

DEXUS OPERATIONS TRUST

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009

The Directors of DEXUS Funds Management Limited (DXFM) as Responsible Entity of DEXUS Operations Trust (DXO or the Trust) and its consolidated entities present their Directors' Report together with the consolidated Financial Statements for the year ended 30 June 2009.

The Trust together with DEXUS Diversified Trust, DEXUS Industrial Trust and DEXUS Office 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 any time during or since the end of the year to the date of this Directors' Report, unless otherwise stated:

Directors	Appointed	Resigned
Christopher T Beare	4 August 2004	
Elizabeth A Alexander AM	1 January 2005	
Barry R Brownjohn	1 January 2005	
John C Conde AO	29 April 2009	
Stewart F Ewen OAM	4 August 2004	
Victor P Hoog Antink	1 October 2004	
Charles B Leitner III	10 March 2005	29 April 2009
Brian E Scullin	1 January 2005	
Peter B St George	29 April 2009	
Alternate Director		
Andrew J Fay for Charles B Leitner III	30 January 2006	29 April 2009

Particulars of the qualifications, experience and special responsibilities of current Directors at the date of this Directors' Report are set out in the Directors section of the DEXUS Property Group 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 2009 are as follows:

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

Tanya is the Chief Operating Officer and Company Secretary of DXFM and is responsible for the delivery of company secretarial, operational, information technology, communications and administration services, as well as operational risk management systems and practices across the group. Prior to joining DEXUS in July 2003, Tanya held various general management positions over the past 15 years, including Director and Chief Operating Officer of NM Rothschild & Sons (Australia) Ltd and General Manager – Finance, Operations and IT for Bank of New Zealand (Australia). Tanya is Chair of the Property Council of Australia National Risk Committee and the Australian Athletes with a Disability. Tanya is a director of the Music and Opera Singers Trust and the AGSM Alumni Advisory Board. Tanya is a member of the Australian Institute of Company Directors and is a fellow of the Institute of Chartered Secretaries and Administrators (ICSA) and Chartered Secretaries Australia (CSA). Tanya has an MBA from the Australian Graduate School of Management and a Diploma in Applied Corporate Governance.

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

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

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

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

DEXUS OPERATIONS TRUST
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2009

CONTINUED

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 18 times during the year. Nine Board meetings were main meetings, and nine special meetings were held to consider specific business. While the Board continuously considers strategy, in March 2009 it met with the executive and senior management over two days to consider DXS's strategic plans.

Board Meetings	Main meetings held	Main meetings attended²	Specific meetings held	Specific meetings attended²
Directors				
Christopher T Beare	9	9	9	8
Elizabeth A Alexander AM	9	9	9	9
Barry R Brownjohn	9	9	9	7
John C Conde AO ¹	2	2	–	–
Stewart F Ewen OAM	9	8	9	9
Victor P Hoog Antink	9	9	9	9
Charles B Leitner III ³	8	8	9	9
Brian E Scullin	9	9	9	9
Peter B St George ¹	2	2	–	–

1 Appointed 29 April 2009.

2 Indicates where a Director attended either personally or an Alternative was in attendance.

3 Based in New York, USA and resigned 29 April 2009.

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 following the appointment of Messrs Conde and St George in April 2009, amended its Committee membership effective 1 May 2009.

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
Christopher T Beare	–	–	–	–	–	–	9	9	4	4
Elizabeth A Alexander AM	7	7	4	4	3	3	–	–	3	3
Barry R Brownjohn	7	6	4	4	–	–	–	–	4	4
John C Conde AO ¹	–	–	–	–	1	1	1	1	–	–
Stewart F Ewen OAM	–	–	–	–	–	–	9	9	–	–
Victor P Hoog Antink	–	–	–	–	–	–	–	–	–	–
Charles B Leitner III ²	–	–	–	–	–	–	–	–	–	–
Brian E Scullin	6	6	3	3	4	4	9	9	–	–
Peter B St George ¹	1	1	1	1	–	–	–	–	1	1

1 Appointed 29 April 2009.

2 Resigned 29 April 2009.

3. Directors' interests

The Board's policy on insider trading and trading in the Trust securities or securities in any of the funds managed by DEXUS by any Director or employee is outlined in the Corporate Governance Statement in the DEXUS Property Group Annual Report.

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 the DEXUS Property Group itself as well as the third party business. Directors are obliged to act in the best interests of each group of investor's 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 alternative Director directly or indirectly held:

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

4. 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:

Directors	Company	Date appointed	Date resigned or ceased being a Director of a listed security
Elizabeth A Alexander AM	CSL Limited	12 July 1991	
	Boral Limited	15 December 1999	24 October 2008
John C Conde AO	Whitehaven Coal Limited	3 May 2007	
Brian E Scullin	Deutsche Asset Management (Australia) Limited ¹	24 October 2000	17 October 2006
	IYS Instalment Receipt Limited ¹	24 October 2000	17 October 2006
	SPARK Infrastructure RE Limited ²	1 November 2005	24 August 2007
	BT Investment Management Limited	17 September 2007	
Peter B St George	Boart Longyear Limited	21 February 2007	
	SPARK Infrastructure RE Limited ²	8 November 2005	31 December 2008
	First Quantum Minerals Limited ³	20 October 2003	
Alternate Director			
Andrew J Fay (alternate to Charles B Leitner III)	Deutsche Asset Management (Australia) Limited ¹	20 October 2004	17 October 2006
	IYS Instalment Receipt Limited ¹	20 October 2004	17 October 2006
	SPARK Infrastructure RE Limited ²	7 December 2006	12 December 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).

³ Listed for trading on the Toronto Stock Exchange in Canada and the London Stock Exchange in the United Kingdom.

5. Principal activities

During the year the principal activity of the Trust was to be a trading Trust. There were no significant changes in the nature of the Trust's activities during the year.

6. Total value of Trust assets

The total value of the assets of Trust as at 30 June 2009 was \$438.6 million (2008: \$439.1 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.

7. Review and results of operations

A review of the results, financial position, operations including business strategies and the expected results of operations of the Trust, are set out in the Chief Executive Officer's Report of the DEXUS Property Group 2009 Security Holder Review and forms part of this Directors' Report.

8. Likely developments and expected results of operations

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

9. Significant changes in the state of affairs

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

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

11. Dividends

Dividends paid or payable by the Trust for the year ended 30 June 2009 were nil (2008: \$9.2 million).

12. DXFM's fees and associate interests

Details of fees paid or payable by the Trust to DXFM for the year ended 30 June 2009 are outlined in note 31 of the Notes to the Financial Statements and form part of this Directors' Report.

The number of interests in the Trust held by DXFM or its associates as at the end of the financial year are nil (2008: nil).

13. Units on issue

The movement in units on issue during the year and the number of units on issue as at 30 June 2009 are detailed in note 25 of the Notes to the Financial Statements and form part of this Directors' Report.

14. Environmental regulation

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

15. 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 the Trust.

16. Audit

16.1 Auditor

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

16.2 Non-audit services

The Trust may decide to employ the Auditor on assignments additional to their statutory audit duties where the Auditors expertise and experience with the Trust and/or DEXUS Property Group are important.

Details of the amounts paid or payable to the Auditor, for audit and non-audit services provided during the year are set out in note 8 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 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.
- 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.

16.3 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.

17. Corporate governance

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

18. Rounding of amounts and currency

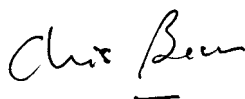
The Trust is a registered scheme of the kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in this Directors' Report and the Financial Statements. Amounts in this Directors' Report and Financial Statements have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

19. Management representation

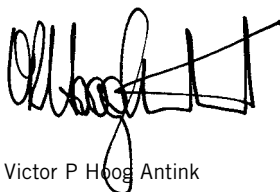
The Chief Executive Officer and Chief Financial Officer have reviewed the Trust's Financial Reporting processes, policies and procedures together with its risk management and internal control and compliance policies and procedures. Following that review it is their opinion that the Trust's financial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

20. 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 17 August 2009. The Directors have the power to amend and reissue the financial report.



Christopher T Beare
Chair
17 August 2009



Victor P Hoog Antink
Chief Executive Officer
17 August 2009