

# DEXUS Property Group

## 10 September 2010 - DEXUS Property Group (DXS) - Non resident withholding tax information

The purpose of this note is to provide non resident investors with an explanation about why the amount of non resident withholding tax is greater than previous distributions.

During the 2010 financial year, we sold our 50% interest in Westfield Whitford City Shopping Centre ("the Property"). This transaction has impacted the withholding tax payable by non resident investors, by increasing the Fund Payment<sup>1</sup> amount upon which withholding tax is required to be deducted. Consequently, the Fund Payment amount for the December 2009 distribution and the June 2010 distribution exceeded the gross amount distributed for the six months ended December 2009 and June 2010 respectively.

### Fund Payment

It is important to note that the Fund Payment is not necessarily the same as the gross amount distributed to a non resident.

The Fund Payment is broadly the sum of net rent (other Australian income) and gross capital gains (before applying the 50% discount capital gain concession available in Australia). Excluded from the Fund Payment calculation are any amounts distributed as either non assessable income (tax deferred income), foreign income, or interest income (as withholding tax on interest income is deducted pursuant to a separate regime).

In calculating the Fund Payment amount to which withholding tax applies, the 50% discount capital gain concession ordinarily available in Australia is ignored. Instead, for the purpose of calculating the Fund Payment<sup>2</sup>, we are required to 'gross-up' the discount capital gain that arose from the sale of the Property.

### Distributions

	Dec-09 Cents	Jun-10 Cents
Summary reconciliation of fund payment		
DXS Cash distribution	2.650000	2.450000
<i>Add:</i>		
Discount component of capital gains arising from disposal of taxable Australian real property	0.782033	0.704586
Assessable income adjustment		0.129431
<i>Less:</i>		
Foreign sourced income	(0.032120)	(0.046081)
DXO dividend	-	-
Interest income	-	(0.243638)
Non assessable income	(0.202458)	-
<b>DXS fund payment</b>	<b>3.197455</b>	<b>2.994298</b>

Details of the full year components of distributions were provided in the 2010 annual tax statements. If you have any questions regarding this matter, please contact Daniel Rubinstein on +61 2 9017 1336 or [Daniel.rubinstein@dexus.com](mailto:Daniel.rubinstein@dexus.com)

<sup>1</sup> Pursuant to Subdivision 12-H of Schedule 1 to the *Taxation Administration Act 1953*

<sup>2</sup> Refer to Step 2(b) of section 12-405(2) of Schedule 1 to the *Taxation Administration Act 1953*