment	(111,215)	(15,674)	-	(126,889)
Net book value as at 30 June 2009	248,824	183,067	6,729	438,620

(b) Non-current assets pledged as security

Refer to Note 9 for information on non-current assets pledged as security.

Note 7. Investments accounted for using the equity method

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

Information relating to these entities is set out below.

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

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

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Opening balance as at 1 July 2009	84,165	111,946
Interest acquired and additions	15,851	32,916
Interest sold during the year	(3,302)	(60,712)
Share of net loss after tax ²	(26,833)	31
Distributions received	-	(16)
Closing balance as at 31 December 2009	69,881	84,165

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

² Share of net loss after tax comprises the fair value loss of \$26.8m on the DXS share of the 1 Blich street development.

Note 8. Intangible assets

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

¹ Management rights represent the asset management rights owned by DXH which entitle it to management fee revenue from both finite life trusts (\$8,662,695) and infinite life trusts (\$201,276,836). Those rights that are deemed to have a finite useful life, are measured at cost and amortised using the straight line method over their estimated useful lives.

Management rights valuation

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

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

Note 9. Interest bearing liabilities

	Notes	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Current			
Secured			
Bank loans	(c)	1,416	724
Total secured		<u>1,416</u>	<u>724</u>
Unsecured			
Medium term notes		255,822	250,000
Bank loans	(b)	59,285	131,161
Total unsecured		<u>315,107</u>	<u>381,161</u>
Deferred borrowing costs		(133)	(212)
Total current interest bearing liabilities		<u><u>316,390</u></u>	<u><u>381,673</u></u>
Non-current			
Secured			
Bank loans	(c), (d), (e)	642,230	639,897
Total secured		<u>642,230</u>	<u>639,897</u>
Unsecured			
US senior notes		779,119	492,976
Bank loans	(a)	320,844	798,102
Medium term notes		360,000	206,436
Preference shares	(f)	103	114
Total unsecured		<u>1,460,066</u>	<u>1,497,628</u>
Deferred borrowing costs		(14,135)	(10,186)
Total non-current interest bearing liabilities		<u><u>2,088,161</u></u>	<u><u>2,127,339</u></u>
Total interest bearing liabilities		<u><u>2,404,551</u></u>	<u><u>2,509,012</u></u>

Note 9. Interest bearing liabilities (continued)

Financing arrangements						Consolidated 31 Dec 2009	
						\$'000	\$'000
Type of Facility	Notes	Currency	Security	Maturity Date	Utilised Facility Limit		
US senior notes (144a)		USD	Unsecured	Oct-14	333,138	333,138	
US senior notes (USPP)		USD	Unsecured	Feb-11 to Mar-17	445,981	445,981	
Medium term notes		AUD	Unsecured	Feb-10 to Jul-14	610,000	610,000	
Medium term notes		USD	Unsecured	Sep-10	5,822	5,822	
Multi-option revolving credit facilities	(a)	Multi Currency	Unsecured	Dec-10 to Dec-13	320,844	1,316,293	
Syndicated revolving credit facility	(b)	Multi Currency	Unsecured	Mar-10 to Sep-10	59,285	534,140	
Bank debt – secured	(c)	USD	Secured	Oct-11 to Feb-14	101,511	101,511	
Bank debt – secured	(d)	USD	Secured	Feb-11 to Sep-11	292,135	292,135	
Bank debt – secured	(e)	AUD	Secured	Oct-11	250,000	250,000	
Total					2,418,716	3,889,020	
Bank guarantee utilised					7,511		
Unused at balance date					1,462,793		

Each of the Group's unsecured borrowing facilities are supported by guarantee arrangements, and have negative pledge provisions which limit the amount and type of encumbrances that the Group can have over their assets and ensures that all senior unsecured debt ranks pari-passu.

The current debt facilities will be refinanced as at/or prior to their maturity.

(a) Multi-option revolving credit facilities

This includes 12 facilities maturing between December 2010 and December 2013 with a weighted average maturity of June 2012. The total facility limit comprises US\$120.0 million (A\$133.8 million) and A\$1,182.5 million. Of the total facility limit, A\$360.0 million is maturing in December 2010, none of which is drawn and A\$5.8 million and US\$1.5 million (A\$1.7 million) are utilised as bank guarantees for developments.

(b) Syndicated revolving credit facility

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

(c) Bank loans – secured

This includes a total of US\$91.0 million (A\$101.5 million) of secured bank debt facilities that amortise through monthly principal and interest payments with a weighted average maturity date of January 2014. The facilities are secured by mortgages over investment properties totalling US\$137.1 million (A\$152.8 million) as at 31 December 2009.

(d) Bank loans – secured

This includes a total of US\$262.0 million (A\$292.1 million) secured interest only bank facilities, with a further \$18.7m repaid since 31 December 2009. The bank facilities have a weighted average maturity of August 2011. The facilities are secured by mortgages over investment properties totalling US\$405.0 million (A\$451.5 million) as at 31 December 2009.

(e) Bank loans – secured

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

(f) Preferred shares

US REIT has issued US\$92,550 (A\$103,189) 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 DXS's interest to qualify as a REIT.

Note 10. Contributed equity

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
(a) Contributed equity of equity holders of the parent entity		
Opening balance as at 1 July 2009	1,741,211	1,297,831
Issue of units	-	406,496
Distributions reinvested	24,882	47,912
Cost of issuing equity	(51)	(11,028)
Closing balance as at 31 December 2009	1,766,042	1,741,211
(b) Contributed equity of equity holders of other stapled entities		
Opening balance as at 1 July 2009	2,966,643	2,280,052
Issue of units	-	655,732
Distributions reinvested	20,409	52,508
Cost of issuing equity	(38)	(21,649)
Closing balance as at 31 December 2009	2,987,014	2,966,643
	31 Dec 2009	30 Jun 2009
	No. of securities	No. of securities
(c) Number of securities on issue		
Opening balance as at 1 July 2009	4,700,841,666	3,040,019,487
Issue of units	-	1,560,453,600
Distributions reinvested	65,251,600	100,368,579
Closing balance as at 31 December 2009	4,766,093,266	4,700,841,666

Terms and conditions

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

Distribution reinvestment plan

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

On 28 August 2009, 65,251,600 units were issued at a unit price of \$ 0.6941 in relation to the June 2009 distribution period.

Note 10. Contributed equity (continued)

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

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

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

Note 11. Distributions paid and payable

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
(a) Distribution to stapled security holders		
31 December 2009 (payable 26 February 2010) ¹	126,301	132,119
	126,301	132,119
(b) Distribution to other non-controlling interests		
DEXUS RENTS Trust (paid 16 October 2009)	2,285	4,651
DEXUS RENTS Trust (payable 18 January 2010)	2,387	4,243
	4,672	8,894
Total distributions	130,973	141,013
	31 Dec 2009 Cents per security	31 Dec 2008 Cents per security
(c) Distribution rate for stapled security holders		
31 December 2009 (payable 26 February 2010) ¹	2.65	3.80
Total	2.65	3.80

¹ The DXS distribution policy is to distribute 70% of Funds From Operations (FFO).

Note 11. Distributions paid and payable (continued)

(d) Franked dividends

The franked portions of the final dividend recommended for the year ended 30 June 2010 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 June 2010.

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Franking credits		
Opening balance as at 1 July 2009	21,380	14,139
Franking credits arising during the period on payment of tax at 30 percent	(3,691)	5,976
Closing balance as at 31 December 2009	17,689	20,115

Note 12. Contingent liabilities

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

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Bank guarantees in respect of variations and other financial risks associated with the development of:		
60 Miller Street, North Sydney, NSW	-	497
Atlantic Corporate Park, Sterling, Virginia, USA	-	1,359
San Antonio properties	761	841
Bligh Street, Sydney, NSW ¹	3,820	3,820
Albert Street, Brisbane, QLD	2,000	2,000
Beaumeade, Ashburn, Northern Virginia, USA	930	1,028
Total contingent liabilities	7,511	9,545

¹ Bank guarantee held in relation to an equity accounted investment. (Refer note 7)

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

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

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

Note 13. Events occurring after reporting date

On 5 February 2010, the disposal of an individual lot within Redwood Gardens was settled for \$0.8 million.

On 7 January 2010, the disposal of East University property located at East University Drive, Phoenix, Arizona was settled. The contract sale price was US\$6.7 million (A\$7.2 million).

On 12 January 2010, the disposal of Commerce Park property located at 11517 Cordage Street & 10900 South Commerce Blvd, Charlotte, North Carolina was settled. The contract sale price was US\$5.3 million (A\$5.7 million).

Note 14. Segment information

(a) Description of segments

The Chief Operating Decision Maker (CODM) has been identified as the Board of Directors as they are responsible for the strategic decision making within the Group. DXS management has identified the Group's operating segments based on the sectors analysed within the management reports reviewed by the CODM in order to monitor performance across the Group and to appropriately allocate resources. Refer to the table below for a brief description of the Group's operating segments.

Office - Australia and New Zealand	This operating segment comprises office space with any associated retail space; as well as car-parks and office developments in Australia and New Zealand.
Industrial - Australia	This operating segment comprises domestic industrial properties, industrial estates and industrial developments.
Industrial - North America	This comprises industrial properties, industrial estates and industrial developments in the United States as well as one industrial asset in Canada.
Management Company	The management company is responsible for asset, property and development management of Office, Industrial and Retail properties for DXS and the third party funds management business.
Financial Services	The treasury function of DXS is managed through a centralised treasury department. As a result, all treasury related financial information relating to borrowings, finance costs as well as fair value movements in derivatives, are prepared and monitored separately.
All other segments	This comprises the European industrial and retail portfolios. These operating segments do not meet the quantitative thresholds set out in AASB 8 <i>Operating Segments</i> due to their relatively small scale. As a result these non-core operating segments have been included in 'all other segments' in the operating segment information shown below.

Note 14. Segment information (continued)

b) Segment information provided to the CODM (continued)

	Office Australia & New Zealand \$'000	Industrial Australia \$'000	Industrial North America \$'000	Management Company \$'000	Financial Services \$'000	All other segments \$'000	Eliminations \$'000	Total \$'000
31 December 2008								
Segment performance measures								
Property revenue	160,527	65,946	90,673	-	-	25,621	-	342,767
Management fee revenue	-	-	-	28,333	-	-	-	28,333
Interest revenue	-	-	-	-	1,987	-	-	1,987
Inter-segment revenue	640	-	-	14,925	-	-	(15,565)	-
Total operating segment revenue	161,167	65,946	90,673	43,258	1,987	25,621	(15,565)	373,087
Net property income (NPI)	119,074	53,375	66,049	-	-	19,258	-	257,756
Management company EBIT	-	-	-	5,407	-	-	-	5,407
30 June 2009								
Segment asset measures								
Direct property portfolio	4,046,070	1,504,619	1,674,038	-	-	511,132	-	7,735,859

Note 14. Segment information (continued)

(c) Other segment information

(i) Net Property Income (NPI) and Operating Earnings before Interest and Tax (Operating EBIT)

The Board assesses the performance of each operating sector based on a measure of NPI, which is determined as property revenue less attributable property expenses. The performance indicator predominantly used as a measure of the management company's performance is the Management Company EBIT, which comprises management fee revenue less compensation related expenses and other management operating expenses. Both the property NPI and the management company's EBIT exclude the effects of finance costs, taxation and non-cash items such as unrealised fair value adjustments, which are monitored by management separately. The reconciliation below reconciles these profit measures to the loss attributable to stapled security holders.

Reconciliation of net property income and management company EBIT to Group net loss attributable to stapled security holders:

	31 Dec 2009	31 Dec 2008
	\$'000	\$'000
Property revenue per Statement of Comprehensive Income	338,383	342,767
Property expenses per Statement of Comprehensive Income	(87,032)	(82,630)
Intercompany property revenue & expenses ¹	(4,151)	(2,381)
Net property income (NPI)	247,200	257,756
Add: management company EBIT	6,273	5,407
Less: Internal Management fees ²	(10,212)	(11,922)
Less: Inter-segment eliminations	(247)	(640)
Other income and expense ³	(2,528)	(7,395)
Operating EBIT	240,486	243,206
Interest revenue	767	1,987
Finance costs	(57,768)	(485,817)
Share of net losses of associates accounted for using the equity method	(26,833)	27
Net fair value loss of investment property	(259,264)	(702,172)
Net loss on sale of assets	(50,097)	(437)
Net fair value gain/(loss) of derivatives	9,516	(20,736)
Impairment	(168)	(91,765)
Tax benefit	35,184	82,921
Other non-controlling interests	1,150	(2,367)
Net loss attributable to stapled security holders	(107,027)	(975,153)

¹ Includes internal property revenue of \$0.247 million and internal property expenses of \$4.4 million included in NPI for management reporting purposes but eliminated for statutory accounting purposes. The internal property management expenses comprise of property management fees included in the Management Company EBIT.

² Elimination of internally generated Responsible Entity fees of \$9.7 million and \$0.5 million other internal management fees.

³ Other income and expenses comprise of foreign exchange gains; depreciation, other income and expenses excluding amounts included in the Management Company's EBIT.

Note 14. Segment information (continued)

(c) Other segment information (continued)

(ii) Segment assets

The amounts provided to the CODM as a measure of segment assets is the direct property portfolio. The direct property portfolio values are allocated based on the physical location of the asset and is measured in a manner consistent with the Statement of Financial Position. The direct property portfolio comprises investment properties, all development properties and the Group's share of properties held through equity accounted investments. The reconciliation below reconciles the total direct property portfolio balance to total assets in the Statement of Financial Position.

Reconciliation of direct property portfolio to Group total assets in the Statement of Financial Position:

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Investment properties	6,926,210	7,120,710
Non-current assets held for sale	302,422	98,054
Property, plant and equipment ¹	-	431,891
Investment property (accounted for using the equity method) ²	71,333	85,204
Direct property portfolio	7,299,965	7,735,859
Cash	70,777	84,845
Receivables	34,584	35,816
Intangible assets	212,539	213,267
Derivative financial instruments	108,944	205,491
Deferred tax asset	76,425	49,136
Current tax receivable	8,236	1,423
Property, plant and equipment (IT and office equipment)	5,431	6,729
Prepayments & other assets ³	13,681	18,544
Total assets	7,830,582	8,351,110

¹ In the prior year development property was classified as property, plant and equipment which is included in 'Direct Property Portfolio'. In the current year, based on the amendment to AASB 140 *Investment Property*, development properties being developed for future use as investment properties have been included in investment properties.

² This represents DXS's portion of the investment property accounted for using the equity accounted method.

³ Other assets include the Group's share of total net assets of its investments accounted for using the equity accounted method less the Group's share of the investment property value which is included in the direct property portfolio.

Note 15. Earnings per unit

(a) Basic earnings per unit on loss attributable to equity holders of the parent entity	31 Dec 2009 cents	31 Dec 2008 cents
	(1.67)	(5.69)
(b) Diluted earnings per unit on loss attributable to equity holders of the parent entity	31 Dec 2009 cents	31 Dec 2008 cents
	(1.67)	(5.69)
(c) Basic earnings per unit on loss attributable to stapled security holders	31 Dec 2009 cents	31 Dec 2008 cents
	(2.26)	(31.20)
(d) Diluted earnings per unit on loss attributable to stapled security holders	31 Dec 2009 cents	31 Dec 2008 cents
	(2.26)	(31.20)
(e) Reconciliation of earnings used in calculating earnings per unit attributable to equity holders of the parent entity	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Net loss	(108,177)	(972,786)
Net loss attributable to equity holders of other stapled entities (non controlling interest)	27,573	797,676
Net loss/(profit) attributable to other non controlling interests	1,150	(2,367)
Net loss attributable to the unitholders of the Trust used in calculating basic and diluted earnings per unit	(79,454)	(177,477)
(f) Weighted average number of units used as a denominator	31 Dec 2009 No. of securities	31 Dec 2008 No. of securities
Weighted number of units outstanding used in calculation of basic and diluted earnings per unit	4,745,524,827	3,117,484,218

In the Directors' opinion:

- (a) the Financial Statements and notes set out on pages 4 to 34 are in accordance with the *Corporations Act 2001*, including;
 - a. complying with applicable Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Trust's financial position as at 31 December 2009 and of its performance for the half year ended on that date, and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and
- (c) the Trust has operated in accordance with the provisions of the Constitution dated 15 August 1984 (as amended) during the half year ended 31 December 2009.

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

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



Christopher T Beare
Chair
Sydney
16 February 2010

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

Report on the Half-Year Financial Report

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

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

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

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

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

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

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

Matters relating to the electronic presentation of the reviewed financial report

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

Independence

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

Conclusion

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

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

PricewaterhouseCoopers

PricewaterhouseCoopers

JA Dunning

JA Dunning
Partner

Sydney
16 February 2010