

DEXUS Property Group (ASX: DXS)

ASX release

30 March 2016

IOF Special Distribution to be paid to IOF Unitholders if DEXUS Proposal becomes Effective

- IOF Unitholders to receive an additional \$0.07 cash distribution per IOF unit by way of an IOF Special Distribution conditional on the DEXUS Proposal becoming Effective
- The offer price under the DEXUS Proposal combined with the IOF Special Distribution to be paid by IOF implies a 6.6% premium to IOF's 31 December 2015 NTA
- IOF Unitholder meeting scheduled for 8 April 2016 to be adjourned to enable IOF Unitholders to consider the revised Supplementary Explanatory Memorandum which will be provided to IOF Unitholders

DEXUS Funds Management Limited ("DXFM" or "DEXUS RE"), the responsible entity of DEXUS Property Group ("DEXUS"), refers to Investa Office Fund's ("IOF") announcement dated 30 March 2016 ("IOF Announcement").

The IOF Announcement states that Investa Listed Funds Management Limited ("ILFML") as the responsible entity of IOF has announced an increase in the total payments¹ that will be received by IOF Unitholders², conditional on the proposal from DEXUS to acquire all of the units in IOF ("DEXUS Proposal") becoming Effective.³

As detailed in the IOF Announcement, the Independent Directors of ILFML have determined that, conditional on the DEXUS Proposal becoming Effective, IOF Unitholders will receive an additional \$0.07 cash distribution per IOF unit ("IOF Special Distribution"). The IOF Special Distribution is a separate payment from IOF and is in addition to the Proposal Consideration which IOF Unitholders will receive. The IOF Special Distribution will be paid on the Implementation Date for the DEXUS Proposal to all IOF Unitholders on the register on the record date for the DEXUS Proposal.

DEXUS RE has consented to this payment in accordance with the Implementation Agreement, having regard to the following:

- DEXUS RE has re-assessed transaction costs associated with the DEXUS Proposal to be \$19 million lower than expected, primarily due to a reduction in costs associated with financing arrangements;
- It appears unlikely that given the terms of the Platform Sale Agreement⁴, DEXUS RE would make a facilitation payment to IOM or any other member of the Investa Commercial Property Fund group in relation to the loss of certain IOF fund management rights⁵; and
- The Independent Directors of ILFML and DEXUS RE believe the IOF Special Distribution will further enhance the appeal of the DEXUS Proposal to IOF Unitholders.

¹ Whether the payments are in cash or scrip.

² IOF Unitholders who are on the register on the revised record date for the DEXUS Proposal.

³ Capitalised terms not defined in this announcement have the meaning given to them in the Notice of Meeting and Explanatory Materials dated 9 March 2016.

⁴ The Platform Sale Agreement in relation to the sale of the Investa Office Management Platform dated 1 March 2016 between ICPF Holdco Pty Ltd and Sundown Holdings B.V.

⁵ The costs associated with the facilitation arrangements were not included in the transaction costs as part of the Notice of Meeting and Explanatory Materials dated 9 March 2016, as no reasonable basis for including them existed at the time.

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DEXUS RE has also advised the Independent Directors of ILFML that it does not intend to increase the Proposal Consideration or consent to any other distribution whether of capital or income to IOF Unitholders by ILFML, in the absence of a Competing Transaction.

The combination of the consideration for IOF Unitholders under the DEXUS Proposal and the IOF Special Distribution represents \$4.24 per IOF unit⁶, which delivers a:

- 14.0% premium to IOF's closing price on 13 August 2015⁷;
- 10.8% premium to IOF's closing price on 4 December 2015⁸; and
- 6.6% premium to IOF's 31 December 2015 NTA⁹.

Supplementary Explanatory Memorandum

The Independent Directors of ILFML are preparing a Supplementary Explanatory Memorandum as a result of the IOF Announcement. The Supplementary Explanatory Memorandum will contain, among other things, a further supplementary report from the Independent Expert, along with additional taxation information and information regarding the return of proxies and election forms. DEXUS notes that if an IOF Unitholder wishes to vote on the DEXUS Proposal, they may still use the proxy form which was approved by ILFML and which was attached to the IOF Notice of Meeting and Explanatory Materials dispatched on 14 March 2016.

The Supplementary Explanatory Memorandum is subject to further judicial advice from the Supreme Court of New South Wales and will be released to IOF Unitholders and the market once that advice has been obtained. DEXUS notes that IOF Unitholders should read the whole document and the IOF Notice of Meeting and Explanatory Materials released on 9 March 2016 in their entirety before deciding how to vote.

Adjournment of IOF Unitholder meeting

It is proposed that the IOF Unitholder meeting scheduled for 10:00am on Friday, 8 April 2016 will be adjourned to a date to be advised in the Supplementary Explanatory Memorandum.

The adjournment will ensure all IOF Unitholders have time to consider and vote on the DEXUS Proposal in light of the additional information provided in the Supplementary Explanatory Memorandum.

Independent Directors of ILFML recommendation and Independent Expert Opinion

The Independent Directors of ILFML continue to recommend that IOF Unitholders vote in favour of the DEXUS Proposal in the absence of a superior proposal. The Independent Directors of ILFML have advised DEXUS that they have requested that the Independent Expert prepares a supplementary report in relation to the IOF Special Distribution.

⁶ Based on DEXUS closing price of \$7.90 as at 24 March 2016.

⁷ The day prior to the announcement of the IOF Strategic Review.

⁸ The day prior to the announcement of the DEXUS Proposal.

⁹ IOF NTA of \$3.98 per unit as at 31 December 2015.

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Note

This announcement contains certain “forward-looking statements” with respect to the financial condition, results of operations and business of DEXUS and certain plans, strategies and objectives of the management of DEXUS, within the meaning of securities laws of applicable jurisdictions. The words “expect”, “should”, “could”, “may”, “predict”, “outlook”, “foresee”, “guidance”, “plan”, “estimate”, “anticipate”, “aim”, “intend”, “believe” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, significant uncertainties, assumptions, contingencies and other factors, many of which are beyond the control of DXFM, DEXUS and their respective affiliates, directors, officers, employees, partners, agents and advisers, that may cause actual results or performance of DEXUS to differ materially from those predicted or implied by any forward-looking statements. Such forward-looking statements speak only as of the date of this announcement. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements and DXFM assumes no obligation to update such information.

About DEXUS

DEXUS Property Group is one of Australia’s leading real estate groups, investing directly in high quality Australian office and industrial properties. With \$21.1 billion of assets under management, the Group also actively manages office, industrial and retail properties located in key Australian markets on behalf of third party capital partners. The Group manages an office portfolio of 1.8 million square metres located predominantly across Sydney, Melbourne, Brisbane and Perth and is the largest owner of office buildings in the Sydney CBD, Australia’s largest office market. DEXUS is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange under the stock market trading code ‘DXS’ and is supported by more than 32,000 investors from 21 countries. With 30 years of expertise in property investment, development and asset management, the Group has a proven track record in capital and risk management, providing service excellence to customers and delivering superior risk-adjusted returns for its investors. www.dexus.com

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