

DEXUS Property Group (ASX: DXS)

ASX release

24 December 2013

DEXUS Offer for CPA - update on proposed bid conditions

DEXUS Funds Management Limited, in its capacity as trustee of DEXUS Office Trust Australia (“DEXUS”) refers to the Bidder’s Statement lodged by DEXUS Property Group (“DXS”) and Canada Pension Plan Investment Board (“CPPIB”) (together the “Consortium”) on 19 December 2013 in relation to an off-market takeover bid for all of the Units in the Commonwealth Property Office Fund (“CPA”) (“DEXUS Offer”).

Update on conditions

In its Bidder’s Statement, DEXUS noted that Commonwealth Managed Investments Limited (“CMIL”) and Commonwealth Bank of Australia (“CBA”) had entered into a non-binding heads of agreement in relation to CBA’s tenancy at 150 George Street Parramatta. The transaction contemplated by that heads of agreement includes the extension of CBA’s lease term (and associated incentive payments) and refurbishment and redevelopment of the property.

In addition, DEXUS notes that CMIL has entered into a non-binding heads of agreement with CBA in relation to its tenancy at 101 George Street, Parramatta.

If binding agreements were entered into by CMIL and CBA on the basis of those heads of agreement, there would be a breach of the defeating condition to the DEXUS Offer entitled “No Material Acquisitions or Disposals”¹.

CMIL has informed the Consortium that certain elements of the capital expenditure contemplated in the 150 George Street heads of agreement will not be proceeding and that there are other improvements in the proposal.

On that basis, DEXUS now announces that it will not rely on the “No Material Acquisitions or Disposals” condition in relation to any new lease, variation of existing lease or related agreement (each a “Relevant Agreement”) entered into by CMIL over the 101 and 150 George Street properties (the “Parramatta Properties”) (including agreements necessary to implement the 101 and 150 George Street heads of agreement).

This is on the basis that CMIL has undertaken to DEXUS that:

- CMIL will not enter into a Relevant Agreement in relation to the Parramatta Properties before 28 February 2014; and
- CMIL will not enter into a Relevant Agreement on any date that falls after 28 February 2014 but before 31 July 2014 whilst DEXUS has a relevant interest in CPA of 50.1% or greater and the DEXUS Offer is unconditional. DEXUS acknowledges that, if it acquires a relevant interest in CPA of 50.1% or greater, it intends to procure a change of the responsible entity by the end of the offer period for the DEXUS Offer (as soon as practicable thereafter) and it will take all actions necessary to do so.

CMIL shall not be bound by the above in the event that one of the following occurs:

- a party other than DEXUS, DXS or CPPIB has a relevant interest in 50.1% or greater of CPA (and if acquired under a takeover bid, that bid is unconditional);
- DXS initiates further negotiations with CBA with regards to Parramatta properties owned or managed by it;
- CMIL declares a competing proposal or offer superior to the DEXUS Offer and either:
 - DEXUS subsequently declares it will not increase its offer; or
 - DEXUS has not matched or exceeded that proposal by the later of:
 - 15 February; or
 - 10 Business Days after CMIL’s declaration is made; or
- DXS, CPPIB or DEXUS accept into a competing proposal

¹ See Appendix 2 of the Bidder’s Statement.

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About DEXUS

DEXUS Property Group (DEXUS) is one of Australia's leading real estate groups, investing directly in high quality Australian office and industrial properties. With a total of \$13 billion of assets under management, DEXUS also actively manages office, industrial and retail properties located in key Australian markets on behalf of third party capital partners. DEXUS manages an office portfolio of over 900,000 square metres across Sydney, Melbourne, Brisbane and Perth and is one of the largest institutional owners 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 18,000 investors from 15 countries. With over 25 years of experience in commercial property investment, development and asset management, DEXUS has a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk-adjusted returns to investors. www.dexus.com

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DEXUS Funds Management Ltd ABN 24 060 920 783, AFSL 238163, as Responsible Entity for DEXUS Property Group (ASX: DXS)

About Canada Pension Plan Investment Board

Canada Pension Plan Investment Board (CPPIB) is a professional investment management organization that invests the funds not needed by the Canada Pension Plan (CPP) to pay current benefits on behalf of 18 million Canadian contributors and beneficiaries. In order to build a diversified portfolio of CPP assets, CPPIB invests in public equities, private equities, real estate, infrastructure and fixed income instruments. Headquartered in Toronto, with offices in London and Hong Kong, CPPIB is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At September 30, 2013, the CPP Fund totalled C\$192.8 billion of which C\$22.0 billion represents real estate investments. For more information about CPPIB, please visit www.cpplib.com

CPPIB has agreed to the statements made by and references to CPPIB in this release. However, CPPIB has not authorised any of the statements made by DEXUS or the references to or concerning DEXUS Property Group in this release.



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