

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to how to act, you should consult your professional adviser as soon as possible.

# BIDDER'S STATEMENT

OFFER BY:



**CPP  
INVESTMENT  
BOARD**

DEXUS Funds Management Limited (ABN 24 060 920 783) in its capacity as trustee of DEXUS Office Trust Australia (a vehicle owned equally by DEXUS Property Group and Canada Pension Plan Investment Board)

to Commonwealth Managed Investments Limited (ACN 084 098 180) in its capacity as responsible entity of Commonwealth Property Office Fund

to acquire all your units in Commonwealth Property Office Fund (ARSN 086 029 736)

**For each Unit you will receive:  
\$0.7745 cash and 0.4516 DEXUS Securities**

FINANCIAL ADVISERS:



J.P.Morgan



LEGAL ADVISER:

**KING & WOOD  
MALLESONS  
金杜律师事务所**

If you have any questions about the DEXUS Offer, please call the DEXUS Offer Information Line on 1800 220 771 (callers in Australia) or +61 1800 220 771 (callers outside Australia) between 8.30am and 5.30pm (Sydney time) on Business Days.

The DEXUS Offer is dated Monday, 6 January 2014 and will close at 7.00pm (Sydney time) on Friday, 7 February 2014, unless extended. This Bidder's Statement was lodged with ASIC on 19 December 2013.

# IMPORTANT INFORMATION

## Important information

The DEXUS Offer described within this Bidder's Statement is given by DEXUS Funds Management Limited (ABN 24 060 920 783) in its capacity as trustee of DEXUS Office Trust Australia ("Bidder") (indirectly held by DEXUS and CPPIB) to Commonwealth Managed Investments Limited (ACN 084 098 180) in its capacity as responsible entity of Commonwealth Property Office Fund ("CPA") under Part 6.5 of the Corporations Act and sets out certain disclosures required by the Corporations Act together with the terms of the DEXUS Offer to acquire your CPA Units.

You should read this Bidder's Statement in its entirety.

This Bidder's Statement is dated 19 December 2013 and includes a DEXUS Offer dated 6 January 2014 on the terms set out in Appendices 1 and 2 of this Bidder's Statement.

## Australian Securities and Investments Commission

A copy of this Bidder's Statement was lodged with ASIC on 19 December 2013. Neither ASIC nor any of its officers takes any responsibility for the content of this Bidder's Statement.

## Defined terms

Capitalised terms and certain abbreviations used in this Bidder's Statement are defined in the glossary in Section 15, along with certain rules of interpretation which apply to this Bidder's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 15, words and phrases in this Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

Unless otherwise indicated, all references to sections are references to sections of this Bidder's Statement.

## Investment advice

The information in this Bidder's Statement is general information only, and does not take into account your individual investment objectives, financial situation or needs. You should consider whether the information in this Bidder's Statement is appropriate for you in light of your objectives, financial situation and needs. Accordingly, before making a decision whether or not to accept the DEXUS Offer and whether DEXUS Securities are an appropriate investment for you, please consult your professional adviser.

## Notice to foreign CPA Unitholders

CPA Unitholders should note that part of the consideration under the DEXUS Offer is DEXUS Securities, which are stapled units in four Australian registered managed investment schemes. Those securities will be listed on ASX. The DEXUS Offer is subject to disclosure requirements in Australia which are different from those applicable in other countries.

DEXUS Securities will only be issued under the DEXUS Offer to CPA Unitholders with registered addresses in Australia, its external territories or New Zealand, unless Bidder determines to the contrary.

Ineligible Foreign Unitholders will not be entitled to DEXUS Securities as part of the Offer Consideration. Instead, the DEXUS Securities to which they would otherwise be entitled will be issued to the Nominee. Those DEXUS Securities will be offered for sale and the net proceeds provided to the Ineligible Foreign Unitholders in Australian dollars in accordance with Section 6.3 of the Offer Terms in Appendix 1 and subject to the restrictions set out in Section 6.7 of the Offer Terms in Appendix 1.

The distribution of this Bidder's Statement outside Australia or New Zealand may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

The DEXUS Offer is being proposed and will be conducted in accordance with the laws in force in Australia and with the Listing Rules. The disclosure requirements in relation to the DEXUS Offer in Australia will differ from those applying in other jurisdictions (including the United States). The financial statements included in this Bidder's Statement have been prepared in accordance with generally accepted accounting principles in Australia that will differ from those in other jurisdictions (including the United States).

Substantially all of the Directors of Bidder and the assets of Bidder Group are located in Australia. As a result, investors who reside in places other than Australia and New Zealand may have difficulties in enforcing their rights and any claims they may have arising under the laws of the jurisdiction in which they are resident (including, for United States investors, the United States federal securities laws) against Bidder, the Directors or any of the officers or employees of Bidder Group. It may be difficult to compel Bidder and its affiliates to subject themselves to a judgment of a court outside Australia.

This Bidder's Statement is neither an offer to sell to nor a solicitation of an offer to buy securities (as such terms are defined under the US Securities Act) – other than CPA Units – from Ineligible Foreign Unitholders. The DEXUS Securities to be issued pursuant to the DEXUS Offer have not been, and will not be, registered under the US Securities Act or the securities laws of any United States state or other jurisdiction and therefore may not be offered or sold to persons resident in or located in the United States without registration or an applicable exemption from the registration requirements of the US Securities Act.

None of the US Securities Exchange Commission, any United States state securities commission or any other United States regulatory authority has passed comment upon or endorsed the merits of the DEXUS Offer or the accuracy, adequacy or completeness of this Bidder's Statement. Any representation to the contrary is a criminal offence.

In making the DEXUS Offer available to persons in New Zealand, Bidder is relying on an exemption contained in the New Zealand Securities Act (Overseas Companies) Exemption Notice 2013. This Bidder's Statement is not a prospectus or an investment statement under New Zealand law, and may not contain all the information that a prospectus or investment statement under New Zealand law is required to contain.

## Unmarketable Parcel Security holders

Unmarketable Parcel Security holders who accept the DEXUS Offer will not receive DEXUS Securities but will be paid a cash amount calculated in accordance with Section 6.3 of the Offer Terms in Appendix 1.

## Disclosure regarding forward looking statements

This Bidder's Statement contains certain forward looking statements which have not been based solely on historical facts, but are rather based on Bidder's and Bidder Group's current expectations about future events and results. These forward looking statements are, however, subject to various inherent risks, uncertainties and assumptions, in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of Bidder and which could cause actual events or results to differ materially from the expectations described in such forward looking statements. These factors include, amongst other things, the risks identified in Section 11, as well as other matters not yet known to Bidder or not currently considered material by Bidder.

Actual events, results, values, performance or achievements may differ materially from the events, results, values, performance or achievements expressed or implied in any forward looking statement and deviations are both normal and to be expected. The past performance of Bidder, Bidder Group and CPA is no guarantee of future performance. Except to the extent required by law, none of Bidder, the Directors, nor any member of Bidder Group or their respective officers or employees, any persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement, make any representation, warranty, assurance or guarantee (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events, results, values, performance or achievements expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on any forward looking statements.

The forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

## No guarantee of capital or investment returns

Except as required by law, and only to the extent required, no person named in this Bidder's Statement, nor any other person, warrants or guarantees the performance of DEXUS with or without the acquisition of CPA or the repayment of capital or any return on investment made pursuant to this Bidder's Statement.

Acceptance of the DEXUS Offer is not a deposit with or other liability of Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832), Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162), J.P. Morgan Australia Limited (ABN 52 002 888 011), Macquarie Capital (Australia) Limited (ABN 79 123 199 548) (each a "Financial Adviser") or any other related party or associate of the Financial Advisers. None of the Financial Advisers are a Related Body Corporate (as defined in the Corporations Act) of DEXUS Funds Management Limited. The consideration to be received under the DEXUS Offer is subject to investment risk including loss of income or principal invested. None of the Financial Advisers, nor any of their related parties or associates, gives any guarantee or assurance as to the performance of the DEXUS Securities, any particular rate of return on the DEXUS Securities or the repayment of capital or principal.

## Information on CPA

The information on CPA, CPA Group, CPA Units and CPA Group's business and assets and the Combined Group (to the extent that it incorporates or reflects information on CPA) contained in this Bidder's Statement has been prepared based on a review of publicly available and non-public information received in due diligence and should not be considered comprehensive. Information in this Bidder's Statement concerning CPA, CPA Group, CPA Units and CPA Group's business and assets and the Combined Group (to the extent that it incorporates or reflects information on CPA) has not been independently verified by Bidder. Subject to the Corporations Act, none of Bidder, the Directors, nor any member of Bidder Group or their respective officers or employees make any representation or warranty (express or implied) as to the accuracy or completeness of this information.

Further information relating to CPA Group's business may be included in the Target's Statement which CMIL must provide to CPA Unitholders in response to this Bidder's Statement.

## Privacy

Bidder has collected your information from the register of CPA Unitholders for the purpose of making this DEXUS Offer and, if accepted, administering your holding of CPA Units. The type of information Bidder has collected about you includes your name, address, contact details and information on your securities holding in CPA. Without this information, Bidder will be hindered in its ability to carry out the DEXUS Offer.

The Corporations Act requires the names and addresses of CPA Unitholders to be held in a public register. Your information may be disclosed on a confidential basis to Bidder's Related Bodies Corporate, and holders of securities in Bidder or its related bodies corporate and external service providers (for example, Link Market Services Limited and providers of print and mail services), and may be required to be disclosed to regulators, such as ASIC. If you would like details of information held about you by Bidder or Link Market Services Limited please contact them at the addresses set out in the corporate directory.

## Websites

CMIL maintains a website in relation to CPA at [www.cfsgam.com.au/au/property/cpa/Home](http://www.cfsgam.com.au/au/property/cpa/Home).

DEXUS, a member of the Bidder Group, also maintains a website at [www.dexus.com](http://www.dexus.com).

CPPIB, a member of the Bidder Group, also maintains a website at [www.cpplib.com](http://www.cpplib.com).

Information contained on, or otherwise accessible through these websites is not a part of this Bidder's Statement. All references in this Bidder's Statement to these internet sites are inactive textual references to these sites and are for your information only.

## Updated information

Information contained in this Bidder's Statement is subject to change from time to time. This information may be updated and made available to you on DEXUS's website at [www.dexus.com](http://www.dexus.com) where that information is not of a kind that is required to be included in a supplementary Bidder's Statement (that is, where that information is not material). Requests for free hard copies of any updated information may be made by contacting the DEXUS Offer Information Line on 1800 220 771 (callers in Australia) or +61 1800 220 771 (callers outside Australia) between 8.30am and 5.30pm (Sydney time) on Business Days.

## Enquiries

If you are in any doubt as to how to deal with this Bidder's Statement, you should consult with your professional adviser.

If you have any questions about the DEXUS Offer, please call the DEXUS Offer Information Line on 1800 220 771 (callers in Australia) or +61 1800 220 771 (callers outside Australia) between 8.30am and 5.30pm (Sydney time) on Business Days.

## Implied value of the DEXUS Offer

As you are being offered DEXUS Securities as part of the consideration for your CPA Units, the implied value to you of the DEXUS Offer will vary with the ASX trading price of DEXUS Securities. Further information on the implied value of the DEXUS Offer is contained in this Bidder's Statement.

You are advised to exercise caution in relation to the DEXUS Offer. If you are in any doubt about any of the contents of this Bidder's Statement, you should obtain independent professional advice.



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## IMPORTANT DATES

Announcement of the DEXUS Offer	11 December 2013
Date of this Bidder's Statement	19 December 2013
Date of the DEXUS Offer	6 January 2014
Closing Date (unless extended or withdrawn) 7.00pm (Sydney time)	7 February 2014

Note: the Closing Date for the DEXUS Offer may change as permitted by the Corporations Act.

## HOW TO ACCEPT THE DEXUS OFFER

The DEXUS Offer may only be accepted for all of your CPA Units. You may accept the DEXUS Offer during the Offer Period in the manner specified below. How you accept the DEXUS Offer depends on whether your CPA Units are held in a CHESS Holding or an Issuer Sponsored Holding (your personalised Acceptance Form outlines which type of holding you have).

- **If you hold your CPA Units in a CHESS Holding** (your HIN starts with an "X"), to accept the DEXUS Offer you must comply with the ASX Settlement Operating Rules by doing one of the following:
  - a. instruct your Controlling Participant (usually your Broker) to initiate acceptance of the DEXUS Offer on your behalf in sufficient time for the DEXUS Offer to be accepted before the end of the Offer Period. Acceptance must be received by 7.00pm (Sydney time) on the Closing Date, unless the DEXUS Offer is extended; or
  - b. complete and sign your personalised Acceptance Form and send it (together with all other documents required by the instructions on the form) directly to your Controlling Participant (usually your Broker) in sufficient time for the DEXUS Offer to be accepted before the end of the Offer Period with instructions to initiate acceptance of the DEXUS Offer on your behalf before the end of the Offer Period. Acceptance must be received by 7.00pm (Sydney time) on the Closing Date, unless the DEXUS Offer is extended; or
  - c. complete and sign your personalised Acceptance Form and lodge it by returning it in the reply paid envelope provided or to the address indicated on the form (and set out below) so that your acceptance is received before 7.00pm (Sydney time) on the second last Business Day of the Offer Period, being 6 February 2014 unless the DEXUS Offer is extended. This will authorise Bidder to instruct your Controlling Participant to initiate acceptance of the DEXUS Offer on your behalf.
- **If you are a Broker or an ASX Settlement Participant**, to accept the DEXUS Offer you must initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period. Acceptance Forms must be received by 7.00pm (Sydney time) on the Closing Date, unless the DEXUS Offer is extended.

- **If you hold your CPA Units in an Issuer Sponsored Holding** (your SRN starts with an "I"), you must complete and sign your personalised Acceptance Form in accordance with the instructions on it and lodge it by returning it (together with all other documents required by the instructions on your personalised Acceptance Form) in the reply paid envelope provided or to the address indicated on the form (and set out below) so that your acceptance is received before the end of the Offer Period. Acceptances must be received by 7.00pm (Sydney time) on the Closing Date, unless the DEXUS Offer is extended.
- **If some of your CPA Units are held in an Issuer Sponsored Holding and some in a CHESS Holding**, you will need to accept the DEXUS Offer separately for each holding if you wish to accept the DEXUS Offer for all of your CPA Units across those holdings. Section 5.3(d) of the Offer Terms in Appendix 1 contains further information on how to accept the DEXUS Offer.
- **If you are a beneficial owner of CPA Units** which are registered in the name of a Broker, investment dealer, bank, trust company or other nominee, you should contact that nominee for assistance in accepting the DEXUS Offer.

The postal and delivery addresses for your completed personalised Acceptance Forms are as follows.

### Postal address

Link Market Services Limited  
Commonwealth Property Office  
Fund Takeover  
Locked Bag A14  
Sydney South NSW 1235  
Australia

### Hand delivery

Link Market Services Limited  
Commonwealth Property Office Fund  
Takeover  
1A Homebush Bay Drive  
Rhodes NSW 2138  
Australia

A reply paid envelope (for use by CPA Unitholders within Australia) is enclosed for your convenience.

The transmission of your personalised Acceptance Form and other documents are at your own risk.

For full details see Section 5 of the Offer Terms in Appendix 1.

19 December 2013

Dear CPA Unitholder,

### Offer to acquire all of your Units in Commonwealth Property Office Fund ("CPA")

On behalf of DEXUS Property Group ("DEXUS") and Canada Pension Plan Investment Board ("CPPIB") (together "the Consortium"), I am pleased to make this offer (the "DEXUS Offer") to acquire all of your units in CPA.

The Consortium believes that the DEXUS Offer delivers compelling value and certainty as well as providing the opportunity for CPA Unitholders to participate in the ongoing benefits associated with an investment in DEXUS.

The DEXUS Offer is being made by DEXUS Funds Management Limited ("Bidder"), in its capacity as trustee of DEXUS Office Trust Australia ("Bid Trust"), a wholesale unit trust owned on a 50:50 basis by DEXUS and CPPIB.

#### Summary of the DEXUS Offer

The DEXUS Offer provides for the following cash and DEXUS scrip consideration (expressed per CPA Unit):

- \$0.7745 cash; and
- 0.4516 DEXUS stapled securities ("DEXUS Securities").

The DEXUS Offer implies a price of \$1.228 per CPA Unit based on the closing price of DEXUS Securities of \$1.005 as at 18 December 2013 (the day immediately preceding this Bidder's Statement). In addition, CPA Unitholders will retain any entitlement to the 31 December 2013 CPA distribution, the amount of which is estimated at \$0.035 per CPA Unit (as per CPA management guidance).

#### Impact of distributions

DEXUS has estimated a distribution of \$0.0307 per DEXUS Security for the period ending 31 December 2013. CPA and GPT Group have announced estimated distributions for the period ending 31 December 2013 of \$0.035 per CPA Unit and \$0.103 per GPT Security respectively. The expected ex-date for DEXUS, CPA and GPT is 23 December 2013. It is expected that the prices of DEXUS Securities, CPA Units and GPT Securities will trade at a lower price following the ex-date.<sup>1</sup>

#### The DEXUS Offer delivers compelling value and an attractive premium to CPA Unitholders

The DEXUS Offer price of \$1.228 per CPA Unit equates to a significant premium to both CPA's last reported NTA per Unit and the closing price of CPA Units prior to the announcement by Commonwealth Managed Investments Limited ("CMIL") of receipt of a preliminary internalisation proposal from the Commonwealth Bank of Australia ("CBA"), on 24 July 2013:

- 14.6% premium to CPA's 30 day VWAP to 23 July 2013 of \$1.071;
- 6.8% premium to CPA's stated 30 June 2013 NTA per Unit of \$1.15; and
- 2.9% discount to CPA's closing price on the date before this Bidder's Statement was lodged with ASIC.

In addition, the value of the DEXUS Offer represents a 1.7% premium to the alternative takeover offer made by the GPT Group (the "GPT Offer") for your CPA Units of \$1.208 (based on the GPT closing price of \$3.47, as at 18 December 2013).<sup>2</sup>

The DEXUS Offer also provides enhanced certainty having no minimum acceptance condition. This compares favourably to the GPT Offer, which is subject to a 50.1% minimum acceptance condition.<sup>3</sup>

1. For the period ending 31 December 2013, CPA's estimated distribution of \$0.035 per CPA Unit was announced on 5 December 2013, GPT's estimated distribution of \$0.103 per GPT Security announced on 9 December 2013 and DEXUS announced its distribution to the ASX on 10 December 2013.

2. Offer presented on a comparable basis. GPT is offering 0.141 GPT Securities and \$0.75325 cash for every 1 CPA Unit. The cash consideration will be reduced by the amount of any CPA distribution paid on a CPA Unit following the date of the announcement of the GPT Offer (19 November 2013) (CPA distribution to be paid for the period ending 31 December 2013 is estimated to be \$0.035 per CPA Unit).

3. Both the DEXUS Offer and GPT Offer are subject to conditions. The conditions of the DEXUS Offer are detailed in Appendix 2.

### Your future investment in DEXUS

CPA Unitholders who accept the DEXUS Offer will receive cash and DEXUS Securities (unless you are an Ineligible Foreign Unitholder or Unmarketable Parcel Security holder) and will also receive the ongoing benefits associated with an investment in DEXUS, including:

- **An investment in Australia's leading office REIT** – the transaction combines two complementary office portfolios. DEXUS will have \$11.5 billion of office assets under management following the acquisition of CPA by the Consortium, providing CPA Unitholders with an ongoing investment in an A-REIT with a similar risk profile to their existing investment.
- **Higher distributions and NTA per Unit as compared to an investment in CPA** – CPA Unitholders who accept the DEXUS Offer are expected to benefit from a 15% increase in equivalent distributions per Unit (“DPU”) and a 6% increase in equivalent NTA per Unit on a pro forma basis.
- **A strong track record of successfully implementing DEXUS's strategies** – the DEXUS Offer follows disciplined execution of DEXUS's strategic objective to achieve Australian office sector leadership, which has seen DEXUS invest in world class asset management systems and processes, divest its US industrial business and reinvest \$1.8 billion into Australian office properties over the past 18 months.
- **A fully integrated office management platform** – the DEXUS property management platform spans asset management, leasing and development, and is supported by an established office management team with deep corporate and leasing experience, to achieve optimal asset outcomes.
- **Prudent and focused approach to capital allocation** – DEXUS undertakes thorough due diligence on all acquisition opportunities to limit risks to DEXUS Security holders. The Consortium has undertaken due diligence on CPA and is well prepared for managing transition issues, including those associated with a change in control of CPA.
- **Third party endorsement** – through the Consortium, DEXUS is undertaking the DEXUS Offer alongside CPPIB, a strong, long-term partner whose involvement provides a clear third-party endorsement of the DEXUS Offer and DEXUS's ability to drive value from the CPA portfolio.

### Facilitation Agreement and support from CBA

DEXUS has entered into an exclusive, binding facilitation agreement with CBA in relation to the management of CPA (“Facilitation Agreement”). CBA has agreed to assist DEXUS in assuming the management of CPA, should the Consortium acquire a 50.1% interest in CPA and be appointed the responsible entity of CPA. The Facilitation Agreement provides DEXUS with the ability to work co-operatively with, and access the considerable knowledge of, CBA in the event of a handover of the management of CPA to DEXUS, which DEXUS considers beneficial.

In addition, on 18 December 2013, CBA made the following announcement on the ASX:

*“CBA Group members currently have a proprietary holding of approximately 183 million units, representing approximately 7.8%, in CPA. CBA Group currently intends to accept the DEXUS Offer in respect of those proprietary holdings, and not accept the offer announced by the GPT Group on 19 November 2013, provided that such acceptance would take the Consortium's relevant interests in CPA to at least 50.1% and the DEXUS Offer is otherwise unconditional, noting that CBA Group reserves its right not to do so.”*

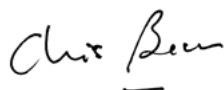
### Next steps

I encourage you to read the Bidder's Statement for more details about the DEXUS Offer, its terms and importantly the benefits you will receive from accepting the DEXUS Offer. The Bidder's Statement also includes important information about a holding of DEXUS Securities, including risks associated with DEXUS.

Please contact the DEXUS Offer Information Line on 1800 220 771 (callers in Australia) or +61 1800 220 771 (callers outside Australia) if you have any questions in relation to the DEXUS Offer.

We look forward to your acceptance of the DEXUS Offer and welcoming you as a DEXUS Security holder. The Consortium believes that the DEXUS Offer will deliver significant long term value for both existing DEXUS Security holders and CPA Unitholders who accept the DEXUS Offer.

Yours sincerely,



**Christopher T Beare**

Chairman

DEXUS Funds Management Limited as trustee of DEXUS Office Trust Australia

## WHY YOU SHOULD ACCEPT THE DEXUS OFFER

The DEXUS Offer provides significant strategic and financial benefits to CPA Unitholders. Reasons for why you should accept the DEXUS Offer are set out below:

### Summary

#### A.1 The DEXUS Offer provides a strong premium to CPA Unitholders

- 14.6% premium to CPA's 30 day VWAP to 23 July 2013 of \$1.071, the day prior to CMIL's announcement that it had received a preliminary internalisation proposal from CBA
- 1.7% premium to the GPT Offer of \$1.208 announced 19 November 2013 (based on the closing price of GPT Securities as at 18 December 2013 of \$3.470 and less CPA's estimated distribution of \$0.035 per CPA Unit)

#### A.2 Increased distributions and NTA compared to an existing investment in CPA

- Equivalent distributions and NTA per Unit are expected to increase by 15% and 6% respectively on a pro forma basis relative to an existing investment in CPA

#### A.3 Opportunity to become an investor in the leading owner and manager of Australian office properties

- DEXUS will strengthen its position as the leading owner and manager of prime grade Australian office properties
- Brings together two complementary portfolios, diversifies income and enhances DEXUS's ability to actively manage its portfolio
- DEXUS management team is experienced and focused on office

#### A.4 DEXUS has consistently delivered solid operating performance, delivered on strategy and provided attractive relative returns for DEXUS Security holders

- DEXUS has consistently grown FFO and distributions per DEXUS Security
- DEXUS's management team has executed on DEXUS's strategic objective of Australian office sector leadership
- DEXUS has provided DEXUS Security holders with attractive total returns relative to the S&P/ASX 200 A-REIT Index and GPT Group

#### A.5 Increased market weighting and liquidity

- Expected to increase DEXUS's access to capital and may result in an improved cost of capital

#### A.6 DEXUS has entered into a Facilitation Agreement with CBA and the DEXUS Offer currently has the support of CBA

- The Facilitation Agreement provides a de-risked transition of management
- CBA currently intends to accept its 7.8% proprietary holding in CPA into the DEXUS Offer

#### A.7 The DEXUS Offer represents a superior proposition to CPA Unitholders in comparison to the GPT Offer

- Higher DEXUS Offer price, no minimum acceptance condition, and DEXUS portfolio and management team are focused on Australian office sector leadership

#### A.8 Risk of adverse outcome for CPA Unitholders if the DEXUS Offer is not accepted

- DEXUS currently holds a 14.9% relevant interest in CPA
- Bidder has undertaken due diligence on CPA and the Consortium members are satisfied with an investment in CPA at all ownership levels

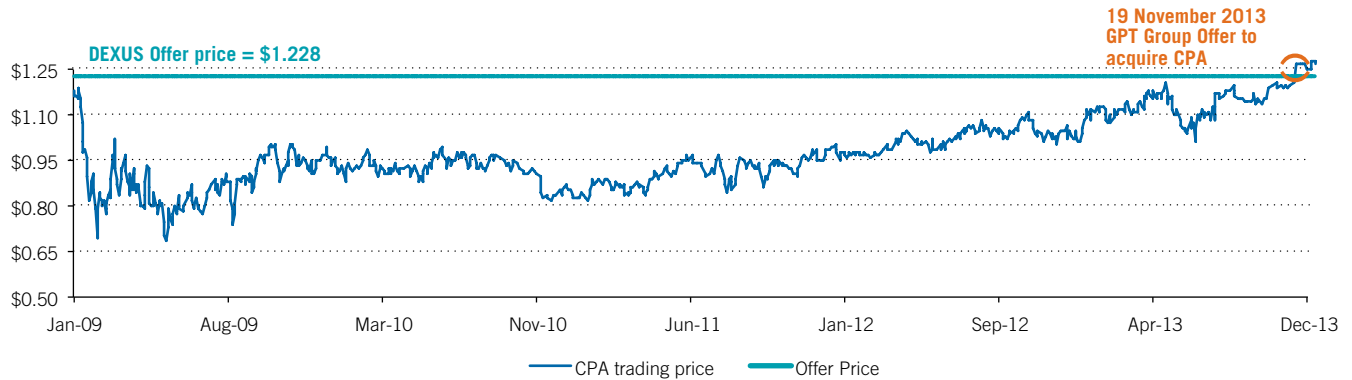


## A.1 The DEXUS Offer provides a strong premium to CPA Unitholders

The DEXUS Offer implies a price of \$1.228 per CPA Unit based on the closing price of DEXUS Securities of \$1.005 as at 18 December 2013 or an implied price of \$1.249 based on DEXUS's NTA backing per DEXUS Security as at 30 June 2013 of \$1.05. This Section of the Bidder's Statement uses an offer price of \$1.228.

The implied price of the DEXUS Offer is attractive relative to CPA's historical trading levels.

**Figure A.1.1: CPA trading performance relative to the DEXUS Offer**

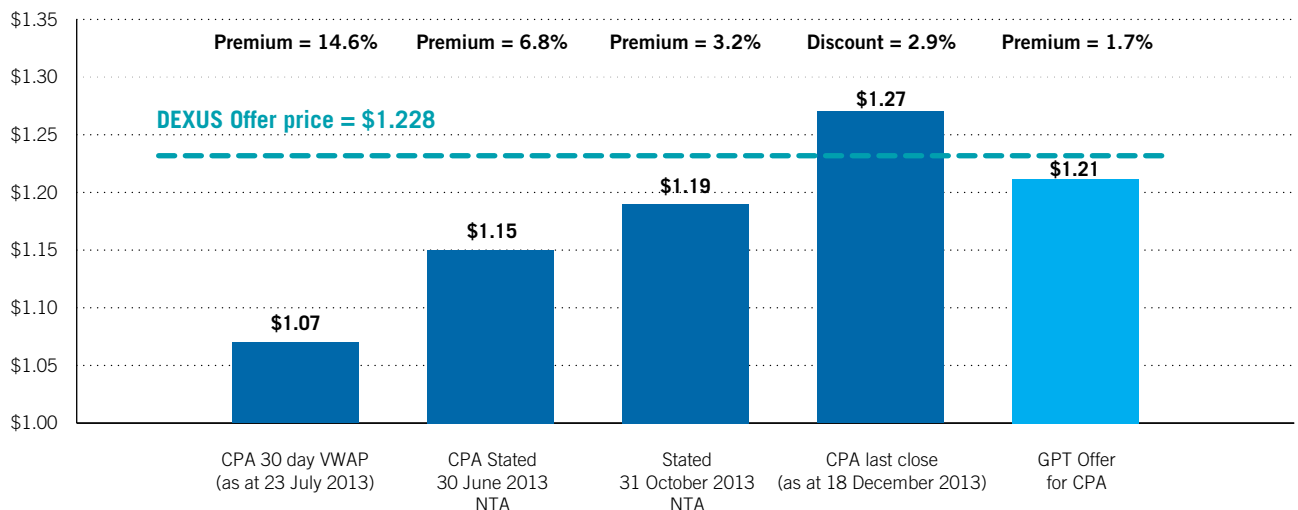


Source: IRESS (18 December 2013). IRESS has not given its consent to the disclosure of this information.

The DEXUS Offer price of \$1.228 represents a premium/(discount) of:

- 14.6% to CPA's 30 day VWAP to 23 July 2013 of \$1.071, the day prior to CMIL's announcement that it had received a preliminary internalisation proposal from CBA, which was released to the ASX on 24 July 2013;
- 6.8% to CPA's stated 30 June 2013 NTA backing of \$1.15;
- 3.2% to CPA's stated 31 October 2013 NTA backing of \$1.19;
- (2.9%) to CPA's last close as at 18 December 2013 of \$1.265; and
- 1.7% to the GPT Offer of \$1.208 announced 19 November 2013<sup>1,2</sup> (based on the closing price of GPT Securities as at 18 December 2013 of \$3.470 and less CPA's estimated distribution of \$0.035 per CPA Unit).

**Figure A.1.2: DEXUS Offer premium to CPA benchmark prices**



1. Offer presented on a comparable basis. GPT is offering 0.141 GPT Securities and \$0.75325 cash for every 1 CPA Unit. The cash consideration will be reduced by the amount of any CPA distribution paid on a CPA Unit following the date of the announcement (CPA distribution to be paid for the period ending 31 December 2013 is estimated to be \$0.035 per CPA Unit).

2. Note that GPT has estimated a distribution of \$0.103 per security for the period ending 31 December 2013. It is expected that the price of a GPT Security will fall after the ex-date for the distribution on 23 December 2013.

The implied price of the DEXUS Offer during the Offer Period will change according to movements in the ASX market value of DEXUS Securities. The value of the DEXUS Offer to CPA Unitholders is dependent on the market price of DEXUS Securities once they are issued. In addition, DEXUS, CPA and GPT Group have each announced to the ASX estimated distributions for the period ending 31 December 2013. The ex-date for DEXUS, CPA and GPT Group relating to the 31 December 2013 distribution is expected to be 23 December 2013 and each are expected to trade at a lower price following the ex-date.

Below is a sensitivity table which illustrates the implied price of the DEXUS Offer at various DEXUS Security prices.

**Figure A.1.3: DEXUS Offer value at different DEXUS Security prices**

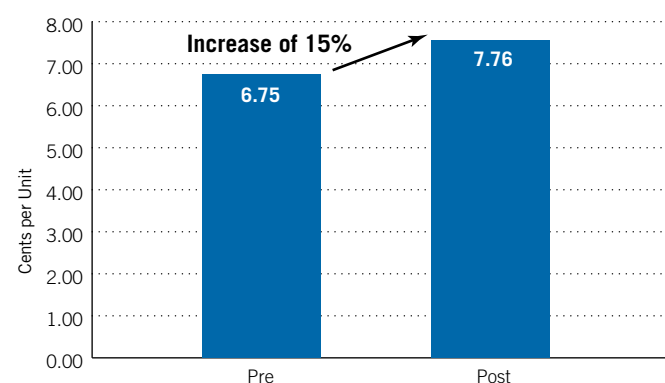
DEXUS Security price	\$0.970	\$0.980	\$0.990	\$1.000	\$1.010	\$1.020	\$1.030	\$1.040	\$1.050	\$1.060	\$1.070
Implied value per CPA Unit	\$1.213	\$1.217	\$1.222	\$1.226	\$1.231	\$1.235	\$1.240	\$1.244	\$1.249	\$1.253	\$1.258

## A.2 Increased distributions and NTA compared to an existing investment in CPA

CPA Unitholders who accept the DEXUS Offer are expected to benefit from a 15% increase in equivalent DPU and a 6% increase in equivalent NTA per Unit on a pro forma basis.

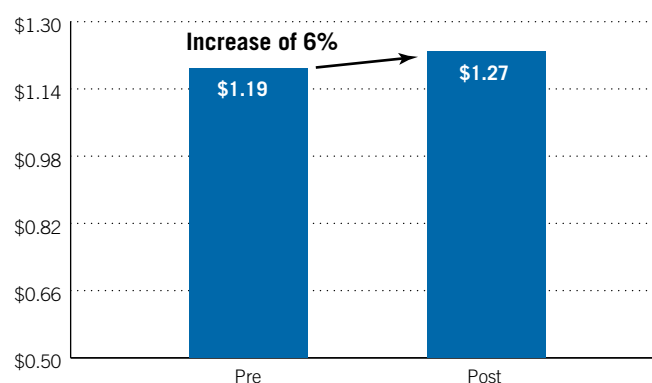
**Figure A.2.1: Pro forma DPU impact**

Equivalent DPU impact (cpu)<sup>1,3</sup>



**Figure A.2.2: Pro forma NTA impact**

Equivalent NTA per Unit impact<sup>2,3</sup>



1. On a pro forma basis, assuming the transaction had taken place on 30 June 2013 (refer to Section 8.4 for more information).

2. As at 30 June 2013. Assuming the transaction had taken place on 30 June 2013, adjusted for significant transactions and events that occurred post 30 June 2013 (refer to Section 8.4 for more information).

3. Pro forma CPA distribution and NTA per Unit figures are based on CPA Unitholders receiving 0.4516 DEXUS Securities per CPA Unit and reinvesting the cash component of the DEXUS Offer of \$0.7745 into DEXUS Securities at a DEXUS Security price of \$1.005 (representing the closing price of DEXUS Securities as at 18 December 2013).

If the Consortium acquires 100% of CPA it is expected that there will be synergies realised by DEXUS through the ongoing management of CPA's assets (see section 8.4 of the Bidder's Statement). These are likely to result from:

- removal of the responsible entity fee currently being paid by CPA;
- property management synergies; and
- operational synergies due to enhanced portfolio scale.

CPA Unitholders who accept the DEXUS Offer will also benefit from the additional funds management earnings DEXUS will receive through its ongoing management of CPA's assets on behalf of the Consortium.

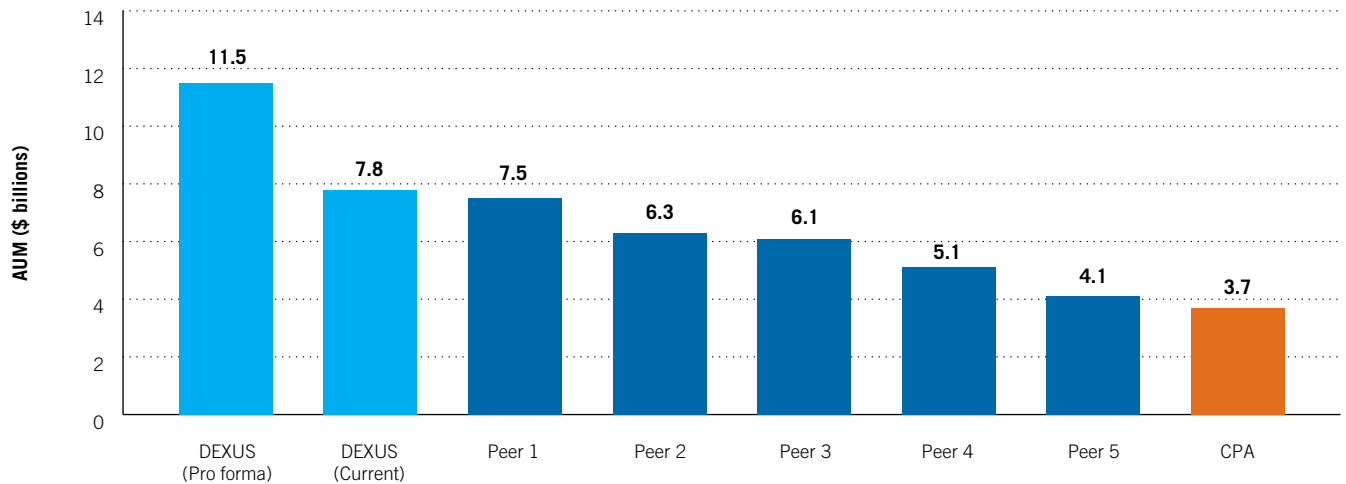


### A.3 Opportunity to become an investor in the leading owner and manager of Australian office properties

DEXUS will strengthen its position as the leading owner and manager of prime grade Australian office properties:

- \$11.5 billion of office properties AUM;
- 1.5 million square metres of office space in core Australian office markets; and
- ownership and/or management of 26% share of Sydney, 15% share of Melbourne and 12% share of Brisbane prime CBD office markets (as per the definition provided in Figure 1.3.2).

**Figure A.3.1: Australian office asset managers by AUM (\$ billions)**



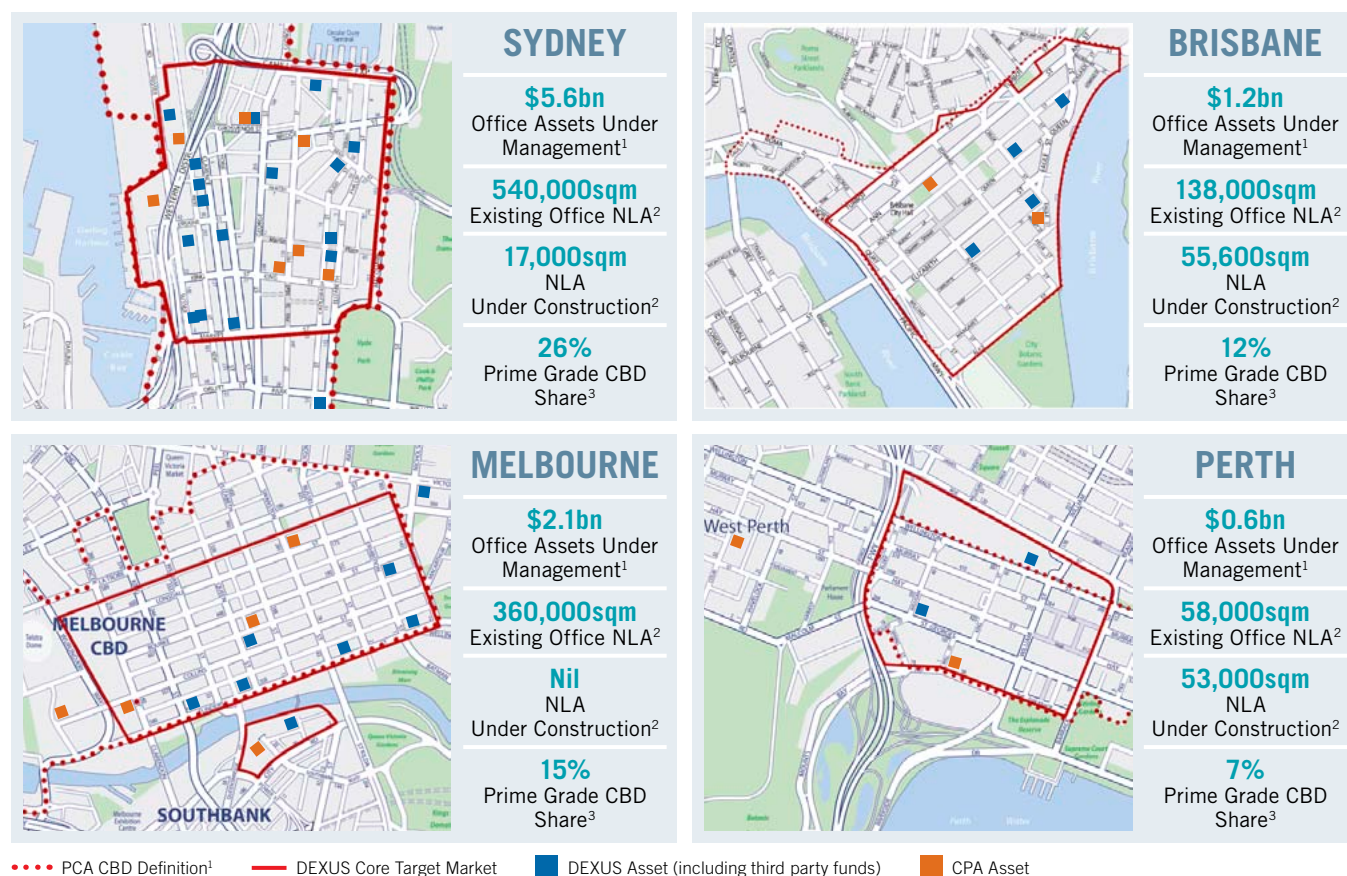
Source: Company filings and corporate website as at 30 June 2013 (where available).

#### Brings together two complementary portfolios and enhances DEXUS's ability to actively manage its portfolio

The DEXUS Offer will bring together two complementary portfolios, creating a highly diversified office platform while retaining core exposure to the key Australian CBD office markets, Sydney and Melbourne:

- provides enhanced diversification across assets, tenants and markets;
- pro forma 87% prime grade portfolio;
- allocation to Sydney and Melbourne CBD office markets 77%;
- strong tenant representation across S&P/ASX 100, government, legal and accounting firms; and
- increased ability to retain quality tenants by providing superior accommodation solutions.

**Figure A.3.2: Australian CBD office market maps**



1. AUM includes assets owned by DEXUS, CPA and DEXUS third party managed funds. Represents assets within the CBD, as defined by the Property Council of Australia ("PCA") Office Market Report plus DEXUS Core Target Markets of Kings Square, Perth and Southbank, Melbourne. Values based on book values as at 30 June 2013.
2. NLA represents Net Lettable Area. Proportional for ownership percentage.
3. Represents the percentage of total NLA in Prime Grade assets within each CBD market in which the merged entity will have a representation via assets under management. Calculation excludes developments in progress and is not proportional to ownership percentage. Total market NLA sourced from PCA July 2013 Office Market Report and company filings. Market includes PCA defined boundaries plus DEXUS Core Target Markets of Kings Square, Perth and Southbank, Melbourne.

### Experienced DEXUS management team focused on office

The DEXUS Offer allows CPA Unitholders to gain exposure to DEXUS's highly credentialed senior management team:

- average real estate experience of over 20 years;
- management team focus on office (office represents 78% of DEXUS's current portfolio exposure);
- office management team has deep corporate and agency backgrounds with substantial leasing experience; and
- demonstrated experience in de-risking future lease expiries.

CPA Unitholders would also benefit from DEXUS's extensive development expertise:

- DEXUS has a track record in delivering office development projects, including developments of the landmark office towers at 1 Bligh Street, Sydney and 123 Albert Street, Brisbane; and
- team of eight professionals with an average of 14 years experience.

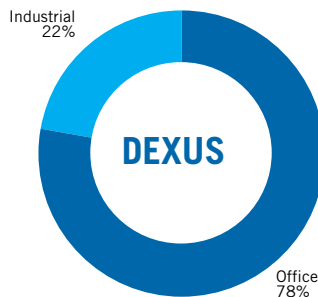


## Scrip in DEXUS is an investment in office

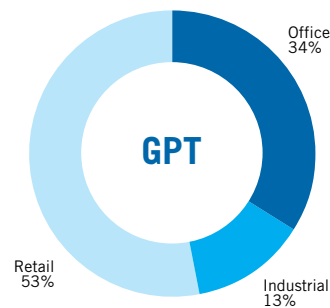
DEXUS's office portfolio represents 78% of its total property portfolio. GPT's portfolio has substantial exposure to retail.

## Standalone portfolio comparison

**Figures A.3.3: DEXUS portfolio composition**



**Figure A.3.4: GPT portfolio composition<sup>1</sup>**



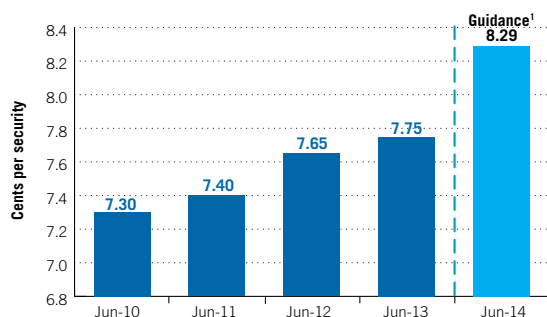
1. Includes GPT's investments in GWSCF and GWOF.

## A.4 DEXUS has consistently delivered solid operating performance, delivered on strategy and provided attractive relative returns for DEXUS Security holders

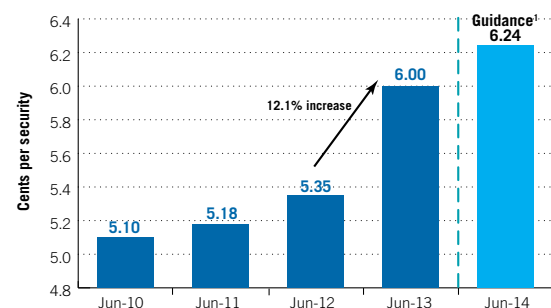
### History of solid operating performance

DEXUS has a demonstrated history in growing FFO and distributions per security for DEXUS Security holders. On 10 December 2013, DEXUS released updated guidance for the year ending 30 June 2014. Based on this guidance FFO and distribution per security are expected to increase by 7.0% and 4.0% respectively.

**Figure A.4.1: DEXUS FFO per security growth**



**Figure A.4.2: DEXUS Distribution per security growth**



1. DEXUS 30 June 2014 FFO and distributions per DEXUS Security guidance based on management guidance released to the ASX on 10 December 2013.

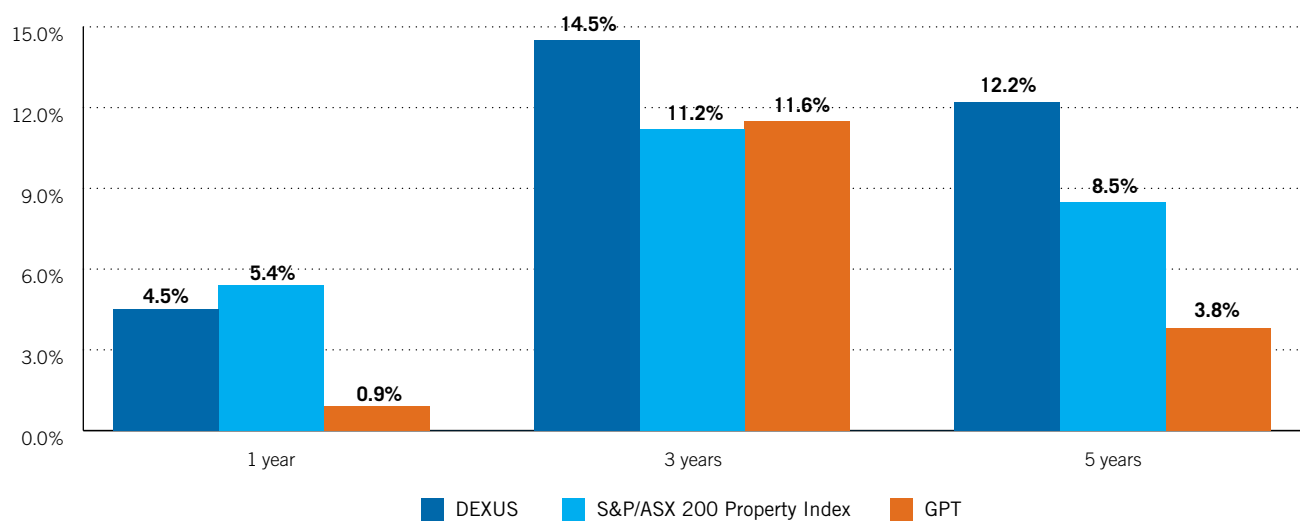
### Highly experienced DEXUS management team have delivered on strategy

DEXUS benefits from having a highly experienced management team. Since the appointment of DEXUS's new Chief Executive Officer in November 2011 and the subsequent strengthening of the management team, DEXUS has successfully executed a number of key initiatives, including:

- the sale of DEXUS's legacy US industrial portfolio, at a premium to book value;
- the acquisition of \$1.8 billion of Australian office assets since November 2012;
- the expansion of its third party funds management platform:
  - established the Australian Industrial Partnership with National Pension Service of Korea; and
  - raised over \$2 billion of net equity within its major wholesale fund DEXUS Wholesale Property Fund ("DWPF") since 2010; and
- actively managed capital in a prudent and disciplined manner.

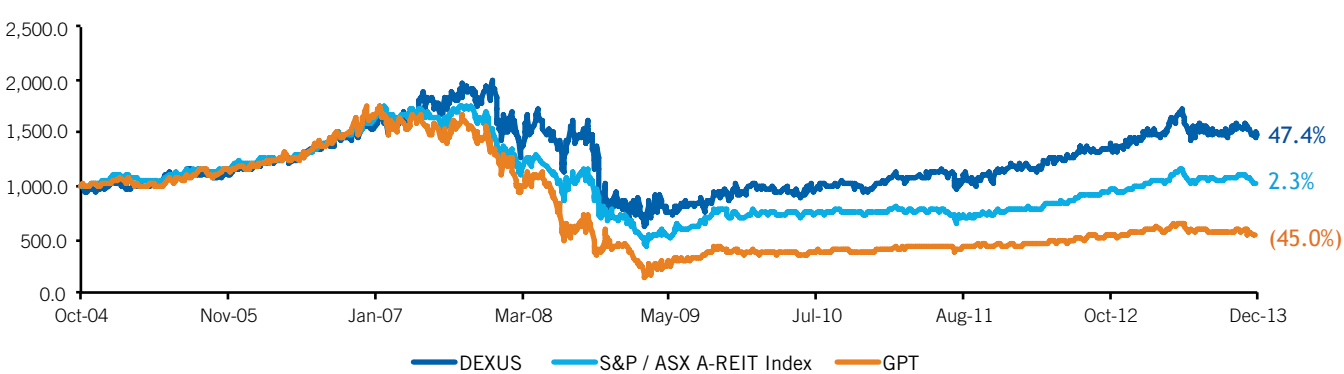
DEXUS has consistently provided Security holders with attractive relative total returns

Figure A.4.3: Annualised total return over the last 1, 3 and 5 years<sup>1</sup>



Source: Bloomberg.  
1. Total returns calculated to period ending 18 December 2013.

Figure A.4.4: Total return since establishment of DEXUS (6 October 2004 – 18 December 2013)<sup>1</sup>



Source: Bloomberg.  
1. Data has been indexed to 1,000 at 6 October 2004.

Past performance is not necessarily indicative of future performance.



## A.5 Increased market weighting and liquidity

CPA Unitholders who accept the DEXUS Offer will have the opportunity to be part of an enlarged A-REIT focused on office:

- pro forma total assets of \$9.4 billion (versus CPA standalone assets of \$3.8 billion, as at 30 June 2013)<sup>3</sup>; and
- estimated pro forma market capitalisation of \$5.6 billion (versus CPA standalone market capitalisation of \$3.0 billion).<sup>4</sup>

The increase in market weighting should lead to an increase in DEXUS's index ranking. This is expected to result in an improvement in DEXUS's access to and cost of capital going forward.

The DEXUS Offer increases the scale of DEXUS's balance sheet and borrowing capacity. This could lead to lower borrowing costs and an improved credit profile.

## A.6 DEXUS has entered into a Facilitation Agreement with CBA and the DEXUS Offer currently has the support of CBA

Following a period of due diligence, DEXUS has entered into an exclusive Facilitation Agreement with CBA regarding services to transition the management of CPA to DEXUS and other related services. DEXUS believes that working co-operatively with CBA in relation to the handover of the management of CPA to DEXUS will reduce risks for current and new DEXUS Security holders who accept the DEXUS Offer through facilitating a smooth and cost efficient transfer of management.

In addition, on 18 December 2013, CBA made the following announcement on the ASX:

*"CBA Group members currently have a proprietary holding of approximately 183 million units, representing approximately 7.8%, in CPA. CBA Group currently intends to accept the DEXUS Offer in respect of those proprietary holdings, and not accept the offer announced by the GPT Group on 19 November 2013, provided that such acceptance would take the Consortium's relevant interests in CPA to at least 50.1% and the DEXUS Offer is otherwise unconditional, noting that CBA Group reserves its right not to do so."*

The services to be provided to DEXUS by CBA under the Facilitation Agreement include:

- facilitating transfer of fund, property and development management arrangements to DEXUS from CBA Group entities;
- agreeing not to exercise any rights as lessee of any premises that CBA may have a right to purchase under a lease as a consequence of a change of responsible entity for CPA;
- providing DEXUS (or its related body corporate) the right to purchase any properties on no less favourable terms than offered to CBA in the event that CBA exercises any right to purchase any premise under a lease (as discussed above);
- providing consents as lender or counterparty to any financing or derivative arrangements with CPA which may be triggered by a change of control for CPA;
- waiving any entitlement to performance fees from CPA prior to the time that the DEXUS Offer closes; and
- standard transition services to minimise disruption to CPA and DEXUS.

Under the Facilitation Agreement, if the Consortium acquires a 50.1% interest in CPA, DEXUS is required to pay \$41 million to CPA for performing the services provided above. DEXUS believes that the above services are very valuable to the Consortium because they provide DEXUS with the ability to work co-operatively with, and access the considerable knowledge of, CBA about CPA.

A summary of the full terms and conditions of the Facilitation Agreement are contained in Section 12.4 of the Bidder's Statement.

3. Based on total assets for DEXUS and CPA at 30 June 2013, assuming 100% acquisition of CPA by the Consortium.

4. Based on DEXUS closing price of \$1.005 and CPA closing price of \$1.265 on 18 December 2013, assuming 100% acquisition of CPA by the Consortium.

## A.7 The DEXUS Offer represents a superior proposition to CPA Unitholders in comparison to the GPT Offer

	DEXUS Offer	Refer to Section	GPT Offer
Implied offer price <sup>1</sup>	✓ <b>\$1.228</b>	A.1	\$1.208
Offer conditions	✓ <b>No minimum acceptance condition</b>	Appendix 2	50.1% minimum acceptance condition
Office focus and expertise	✓ <b>78% of portfolio comprises office assets</b>	A.3	53% of portfolio comprises retail assets
Australian office leadership	✓ <b>\$11.5 billion in office AUM (pro forma)</b>	A.3	\$10.0 billion in office AUM (pro forma)
Acquisition and integration risks <sup>2</sup>	✓ <b>The Consortium has undertaken due diligence on CPA and DEXUS RE has entered into an exclusive Facilitation Agreement with CBA, mitigating acquisition and integration risks</b>	A.6	GPT has not undertaken due diligence and has not entered into transition arrangements with CBA
Support from CBA	✓ <b>CBA has announced that it currently intends to accept its 7.8% proprietary holding in CPA into the DEXUS Offer.</b>	A.6	No statement of support from CBA.

1. Implied DEXUS and GPT Offer price on comparable basis, based on DEXUS Security price of \$1.005 and GPT Security price of \$3.470 based on the closing price on 18 December 2013.

2. Provided that such acceptance would take the Consortium's relevant interest in CPA to at least 50.1% and the DEXUS Offer is otherwise unconditional, noting that CBA reserves its right to change its current intention to accept into the DEXUS Offer.

## A.8 Risk of adverse outcome for CPA Unitholders if the DEXUS Offer is not accepted

If the DEXUS Offer is not accepted, the value outcome for CPA Unitholders is uncertain as:

### There is no clear pathway to compulsory acquisition under the GPT Offer

DEXUS holds a relevant interest in CPA of 14.9% through a Forward Contract with Deutsche Bank AG. DEXUS announced on 11 December 2013 that it would exercise its rights to take physical delivery of the CPA Units underlying the Forward Contract. Under the terms of the forward, those Units must be delivered on 3 January 2014 unless postponed. DEXUS has the ability to prevent GPT from reaching the compulsory acquisition threshold of 90% of CPA Units through the GPT Offer, provided it has not accepted into the GPT Offer and has taken delivery of the CPA Units underlying the Forward Contract.

### The Consortium has undertaken due diligence on CPA and Bidder is satisfied with an investment in CPA at all ownership levels

DEXUS undertakes thorough due diligence on all opportunities to limit risks to DEXUS Security holders from unknown variables.

Through its due diligence on CPA, the Consortium is well prepared for managing transition issues, including those associated with a change in control of CPA. Importantly, as a result of due diligence on CPA, the Consortium is confident of CPA's value and its view of the opportunities the portfolio presents under DEXUS management.

### CPA Unitholders may become unitholders in a less liquid vehicle

The DEXUS Offer is not subject to a minimum acceptance condition<sup>5</sup>, providing accepting CPA Unitholders with greater certainty. Comparatively, the GPT Offer gives less certainty to CPA Unitholders as it is subject to a 50.1% minimum acceptance condition.

CPA Unitholders who do not accept the DEXUS Offer may become unitholders in a less liquid vehicle.

5. However, the DEXUS Offer is subject to conditions as detailed in Appendix 2.



## FREQUENTLY ASKED QUESTIONS

You may have questions in relation to the DEXUS Offer. The following set of questions and answers is intended to assist in your understanding of the DEXUS Offer. They are qualified by, and should be read in conjunction with, the detailed information contained in this Bidder's Statement. You should read the Bidder's Statement in full before deciding whether or not to accept the DEXUS Offer.

If you have any further questions about the DEXUS Offer or how to accept it, please call the DEXUS Offer Information Line on 1800 220 771 (callers in Australia) or +61 1800 220 771 (callers outside Australia) between 8.30am and 5.30pm (Sydney time) on Business Days.

#	Question	Answer	Section
1	<b>What is the DEXUS Offer?</b>	<p>Bidder is offering to buy all of your CPA Units by way of an off-market takeover bid.</p> <p>If you accept the DEXUS Offer, and the DEXUS Offer is declared or becomes unconditional, you will receive the Offer Consideration, being:</p> <ul style="list-style-type: none"> <li>▪ \$0.7745 cash; and</li> <li>▪ 0.4516 DEXUS Securities,</li> </ul> <p>per CPA Unit.</p> <p>If you are an Ineligible Foreign Unitholder or an Unmarketable Parcel Security holder, you will not be provided with DEXUS Securities. Instead, you will be paid by the Nominee the net proceeds of the sale of the DEXUS Securities you would have been entitled to. Refer to Section 6.3 of the Offer Terms in Appendix 1 for further details.</p>	Refer to Appendix 1 for further details.
2	<b>Who is making the DEXUS Offer?</b>	<p>DEXUS Funds Management Limited (ABN 24 060 920 783) as trustee of Bid Trust, is the Bidder. Bidder is offering to acquire all of your CPA Units.</p> <p>DEXUS and CPPIB Unitholder indirectly hold 50% each of the units in Bid Trust. A structure diagram illustrating the manner in which they hold their interest is set out in Section 2.2.</p>	Refer to Section 2 for further details.
3	<b>Who is DEXUS?</b>	<p>DEXUS is one of Australia's leading real estate groups, investing directly in high quality Australian office and industrial properties.</p> <p>With \$13.4 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.</p> <p>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.</p> <p>DEXUS is a top 50 entity by market capitalisation listed on the ASX under the stock market trading code 'DXS' and is supported by more than 19,000 investors from 19 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.</p>	Refer to Section 3 for further details.
4	<b>Who is CPPIB?</b>	<p>CPPIB is a professional investment management organisation 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.</p> <p>In order to build a diversified portfolio of assets, CPPIB invests in public equities, private equities, real estate, infrastructure and fixed income instruments.</p> <p>Headquartered in Toronto, with offices in London and Hong Kong, CPPIB is governed and managed independently of the CPP and at arm's length from governments.</p> <p>At 30 September 2013, the CPP Fund totalled C\$192.8 billion of which C\$22.0 billion represents real estate investments.</p>	Refer to Section 4 for further details.
5	<b>What are the arrangements that govern the relationship between DEXUS and CPPIB?</b>	<p>The conduct and funding of the bid is governed by the Joint Bid Agreement between DEXUS RE, CPPIB and Bidder.</p> <p>The ongoing conduct of Bid Trust (including the control, management and funding of the Bid Trust) is governed by the Unitholders Agreement between DEXUS Unitholder, CPPIB and Bidder.</p> <p>A summary of the holding structure of Bid Trust is set out in Section 2.2 and a summary of the material arrangements between the parties is set out in Section 12.</p>	Refer to Sections 2 and 12 for further details.

## FREQUENTLY ASKED QUESTIONS

#	Question	Answer	Section
6	<b>What is a DEXUS Security?</b>	DEXUS Securities consist of one DDF Unit, one DIT Unit, one DOT Unit and one DXO Unit, stapled together and jointly quoted on the ASX under the ASX code 'DXS'.	Refer to Section 5 for further details.
7	<b>What is the value of the DEXUS Offer?</b>	<p>On the basis of the closing price of DEXUS Securities the day immediately prior to this Bidder's Statement (18 December 2013), the implied DEXUS Offer price is \$1.228 per CPA Unit.</p> <p>The implied value of the DEXUS Offer will change as a result of movements in the market price of DEXUS Securities. See the 'Important Information' section at the front of this Bidder's Statement for further information.</p> <p>DEXUS has estimated its distribution for the six months ending 31 December 2013 to be 3.07 cents per DEXUS Security. It is likely that a DEXUS Security will trade at a lower price once it begins to trade on an ex-distribution basis to reflect the lack of entitlement to the distribution.</p>	Refer to the section under the heading "Why you should accept the DEXUS Offer" for further details.
8	<b>What is the value of a DEXUS Security?</b>	<p>On the basis of the closing price the day immediately prior to this Bidder's Statement (18 December 2013), the value of a DEXUS Security is \$1.005.</p> <p>It is important to note that the value of a DEXUS Security and therefore the DEXUS Offer consideration may change as a consequence of changes in the market price of DEXUS Securities.</p> <p>Furthermore, DEXUS has estimated its distribution for the six months ending 31 December 2013 to be 3.07 cents per DEXUS Security. It is likely that a DEXUS Security will trade at a lower price once it begins to trade on an ex-distribution basis to reflect the lack of entitlement to the distribution.</p>	Refer to Section 5.3 for further details.
9	<b>Are there any circumstances in which I will not be entitled to receive DEXUS Securities?</b>	<p>If you are an Ineligible Foreign Unitholder or an Unmarketable Parcel Security holder, you will not be provided with DEXUS Securities.</p> <p>See the answer to Question 1 above.</p>	Refer to Section 6.3 of the Offer Terms in Appendix 1 for further details.
10	<b>Why should I accept the DEXUS Offer?</b>	<p>The DEXUS Offer is designed to deliver significant financial and strategic benefits to CPA Unitholders. These benefits are set out below:</p> <ul style="list-style-type: none"> <li>■ The DEXUS Offer provides a strong premium to CPA Unitholders;</li> <li>■ Increased distributions and NTA per unit compared to an existing investment in CPA on a pro forma basis;</li> <li>■ Opportunity to become an investor in the leading owner and manager of Australian office properties;</li> <li>■ DEXUS has consistently delivered solid operating performance, delivered on strategy and provided attractive relative returns for DEXUS Security holders;</li> <li>■ Increased market weighting and liquidity;</li> <li>■ DEXUS has entered into a Facilitation Agreement with CBA and the DEXUS Offer currently has the support of CBA;</li> <li>■ The DEXUS Offer represents a superior proposition to CPA Unitholders in comparison to the GPT Offer; and</li> <li>■ Risk of adverse outcome for CPA Unitholders if the DEXUS Offer is not accepted.</li> </ul>	Refer to the section under the heading "Why you should accept the DEXUS Offer" for further details.



## FREQUENTLY ASKED QUESTIONS

#	Question	Answer	Section
11	<b>Are there any risks in accepting the DEXUS Offer?</b>	<p>If you accept the Offer, you will be issued with DEXUS Securities as part of the Offer Consideration (unless you are an Ineligible Foreign Unitholder or an Unmarketable Parcel Security holder). There are a number of risks factors associated with an investment in DEXUS Securities and with the DEXUS Offer itself.</p> <p>These risks include:</p> <ul style="list-style-type: none"> <li>▪ <b>Exposure to development activities:</b> DEXUS has a number of development projects as part of its property portfolio. There is a risk that developers will not meet the target earnings, and cashflow for these developments which may be impacted by a number of factors. For these developments, DEXUS has entered into fixed price construction contracts whereby the contractors assume the financial risks relating to completion delays and cost overruns. DEXUS has also obtained performance guarantees from its contractors. However, there can be no assurance that DEXUS will not be adversely impacted by the failure of a contractor to deliver a development project as agreed;</li> <li>▪ <b>Availability of capital:</b> Real estate investment and development is highly capital intensive. DEXUS's ability to raise funds in the future on favourable terms depends on a number of factors, many of which are outside of its control and may increase the cost and availability of capital;</li> <li>▪ <b>Counterparty change of control risk:</b> CPA Group entities are parties to agreements that contain pre-emptive or default rights or change of control provisions that may be triggered if Bidder acquires CPA Units representing a majority of the voting rights of CPA, CPA is delisted or there is a change in the responsible entity of CPA. The operation of these provisions, if triggered, could have negative consequences. These provisions may be waived or a change of control consented to by a counterparty. The Bidder Group will seek such consents and waivers as it considers are necessary. CBA has agreed to assist DEXUS RE in obtaining relevant consents and waivers from counterparties. In the absence of counterparty consent or appropriate waivers, the operation of any of these change of control provisions could adversely affect the operations and/or financial position and performance of the Combined Group;</li> <li>▪ <b>Integration risks:</b> There is a risk that implementation and other one-off costs of integration may be substantial or greater than reasonably anticipated. This could have a material adverse impact on the Combined Group's financial position and performance. The transition of information systems, certain information and resources may not proceed smoothly and may divert management's attention from managing the DEXUS business. There is a risk that revenue streams or operations could be disrupted or that costs associated with the transition may be greater than expected, which could adversely affect the Combined Group's financial position and performance. Note, CBA has agreed to assist DEXUS RE in transitioning management of CPA to DEXUS;</li> <li>▪ <b>Availability of financing:</b> Bidder has financing commitments in place to fund the acquisition of CPA. If any of this financing becomes unavailable for any reason and Bidder cannot put in place alternative sources of financing under similar terms, Bidder may not be able to complete the acquisition of CPA as planned;</li> <li>▪ <b>Reliance on public information and information given access to by CPA:</b> In preparing the information in relation to CPA contained in this Bidder's Statement, Bidder has relied on publicly available information relating to CPA and information regarding the CPA Group that it was given access to by CPA. Risks may exist in relation to CPA (which may affect the Combined Group) of which Bidder may be unaware;</li> <li>▪ <b>Assumptions by Bidder:</b> In making the DEXUS Offer, Bidder has made certain assumptions in estimating the accretion to DEXUS's FFO per Security and distribution per Security for the year ending 30 June 2014 (on an annualised basis). There is a risk that the assumptions may not be accurate and the accretion to DEXUS's FFO per Security and distribution per Security for the year ending 30 June 2014 (on an annualised basis) may be higher or lower than estimated;</li> <li>▪ <b>Issue of DEXUS Securities as consideration:</b> CPA Unitholders are being offered DEXUS Securities as consideration under the DEXUS Offer. As a result, the value of the consideration will fluctuate depending upon the market value of DEXUS Securities. Accordingly, the market value of the DEXUS Securities at the time you receive them may vary significantly from their market value on the date of your acceptance of the Offer, and the tax treatment of the DEXUS Securities you receive may be different from your CPA Units;</li> </ul>	Refer to Section 11 for further details.

## FREQUENTLY ASKED QUESTIONS

#	Question	Answer	Section
11	<b>Are there any risks in accepting the DEXUS Offer? continued</b>	<ul style="list-style-type: none"> <li>■ <b>Sale of DEXUS Securities:</b> Under the Offer, DEXUS RE will issue a significant number of new DEXUS Securities. Some CPA Unitholders may not intend to continue to hold their DEXUS Securities and may wish to sell them. There is a risk that increased sales of DEXUS Securities may adversely impact on the price of, and demand for, DEXUS Securities; and</li> <li>■ <b>Sale of CPA Units:</b> It is possible that under the Unitholders Agreement, in circumstances where Bidder acquires less than 50% of the CPA Units at the end of the Offer Period, DEXUS will be required to acquire all of the CPA Units acquired by Bidder.</li> </ul> <p>The risks outlined above, together with other risk factors including general industry and investment risks, are described in Section 11. In deciding whether or not to accept the Offer, you should carefully consider these risks.</p>	
12	<b>When does the DEXUS Offer open and close?</b>	<p>The DEXUS Offer is open on 6 January 2014 and is scheduled to close at 7.00pm (Sydney time) on 7 February 2014.</p> <p>You should note that the Offer Period can be extended as permitted by the Corporations Act.</p>	Refer to Section 11 for further details.
13	<b>How do I accept the DEXUS Offer?</b>	See the Section 'How to Accept the DEXUS Offer' on page 3 and the instructions on the accompanying Acceptance Form.	Refer to Section 5 of the Offer terms in Appendix 1 for further details.
14	<b>What are the conditions of the DEXUS Offer?</b>	<p>The DEXUS Offer will not be subject to a minimum acceptance condition and will only have limited customary conditions (principally that adverse events do not occur):</p> <ul style="list-style-type: none"> <li>■ Certain regulatory actions are not taken during the period from the Announcement Date to the end of the Offer Period (each inclusive);</li> <li>■ No material acquisitions or disposals during the period from the Announcement Date to the end of the Offer Period (each inclusive);</li> <li>■ No internalisation of the management of CPA, change of responsible entity of CPA or change of control of CMIL;</li> <li>■ CMIL making a public and unqualified statement, on or before the date it issues its Target's Statement in response to this Bidder's Statement, that it will exercise its option under the terms of the CPA Convertible Notes to pay the relevant cash settlement amount to satisfy in full its obligation to convert the convertible notes in respect of which a conversion notice has been duly lodged during the Offer Period; and</li> <li>■ No Prescribed Occurrences occur in relation to CPA during the period from the date of this Bidder's Statement to the end of the Offer Period (each inclusive).</li> </ul> <p>Note, DEXUS, CPPIB and Bidder have each received FIRB approval.</p>	Refer to Appendix 2 for further details.
15	<b>Is there a minimum acceptance condition?</b>	No, the DEXUS Offer does not have a minimum acceptance condition. You can accept the DEXUS Offer knowing that, subject to the fulfilment or waiver of the Conditions, you will receive cash and DEXUS Securities for your CPA Units (or a cash compensatory amount if you are an Ineligible Foreign Unitholder or an Unmarketable Parcel Security holder).	
16	<b>What relevant interest does DEXUS have in CPA?</b>	DEXUS RE has a relevant interest in 14.9% of CPA Units and voting power of 25.17%.	Refer to Sections 6.8, 6.9 and 6.10 for further details.

## FREQUENTLY ASKED QUESTIONS

#	Question	Answer	Section
17	<b>What is the Facilitation Payment?</b>	<p>On 13 December 2013, DEXUS RE and CBA entered into a Facilitation Agreement in relation to facilitation services to transition the management of CPA and other related matters.</p> <p>Under the terms of that agreement, CBA agrees to provide on an exclusive basis, facilitation and other services to DEXUS for \$41 million when the DEXUS Offer closes and the Consortium holds at least a 50.1% interest in CPA.</p> <p>CBA has agreed to facilitate the transaction by:</p> <ul style="list-style-type: none"> <li>■ agreeing to terminate, novate, or sub-contract to DEXUS property management and development management agreements between CPA and relevant entities within the CBA group;</li> <li>■ agreeing to assist DEXUS to obtain the property and development management rights and associated fees in relation to QV Building, Melbourne and 5 Martin Place, Sydney;</li> <li>■ agreeing to retain certain CBA group entities as sub-trustee of CPA entities (for a period of time);</li> <li>■ agreeing not to exercise any rights as lessee of any premises it may have to purchase the premises under a lease as a consequence of a change of responsible entity;</li> <li>■ providing DEXUS (or its Related Body Corporate) the right to purchase properties over which CBA has a pre-emptive right on no less favourable terms in the event CBA exercises such rights arising in respect of a transaction other than the DEXUS Offer;</li> <li>■ providing consents as lender or counterparty to any financing or derivative arrangements with CPA which may be triggered by change of control transaction;</li> <li>■ waiving any entitlement to receive performance fees from CPA prior to the time the DEXUS Offer closes; and</li> <li>■ providing books, records and information regarding the management of CPA.</li> </ul> <p>The agreement also includes a period of exclusivity with 'no shop, no talk' and notification arrangements and the ability for either party to seek to reduce the scope of facilitation services and thereby reduce the associated facilitation fee.</p>	Refer to Section 12.4 for further details.
18	<b>Does the Consortium intend that CPA continues to hold all its property interests?</b>	<p>Yes, however the Consortium intends, if the Consortium acquires 100% of CPA Units before 31 May 2014<sup>1</sup> under the terms of the DEXUS Offer as outlined in this Bidder's Statement, to offer to GWOFF the opportunity to acquire, on market terms<sup>2</sup>, the CPA assets described below for an aggregate sale price of \$450.7 million (representing the current CPA book value plus vendor costs incurred in acquiring the properties):</p> <ul style="list-style-type: none"> <li>■ 100% interest in 750 Collins Street, Melbourne; and</li> <li>■ 50% interest in 2 Southbank Boulevard, Melbourne.<sup>3</sup></li> </ul>	Refer to Section 7.2 for further details.
19	<b>Will my new DEXUS Securities be listed on the ASX?</b>	<p>Within seven days of the date of this Bidder's Statement, Bidder in its capacity as responsible entity of DEXUS will apply to the ASX for quotation of the DEXUS Securities to be issued in conjunction with this DEXUS Offer.</p> <p>Quotation will depend on the ASX exercising its discretion to admit the new DEXUS Securities to the official list. However, as DEXUS is already admitted to the official list of the ASX and securities in DEXUS in the same class or on the same terms as those to be issued under the DEXUS Offer are already quoted, Bidder is of the view that quotation of the DEXUS Securities will be granted.</p>	Refer to Section 4 of the Offer Terms in Appendix 1 for further details.
20	<b>Will my DEXUS Securities have the same rights and liabilities as all other DEXUS Securities?</b>	<p>Yes, the DEXUS Securities issued under this DEXUS Offer will rank equally with existing DEXUS Securities including for any distribution with a record date that falls on or after the DEXUS Securities are issued. Full details of rights in relation to DEXUS Securities are set out in Sections 13.4 and 13.5.</p>	Refer to Sections 13.4 and 13.5 for further details.

1. Note in the announcement dated 11 December 2013, the Consortium's intention to make an offer was expressed to be subject to the Consortium acquiring 100% of CPA by 31 March 2014. However, Bidder has decided to extend the time period to 31 May 2014.

2. Including standard contract terms expected from a vendor in the circumstances including deposit amounts, settlement timing, standard settlement adjustments and customary provisions regarding conduct between exchange and settlement.

3. Via an indirect sale of units in holding entities and subject to the co-owner waiving any pre-existing rights in respect of a sale.



## FREQUENTLY ASKED QUESTIONS

#	Question	Answer	Section
21	<b>When will I receive the Offer Consideration?</b>	<p>If you accept the DEXUS Offer and the DEXUS Offer is declared or becomes unconditional, Bidder will, in the usual case, pay or provide you the Offer Consideration within or on the later of:</p> <ul style="list-style-type: none"> <li>■ five Business Days of your acceptance of the DEXUS Offer; and</li> <li>■ if this DEXUS Offer is subject to a defeating condition when accepted, within 10 Business Days after this DEXUS Offer or the contract resulting from your acceptance of the DEXUS Offer becomes unconditional,</li> </ul> <p>provided that all relevant documents have been received and correctly completed.</p> <p>Full details of when payments will be made are set out in Section 6 of the Offer Terms in Appendix 1.</p> <p>Ineligible Foreign Unitholders and Unmarketable Parcel Security holders will be provided with the net proceeds of sale to which they are entitled under the DEXUS Offer at a different time (refer to Section 6.3 of the Offer Terms in Appendix 1).</p>	Refer to Section 1.1 for further details.
22	<b>Can I withdraw my acceptance?</b>	Under the Offer Terms, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. Such a withdrawal right will arise if, after you have accepted the DEXUS Offer, Bidder varies the DEXUS Offer in a way that postpones, for more than one month, the time when Bidder has to meet its obligations under the DEXUS Offer (for example, if Bidder extends the DEXUS Offer Period for more than one month after your acceptance is received while the DEXUS Offer remains conditional).	Refer to Section 8.1 of the Offer Terms in Appendix 1 for further details.
23	<b>Does a cooling off period apply to acceptances of the DEXUS Offer?</b>	No, cooling off rights do not apply to acceptances made under the DEXUS Offer.	Refer to Section 8 of the Offer Terms in Appendix 1 for further details.
24	<b>Can I sell my CPA Units on the ASX?</b>	Yes, you may sell your CPA Units, but you may incur brokerage and other transaction costs if you do. If you have already accepted the DEXUS Offer, you will be unable to settle any subsequent sale of your CPA Units, unless you are entitled to withdraw your acceptance in accordance with the terms of the DEXUS Offer.	Refer to Appendix 1 for further details.
25	<b>What if I am a foreign unitholder?</b>	<p>Generally speaking, if your address on CPA's register of Unitholders is in a jurisdiction other than Australia, its external territories or New Zealand, you will be considered an Ineligible Foreign Unitholder.</p> <p>If you are an Ineligible Foreign Unitholder, you are entitled to accept the DEXUS Offer just like any other CPA Unitholder. However, you will not be entitled to receive DEXUS Securities as a result of acceptance. Instead, the DEXUS Securities to which you would otherwise be entitled will be issued to a Nominee who will sell those DEXUS Securities and provide you with the net sale proceeds.</p>	Refer to Section 6.3 of the Offer Terms in Appendix 1 for further details.
26	<b>What are the tax implications of accepting this DEXUS Offer?</b>	Section 10 contains a brief guide on the Australian taxation implications of accepting the DEXUS Offer for individuals who hold their investments on capital account. However, this information is general only and does not take into account your personal circumstances. In addition, Bidder recommends you seek independent professional advice in relation to your own particular circumstances.	Refer to Section 10 for further details.
27	<b>Will I need to pay brokerage or stamp duty if I accept the DEXUS Offer?</b>	<p>If your CPA Units are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Bidder, you will not incur any brokerage in connection with you accepting the DEXUS Offer.</p> <p>If your CPA Units are in a CHESS Holding or you hold your CPA Units through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker) whether it will charge any transaction fees or service charges in connection with you accepting the DEXUS Offer.</p> <p>If you are an Ineligible Foreign Unitholder or Unmarketable Parcel Security holder, the cash proceeds that you will receive (following the sale by the Nominee of the DEXUS Securities that you would otherwise be entitled to receive under the DEXUS Offer) will be net of sale expenses.</p> <p>You will not pay stamp duty on the disposal of your CPA Units or acquisition of DEXUS Securities if you accept the DEXUS Offer.</p>	Refer to Section 1.2 for further details.

## FREQUENTLY ASKED QUESTIONS

#	Question	Answer	Section
28	<b>What happens if I accept and then Bidder increases the Offer Consideration?</b>	If Bidder improves the Offer Consideration, all CPA Unitholders who accept the DEXUS Offer (whether they have accepted the DEXUS Offer before or after improvement of the Offer Consideration) will be entitled to receive the benefit of the improved Offer Consideration, should the DEXUS Offer be declared or become unconditional.	
29	<b>Can I accept the DEXUS Offer for part of my holding?</b>	No, you cannot accept the DEXUS Offer for part of your holding. You may only accept the DEXUS Offer for all of the CPA Units held by you.	Refer to Section 5.2 of the Offer Terms in Appendix 1 for further details.
30	<b>What if the DEXUS Offer Conditions are not satisfied or waived?</b>	If the Conditions are not satisfied or waived by the end of the Offer Period, then the DEXUS Offer will lapse and your acceptance will be cancelled. You will continue to hold your CPA Units and be free to deal with your CPA Units as if the DEXUS Offer had not been made, unless you have already sold your CPA Units to someone else.	Refer to Section 7.3 of the Offer Terms in Appendix 1 for further details.
31	<b>What happens if I do not accept the DEXUS Offer?</b>	<p>If you do not accept the DEXUS Offer and the Bidder Group acquires a relevant interest of at least 90% of CPA Units and the DEXUS Offer becomes unconditional, Bidder intends to proceed to compulsorily acquire outstanding CPA Units. If this occurs, you will receive the Offer Consideration for each of your CPA Units at the conclusion of this process. You will receive the Offer Consideration sooner if you accept the DEXUS Offer, rather than waiting for your CPA Units to be compulsorily acquired.</p> <p>The DEXUS Offer is subject to limited conditions and there is no minimum acceptance condition.</p> <p>If Bidder Group acquires more than a 50.1% relevant interest in the CPA Units, but does not become entitled to compulsorily acquire your CPA Units, it is intended that CMIL will be replaced by DEXUS RE as responsible entity of CPA.</p> <p>If you remain a CPA Unitholder post completion of the DEXUS Offer, the price of CPA Units may fall, you may become a minority unitholder and your investment in CPA may become less liquid.</p> <p>Change of control, pre-emptive rights and default provisions in material CPA agreements may be triggered.</p> <p>See Section 11 for further information about the impact of a change of control of CPA.</p>	Refer to Section 7 for further details.
32	<b>What other choices do I have as a CPA Unitholder?</b>	<p>As a CPA Unitholder, you have the following choices in respect of your CPA Units:</p> <ul style="list-style-type: none"> <li>■ accept the DEXUS Offer;</li> <li>■ accept the alternate GPT Offer;</li> <li>■ sell your CPA Units on the ASX (unless you have already accepted the DEXUS Offer for your CPA Units); or</li> <li>■ do nothing.</li> </ul>	
33	<b>What is the GPT Offer?</b>	<p>GPT is offering to purchase all of the CPA Units.</p> <p>As at the date of this Bidder's Statement, GPT is offering 0.141 GPT Securities and \$0.75325 cash for each CPA Unit.</p> <p>The cash consideration will be reduced by the amount of any CPA distribution to which the CPA Unitholder is entitled (estimated to be \$0.035 per CPA Unit for the period ending 31 December 2013), and the GPT Securities issued under the GPT Offer will rank equally with existing GPT Securities.</p> <p>As at the day immediately prior to the release of this Bidder's Statement (18 December 2013) the GPT Offer implied a value of \$1.208 per CPA Unit, on a like-for-like basis with the DEXUS Offer.</p> <p>The GPT Offer implied value is based on a GPT closing price of \$3.47 as at 18 December 2013. GPT has estimated a distribution per security of \$0.103 for the period ending 31 December 2013. It is expected that the price of GPT Securities will trade at a lower price after the ex-date for the distribution on 23 December 2013.</p> <p>The GPT Offer is subject to a number of conditions, including that at or before the end of the offer period, GPT Group obtains a relevant interest in at least 50.1% of the CPA Units.</p>	Refer to Section A for further details.

## FREQUENTLY ASKED QUESTIONS

#	Question	Answer	Section
34	<b>How does the GPT Offer compare to the DEXUS Offer under this Bidder's Statement?</b>	<p>Based on the market price of DEXUS Securities and GPT Securities on the day immediately prior to this Bidder's Statement and on a like-for-like basis;</p> <ul style="list-style-type: none"> <li>■ DEXUS Offer = \$1.228 per CPA Unit; and</li> <li>■ GPT Offer = \$1.208 per CPA Unit.</li> </ul> <p>This implies that the DEXUS Offer provides incremental value of 2.1 cents per CPA Unit to CPA Unitholders based on the market value of DEXUS Securities and GPT Securities respectively on 18 December 2013 and on a like-for-like basis.</p> <p>In addition, the DEXUS Offer is not subject to a minimum acceptance condition.</p>	Refer to Section A.7.
35	<b>What do I do if I have already accepted the GPT Offer and want to accept the DEXUS Offer?</b>	<p>If you have already accepted the GPT Offer, you will only be able to withdraw your acceptance in limited circumstances. This will only be if GPT Group varies the GPT Offer in a way that postpones for more than one month the time by which it must meet its obligations under the GPT Offer (for example, by extending the GPT offer period for more than one month while the GPT Offer remains conditional).</p> <p>The GPT Offer may also lapse if the conditions are not satisfied or waived. In those circumstances, if the DEXUS Offer has not concluded, you will be able to accept the DEXUS Offer.</p>	
36	<b>What if I hold CPA Convertible Notes?</b>	<p>The DEXUS Offer extends to all CPA Units that are issued to holders of CPA Convertible Notes who lodge a conversion notice at any time.</p> <p>However, it is a condition of the DEXUS Offer that CMIL makes a public and unqualified statement on or before the date that it issues its Target's Statement in response to this Bidder's Statement, that it will exercise its option under the terms of the CPA Convertible Notes to cash-settle any CPA Convertible Notes that convert during the Offer Period.</p>	Refer to Section 13.11 and Appendix 2 for further details.



# 1 OVERVIEW OF THE DEXUS OFFER

The following is a summary only of the DEXUS Offer and is qualified by the detailed information contained in the rest of this Bidder's Statement. You should read this Bidder's Statement in full before deciding how to deal with your CPA Units.

The terms and conditions of the DEXUS Offer are contained in Appendices 1 and 2.

## 1.1 Summary of the DEXUS Offer Terms and conditions

### DEXUS Offer

Bidder is offering to buy all of your CPA Units on the Offer Terms set out in Appendices 1 and 2.

You will receive \$0.7745 cash and 0.4516 DEXUS Securities for every CPA Unit acquired from you.

The DEXUS Offer relates to CPA Units that exist or will exist as at the Register Date.

The DEXUS Offer also extends to all CPA Units that are issued between the Register Date and the end of the Offer Period as a result of the conversion of, or exercise of rights attached to, other securities that are convertible into CPA Units (including "CPA Convertible Notes"). However, Bidder is not offering to acquire any CPA Convertible Notes.

If you are an Ineligible Foreign Unitholder or an Unmarketable Parcel Security holder you will not receive DEXUS Securities (see Section 6.3 of the Offer Terms in Appendix 1). Persons resident in Australia, its external territories and New Zealand are not Ineligible Foreign Unitholders.

### Offer Period

The DEXUS Offer is scheduled to close at 7.00pm (Sydney time) on 7 February 2014 (but it may be extended).

### Payment Date

If you accept the DEXUS Offer and the DEXUS Offer is declared or becomes unconditional, in the usual case you will be provided with the Offer Consideration within or on the later of:

- five Business Days of your acceptance of the DEXUS Offer; and
- if this DEXUS Offer is subject to a defeating condition when accepted, within 10 Business Days after this DEXUS Offer or the contract resulting from your acceptance of the DEXUS Offer becomes unconditional,

provided that all relevant documents have been received and correctly completed.

Ineligible Foreign Unitholders and Unmarketable Parcel Security holders will be provided with the net proceeds of sale to which they are entitled under the DEXUS Offer at a different time.

## 1.2 How to accept the DEXUS Offer?

Acceptances for the DEXUS Offer must be received in sufficient time to be acted upon before the close of the Offer Period. To accept the DEXUS Offer you should follow the instructions set out in Section 5 of the Offer Terms in Appendix 1 and on the relevant Acceptance Form.

### What will the tax consequences be?

Section 10 provides a brief guide of the Australian tax implications for CPA Unitholders who accept the DEXUS Offer. The information applies only to individuals who hold their CPA Units on capital account. Note that this information is general only and does not take into account your personal circumstances. In addition, Bidder recommends you seek independent professional advice in relation to your own particular circumstances.

## Distributions

DEXUS Securities issued as consideration under the DEXUS Offer will rank equally for all distributions.

CPA Unitholders will be entitled to retain the distribution on CPA Units for six months to 31 December 2013, which is estimated to be 3.5 cents per CPA Unit.

## Do I pay brokerage or stamp duty if I accept?

You will not pay brokerage or stamp duty on the disposal of your CPA Units if you accept the DEXUS Offer. If your CPA Units are in a CHESS Holding or you hold your CPA Units through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker or the bank, custodian or other nominee) whether it will charge any transaction fees or services charges.

If you are an Ineligible Foreign Unitholder or an Unmarketable Parcel Security holder, the cash proceeds that you will receive (following sale by the Nominee of the DEXUS Securities that you would otherwise be entitled to receive under the DEXUS Offer) will be net of sale expenses (see Section 6.3 of the Offer Terms in Appendix 1).

## Further information

If you have any questions in relation to the DEXUS Offer or how to accept it, or if you have lost your personalised Acceptance Form and require a replacement, please call the DEXUS Offer Information Line on 1800 220 771 (callers in Australia) or +61 1800 220 771 (callers outside Australia) between 8.30am and 5.30pm (Sydney time) on Business Days.

## 2 INFORMATION ABOUT BIDDER

### 2.1 Bid Trust overview

The Bidder is DEXUS Funds Management Limited as trustee of DEXUS Office Trust Australia (known in this Bidder's Statement as the "Bid Trust").

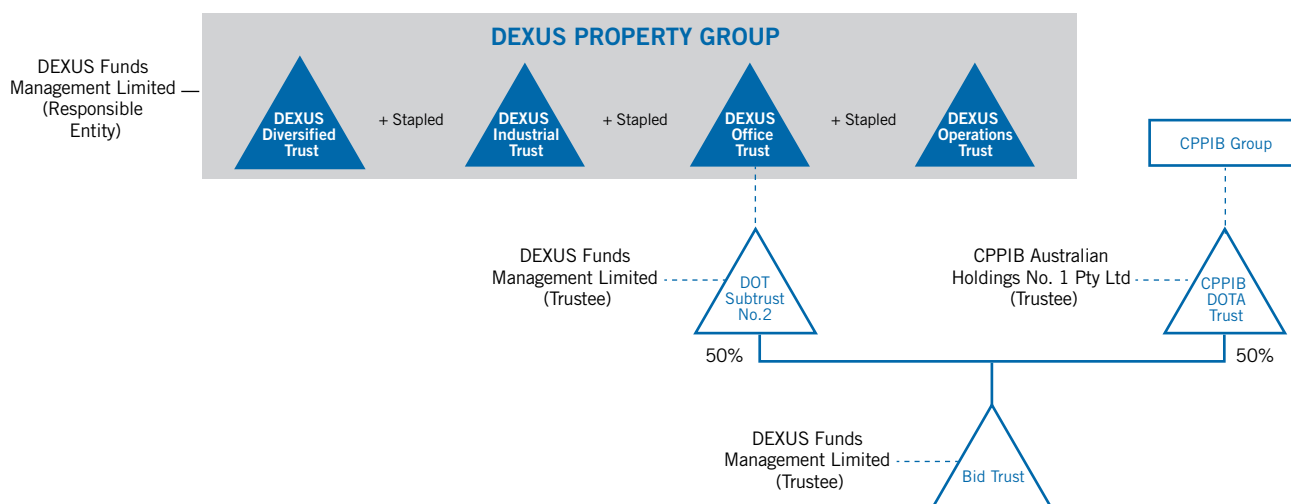
The directors of DEXUS Funds Management Limited are listed in Section 3.12(b).

Bid Trust is owned by DEXUS Unitholder and CPPIB Unitholder (who each own 50% of the units in it).

The purpose of Bid Trust is to acquire CPA Units pursuant to the DEXUS Offer. Other than nominal seed capital and pursuant to the DEXUS Offer, Bid Trust has no other assets or liabilities. Bid Trust's funding arrangements in relation to the DEXUS Offer are set out in Sections 9 and 12.

### 2.2 Current ownership structure and unitholder arrangements of Bid Trust

The following diagram shows Bid Trust's current ownership structure:



### 2.3 Governance arrangements of Bid Trust

Prior to the date of this Bidder's Statement, DEXUS, CPPIB and their respective group entities have entered or will enter into various joint venture arrangements governing Bid Trust. Some of these arrangements are dependent on the size of the Bidder's holding of CPA Units.

In summary, the joint venture arrangements relating to the Bid Trust comprise:

- the Joint Bid Agreement which relates to the conduct and funding of the bid;
- the Unitholders Agreement which sets out arrangements in relation to the control, management and funding of the Bid Trust by the Bid Trust Unitholders;
- the Investment Management Agreement under which the Investment Manager (a DEXUS entity) will provide investment management services to the Bid Trust; and
- the Property Development and Management Agreement under which the Property Manager (also a DEXUS entity) will provide property development and management services to the Bid Trust.

The Joint Bid Agreement and the Unitholders Agreement are already in place. Bidder will enter into an Investment Management Agreement and a Property Development and Management Agreement as soon as practical after Bidder has acquired 100% of the issued CPA Units.



## 3 INFORMATION ABOUT DEXUS

All figures are as at 30 June 2013, unless stated otherwise.

### 3.1 DEXUS overview

DEXUS is one of Australia's leading real estate groups, investing directly in high quality Australian office and industrial properties.

With \$13.4 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 owns and 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, having an ownership interest in four of Sydney's seven premium office buildings.

DEXUS is a top 50 entity by market capitalisation (\$4.7 billion as at 18 December 2013) listed on the ASX under the stock market trading code 'DXS' and is supported by more than 19,000 investors from 19 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.

DEXUS is committed to being a market leader in Corporate Responsibility and Sustainability ("CR&S") and for almost 15 years has implemented programs throughout its business which are designed to meet the needs of its key stakeholders. DEXUS's commitment to sustainable performance has been recognised through their inclusion in the following global benchmarks:

- Global Real Estate Sustainability Benchmark ("GRESB")
- Dow Jones Sustainability Index
- FTSE4Good Index
- 2013 Global SAM Corporate Sustainability Assessment
- IPD Green Building Index

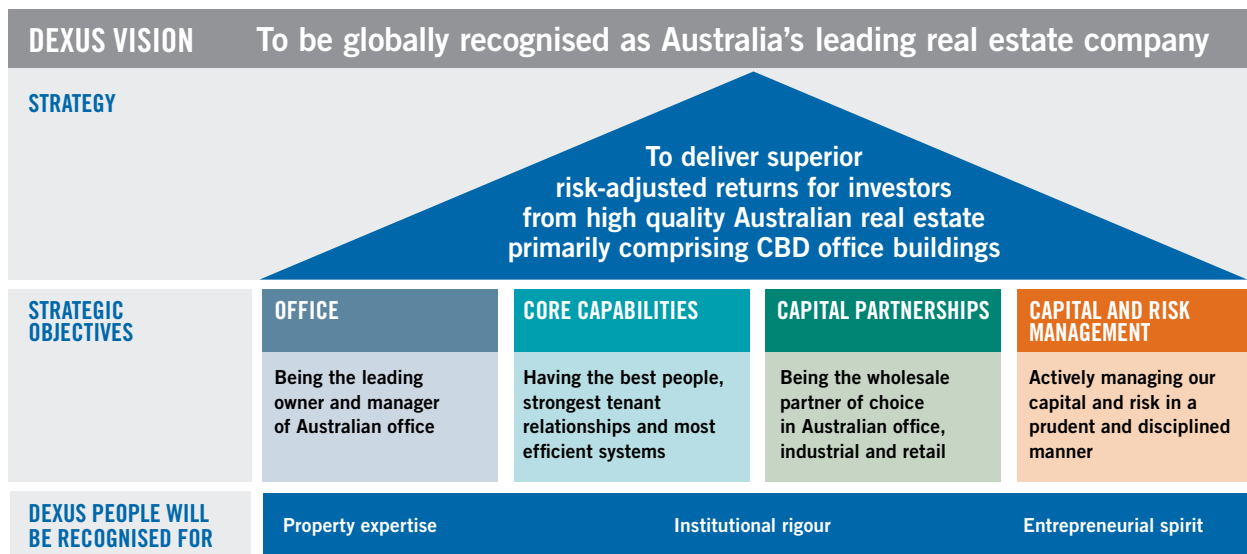
### 3.2 DEXUS strategy

DEXUS's vision is to be globally recognised as Australia's leading real estate company. In achieving this vision, DEXUS's strategy is to deliver superior risk-adjusted returns for investors from high quality Australian real estate, primarily comprising CBD office buildings.

DEXUS has identified four strategic objectives to guide it towards achieving its strategy of delivering superior risk-adjusted returns for its investors. The objectives focus on leadership in office, core capabilities, capital partnerships and capital and risk management. These are areas in which DEXUS has established strength and capability, and which it has the ability to develop:

- **Office** – being the leading owner and manager of Australian office.
- **Core capabilities** – having the best people, strongest tenant relationships and most efficient systems.
- **Capital partnerships** – being the wholesale investment management partner of choice in Australian office, industrial and retail.
- **Capital and risk management** – actively managing capital and risk in a prudent and disciplined manner.

**Figure 3.2.1: DEXUS strategy**



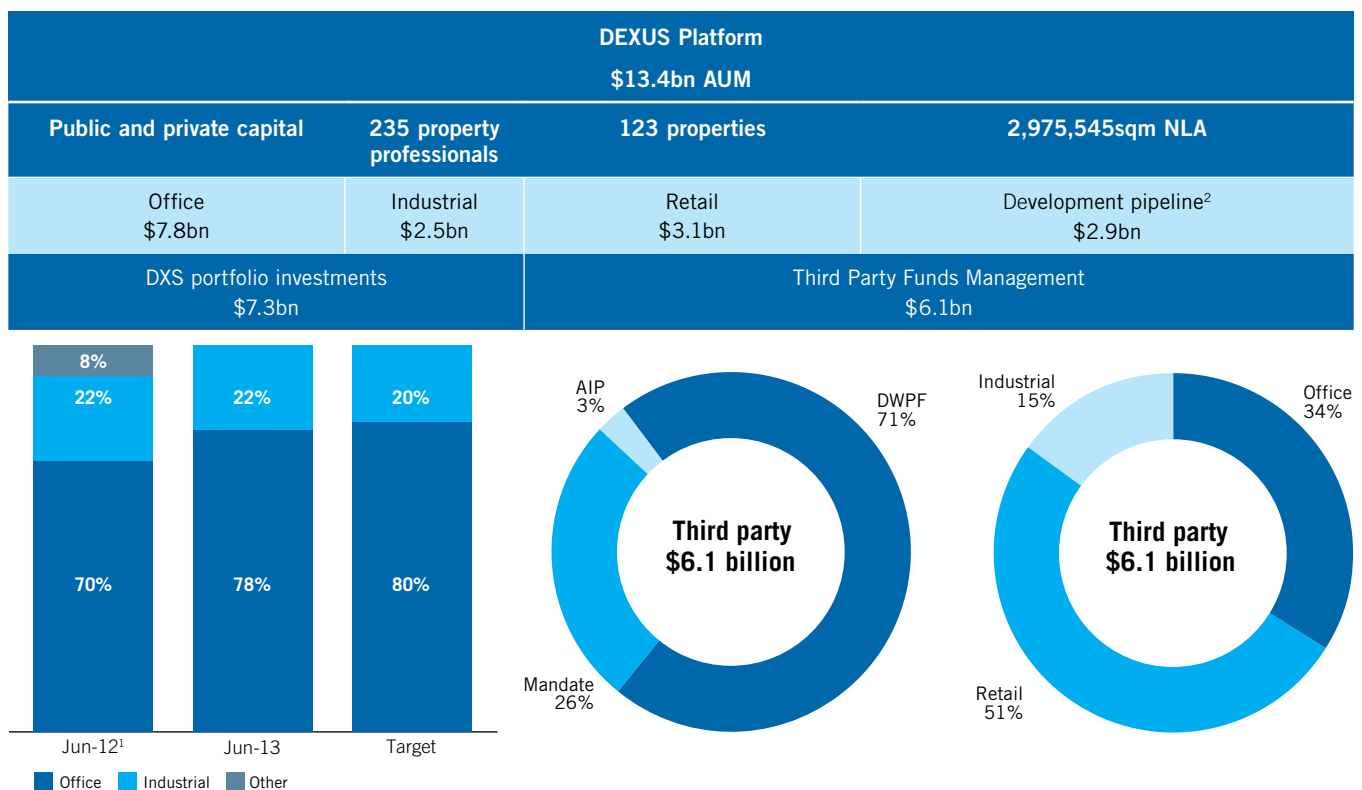
### 3.3 DEXUS operations

DEXUS has two areas of operation:

- A \$7.3 billion direct portfolio of high-quality office and industrial properties in Australia. This business drives the majority of DEXUS's operating earnings before interest and tax (98.0% for the full year ended 30 June 2013); and
- A \$6.1 billion third party funds management platform which manages and develops Australian office, industrial and retail properties on behalf of third party capital partners. This includes DWPF, an Australian property mandate and the Australian Industrial Partnership, which collectively makes up one of the largest third party property funds management businesses in Australia.

The DEXUS Platform, as at 30 June 2013, is illustrated below.

**Figure 3.3.1: DEXUS Platform**



1. 30 June 2012 includes the Australian Industrial Partnership and the acquisitions of 50 Carrington Street, Sydney and 12 Creek Street, Brisbane.  
 2. Includes office development fund-through investments.

The DEXUS portfolio targets a portfolio composition of 80% office and 20% industrial, concentrating on core Australian markets and with a target exposure to development and repositioning assets of less than 15% of total property assets. The DEXUS portfolio exposure is now 100% Australian focused, comprising 78% office property and 22% industrial property.

DEXUS's target earnings composition is 90% from core portfolio income and 10% other income (comprising income from third party funds management, trading profits and property management sources).

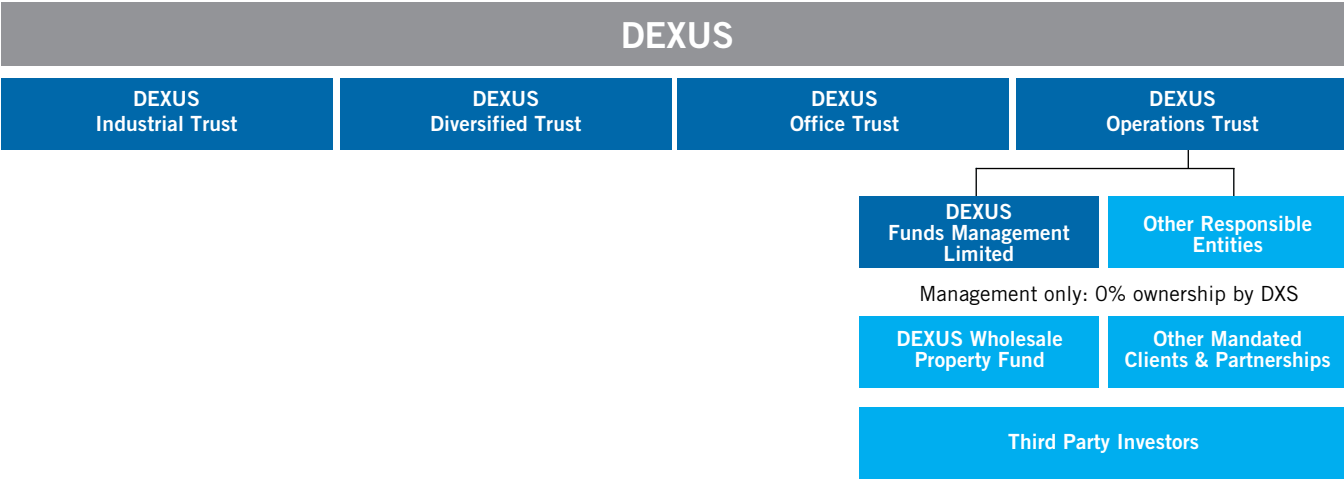
### 3.4 DEXUS structure

In October 2004, the units of the head trusts that comprise DEXUS (trading under their former names) were stapled together to form the DEXUS Property Group (the “Stapling Transaction”). Each head trust’s units are stapled and are quoted and trade as a single security on the ASX. The effect of the Stapling Transaction is that the DEXUS functions as a single economic group, where the head trusts have a common senior management team and public investor base, and prepare consolidated financial statements on a group basis.

The four head trusts are:

- DEXUS Diversified Trust (“DDF”)
- DEXUS Industrial Trust (“DIT”)
- DEXUS Office Trust (“DOT”)
- DEXUS Operations Trust (“DXO”)

Figure 3.4.1: DEXUS structure



### 3.5 DEXUS financial profile

DEXUS has a strong financial profile which is underpinned by its high quality portfolio, a diversified and quality tenant base and an experienced management team.

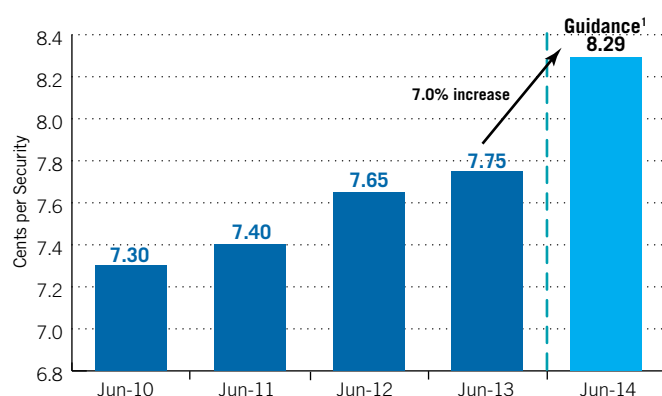
DEXUS has demonstrated a strong track record in FFO and distribution growth since 30 June 2010 despite the sale of both the US and European industrial portfolios. For the year ended 30 June 2013, DEXUS reported FFO growth of 1.3% per DEXUS Security and has provided FFO guidance for the year ending 30 June 2014 of 8.29 cents per DEXUS Security or a 7.0% growth per DEXUS Security.

DEXUS's distribution policy is to distribute between 70% and 80% of FFO, in line with free cash flow, with the expectation that over time the average payout ratio will be approximately 75% of FFO.

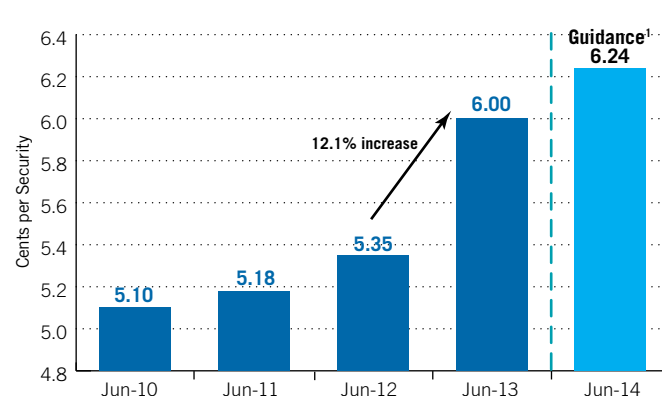
Growth in FFO per DEXUS Security has supported DEXUS's ability to provide sustained increases in distributions to DEXUS Security holders. For the year ended 30 June 2013, DEXUS reported distribution growth of 12.1% per DEXUS Security.



**Figure 3.5.1: DEXUS FFO: cents per security**



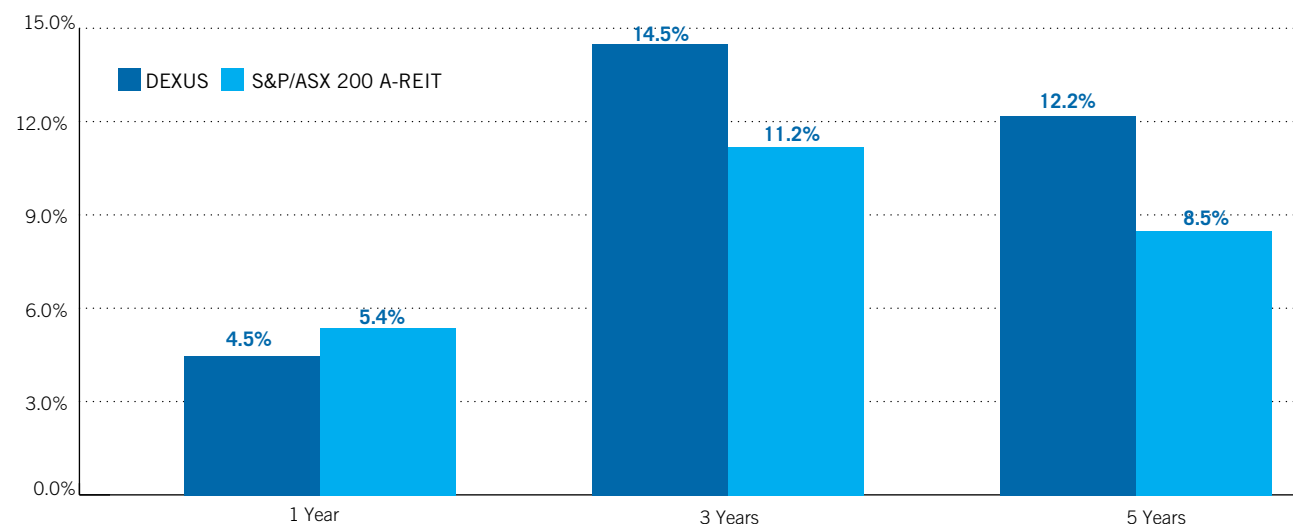
**Figure 3.5.2: DEXUS distribution: cents per security**



1. DEXUS 30 June 2014 FFO and distributions per DEXUS Security guidance based on management guidance released to the ASX on 10 December 2013.

DEXUS has provided DEXUS Security holders attractive returns relative to the S&P/ASX 200 A-REIT Index over an extended period.

**Figure 3.5.3: Total returns over the last 1, 3 and 5 years<sup>1</sup>**



Source: Bloomberg.

1. Total returns calculated to period ending 18 December 2013.

## 3.6 DEXUS capital management

DEXUS is focused on maintaining a prudent capital management framework. DEXUS's key capital management metrics are shown in the table below.

**Figure 3.6.1: DEXUS capital management metrics**

	30 June 2013	30 June 2012
<b>Cost of debt<sup>1</sup></b>	5.9%	6.1%
<b>Duration of debt</b>	5.4 years	4.2 years
<b>Hedged debt</b>	64%	73%
<b>Gearing<sup>2</sup></b>	29.0%	27.2%
<b>Headroom (approximately)<sup>3</sup></b>	\$0.3 billion	\$0.6 billion

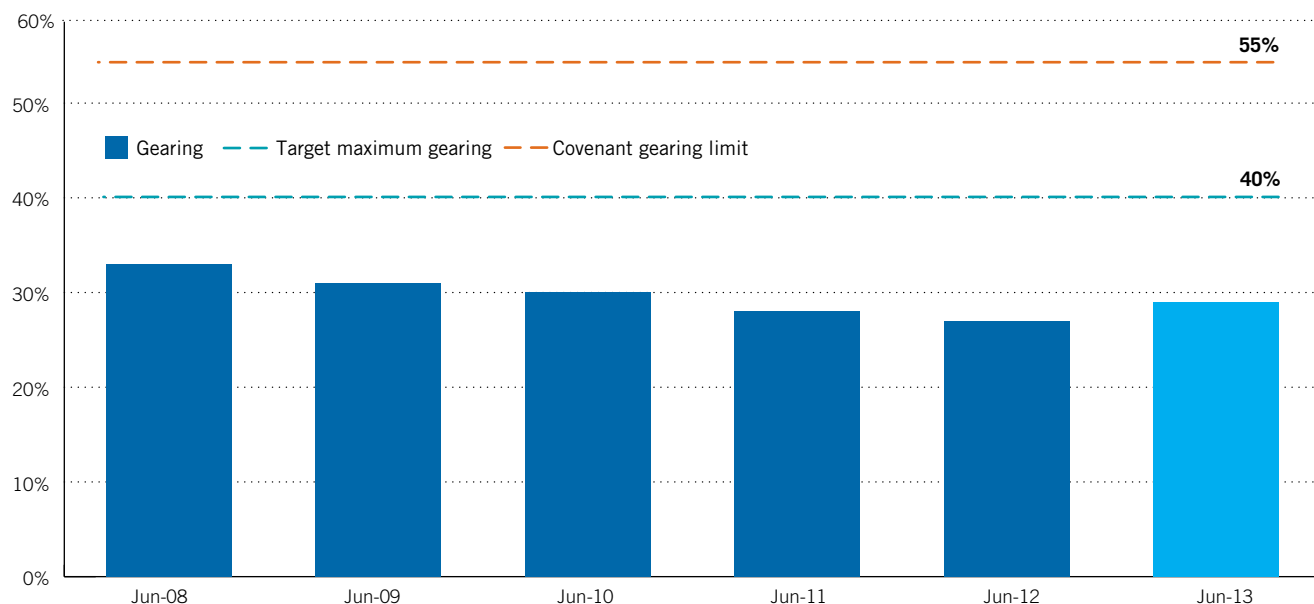
1. Weighted average for the period.

2. Gearing is represented by interest bearing liabilities (excluding deferred borrowing costs and including the fair value of cross currency swaps) less cash divided by total tangible assets (excluding derivatives and deferred tax assets) less cash.

3. Undrawn facilities plus cash.

Reflecting DEXUS's prudent and disciplined approach to capital and risk management, at 30 June 2013, balance sheet gearing was 29.0%. DEXUS has a demonstrated history of maintaining gearing below its target gearing<sup>1</sup> maximum of 40%.

**Figure 3.6.2: DEXUS historical gearing**



DEXUS had five key areas of focus for its capital management program for the year ended 30 June 2013. These focus points and DEXUS's achievements are outlined in Figure 3.6.3. These achievements indicate the on-going success of the prudent capital management approach taken by the DEXUS management team.

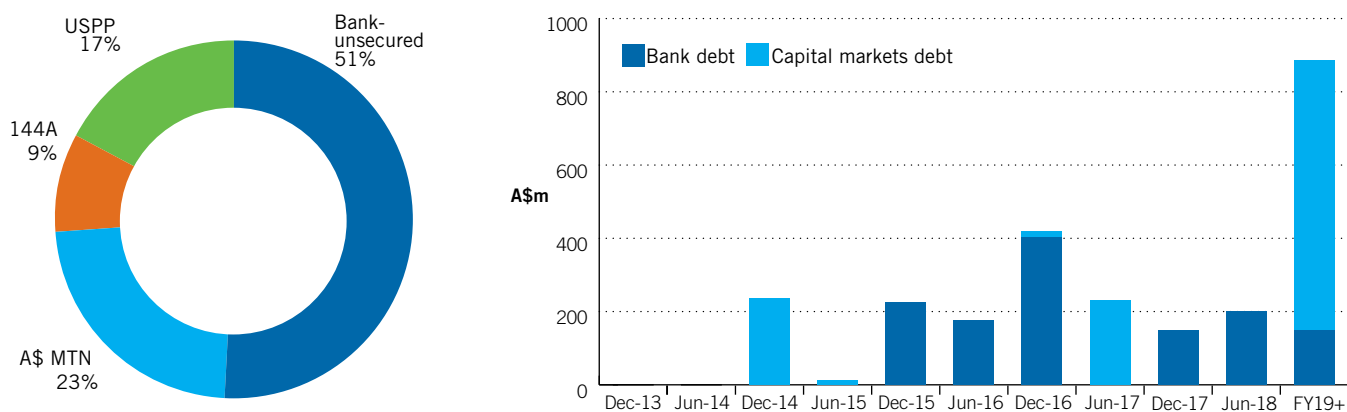
**Figure 3.6.3: DEXUS capital management highlights**

FY13 Focus	FY13 Achievements
1. Reduce cost of debt	<ul style="list-style-type: none"> <li>Reduced cost of funds by 20bps to 5.9%</li> </ul>
2. Maintain strong diversity of debt and duration of greater than four years	<ul style="list-style-type: none"> <li>Increased debt duration to 5.4 years and increased diversity <ul style="list-style-type: none"> <li>Raised over \$1 billion of debt with an average duration of seven years</li> <li>Diversified debt sources through access to A\$ MTN and USPP markets</li> </ul> </li> </ul>
3. Maintain strong credit profile	<ul style="list-style-type: none"> <li>Credit profile maintained</li> </ul>
4. Continue on-market securities buy-back, where accretive to investor returns	<ul style="list-style-type: none"> <li>Acquired 137 million securities under the 2012 on-market buy-back program</li> </ul>
5. Utilise headroom for quality acquisitions or cancel excess facilities	<ul style="list-style-type: none"> <li>Reduced headroom by 50% as part of commitment to reduce weighted average cost of debt</li> </ul>

1. Current target gearing range is 30% to 40%. Prior to 2011 DEXUS had a maximum target gearing of 40%.

DEXUS maintains diversified funding sources with a mix of unsecured bank debt (51%), USPP debt (17%), US senior notes (144A debt) (9%) and A\$ MTN debt (23%) as at June 2013 (adjusted for US\$300 million USPP that settled in July 2013 and associated bank facility cancellations). DEXUS also maintains a reasonable spread of maturities, with a target of no more than 25% of debt maturities occurring in any calendar year.

**Figure 3.6.4: DEXUS diversified mix of debt facilities<sup>1</sup>** **Figure 3.6.5: DEXUS debt maturity profile<sup>1</sup>**



1. Pro forma facilities, adjusted for US\$300 million USPP that settled in July 2013 and associated bank facility cancellations.

### 3.7 DEXUS property portfolio

The DEXUS portfolio comprises quality Australian office and industrial properties in which DEXUS owns direct investments. The total value of DEXUS's investment property at 30 June 2013 was \$7.3 billion, representing 84 office and industrial properties.

**Figure 3.7.1: DEXUS key portfolio metrics**

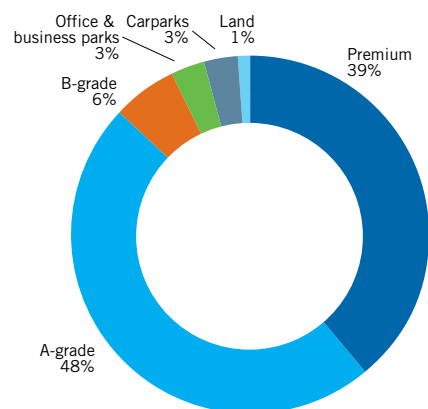
	30 June 2013
Total value	\$7.3 billion
Total number of properties	84
Total NLA (sqm)	1.8 million
Like-for-like income growth	1.6%
Occupancy by area	95.3%
Occupancy by income	94.9%
WALE (by income)	4.8 years
Weighted average capitalisation rate	7.47%
Average NABERS Energy rating	4.7 stars

#### a. DEXUS office portfolio

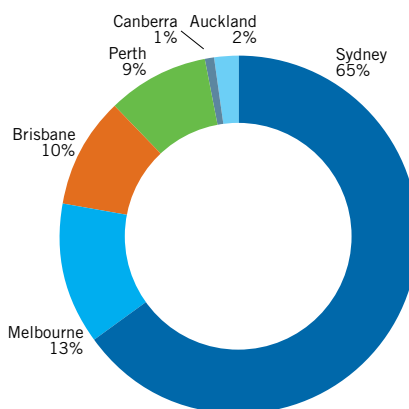
DEXUS is the largest listed owner and manager of office assets in Australia (by book value). One of DEXUS's key strategic objectives is to be the leading owner and manager of Australian office. DEXUS strives to achieve this through proactively driving leasing outcomes, delivering the best customer service to its tenants and building a quality portfolio through access to deal-flow.

Approximately 87% of DEXUS's office assets are prime grade and predominantly located in the Sydney, Melbourne, Brisbane and Perth CBD markets. DEXUS's high quality office portfolio comprises 36 office properties with a NLA of 0.7 million square metres and was valued at \$5.7 billion as at 30 June 2013.

**Figure 3.7.2: DEXUS Office portfolio by property type**



**Figure 3.7.3: DEXUS Office portfolio by geographic location**



A summary of key DEXUS key office portfolio metrics is included below:

**Figure 3.7.4: DEXUS key office portfolio metrics**

	30 June 2013	30 June 2012
Occupancy by area	94.4%	97.1%
Occupancy by income	94.6%	96.8%
WALE (by income)	5.0 years	4.9 years
Retention rate rolling 12 months	72%	66%
Like-for-like income growth	1.8%	5.4%
Average incentive	12.2%	17.3%
Under rented	3.8%	3.3%
Weighted average capitalisation rate	7.17%	7.30%
Total return – 1 year	10.6%	9.5%



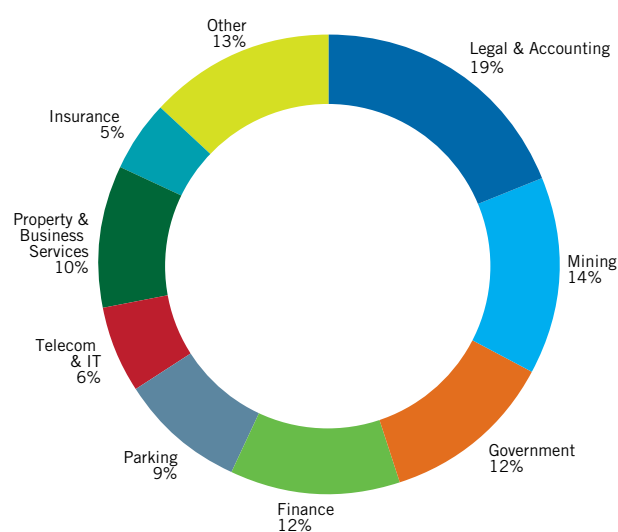
The DEXUS office portfolio includes some of Australia's most iconic office buildings including 1 Bligh Street, Grosvenor Place, Governor Phillip and Macquarie Towers and Australia Square in Sydney, 123 Albert Street in Brisbane and Woodside Plaza in Perth.

Figure 3.7.5: Snapshot of key DEXUS office properties



## Office portfolio tenants

### 3.7.6: DEXUS diversity of office tenants by income



DEXUS actively manages its tenancy profile to ensure diversity of income by tenant, industry and geography. Tenant diversification is a strong feature of DEXUS's office portfolio, with tenants spread across more than 10 industries and with no single industry comprising more than 19.0% of office portfolio income.

The top ten tenants comprise large corporate entities and government bodies and represented approximately 35.2% (by income) of the office portfolio as at 30 June 2013. The largest tenant, Woodside Energy (rated BBB+ by S&P) represented 6.5% (by income) of the office portfolio and the top 10 tenants include three AAA rated Government tenants comprising 9.2% of income.

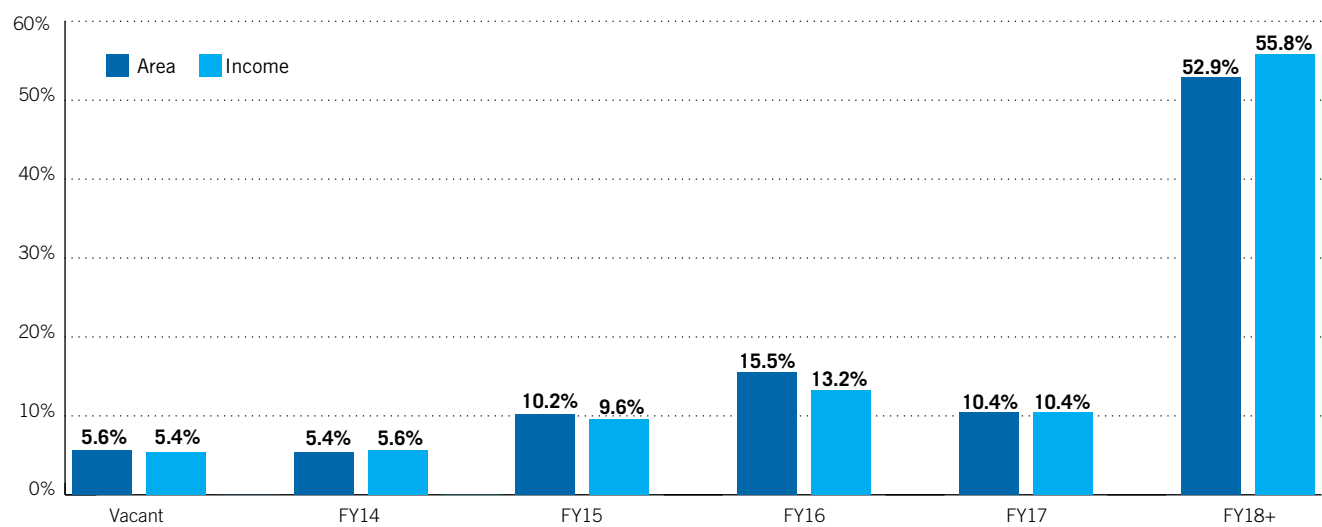
**Figure 3.7.7: DEXUS office tenancy composition by income<sup>1</sup>**

Tenant	S&P rating	% of income <sup>1</sup>
Woodside Energy	BBB+ positive	6.5%
S&K Car Park Management	Not rated	6.0%
Rio Tinto	A– negative	4.6%
Commonwealth of Australia	AAA stable	3.6%
State of NSW	AAA negative	3.4%
Lend Lease	BBB– stable	2.8%
State of Victoria	AAA stable	2.2%
IBM Australia	AA– stable	2.1%
King & Wood Mallesons	Not rated	2.0%
Clayton Utz	Not rated	2.0%

1. 30 June 2013 fully leased office passing income annualised.

A strong focus on forward leasing has resulted in improvements to the DEXUS office portfolio's lease expiry profile, with only 5.6% of income expiring in FY14 and 9.6% in FY15.

**Figure 3.7.8: DEXUS office portfolio lease expiry profile**



### Office portfolio leasing and asset management

DEXUS has demonstrated its property management expertise and strong tenant relationships to secure new and existing tenants across its office portfolio, improving property fundamentals and returns. 45 Clarence Street and Australia Square in Sydney are two properties where DEXUS has achieved significant results as detailed in Figure 3.7.9.

**Figure 3.7.9: DEXUS leasing case studies**

45 CLARENCE STREET, SYDNEY

- Vacancy of 3,735sqm (12% of NLA) on 1 July 2012
- Brought leasing in-house in September 2012
- Increased occupancy by 10.5% to over 99% within 12 months
- Increased valuation \$12.9 million at 30 September 2013
- Realised total return of 12.1% for 12 months to 30 September 2013
- Secured tenants relocating from suburban markets and capitalised on the flight to quality stage of the leasing cycle

AUSTRALIA SQUARE, SYDNEY

- Commenced a targeted marketing campaign<sup>1</sup> to reposition Australia Square into an iconic property
- Leased 17,000sqm in 12 months
- Increased occupancy from 87% to 92%
- DEXUS relocated its head office into the building and leveraged its new workspace to convert tenant enquiry into leases
- Improved WALE from 3.6 to 5.3 years
- Increased valuation by \$26.5 million at 30 June 2013
- Realised total return of 15.6% for 12 months to 30 June 2013

1. DEXUS in conjunction with its co-owner.

Through a pro-active leasing approach and focused asset management, DEXUS has repositioned two recent Sydney CBD office acquisitions. At 50 Carrington Street, Sydney a \$6.25 million capital works program and refreshed leasing approach has resulted in a 34% increase in occupancy and significant energy savings. At 39 Martin Place, Sydney DEXUS has developed new tenant relations in a targeted campaign that has resulted in a strong increase in occupancy and a 4 year increase in WALE.

**Figure 3.7.10: DEXUS asset management case studies**



1. As at 30 November 2013 including heads of agreement.

2. At 100%, DEXUS's share is \$74.9 million.

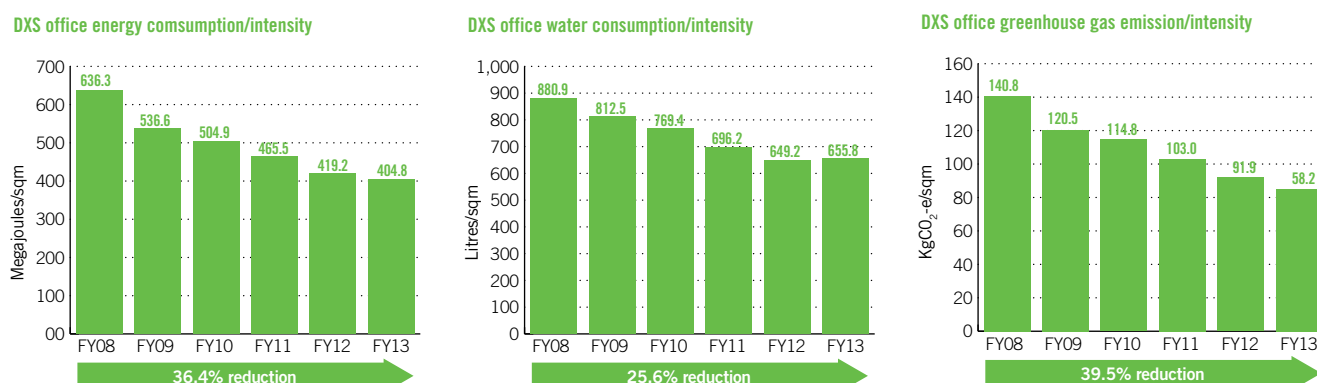
### Office portfolio sustainability

DEXUS has a proud record of achievement over the past 15 years when it comes to developing and implementing leading practices in CR&S. DEXUS operates on the principle that CR&S is not a stand-alone part of the business but is integrated into every aspect of operations. This way, all of its stakeholders can access the benefits of CR&S.

In 2009, DEXUS commenced a three year, \$31 million NABERS Energy and Water improvement program. As at 30 June 2013, the DEXUS office portfolio exceeded its objectives for environmental performance, achieving an average 4.7 star NABERS Energy rating compared to the 4.5 star target. The portfolio also achieved an average NABERS Water rating of 3.5 stars, in line with the target.

Substantial reductions in energy and water consumption and greenhouse gas emissions have been achieved since 2008 as illustrated in Figure 3.7.11.

**Figure 3.7.11: DEXUS office resource consumption**





The DEXUS office portfolio is detailed in the table below.

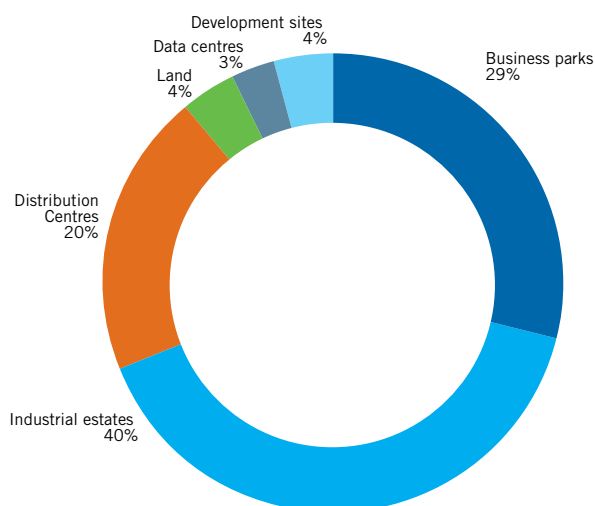
**Figure 3.7.12: DEXUS office portfolio**

Property	State	Building type	Ownership (%)	Lettable Area adjusted for Ownership ('000 sqm)	Book value 30 June 2013 (\$m)	Cap rate (%)	WALE by income (years)
The Zenith, 821 Pacific Highway, Chatswood	NSW	A Grade	50%	22.2	120.2	8.50%	4.0
11 Talavera Road, Macquarie Park	NSW	Office Park	100%	35.8	146.6	8.50%	4.0
40-50 Talavera Road, Macquarie Park	NSW	Business Park	100%	13.3	29.5	10.00%	2.5
Victoria Cross, 60 Miller Street, North Sydney	NSW	A Grade	100%	19.5	147.8	7.35%	4.2
130 George Street, Parramatta	NSW	B Grade	100%	19.8	77.2	8.50%	2.6
105 Phillip Street, Parramatta	NSW	Land	100%		8.0		
1 Bligh Street, Sydney	NSW	Premium Grade	33%	14.2	250.3	6.13%	8.4
Governor Phillip & Macquarie Tower Complex, 1 Farrer Place, Sydney	NSW	Premium Grade	50%	43.3	671.8	6.25%	3.4
Grosvenor Place, 225 George Street, Sydney	NSW	Premium Grade	25%	21.3	289.2	6.38%	5.7
45 Clarence Street, Sydney	NSW	A Grade	100%	32.1	256.7	7.00%	3.4
201-217 Elizabeth Street, Sydney	NSW	A Grade	50%	19.4	144.0	7.25%	2.5
Australia Square Complex, 264-278 George Street, Sydney	NSW	A Grade	50%	26.5	305.0	6.69%	5.3
30 The Bond, 30-34 Hickson Road, Sydney	NSW	A Grade	100%	19.7	179.0	7.00%	5.5
309-321 Kent Street, Sydney	NSW	A Grade	50%	23.5	194.0	7.11%	3.5
383-395 Kent Street, Sydney	NSW	A Grade	100%	18.0	136.9	7.00%	6.3
One Margaret Street, Sydney	NSW	A Grade	100%	21.0	192.8	6.88%	6.1
44 Market Street, Sydney	NSW	A Grade	100%	30.1	241.0	7.00%	4.5
39 Martin Place, Sydney	NSW	B Grade	50%	8.6	79.6	7.51%	4.1
50 Carrington Street, Sydney	NSW	B Grade	100%	11.3			3.7
2 & 4 Dawn Fraser Avenue, Sydney Olympic Park	NSW	Office Park	50%	17.1	87.2	7.88%	5.0
383-395 Kent Street, Sydney	NSW	Carpark	100%		64.0	7.75%	10.0
Garema Court, 140-180 City Walk, Canberra	ACT	A Grade	100%	11.4	55.1	7.50%	9.9
14 Moore Street, Canberra	ACT	B Grade	100%	11.1	24.0	10.00%	0.8
123 Albert Street, Brisbane	QLD	Premium Grade	100%	39.3	401.4	6.75%	7.8
12 Creek Street, Brisbane	QLD	A Grade	50%	16.1	129.0	7.25%	4.1
480 Queen Street, Brisbane	QLD	Development site	50%		48.7		
8 Nicholson Street, Melbourne	VIC	A Grade	100%	23.5	99.0	8.00%	5.0
Southgate Complex, 3 Southgate Avenue, Southbank	VIC	A Grade	100%	76.5	425.2	7.75%	4.6
Flinders Gate Complex, 172 Flinders Street and 189 Flinders Lane, Melbourne	VIC	B Grade	100%	8.8	30.6	8.25%	1.6
40 Market Street, Melbourne	VIC	B Grade	100%	12.0			5.5
32-44 Flinders Street, Melbourne	VIC	Carpark	100%		29.9	8.00%	7.8
Flinders Gate Complex, 172 Flinders Street, Melbourne	VIC	Carpark	100%		54.2	8.25%	10.0
34-60 Little Collins Street, Melbourne	VIC	Carpark	100%		36.1	9.00%	9.8
Woodside Plaza, 240 St Georges Terrace, Perth	WA	Premium Grade	100%	47.3	480.2	7.75%	4.8
Kings Square, Wellington Street, Perth	WA	Development site	50%		28.8		
Lumley Centre, 88 Shortland Street, Auckland	Auckland	Premium Grade	100%	19.6	107.4	7.63%	3.8

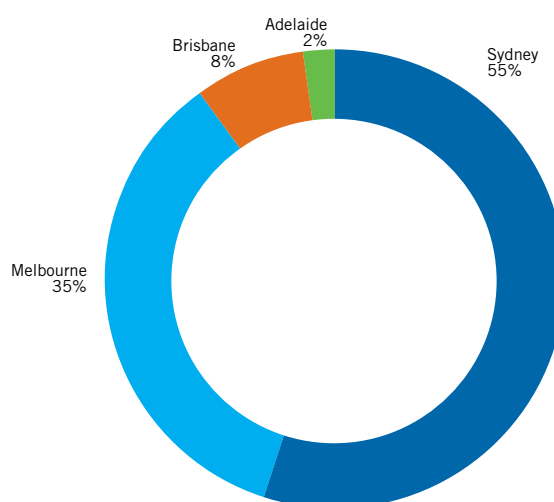
## b. DEXUS industrial portfolio

DEXUS's industrial portfolio is one of the largest listed industrial portfolios in Australia and comprises 48 industrial properties with a NLA of 1.1 million square metres and was valued at \$1.6 billion at 30 June 2013. DEXUS's exposure to quality industrial properties is 22%, in line with its strategic target of 20%.

**Figure 3.7.13: DEXUS industrial portfolio by property type**



**Figure 3.7.14: DEXUS industrial geographic location**



The industrial portfolio results achieved for the year ended 30 June 2013 reflect the importance of strong tenant relationships in driving increased retention and significantly improving occupancy levels (occupancy by area increased 4.2% to 95.9%). Through proactively pursuing all operational targets, DEXUS secured strong investor returns achieving a portfolio total return of 8.8% for the year ending 30 June 2013 (compared to 8.0% for the year ending 30 June 2012).

**Figure 3.7.15: DEXUS key industrial portfolio metrics**

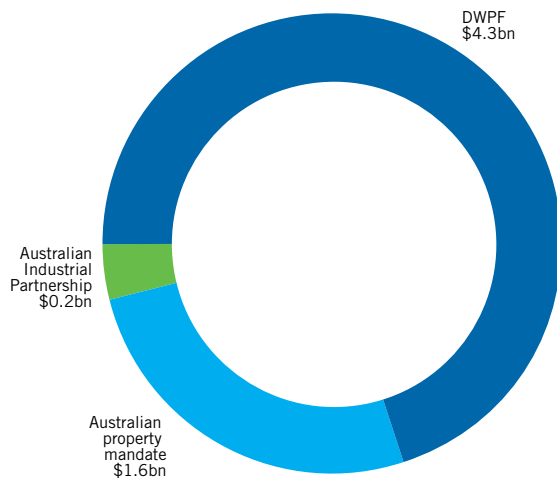
	30 June 2013	30 June 2012
Occupancy by area	95.9%	91.7%
Occupancy by income	96.1%	92.8%
WALE (by income)	4.1 years	4.4 years
Retention rate rolling 12 months	70%	59%
Like-for-like income growth	1.1%	(1.6%)
Average Incentive	7.9%	5.6%
Over rented	4.8%	4.8%
Weighted average capitalisation rate	8.55%	8.59%
Total return – 1 year	8.8%	8.0%

### 3.8 DEXUS third party funds management

DEXUS's third party funds management business has \$6.1 billion of assets under management. DEXUS partners with like-minded investors who value investment and property management expertise in conjunction with best practice corporate governance principles.

As outlined below, the DEXUS third party funds management business includes managing \$4.3 billion of investments for DWPF, \$0.2 billion of investments in the Australian Industrial Partnership and \$1.6 billion of investments under an Australian property mandate.

**Figure 3.8.1: DEXUS third party funds management platform**



#### a. DWPF

DWPF is a \$4.3 billion open-ended unlisted property fund which owns interests in a diversified portfolio of office, industrial and retail properties throughout Australia. DWPF has a broad investor base with 44 wholesale investors (including six new investors who joined over the course of the year ended 30 June 2013).

During the year ended 30 June 2013, DWPF successfully raised over \$820 million of equity and acquired properties valued at \$728 million. The successful equity raisings build on DWPF's track record of attracting over \$2 billion of capital since 2010 from domestic and international investors.

In 2013, DEXUS and DWPF jointly acquired four office properties including two prime grade office fund-through investments at 480 Queen Street, Brisbane and Kings Square, Perth. These fund-through investments will provide DEXUS and DWPF with ownership of newly constructed, high quality office properties, mitigating the normal risks associated with an office development through mechanisms such as a fixed construction price and income guarantees supporting any vacancy on completion.

#### b. Australian property mandate

DEXUS RE is an investment manager for a private client property mandate on behalf of a major Australian institutional investor, providing investment, asset and property management services in Australia for over \$1.6 billion of office, industrial and retail properties.

#### c. Australian Industrial Partnership

In October 2012, DEXUS formed the Australia Industrial Partnership, a 50:50 joint venture partnership with the National Pension Service of Korea. The initial portfolio valued at \$360 million, included 50% ownership of 13 industrial properties at three DEXUS industrial estates, Quarry in Greystanes, NSW, Laverton Industrial Estate, VIC and the Target Facility Altona, VIC.

Since its establishment, Australian Industrial Partnership's initial portfolio had grown to \$487 million and comprised 18 prime industrial properties as at 30 June 2013. There is potential to enhance the scale of the partnership to a \$700-\$800 million joint venture through activating remaining development opportunities.

### 3.9 DEXUS transaction experience

DEXUS has a prudent and focused approach to acquisitions and investments. DEXUS has established a process which includes thorough due diligence on all opportunities to limit risks to DEXUS Security holders from unknown variables.

A review of the acquisitions made by the DEXUS Platform over the financial year ended 30 June 2013 shows DEXUS's focus on executing its strategy of being the leading owner and manager of Australian office properties.

**Figure 3.9.1: DEXUS Platform transactions**

Acquisitions	Sector	Interest %	Acquisition A\$m <sup>1</sup>	Initial yield %	Cap rate %	Settlement
12 Creek Street, Brisbane, QLD	Office	50	120.8	7.9	7.75	Nov-12
50 Carrington Street, Sydney, NSW	Office	100	58.5	5.2	8.00	Nov-12
40 Market Street, Melbourne, VIC	Office	100	46.7	8.9	8.50	Jan-13
Grosvenor Place, 225 George Street, Sydney, NSW	Office	25	271.2	5.4	6.50	Feb-13
39 Martin Place, Sydney, NSW <sup>2</sup>	Office	50	74.9	5.7	7.50	Feb-13
2 & 4 Dawn Fraser Avenue, Sydney Olympic Park, NSW	Office	50	82.7	7.8	8.00	Feb-13
480 Queen Street, Brisbane, QLD	Office	50	272.0	7.3	7.25	Apr-13
Kings Square, Wellington Street, Perth, WA	Office	50	217.4	8.0	8.00	May-13
<b>Total DEXUS office</b>			<b>1,144.2</b>			
131 Mica Street, Carole Park, QLD	Industrial	100	21.0	7.7	7.75	Jan-13
<b>Total DEXUS</b>			<b>1,165.2</b>			
12 Creek Street, Brisbane, QLD	Office DWPF	50	120.8			Nov-12
Coles Distribution Centre, Laverton, VIC	Industrial AIP	50	50.0			Oct-12
295 Archerfield Road, Richlands, QLD	Industrial DWPF	100	8.3			Nov-12
39 Martin Place, Sydney, NSW <sup>2</sup>	Office DWPF	50	74.9			Feb-13
480 Queen Street, Brisbane, QLD	Office DWPF	50	272.0			Apr-13
Kings Square, Wellington Street, Perth, WA	Office DWPF	50	217.4			May-13
4 Inglis Road, Ingleburn, NSW	Industrial DWPF	100	34.3			Jul-13
Other/land	Mandates/other	100	4.5			various
<b>Total third party funds</b>			<b>782.2</b>			
<b>Total DEXUS platform</b>			<b>1,947.4</b>			

1. Acquisition price excluding acquisition costs.

2. Includes Martin Place Shopping Circle \$3.4 million (50% interest) in acquisition price.

### 3.10 DEXUS development

DEXUS has a strong, established and demonstrated track record in delivering high quality office, industrial and retail product to the Australian market. DEXUS's \$1.2 billion development book comprises developments underway, uncommitted industrial and office developments, value-add properties for trading and office fund-through investments.

DEXUS continued to progress its development pipeline during FY13, utilising its development capabilities to complete six prime industrial properties across 81,024 square metres costing \$107 million. These included industrial developments at Quarry at Greystanes, 57-65 Templar Road, Erskine Park and 163-185 Viking Drive, Wacol.

DEXUS allocates up to 15% of funds under management in the DEXUS property portfolio to development and value-add activities in order to enhance returns for investors.

#### a. Recently completed developments

DEXUS has a strong track record in office development, developing landmark premium 6 Star Green Star office towers including 1 Bligh Street, Sydney and 123 Albert Street, Brisbane during the global financial crisis with a combined value exceeding \$1.0 billion.

DEXUS has a demonstrated track record of delivering returns for investors with 1 Bligh Street, Sydney expected to generate a project IRR of 12.9% and 123 Albert Street, Brisbane with a project IRR of 8.6% at 31 December 2013.



**Figure 3.10.1: DEXUS development case studies**



#### b. Current projects

During the year ended 30 June 2013, DEXUS added \$0.5 billion of office development fund-through investments to its development pipeline with the acquisitions of 480 Queen Street, Brisbane and Kings Square, Perth jointly with DWPF. Development is currently underway for these prime office buildings.

This development pipeline is a key contributor to the growth in the third party funds management platform and enhances returns for DEXUS Security holders.

**Figure 3.10.2: DEXUS current development projects**



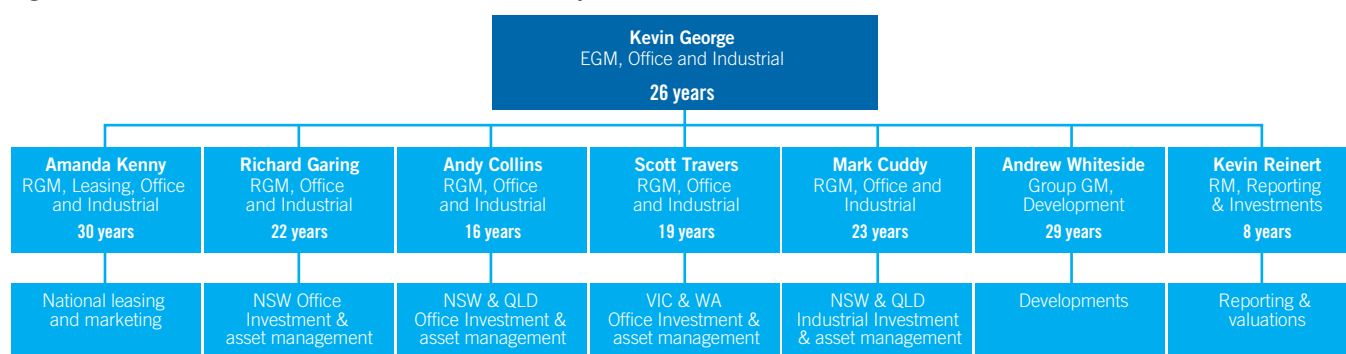
### 3.11 DEXUS management team

DEXUS has a strong management capability with a fully integrated office management platform spanning asset management, leasing and development supported by an experienced team.

DEXUS's internalised property platform enhances the alignment of interests to drive optimal asset outcomes.

DEXUS has an established and experienced office and industrial team with a strong leasing background. DEXUS's office and industrial management team has over 21 years (on average) real estate experience across the senior team (see Figure 3.11.1 below).

**Figure 3.11.1: DEXUS office and industrial real estate experience**



#### DEXUS office and industrial team

##### Kevin George – Executive General Manager, Office & Industrial

Kevin is responsible for the performance of property, asset and development management across DEXUS's office and industrial portfolios. Kevin has over 26 years' real estate experience with extensive knowledge of Australian office markets. Prior to joining DEXUS, Kevin was Head of Leasing, Australia at Jones Lang LaSalle. Kevin was responsible for setting and implementing plans focused on sustainable growth in revenues and margins, while driving best practice initiatives globally and domestically across a team of 60 professionals. Kevin demonstrated successive years of record revenue and margin results in the challenging post global financial crisis market, while also playing a key role in the leasing of some of Australia's most significant development projects.

##### Amanda Kenny – Regional General Manager Leasing, Office & Industrial

Amanda is responsible for DEXUS's national office and industrial portfolio. Amanda has over 30 years' experience in the Australian property industry with particular expertise in office, retail and prestige residential sectors. Prior to joining DEXUS in August 2011, as Head of Asset Management leading many successful teams and profitable business units, Amanda ran her own property consulting business for seven years which followed a 20 year career at Jones Lang LaSalle where she held a number of senior executive positions.

##### Richard Garing – Regional General Manager, Office & Industrial

Richard is responsible for portfolio management and leasing of DEXUS's office properties in New South Wales and Queensland. Richard has 22 years' experience in the property industry. Prior to joining DEXUS in February 2012, Richard worked at Stockland for six years, initially as a Portfolio Manager then as the National Leasing Manager for the Commercial and Industrial Property Group. Prior to this Richard worked at Jones Lang LaSalle for six years as National Leasing Director following 10 years at Knight Frank in a number of roles including Director of Leasing.

##### Andy Collins – Regional General Manager, Office & Industrial

Andy is responsible for the management of a portfolio of office properties in Sydney, Australia's largest office market. With more than 15 years' experience in Australian commercial property and corporate advisory, he began his career at Jones Lang LaSalle, where he worked in Office Leasing and Special Projects. Andy went on to hold senior roles at Grant Samuel Property and Macquarie Capital Advisors, where he provided capital advice to some of Australia's largest organisations on real estate strategies and lease negotiations.

##### Mark Cuddy – Regional General Manager, Office & Industrial

Mark is responsible for portfolio management and leasing of the industrial portfolio in New South Wales and Queensland and a number of office properties in Sydney. Mark has worked in the property industry for the past 23 years primarily in asset and portfolio management. Prior to joining DEXUS in July 2010, Mark spent nearly eight years at Stockland in roles including industrial asset and portfolio management and General Manager of Intermodal where he was responsible for the industrial divisions' revenue. Mark also worked in various roles with Knight Frank investment management specialising in Sydney CBD and North Shore office assets.

##### Scott Travers – Regional General Manager, Office & Industrial

Scott is responsible for portfolio management and leasing of DEXUS's office and industrial properties in Victoria, South Australia and Western Australia. Scott has 19 years' experience in the property industry. Prior to joining DEXUS in February 2012, Scott worked at Stockland for 10 years, initially as a Portfolio Investment Manager, Regional Asset Manager and most recently as the National Leasing Manager, Industrial for the Commercial property group. Prior to this Scott held various Portfolio Manager and property roles at Waltus Investments, RMI Group and Australian Property Group.

**Andrew Whiteside – Group General Manager, Office & Industrial Developments**

Andrew is responsible for all property and development activities. Andrew rejoined DEXUS in June 2008 following a year at Stockland as General Manager – Development & Industrial. Before joining Stockland, Andrew worked at DEXUS as Head of Industrial and prior to this, led the Property and Development team at the Westralia Airports Corporation Pty Ltd for seven years. Andrew has also held various property and development positions at Westfield and Lend Lease in Australia and the US.

**Kevin Reinert – Regional Manager, Reporting & Investments**

Kevin is responsible for the reporting and investments framework for the Group's office and industrial portfolios. Kevin joined DEXUS in June 2008 after spending two years at Stockland in their Corporate Finance division which included working on financial reporting aspects together with the launch of new fund products. Kevin is also a qualified member of the South African Institute of Chartered Accountants. Prior to this Kevin spent six years at Deloitte starting in the Johannesburg, South Africa head office, including two secondments in Los Angeles and Boston.

**DEXUS third party funds management team****Penny Ransom – Head of Capital**

Penny is responsible for DEXUS's Mandates business which manages over \$2 billion in real estate on behalf of third party mandate investors, and is responsible for new business opportunities with third party capital partners. Penny has 20 years of real estate experience and joined DEXUS from Lend Lease, where she worked in their investment management business both in Australia, and more recently in Europe. In Europe, Penny was the Head of Equity responsible for third party relationships and new business in the European region. Prior to this, Penny held key roles in Lend Lease Australia, GPT and Colliers Jardine.

**Graham Pearson – Fund Manager, DWPF**

Graham is responsible for managing DWPF on behalf of its wholesale investors. Graham has spent 31 years in the real estate industry in Australia and the United Kingdom with 16 years directly involved in funds management of unlisted real estate. Graham's experience includes asset and funds management, property investment sales, property management and leasing. Prior to joining DEXUS in November 2005, Graham was the Fund Manager of Colonial First State Property's Direct Property Investment Fund. In Australia, Graham has also worked for Lend Lease Real Estate Investments and Jones Lang Wootton.

**3.12 DEXUS Corporate Governance and Management****a. Corporate Governance**

DEXUS RE is the responsible entity for each of the four trusts that comprise DEXUS. The Directors have implemented a corporate governance framework that extends to all DEXUS funds and mandates which:

- satisfies the highest standards and procedural requirements of a publicly listed company, including the conduct of an annual general meeting, the appointment of independent Directors by DEXUS Security holders and corporate disclosure, such as the remuneration report;
- supports the strategic objectives of DEXUS;
- defines accountability; and
- sets out a process for managing the risks inherent in its day-to-day operations.

The corporate governance framework meets the requirements of the ASX Corporate Governance Principles and Recommendations with 2010 Amendments (2nd edition) and addresses additional aspects of governance that the Directors consider appropriate. In addition, in respect of its third party funds management business, DEXUS has well-developed policies and procedures to deal with potential conflicts that may arise (including leasing rotation policies).

The DEXUS RE board of directors currently comprises six independent directors and DEXUS's Chief Executive Officer and Chief Financial Officer.

**b. Directors of DEXUS RE**

DEXUS RE's Directors are responsible for the overall corporate governance of DEXUS. Details of these Directors are set out below.

**DEXUS RE Board of Directors****Christopher T Beare****Chair and Independent Director**

BSc, BE (Hons), MBA, PhD, FAICD

Appointed 4 August 2004

Chris Beare is both the Chair and an Independent Director of DEXUS RE. Chris is also a member of the Board Audit, Risk and Sustainability Committee, the Board Nomination, Remuneration & Governance Committee and the Board Finance Committee. Chris has significant experience in international business, technology, strategy, finance and management.

Previously Chris was Executive Director of the Melbourne based Advent Management venture capital firm prior to joining investment bank Hambros Australia in 1991. Chris became Head of Corporate Finance in 1994 and joint Chief Executive in 1995, until Hambros was acquired by Société Générale in 1998. Chris remained a Director of Société Générale Australia until 2002. From 1998 onwards, Chris helped form Radiata, a technology start-up in Sydney and Silicon Valley, and as Chair and Chief Executive Officer, Chris steered it to a successful sale to Cisco Systems in 2001 and continued part time for four years as Director Business Development for Cisco. Chris has previously been a director of a number of companies in the finance, infrastructure and technology sectors.

**Elizabeth A Alexander AM**  
**Independent Director**

BComm, FCA, FAICD, FCPA

Appointed 1 January 2005

Elizabeth Alexander is an Independent Director of DEXUS RE, Chair of DEXUS Wholesale Property Limited and a member of the Board Audit, Risk & Sustainability Committee. Elizabeth brings to the Board extensive experience in accounting, finance, corporate governance and risk management and was formerly a partner with PricewaterhouseCoopers. Elizabeth is currently the Chair of Medibank and the Chancellor of the University of Melbourne.

Elizabeth's previous appointments include National Chair of the Australian Institute of Company Directors, National President of the Australian Society of Certified Practising Accountants and Deputy Chairman of the Financial Reporting Council. Elizabeth was previously Chairman of CSL and a Director of Amcor and Boral.

**John C Conde AO**  
**Independent Director**

BSc, BE (Hons), MBA

Appointed 29 April 2009

John Conde is an Independent Director of DEXUS RE, and is the Chair of the Board Nomination, Remuneration & Governance Committee. John brings to the Board extensive experience across diverse sectors including commerce, industry and government. John is the Chairman of Bupa Australia Holdings Pty Limited, Cooper Energy Limited, Sydney Symphony Limited, Destination NSW and Deputy Chairman of Whitehaven Coal Limited. John is President of the Commonwealth Remuneration Tribunal and Chairman of the McGrath Foundation Limited. John is also Chairman of the Australian Olympic Committee (NSW) Fundraising Committee and a Director of the AFC Asian Cup Australia 2015.

John was previously Chairman of Ausgrid (formerly EnergyAustralia), Director of BHP Billiton and Excel Coal Limited, Managing Director of Broadcast Investment Holdings Pty Limited, Director of Lumley Corporation and President of the National Heart Foundation of Australia.

**Tonianne Dwyer**  
**Independent Director**

BJuris (Hons), LLB (Hons)

Appointed 24 August 2011

Tonianne Dwyer is an Independent Director of DEXUS RE and DEXUS Wholesale Property Limited, a member of the Board Nomination, Remuneration & Governance Committee and the Board Compliance Committee. Tonianne brings to the Board significant experience as a company director and executive working in listed property, funds management and corporate strategy across a variety of international markets. Tonianne is currently a Director of Cardno Limited and Queensland Treasury Corporation.

Tonianne was a Director from 2006 until 2010 of Quintain Estates and Development – a listed United Kingdom property company comprising funds management, investment and urban regeneration and was Head of Funds Management from 2003. Prior to joining Quintain, Tonianne was a Director of Investment Banking at Hambros Bank, SG Cowen and Société Générale based in London. Tonianne also held directorships on a number of boards associated with Quintain's funds management business including the Quercus, Quantum and iQ Property Partnerships and the Bristol & Bath Science Park Stakeholder Board.

**Craig D Mitchell**  
**Chief Financial Officer and Executive Director**

BComm, MBA (Exec), FCPA, Advanced Management Program – Harvard Business School 2011

Appointed 12 February 2013

Craig Mitchell is the Chief Financial Officer and an Executive Director of DEXUS RE. Craig is responsible for operational and strategic finance, accounting, tax, treasury and third party funds management including management of the DEXUS retail property portfolio. Craig has more than 20 years of financial management and accounting experience, with over 15 years specialising in the property industry.

Craig was previously the General Manager, Finance of the Commercial, Industrial, Capital Partners and Third Party funds divisions at Stockland Group. Prior to this Craig worked in a number of senior finance roles at Westfield.

Craig has a Masters of Business Administration (Executive) from the Australian Graduate School of Management, a Bachelor of Commerce and is a Fellow of CPA Australia. He has also completed the Advanced Management Program at Harvard University, Boston.

**Richard Sheppard**  
**Independent Director**

BEc (Hons)

Appointed 1 January 2012

Richard Sheppard is an Independent Director of DEXUS RE, the Chair of the Board Audit, Risk & Sustainability Committees and a member of the Board Finance Committee. Richard brings to the DEXUS Board extensive experience in banking and finance and as a director and Chairman of listed and unlisted property trusts. Richard is Treasurer of the Bradman Foundation and a Director of the Sydney Cricket Club. He is also the Chairman of Green State Power Pty Ltd and the Macquarie Group Foundation, and a Director of Echo Entertainment Group.



Richard was Managing Director and Chief Executive Officer of Macquarie Bank Limited and Deputy Managing Director of Macquarie Group Limited from 2007 until late 2011. Following seven years at the Reserve Bank of Australia, Richard joined Macquarie Group's predecessor, Hill Samuel Australia in 1975, initially working in Corporate Finance. He became Head of the Corporate Banking Group in 1988 and headed a number of the Bank's major operating Groups, including the Financial Services Group and the Corporate Affairs Group. He was a member of the Group Executive Committee since 1986 and Deputy Managing Director since 1996. Richard was also Chairman of the Australian Government's Financial Sector Advisory Council from 2009 to 2011 and Eraring Energy.

**Darren J Steinberg**  
**Chief Executive Officer and Executive Director**  
 BEc, FRICS, FAPI

Appointed 1 March 2012

Darren Steinberg is the CEO of DEXUS RE and an Executive Director of DEXUS RE. Prior to joining DEXUS in March 2012, Darren was Managing Director Property for Colonial First State Global Asset Management. He has also held senior property roles with Stockland, Westfield, Lend Lease and Jones Lang Wootton. Darren has a Bachelor of Economics from the University of Western Australia.

Darren has more than 25 years' experience in the property and funds management industry. Darren is the National President of the Property Council of Australia, a Fellow of the Royal Institution of Chartered Surveyors and the Australian Property Institute and a member of the Australian Institute of Company Directors.

**Peter St George**  
**Independent Director**  
 CA(SA), MBA

Appointed 29 April 2009

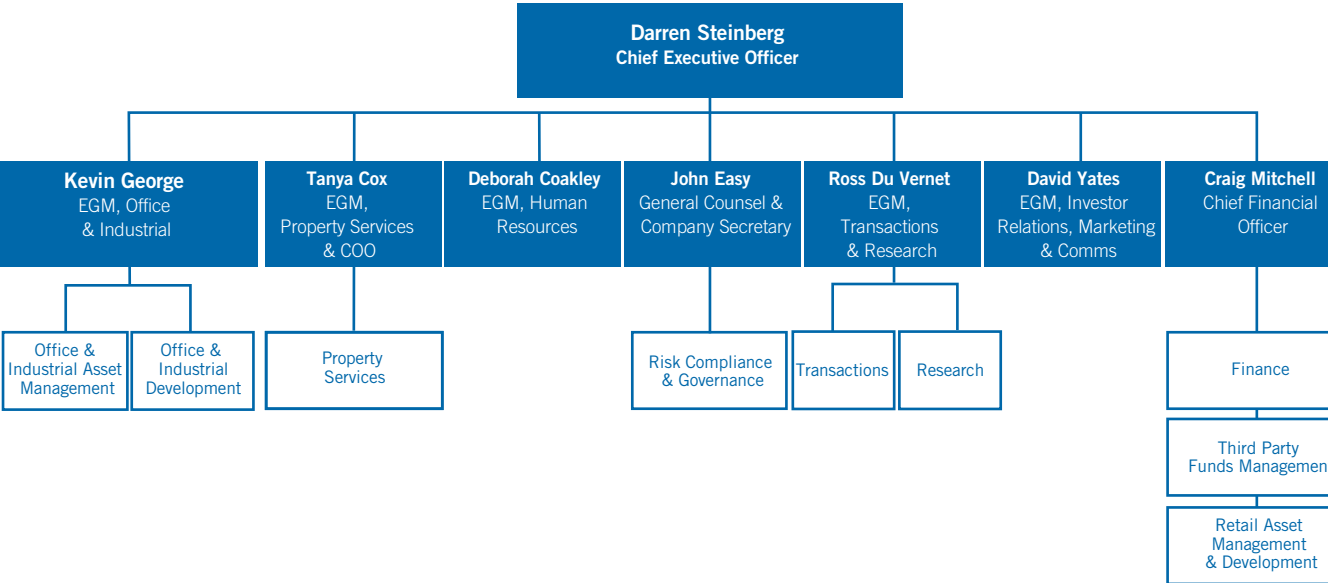
Peter St George is an Independent Director of DEXUS RE and the Chair of the Board Finance Committee. Peter has more than 20 years' experience in senior corporate advisory and finance roles within NatWest Markets and Hill Samuel & Co in London. Peter is currently a Director of First Quantum Minerals Limited (listed on the Toronto Stock Exchange and London Stock Exchange).

Peter acted as Chief Executive/Co-Chief Executive Officer of Salomon Smith Barney Australia/NatWest Markets Australia from 1995 to 2001. Peter was previously a Director of Spark Infrastructure Group, its related companies, SFE Corporation Limited and Boart Longyear Limited.

c.     **DEXUS Group Management Committee**

The Group Management Committee comprises eight senior executives. The Group Management Committee is responsible for achieving DEXUS's objectives, including ensuring the prudent financial and risk management of DEXUS.

**Figure 3.12.1: DEXUS Group Management Committee**



## DEXUS Group Management Committee

### **Darren J Steinberg – Chief Executive Officer of DEXUS RE and an Executive Director of DEXUS RE**

See page 45.

### **Craig Mitchell – Chief Financial Officer of DEXUS RE and an Executive Director of DEXUS RE**

See page 44.

### **Ross Du Vernet – Executive General Manager, Strategy, Transactions & Research**

Ross is responsible for corporate strategic planning and execution, corporate and property transactions and property research for the Group. Prior to joining DEXUS, Ross was Head of Strategy and Corporate Transactions at Colonial First State Global Asset Management where he was responsible for the strategic planning, M&A, and corporate development for the real estate group. Ross has a depth of experience in real estate funds management, capital management and M&A in Australia and abroad.

### **Kevin George – Executive General Manager, Office & Industrial**

See page 42.

### **David Yates – Executive General Manager, Investor Relations, Marketing & Communications**

David is responsible for the investor relations, marketing and communications function across DEXUS.

David has more than 13 years of investor relations and communications experience specifically in the Australian commercial property industry and prior to joining the Group in May 2012 was Head of Investor Relations and Corporate Affairs at Colonial First State Global Asset Management. Prior to this David worked in a number of investor relations and communications roles at ING Real Estate, Lend Lease and Schroders Property.

### **John Easy – General Counsel and Company Secretary**

John is responsible for the legal function and compliance, risk and governance systems and practices across DEXUS.

During his time with DEXUS, John has been involved in the establishment and public listing of Deutsche Office Trust, the acquisition of the Paladin and AXA property portfolios, and subsequent stapling and creation of DEXUS. 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.

### **Deborah Coakley – Executive General Manager, People & Culture**

Deborah is responsible for setting the culture and leadership direction of the organisation, working with the business leaders in the areas of remuneration and reward, engagement and culture, performance and resourcing.

Prior to joining DEXUS in April 2013, Deborah held various management roles in human resources and recruitment over the past 13 years, including Head of Group Capability, Loyalty & Corporate, Head of People Shared Services and General Manager Group Resourcing with the Qantas Group and gained human resources and recruitment experience with Deloitte and Alexander Mann Solutions. Deborah has built human resources operations from initial concept and implemented change and process improvement to existing business units.

### **Tanya Cox – Executive General Manager, Property Services and Chief Operating Officer**

Tanya is responsible for the tenant and client service delivery model, sustainability practices, information technology solutions and company secretarial services across the Group.

Tanya has over 25 years experience in the finance industry. Prior to joining DEXUS RE in July 2003, Tanya held various general management positions over the previous 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 a Director of Low Carbon Australia Limited, the Green Building Council of Australia and is a non-executive director of a number of not-for-profit organisations.

## 4 INFORMATION ABOUT CPPIB

### 4.1 Overview

CPPIB is a professional investment management organisation that invests the funds not needed by the CPP to pay current benefits on behalf of 18 million Canadian contributors and beneficiaries. At 30 September 2013, the CPP Fund totalled C\$192.8 billion and ranks among the world's top 10 largest retirement funds.

Created by an Act of Parliament in 1997, CPPIB is accountable to the Canadian Federal Government and provincial finance ministers who serve as the CPP's stewards. However, CPPIB is governed and managed independently of the CPP, operating at arm's length from governments with a singular investment-only mandate.

Headquartered in Toronto, with offices in London and Hong Kong, CPPIB invests in a diversified portfolio of public equities, private equities, real estate, infrastructure and fixed income instruments. CPPIB's clarity of mission, independence, long investment horizon, scale, certainty of assets and global reach set CPPIB apart from other pension funds and institutional investors.

CPPIB's investment-only mandate, as set out in its incorporating legislation, is:

- i. to assist the CPP in meeting its obligations to contributors and beneficiaries;
- ii. to manage any funds transferred to it in the best interests of contributors and beneficiaries; and
- iii. to invest its assets with a view to achieving a maximum rate of return, without undue risk of loss, having regard to the factors that may affect the funding of the CPP and the ability of the CPP to meet its financial obligations on any given business day.

CPPIB cannot conduct any business or activity that is inconsistent with these objectives.

### 4.2 Real estate investment strategy

CPPIB is an experienced and long-term investor in real estate assets. CPPIB has a long-term investment horizon and its principal real estate investment strategy is to work with strong operating partners who have deep, local expertise, to source and acquire new investments. CPPIB also seeks programmatic and highly scalable relationships that can grow over time. As an active investor, joint ventures are CPPIB's preferred investment structure as it affords stronger governance and provides greater transparency in its investments.

At 30 September 2013, CPPIB's portfolio of real estate assets was valued at approximately C\$22.0 billion. CPPIB's real estate investments in Australia include ownership interests in:

- the Barangaroo South project in the Sydney CBD;
- Goodman Trust Australia and Goodman Australia Development Fund, both being unlisted industrial real estate vehicles managed by Goodman Group;
- AMP Capital Retail Trust, which owns 80% of Pacific Fair Shopping Centre and 50% of Macquarie Centre; and
- an unlisted retail property investment vehicle called Colonial First State Global Asset Management Property Retail Partnership.

## 4.3 Governance

Oversight of CPPIB is provided by an independent board of directors. This board, not the relevant governments, approves investment policies and makes critical operational decisions, such as the hiring of the President and Chief Executive Officer and the setting of executive compensation.

The Canada Pension Plan Investment Board Act, CPPIB's governing legislation, expressly provides that CPPIB is not an agent of Her Majesty in right of Canada, and directors, officers, employees and agents of CPPIB are not part of the federal public administration of Canada.

CPPIB operates with high levels of disclosure and transparency, including publishing its investment policy and public equity holdings on its website and reporting to Canadians in line with regulatory requirements for public companies.

While CPPIB operates at arm's length from government, it is subject to rigorous accountability requirements. Accountability is ingrained in the CPPIB legislation, governance and in the policies and practices of the board, officers and employees. Specific examples of the ways in which CPPIB is accountable by law include:

- its annual report is tabled in the Canadian Parliament by the federal Minister of Finance;
- it receives annual audits by an independent external audit firm;
- there is a review of the CPP and CPPIB by the Canadian federal and provincial finance ministers every three years;
- CPPIB is subject to a special examination of its records, systems and practices every six years;
- if deemed necessary, the Canadian federal Minister of Finance also has the power to appoint a firm of accountants to conduct an audit at any time;
- CPPIB holds public meetings in each participating province every two years;
- the quarterly release of investment results; and
- CPPIB provides regular and timely information on its website helping interested Canadians monitor the activities and investment performance of CPPIB.

## 4.4 Further information

Further details in relation to CPPIB (including copies of its annual reports) are available via its website at [www.cppib.com](http://www.cppib.com).

## 5 INFORMATION ABOUT DEXUS SECURITIES

### 5.1 Capital Structure

DEXUS Securities consist of one DDF Unit, one DIT Unit, one DOT Unit and one DXO Unit, stapled together and jointly quoted on the ASX.

As at the date of this Bidder's Statement, DEXUS has the following DEXUS Securities on issue:

Class of security	Total number on issue
DEXUS Securities (quoted on ASX)	4,628,228,426
Performance Rights (not quoted on ASX)	6,883,254

### 5.2 Substantial Security holders

Based on information lodged with the ASX or known to DEXUS, as at 18 December 2013, the substantial Security holders of DEXUS are as follows:

Substantial holder	Number of DEXUS Securities	Percentage of Total issued DEXUS Securities
The Bank of New York Mellon Corporation	338,924,751	7.32%
CBRE Clarion Securities LLC	328,535,162	6.99%
Vanguard Investments Australia Ltd	291,537,480	6.03%
BlackRock Investment Management (Australia) Limited	275,099,167	5.77%

### 5.3 Recent security price performance

The last recorded sale price of DEXUS Securities on the ASX on 18 December 2013, being the trading day prior to the date of this Bidder's Statement, was \$1.005.

The last recorded sale price of DEXUS Securities on the ASX on 10 December 2013, being the date before the Announcement Date, was \$1.015.

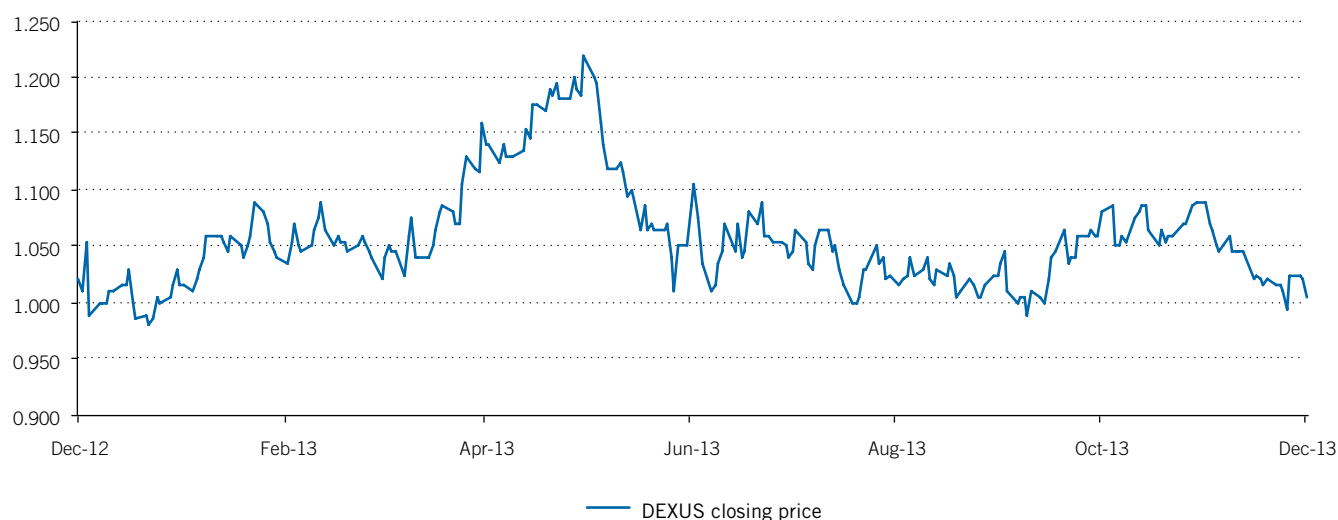
During the three months ended 18 December 2013 (being the trading day prior to the date of this Bidder's Statement):

- the highest recorded sale price for DEXUS Securities on the ASX was \$1.110 on 19 November 2013; and
- the lowest recorded sale price for DEXUS Securities on the ASX was \$0.980 on 12 December 2013.

The closing prices of DEXUS Securities on the ASX over the 12 months prior to the date of this Bidder's Statement are shown in the chart below.



**Figure 5.3.1: DEXUS Security price history (last 12 months)**



Source: IRESS (18 December 2013). IRESS has not given its consent to the disclosure of this information.

None of the above security prices should be taken as a forecast that DEXUS Securities will trade at any particular price.

## 5.4 Recent announcements

DEXUS is listed on the ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and ASX Listing Rules. Copies of announcements made by DEXUS to the ASX are available on the ASX website at [www.asx.com.au](http://www.asx.com.au).

Further information about DEXUS can be obtained on its website at [www.dexus.com](http://www.dexus.com). DEXUS presented its annual financial results for the year ended 30 June 2013 on 19 August 2013. Details of the ASX announcements made since 19 August 2013 are listed in Annexure A.

## 5.5 Directors' interests in DEXUS Securities

As at the date of this Bidder's Statement, the Directors of DEXUS RE have the following relevant interests in DEXUS Securities.

Director	DEXUS Securities held
Christopher T Beare	100,000 DEXUS Securities
Elizabeth A Alexander AM	100,000 DEXUS Securities
John C Conde AO	100,000 DEXUS Securities
Tonianne Dwyer	100,000 DEXUS Securities
Craig D Mitchell	539,782 Performance Rights
Richard Sheppard	100,000 DEXUS Securities
Darren J Steinberg	453,417 Performance Rights
Peter St George	104,000 DEXUS Securities

## 6 INFORMATION ABOUT CPA

### 6.1 Disclaimer

The information about CPA, CPA Units and CPA Group contained in this Section 6 has been prepared based on a review of publicly available information and DEXUS's due diligence investigations on CPA.

Subject to the Corporations Act, none of Bidder, the Directors, nor any member of Bidder Group or their respective officers or employees make any representation or warranty (express or implied) as to the accuracy or completeness of this information.

Further information relating to CPA Group's businesses may be included in CMIL's target statement which CMIL must provide to CPA Unitholders in response to this Bidder's Statement.

### 6.2 Overview of CPA Group and its principal activities

#### a. CPA overview

CPA is an office sector-specific Australian real estate investment trust which invests in prime quality office property located in CBD's and major suburban markets in Australia. CPA is externally managed by entities within CFSGAM Property on behalf of more than 21,000 investors from 19 countries as at 31 October 2013.

CPA was listed on the ASX in April 1999. On listing, CPA had a property portfolio comprised of seven assets valued at \$619.5 million, the majority of which were purchased from CBA. In October 2002, CPA acquired a \$1.18 billion portfolio of office and industrial assets previously held in the former Colonial First State Property Trust Group portfolio. Non-core assets from this portfolio were then sold for \$500 million on a delayed payment basis.

As at 30 June 2013, CPA owned and managed a portfolio of 25 assets, located in major office markets across Australia, with a total asset value of \$3.8 billion. CPA is included in the S&P/ASX 200 A-REIT Index.

#### b. CPA management

The responsible entity of CPA is CMIL, a wholly owned subsidiary of Colonial First State Group Limited.

CMIL has appointed Colonial First State Property Limited as the manager of CPA.

Colonial First State Group Limited and Colonial First State Property Limited are wholly owned subsidiaries of CBA.

#### c. CPA property portfolio

The CPA property portfolio, as disclosed in the CPA Annual Report for the 12 months ended 30 June 2013, is outlined below.

**Figure 6.2.1: CPA property portfolio**

Property	Grade	Ownership (%)	Book value 30 June 2013 (\$m)	Occupancy <sup>1</sup> (%)	Cap rate (%)	WALE (years)
<b>Australian Capital Territory</b>						
Finlay Crisp Centre, Canberra <sup>2</sup>	B	100	77.5	100.0	9.09	4.1
<b>New South Wales</b>						
60 Castlereagh Street, Sydney <sup>2</sup>	A	100	247.8	91.4	7.00	3.5
2 and 4 Dawn Fraser Avenue, Sydney Olympic Park <sup>4</sup>	A	50	83.8	100.0	8.00	4.7
36 George Street, Burwood <sup>2</sup>	A	100	52.1	100.0	8.75	4.1
101 George Street, Parramatta <sup>2</sup>	A	100	93.0	100.0	8.00	3.4
150 George Street, Parramatta <sup>3</sup>	A	100	98.9	100.0	8.50	2.3
225 George Street, Sydney <sup>4</sup>	Premium	25	275.1	84.3	6.50	5.2
201 Kent Street, Sydney <sup>2</sup>	A	50	160.4	96.9	7.38	4.0
14 Lee Street, Sydney <sup>3</sup>	A	100	70.1	100.0	8.00	2.2
5 Martin Place, Sydney <sup>4,5</sup>	–	50	52.5	n/a	n/a	n/a

Property	Grade	Ownership (%)	Book value 30 June 2013 (\$m)	Occupancy <sup>1</sup> (%)	Cap rate (%)	WALE (years)
201 Miller Street, North Sydney <sup>3</sup>	A	100	74.1	92.3	8.50	3.0
56 Pitt Street, Sydney <sup>2</sup>	B	100	168.7	84.2	7.25	2.3
175 Pitt Street, Sydney <sup>2</sup>						
– Office	A	100	182.0	98.6	7.25	5.8
– Retail	–	100	63.5	100.0	6.88	2.3
10 Shelley Street, Sydney <sup>2</sup>	A	50	108.0	100.0	7.00	2.5
<b>Queensland</b>						
145 Ann Street, Brisbane <sup>2</sup>	A	100	221.8	100.0	7.53	8.3
10 Eagle Street, Brisbane <sup>2</sup>	A	100	209.5	85.4	7.50	3.1
<b>South Australia</b>						
108 North Terrace, Adelaide <sup>3</sup>	A	100	73.8	100.0	8.50	0.6
11 Waymouth Street, Adelaide <sup>3</sup>	Premium	100	155.0	97.7	8.25	3.7
<b>Victoria</b>						
385 Bourke Street, Melbourne <sup>3</sup>	A	100	240.5	100.0	7.50	3.5
– Galleria, Melbourne	–	100	62.1	92.4	7.50	0.8
655 Collins Street, Melbourne <sup>2</sup>	A	100	100.0	100.0	7.00	16.3
750 Collins Street, Melbourne <sup>2</sup>	A	100	240.0	100.0	7.50	6.1
180–222 Lonsdale Street, Melbourne <sup>2</sup>						
– Office	A	50	141.6	100.0	7.50	2.6
– QV retail (including car park and crèche)	–	50	154.8	99.3	7.36	3.5
2 Southbank Boulevard, Melbourne <sup>2</sup>	A	50	182.9	99.1	7.25	3.3
<b>Western Australia</b>						
46 Colin Street, West Perth <sup>2</sup>	A	100	44.0	100.0	9.75	4.2
58 Mounts Bay Road, Perth <sup>2</sup>	A	50	102.9	100.0	8.00	8.2

Source: CPA FY13 Annual Report.

1. By income.

2. On 18 November 2013, CMIL announced that the independent valuations of 16 of CPA's office assets have been completed, resulting in a \$60.5 million or 2.4% increase on prior book value as at 31 October 2013.

3. On 23 October 2013, CMIL announced that six of the CPA's assets were independently valued as at 30 September 2013, resulting in a 1.8% or \$14.2 million increase on prior book value.

4. On 11 December 2013, CMIL announced that three of CPA's office assets have been independently valued as at 31 December 2013, resulting in \$1.0 million or 0.2% increase on prior book value.

5. Development asset.

#### d. CPA default and pre-emptive rights and change of control triggers

Following the due diligence undertaken by Bidder, Bidder is aware that the DEXUS Offer may have an impact on various arrangements applying to the CPA Group. In particular, the following may be triggered by the DEXUS Offer:

Arrangement	Potential trigger as a result of the DEXUS Offer	Consequence
Default and/or pre-emptive rights in co-ownership arrangements in relation to the following properties (in favour of co-owners): <ul style="list-style-type: none"> <li>201 – 207 Kent Street;</li> <li>5 Martin Place;</li> <li>2 Southbank Boulevard;</li> <li>180 – 222 Lonsdale Street; and</li> <li>58 Mounts Bay Rd.</li> </ul>	Replacement of CMIL as responsible entity of CPA with DEXUS RE as contemplated by this Bidder's Statement if Bidder acquires a greater than 50.1% relevant interest in CPA.	Generally, if triggered, the property will be offered to the other co-owner, or other third party, for sale at either a market-based reference price or a price specified by the outgoing responsible entity.

Arrangement	Potential trigger as a result of the DEXUS Offer	Consequence
<p>Pre-emptive rights in favour of CBA, as lessee, in respect of the following properties<sup>1</sup>:</p> <ul style="list-style-type: none"> <li>■ 5 Martin Place, Sydney;</li> <li>■ 2 Dawn Fraser Avenue, Sydney Olympic Park, Homebush;</li> <li>■ 4 Dawn Fraser Avenue, Sydney Olympic Park, Homebush;</li> <li>■ 101 George Street, Parramatta; and</li> <li>■ 150 George Street, Parramatta.</li> </ul>	Same as above.	Generally, if triggered, the property will be offered to CBA for sale at a price specified by the outgoing responsible entity.
Various debt financing arrangements – refer to Sections 6.14 and 6.15	Various – refer to Sections 6.14 and 6.15	Various – refer to Sections 6.14 and 6.15

1. On the date of this Bidder's Statement, CMIL announced that there are no such rights at 385 Bourke St, Melbourne.

There is no certainty that all or some of the above arrangements will trigger as a result of the DEXUS Offer. In particular, even if DEXUS RE successfully replaces CMIL as responsible entity, the pre-emptive and default rights in the co-ownership arrangements are subject to varying interpretations. Furthermore, even where a counter party considers that its pre-emptive or default right has been triggered, there is no certainty that the counterparty will take any action in respect of that right.

In addition, under the Facilitation Agreement, CBA has agreed to do the following:

- provide consents where CBA acts as lender or counterparty to any financing or derivative arrangements with CPA which may be triggered by the DEXUS Offer;
- not to exercise any rights as lessee of any premises it may have to purchase the premises under a lease as a consequence of the DEXUS Offer; and
- assist in obtaining third party co-owner, lender and counterparty consents that may arise as a result of the DEXUS Offer.

#### e. Summary of recent events of CPA

CPA lodged its Annual Results for the 12 months ended 30 June 2013 with the ASX on 20 August 2013. In summary, the CPA Annual Results Announcement for 30 June 2013 stated that the key operating highlights for the year were:

- net profit of \$145.4 million compared to \$256.4 million in the prior year, decreasing 43.3% predominantly due to reduced valuation increases and some valuation losses;
- CPA FFO increasing 3.1% to \$207.0 million, up from \$200.8 million in the prior year;
- distribution of 6.55 cents per unit for the full year, which was up 7.6% on the prior year and reflected a 74.3% payout ratio of CPA FFO;
- net property income growth of 5.1% and like-for-like property income growth of 2.0%;
- net tangible asset backing per unit declining slightly to \$1.15, from \$1.16 at 30 June 2012;
- total assets of \$3.8 billion increasing marginally from \$3.7 billion in the prior year;
- restructuring \$665 million of debt including \$210 million in medium term note issuances;
- maintaining a conservative gearing position of 25.2%, up from 24.0% at 30 June 2012;
- preserving a low weighted average cost of debt at 5.6%;
- securing a solid occupancy level of 96.2% with the successful leasing or renewal of 69,860 square metres of space, resulting in a weighted average lease expiry profile (by income) of 4.3 years; and
- achieving an average 4.1% increase in rents following the completion of rent reviews over 652,355 square metres of space (82.6% of the portfolio).

In the 12 months to 30 June 2013, CPA's major transactions and developments included:

- acquiring a further 25% interest in 201 Kent Street, Sydney for \$77.3 million excluding transaction costs;
- selling 45 Pirie Street, Adelaide for \$87.0 million (excluding transaction costs), Site 4B at Sydney Olympic Park and an option over 8 Exhibition Street, Melbourne, in line with asset recycling strategy;
- commencing construction on the jointly-owned office development at 5 Martin Place, Sydney, following law firm Ashurst committing to lease 44% of the project (by office area); and
- completing the 145 Ann Street development project in Brisbane.

In the 12 months to 30 June 2013 and up to the lodgment of this Bidder's Statement, other CPA events included:

- Capital management and distributions:
  - Issuing \$185 million of 7-year A\$ MTN debt at a 5.25% coupon.
  - Issuing \$25 million of 10-year A\$ MTN debt at a 5.75% coupon.
  - Extending a \$300 million bank debt facility for 26 months.
  - Repaying \$83 million of USPP debt.
  - Cancelling a \$155 million short-term bank debt facility.
  - Announcing an upgrade in distribution guidance to 6.75 cents per CPA Unit and estimating a distribution for the 6 months to 31 December 2013, of \$0.035 per CPA Unit.
- Revaluations
  - On 23 October 2013, Colonial First State Property Limited announced that six of CPA's assets were independently valued as at 30 September 2013, resulting in a 1.8% or \$14.2 million increase on prior book value.
  - On 18 November 2013, Colonial First State Property Limited announced that the independent valuations of 16 of CPA's office assets had been completed, resulting in a \$60.5 million or 2.4% increase on prior book value.
  - On 11 December 2013, Colonial First State Property Limited announced that three of CPA's assets had been independently valued as at 31 December 2013, resulting in a \$1.0 million or 0.2% increase on prior book value.
- Internalisation proposal
  - On 24 July 2013, the CMIL board announced it had received a highly conditional, indicative and incomplete proposal from CBA to internalise the management of CPA.
  - On 23 October 2013, Colonial First State Property Limited provided an update on the internalisation proposal stating that the Independent Board Committee of CMIL continues to evaluate CBA's highly conditional, indicative and incomplete internalisation proposal announced on 24 July 2013.
  - On 11 November 2013, CMIL announced that it had suspended the evaluation of the internalisation proposal as a result of its intention to recommend the Consortium's proposal (see below).
- Consortium proposal
  - On 11 October 2013, the Consortium made an indicative, non-binding proposal to CMIL to acquire all the issued units in CPA, other than those to which DEXUS was already entitled by its forward contract with Deutsche Bank AG, by way of an informal trust scheme. Under the proposal, the consideration comprised of \$0.680 in cash consideration plus 0.4516 DEXUS Securities for each CPA Unit.
  - On 14 October 2013, CMIL announced that it would not grant access to the due diligence material, nor progress the DEXUS proposal at that time.
  - On 8 November 2013, CMIL entered into a Process Agreement with the Consortium granting a four week exclusive due diligence period following the receipt of a revised proposal. The revised proposal provided the following cash and DEXUS scrip consideration per CPA Unit of \$0.710 in cash consideration plus an amount equivalent to 75% of FFO per CPA Unit for the period from 1 January 2014 to the implementation date plus 0.4516 DEXUS Securities.
  - On 25 November 2013, CMIL announced the Process Agreement between CMIL and the Consortium was terminated, as the Consortium did not match a competing proposal for CPA received from the GPT Group on 19 November 2013 (and notified to the Consortium on the same date) within the specified period. However, CMIL allowed the Consortium to continue undertaking due diligence.
  - On 11 December 2013, the Consortium announced its intention to make an off-market takeover offer for all of the outstanding units in CPA for \$0.7745 cash and 0.4516 DEXUS Securities per CPA Unit, with no reduction for any distribution paid on a CPA Unit for the period ended 31 December 2013.
- GPT Offer
  - On 19 November 2013, the GPT Group announced its intention to make an off-market takeover offer for all the outstanding units in CPA for 0.141 GPT Securities per CPA Unit and \$0.75325 cash consideration per CPA Unit, reduced by the amount of any distribution paid on a CPA Unit following the date of the announcement.

## 6.3 Historical financial information on CPA Group

CPA Group's last published reviewed financial statements are for the financial year ended 30 June 2013, as lodged with the ASX on 20 August 2013.

Bidder is not aware of any changes to CPA's financial position since the release of these results other than announcements made by CPA to the ASX up to the day before the date of this Bidder's Statement.



## 6.4 Publicly available information about CPA Group

CPA is a listed disclosing entity for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations. Specifically, CMIL is required, subject to certain exceptions, to continuously disclose to the market any information of which it is aware that a reasonable person would expect to have a material effect on the price or the value of CPA Units.

CMIL is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by CMIL may be obtained from an ASIC office. Information about CPA (including copies of the 2013 annual report) may be obtained from either CPA Group's website at [www.cfsgam.com.au/au/property/cpa/Home](http://www.cfsgam.com.au/au/property/cpa/Home) or the ASX website at [www.asx.com.au](http://www.asx.com.au).

In addition, the Corporations Act requires the directors of CMIL to provide a Target's Statement to CPA Unitholders, setting out certain material information regarding CPA.

## 6.5 Capital structure

According to documents lodged by CPA with the ASX, as at the day immediately before the date of this Bidder's Statement, CPA has the following securities on issue:

Class of security	Total number on issue
CPA Units (quoted on ASX)	2,347,003,413
CPA Convertible Notes	A\$200,000,000 (face value)

## 6.6 Substantial unitholders

Based on information lodged with the ASX or known to DEXUS, as at 18 December 2013, the substantial unitholders of CPA are as follows:

Security holder	Last notice	Number of CPA Units	Voting power (%)
DEXUS Funds Management Limited	16 December 2013	590,820,286	25.17 <sup>1</sup>
Commonwealth Bank Group	16 December 2013	590,820,286	25.17 <sup>2</sup>
Deutsche Bank AG	4 December 2013	382,180,004	16.28 <sup>3</sup>
Canada Pension Plan Investment Board	18 November 2013	350,000,000	14.90 <sup>4</sup>
Mondrian Investment Partners Limited	13 December 2012	190,553,607	8.12 <sup>5</sup>
GPT Management Holdings Limited	4 December 2013	187,095,293	7.97 <sup>6</sup>
The Vanguard Group Inc.	13 December 2013	121,210,713	5.16 <sup>7</sup>

1. As disclosed in a substantial holder notice lodged on 16 December 2013 by DEXUS (updated for the substantial holder notice lodged by CBA group entities).

2. As disclosed in a substantial holder notice lodged on 16 December 2013 by CBA group entities.

3. As disclosed in a substantial holder notice lodged on 4 December 2013 by Deutsche Bank AG.

4. As disclosed in a substantial holder notice lodged on 18 November 2013 by CPPIB.

5. As disclosed in a substantial holder notice lodged on 13 December 2012 by Mondrian Investment Partners Limited.

6. As disclosed in a substantial holder notice lodged on 2 December 2013 by GPT Management Holdings Limited and each of its related bodies corporate.

7. As disclosed in a substantial holder notice lodged on 13 December 2013 by The Vanguard Group, Inc.

## 6.7 Recent unit price performance

The last recorded sale price of CPA Units on the ASX on 18 December 2013, being the trading day prior to the date of this Bidder's Statement, was \$1.265.

The last recorded sale price of CPA Units on the ASX on 10 December 2013, being the date before the Announcement Date, was \$1.250.

During the three months ended 18 December 2013 (being the trading day prior to the date of this Bidder's Statement):

- the highest recorded sale price for CPA Units on the ASX was \$1.285 on 13 December 2013; and
- the lowest recorded sale price for CPA Units on the ASX was \$1.135 on 23 September 2013.

The closing prices of CPA Units on the ASX over the 12 months prior to the date of this Bidder's Statement are shown in the chart below.

**Figure 6.7.1: CPA Unit price history (last 12 months)**



Source: IRESS (18 December 2013). IRESS has not given its consent to the disclosure of this information.

## 6.8 Details of relevant interests in CPA Units

Details of Bidder's relevant interests in CPA Units are set out in the table below:

Class of securities	Total number in class	Relevant interest of the Bidder as at the date of this Bidder's Statement
CPA Units	2,347,003,413	350,000,000 (14.90%)

## 6.9 Details of relevant interest and voting power in CPA

As at the date of this Bidder's Statement, Bidder had a relevant interest in 350,000,000 CPA Units, and has voting power of 25.17%<sup>1</sup>.

Immediately before the first DEXUS Offer was sent, Bidder had a relevant interest in 350,000,000 CPA Units, and has voting power of 25.17%.

## 6.10 Interests of Bidder's Directors in CPA Units

As at the date of this Bidder's Statement, the Directors of Bidder have the following relevant interest in CPA Units and CPA Convertible Notes.

Director	CPA Units or CPA Convertible Notes held
Christopher T Beare	Nil
Elizabeth A Alexander AM	Nil
John C Conde AO	Nil
Tonianne Dwyer	Nil
Craig D Mitchell	Nil
Richard Sheppard	709,784 CPA Units
Darren J Steinberg	Nil
Peter St George	Nil

## 6.11 Consideration provided for CPA Units during previous four months

Except as set out in this Bidder's Statement, neither Bidder nor its associates has provided (or agreed to provide) consideration for a CPA Unit under a purchase or agreement to purchase during the period of four months before the date of this Bidder's Statement or in the period between the date of this Bidder's Statement and the date of the DEXUS Offer.

1. 14.9% arises as a result of entry into the Forward Contract described in Section 6.11. The remainder arises as a result of the association between CBA and DEXUS RE caused by entry into the Facilitation Agreement.

On 25 July 2013, DEXUS RE entered into a forward contract with Deutsche Bank AG with respect to 350,000,000 CPA Units. On 11 December 2013, DEXUS RE exercised its rights under that contract to request early delivery of the CPA Units under the Forward Contract. As a consequence, Deutsche Bank AG has the obligation to make, and DEXUS RE has the obligation to take delivery of 350,000,000 CPA Units for \$1.1334 per unit<sup>2</sup> on 3 January 2014<sup>3</sup>.

## 6.12 No collateral benefits

Neither Bidder nor any of its associates has in the four months before the date of this Bidder's Statement or in the period between the date of this Bidder's Statement and the date of the DEXUS Offer, given, offered to give or agreed to give a benefit which is not offered to all CPA Unitholders under the DEXUS Offer to another person which was likely to induce the other person (or an associate) to accept the DEXUS Offer or dispose of CPA Units.

## 6.13 No escalation agreements

Neither Bidder nor any of its associates has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

## 6.14 Other CPA Securities

### Convertible notes

#### Overview

CMIL issued \$200 million of senior, unsecured convertible notes in December 2009, redeemable at the option of the noteholder on 11 December 2014. These have a final maturity date of 11 December 2016 (if not redeemed/converted earlier). The face value of the remaining CPA Convertible Notes on issue at 30 June 2013 was \$200 million. On 29 August 2013, CPA announced the conversion price for the CPA Convertible Notes was \$1.1182. The conversion price can be adjusted in the circumstances described in the prospectus for the CPA Convertible Notes dated 4 December 2009. The CPA Convertible Notes are convertible at the option of noteholders at any time until seven days before the maturity date or (if applicable) seven business days before the date of early redemption of the CPA Convertible Notes by CMIL. On a conversion, CPA Convertible Notes are converted into CPA Units at the prevailing conversion price – except for a small proportion of the face value of each CPA Convertible Note being converted (5%), which is satisfied by a payment of cash equal to the market value of the CPA Units into which the 5% amount would otherwise be converted (if converted at the prevailing conversion price). CMIL can elect to pay cash to a noteholder on a conversion instead of delivering some or all of the CPA Units owing to the noteholder – the cash amount paid in lieu of delivery of CPA Units is equal to the number of CPA Units otherwise deliverable to the noteholder that are to be 'cash settled' multiplied by the current market price of CPA Units.

#### Conversion following a change of control event

The CPA Convertible Notes contain change of control provisions. In the event of a 'change of control event', which includes Bidder acquiring, during the Offer Period, a relevant interest in greater than 50% of CPA Units on issue and the DEXUS Offer being declared unconditional, noteholders have the ability to convert the notes at an adjusted conversion price (which will be lower than the conversion price immediately before the change of control event):

- the adjusted conversion price will be determined by a formula, disclosed in the prospectus for the CPA Convertible Notes issued around the time of issuance of the CPA Convertible Notes, the amount of the downwards adjustment in the conversion price will depend upon the date the change of control event occurs; and
- the cost to CPA of converting CPA Convertible Notes in connection with the DEXUS Offer will depend upon the market price of CPA Units at the time of the conversion, the time that the change of control event occurs and the number of valid conversion notices received.

The lower conversion price on a change of control event applies for 20 business days (as defined in the terms of the CPA Convertible Notes) following the change of control event.

It is a condition of the DEXUS Offer that CMIL makes a public and unqualified statement that it will elect to cash-settle in full any CPA Convertible Notes in respect of which noteholders give a conversion notice before the end of the Offer Period.

#### Other rights on a change of control event

In addition to the above, following a change of control event or a delisting of CPA (or a suspension of quotation of CPA Units for more than 30 consecutive ASX trading days), noteholders will have a right to redeem their CPA Convertible Notes for repayment of the principal outstanding and payment of unpaid interest. Noteholders have 60 days from the later of the date of the relevant event above and the date that they are notified of the relevant event above to request redemption.

If CMIL is removed as responsible entity of CPA, the new responsible entity is not a subsidiary of CBA and the change is not approved by an extraordinary resolution of noteholders, the CPA Convertible Notes trustee may, or must if requested by 25% of noteholders by value or by an extraordinary resolution, call for immediate payment of the principal outstanding and unpaid interest on the CPA Convertible Notes.

2. Subject to reduction in accordance with the terms of the Forward Contract.

3. Unless delivery is postponed.

## 6.15 CPA debt

The following summarises other CPA debt arrangements:

### Loan agreement with ANZ

CPA entered into a loan agreement dated 13 June 2012 with ANZ in relation to A\$200 million Term Cash Advance Facility ("ANZ-CPA Loan Agreement"), which matures on 13 June 2015.

The ANZ-CPA Loan Agreement contains a change of control provision if there is a change in the identity of the responsible entity of CPA from that existing at the date of the ANZ-CPA Loan Agreement, or if the person or persons who as at the date of the ANZ-CPA Loan Agreement hold the majority interest cease to do so, in each case where the change is outside of the Commonwealth Bank Group or is done so without the prior approval of ANZ. In the event of such a change of control, ANZ has the ability to accelerate repayment of its outstanding facilities and cancel any undrawn commitments:

- the facilities must be repaid at principal plus unpaid accrued interest and fees (including default interest, if applicable);
- such amounts are payable on demand by ANZ; and
- the cost to CPA will depend upon the time the acceleration right arises.

### Loan agreement with CBA

CPA entered into a loan agreement with CBA in relation to A\$302 million Multi-Option Facility ("CBA-CPA Loan Agreement"), which matures on 30 April 2018 and allows CPA to request cash advances (up to \$300,000,000) and letters of credit/bank guarantees in favour of third parties (up to \$2,000,000).

The CBA-CPA Loan Agreement contains a change of control provision if there is a change in the identity of the responsible entity of CPA from that existing at the date of the CBA-CPA Loan Agreement, where the change is outside of the Commonwealth Bank Group or is done so without the prior approval of CBA, or if CPA ceases to be listed on the ASX. In the event of such a change of control, CBA has the ability to accelerate repayment of its outstanding facilities and cancel any undrawn commitments. Additionally, if a change of Control (as defined in section 50AA of the Corporations Act) from that existing on the date of the CBA-CPA Loan Agreement occurs in respect of CPA, CBA will have the right to review the terms on which it provides the facilities and, if it elects, it may accelerate repayment of its outstanding facilities and cancel any undrawn commitments:

- the facilities must be repaid at principal plus unpaid accrued interest and fees (including default interest, if applicable), or, in the case of outstanding letters of credit/bank guarantees, by posting cash collateral equal to the principal amount outstanding;
- such amounts are payable on demand by CBA; and
- the cost to CPA will depend upon the time the acceleration right arises.

### US private placement notes (USPP debt)

CPA issued US\$138 million of US private placement notes in November 2005, which matures in two tranches in December 2015 and December 2017.

The USPP contains a change of control provision if there is an appointment of a new responsible entity of CPA without the consent of the USPP holders. In the event of such a change of control, USPP holders have the ability to require redemption of the USPP notes:

- the USPP notes will be redeemed at the principal amount, plus accrued interest and the Make-Whole Amount (in summary, this is an amount equal to the excess, if any, of the discounted value (discounted by the reinvestment yield of the USPP notes) of the remaining scheduled payments with respect to the principal of such USPP notes over the amount of such principal);
- such amounts are repayable immediately upon a USPP holder giving CPA notice of its decision to redeem the notes; and
- the cost to CPA will depend upon the calculation of the Make-Whole Amount, the time the change of control occurs and the number of USPP holder redemption requests.

### Australian medium term notes (A\$ MTN debt)

CPA issued A\$200 million of MTN's in March 2011, maturing in March 2016. CPA issued A\$150 million of MTN's in December 2012, which matures in two tranches in December 2019 and December 2022, with a further \$60 million of MTN's issued in April 2013 maturing in December 2019.

Relevantly, the A\$ MTN debt give holders the right to require redemption of their notes if CPA ceases to be listed on the ASX which is likely to happen if the Bidder acquires 100% of CPA and may happen under other scenarios.

In the event the A\$ MTN debt holders elect to redeem their notes:

- the notes will be redeemed at par plus accrued interest;
- such amounts are repayable on the next Business Day after a holder gives CPA notice of its decision to redeem the notes; and
- the cost to CPA will depend upon the time the redemption right arises and the number of holder redemption requests.

## 7 BIDDER'S INTENTIONS

### 7.1 Introduction

This Section 7 sets out Bidder's intentions in relation to:

- the continued operation of CPA;
- any major changes to be made to the operation of CPA, including any redeployment of the CPA property; and
- any plans to remove the current responsible entity of CPA and appoint a new responsible entity.

These intentions are based on the information concerning CPA, its business and the general business environment which is known to Bidder at the time of preparation of this Bidder's Statement.

Despite having conducted due diligence in relation to CPA, Bidder does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, tax and financial implications of its current intentions. Final decisions regarding these matters will only be made by Bidder in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this Section 7 are statements of current intention only, which may change as new information becomes available to Bidder or as circumstances change.

### 7.2 Intentions upon acquisition of 90% or more of CPA Units

This Section 7.2 sets out Bidder's current intentions if it acquires relevant interests in 90% or more of the CPA Units and it is entitled to proceed to compulsory acquisition of the remaining CPA Units under the Corporations Act.

#### Corporate matters, including change of CPA responsible entity

It is intended that:

- Bidder will proceed with compulsory acquisition of the outstanding CPA Units in accordance with the provisions of chapter 6A of the Corporations Act;
- Bidder will arrange for CPA to be removed from the Official List of the ASX; and
- subject to the Corporations Act, Bidder will replace CMIL with DEXUS RE as responsible entity of CPA as soon as practically possible after acquiring 90% of CPA Units. Bidder may vote on the change of responsible entity if a meeting is held<sup>1</sup>. Bidder will also seek the appointment of appropriately licensed DEXUS Group entities to manage CPA and CPA's assets.

#### Strategy

Generally, Bidder is obliged under the Unitholders Agreement to continue to operate the current CPA portfolio on behalf of CPPIB and DEXUS.

Subject to the Unitholders Agreement, Bidder intends to undertake a detailed review of CPA assets and to implement a strategy to deliver superior risk-adjusted returns for the CPA portfolio.

In conducting its review, Bidder will consider:

- operational changes for the portfolio;
- changes to development and redevelopment programs;
- disposal of non-core assets; and
- other actions that it can take to maximise the value of the existing portfolio.

Generally, Bidder will not seek to acquire additional assets for CPA. However, it may seek to make strategic acquisitions or acquisitions of interests in existing co-owned properties over which it has pre-emptive or default rights to the extent those rights are triggered in the future and the acquisition of adjoining properties.

A change in strategy may impact the composition of returns to CPA Unitholders, including a lowering of the distribution yield and increase in the capital value of the underlying real estate (which may or may not translate to the value of CPA Units).

#### Sales to GWOF

Bidder intends, if it acquires 100% of CPA Units before 31 May 2014<sup>2</sup> under the terms of the DEXUS Offer as outlined in this Bidder's Statement, to offer to the responsible entity of GWOF the opportunity to acquire, on market terms<sup>3</sup>, the following CPA assets for an aggregate sale price of

1. A meeting is not always held to change a responsible entity.

2. Note in the announcement dated 11 December 2013, the Consortium's intention to make an offer was expressed to be subject to the Consortium acquiring 100% of CPA by 31 March 2014. However, Bidder has decided to extend the time period to 31 May 2014.

3. Including standard contract terms expected from a vendor in the circumstances including deposit amounts, settlement timing, standard settlement adjustments and customary provisions regarding conduct between exchange and settlement.



\$450.7 million (representing the current CPA book value plus vendor costs incurred in acquiring the properties):

- 100% interest in 750 Collins Street, Melbourne, and
- 50% interest in 2 Southbank Boulevard, Melbourne<sup>4</sup>.

There can of course be no assurance that Bidder will acquire 100% of the CPA Units by that date or that the responsible entity of GWOF will take up this invitation.

### CPA borrowings

Bidder will seek to repay all debt finance currently available to CPA to the extent it becomes repayable.

See Section 9 for further information in relation to Bidder's funding arrangements.

### Property management and development management

If DXFM or another DEXUS Group entity becomes the responsible entity of CPA, it will seek to discontinue existing property management, development management and other ancillary services arrangements.

In accordance with the terms of the Unitholders Agreement, Bidder will seek to appoint the Property Manager to undertake those activities.

Under the terms of relevant arrangements for jointly owned assets, DXFM will only be able to directly replace the property manager with the consent of existing co-owners. DXFM will seek that consent if it is appointed responsible entity of CPA.

## 7.3 Intentions upon acquisition of less than 90% of CPA Units

This Section 7.3 sets out Bidder's intentions if CPA were to be:

- a part-owned controlled entity (where Bidder holds 50.1% or more); and
- a part-owned non controlled entity.

The DEXUS Offer is not subject to a minimum acceptance condition. This reflects the fact that Bidder is comfortable with any level of acquisition of CPA Units.

In circumstances in which CPA becomes a part-owned controlled entity, Bidder intends, subject to the Unitholders Agreement described in Section 12.3:

- that CPA's business will continue substantially in its current form;
- to seek to implement the intentions set out in Section 7.2 to the extent possible;
- if it is in a position to do so, appoint DXFM or another entity as the new responsible entity of CPA;
- to review the ongoing suitability of CPA for listing on the ASX. Bidder currently intends that CPA continues to be listed on ASX while it meets the ASX requirements for maintaining a listing;
- to continue to deal with its stake in CPA with a view to maximising returns for the Bidder Group; and
- CPPIB and DEXUS may also, in accordance with the terms of the Unitholders Agreement, sell down their indirect investment in CPA to each other or a third party (refer to Section 12.3).

In circumstances in which CPA becomes a part-owned non-controlled entity, Bidder:

- does not expect to be in a position to give effect to all the intentions mentioned in Section 7.2;
- Bidder will, subject to the Unitholders Agreement, deal with any stake in CPA with a view to maximising returns for the Bidder Group;
- if it is in a position to do so, Bidder will seek to appoint DXFM or another entity as the new responsible entity of CPA. Bidder will also seek the appointment of appropriately licensed DEXUS group entities to manage CPA and CPA's assets; and
- currently intends not to vote its stake in favour of any asset sales to a related body corporate of a current or future responsible entity of CPA, including GWOF in the case a GPT Group entity becomes the CPA responsible entity, noting that Bidder reserves its rights to change that intention.

## 7.4 Limitations on intentions

The intentions and statements of future conduct set out in this Section 7 are subject to:

- the law (including the Corporations Act) and the ASX Listing Rules, including in particular the requirements of the Corporations Act and the ASX Listing Rules in relation to conflicts of interest and "related party" transactions given that, if Bidder obtains control of CPA and replaces the responsible entity but does not acquire all of the CPA Units, the Bidder Group will be treated as related parties of CPA for these purposes; and
- the legal obligation of the directors of the responsible entity of CPA at the time, including any nominees of Bidder, to act in good faith in the best interests of CPA Unitholders and for proper purposes and to have regard to the interests of all CPA Unitholders.

Accordingly, this Section 7 must be read and understood on this basis.

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4. Via an indirect sale of units in holding entities and subject to the co-owner waiving any pre-existing rights in respect of a sale.

## 8 PROFILE OF THE COMBINED GROUP

### 8.1 Introduction

This Section 8 provides a profile of the Combined Group and the effect of the DEXUS Offer on DEXUS, assuming that CPA becomes a wholly-owned subsidiary trust of the Bid Trust. If Bidder does not acquire at least 90% of the CPA Units during the Offer Period, and therefore does not become entitled to compulsorily acquire the remainder, some of the benefits that would otherwise accrue to DEXUS if CPA were to become a wholly-owned subsidiary of the Bid Trust may not be fully realised.

### 8.2 DEXUS strategy and rationale for making the DEXUS Offer

The proposed DEXUS Offer for CPA by Bidder is consistent with the underlying investment strategy of DEXUS to be the leading owner and manager of office real estate in Australia.

DEXUS believes that there are many compelling strategic and financial benefits that will arise from the acquisition of CPA by Bidder for DEXUS Security holders. Given that DEXUS is offering to issue DEXUS Securities to CPA Unitholders as part of the overall Offer Consideration, both CPA Unitholders and existing DEXUS Security holders will share these benefits going forward.

DEXUS RE considers that the following strategic and financial benefits will flow to current and new DEXUS Security holders if the DEXUS Offer is successful:

- solidifies DEXUS's position as the leading owner and manager of prime grade Australian office real estate:
  - office AUM increase from \$7.8 billion to \$11.5 billion; and
  - ownership and / or management of 26% share of Sydney, 15% share of Melbourne and 12% share of Brisbane prime office market.
- brings together two complementary office portfolios:
  - broadens exposure to quality, blue chip tenants; and
  - increases ability to deliver leasing solutions to tenants due to increased scale and diversity of portfolio.
- further enhances DEXUS's strong third party funds management platform:
  - platform AUM increases from \$6.1 billion to \$8.0 billion;
  - establishes a new partnership with CPPIB who invests money on behalf of the CPP, one of the world's largest pension funds and a significant investor in Australian real estate; and
  - further diversifies long-term capital sources.
- generates accretion to FFO and distributions (refer to Section 8.4 of the Bidder's Statement for further details).
- positions DEXUS as one of the A-REIT sector's lowest cost operators due to the scalability of the DEXUS Platform.
- increases the scale of DEXUS's balance sheet and borrowing capacity. This could lead to an increase in liquidity for holders of DEXUS debt securities and potentially lower borrowing costs.
- the DEXUS Offer is expected to result in an increase in DEXUS's market capitalisation from \$4.7 billion to \$5.6 billion on a pro forma basis. This increase in market weighting should lead to an improvement in DEXUS's access to, and cost of, capital.

### 8.3 Description of DEXUS post completion of the DEXUS Offer

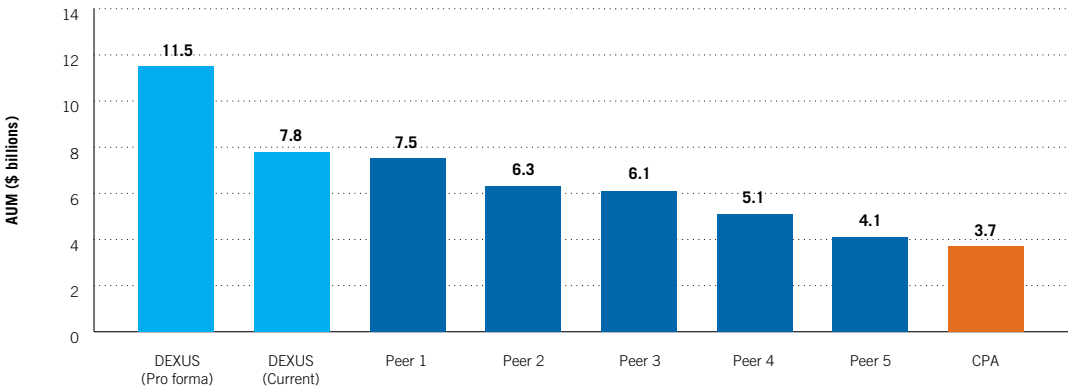
This Section 8.3 sets out a description of DEXUS from an operational and strategic perspective if the DEXUS Offer is successful.

#### DEXUS portfolio scale and composition

DEXUS has a clear and focused strategy and aims to be globally recognised as Australia's leading real estate company through delivering superior risk-adjusted returns from high quality Australian real estate, primarily comprising CBD office buildings. DEXUS aims to achieve this through:

- being the leading owner and manager of Australian office;
- having the best people, strongest tenant relationships and most efficient systems;
- being the wholesale investment management partner of choice in Australian office, industrial and retail; and
- actively managing capital and risk in a prudent and disciplined manner.

Figure 8.3.1: Australian office asset managers by AUM (\$ billions)



Source: Company filings and corporate website as at 30 June 2013 (where available).

The following charts set out DEXUS's investment exposure both pre and post the acquisition of CPA by the Consortium.

Figure 8.3.2: DEXUS portfolio

Pre DEXUS Offer

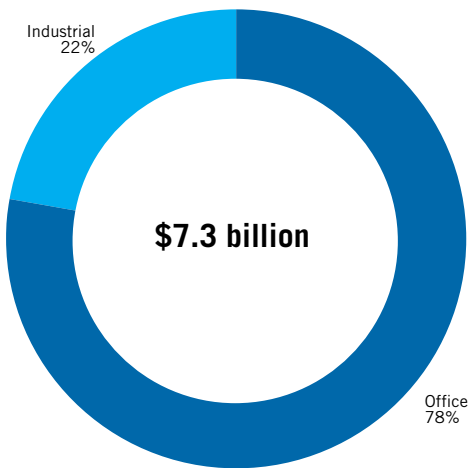


Figure 8.3.3: DEXUS portfolio

Post DEXUS Offer

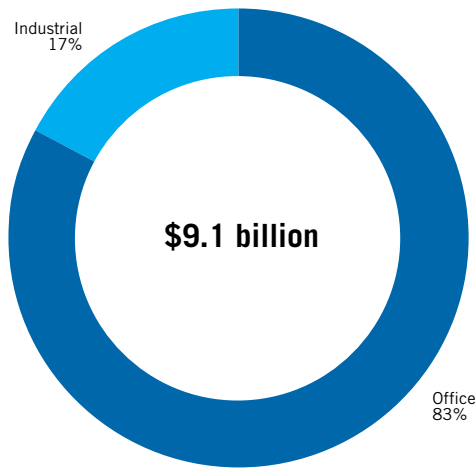


Figure 8.3.4: Total assets under management

Pre DEXUS Offer

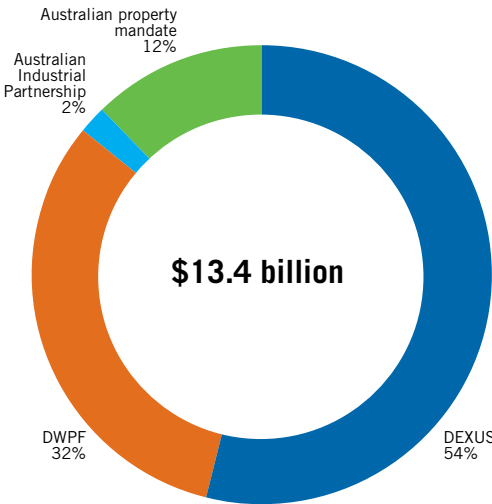
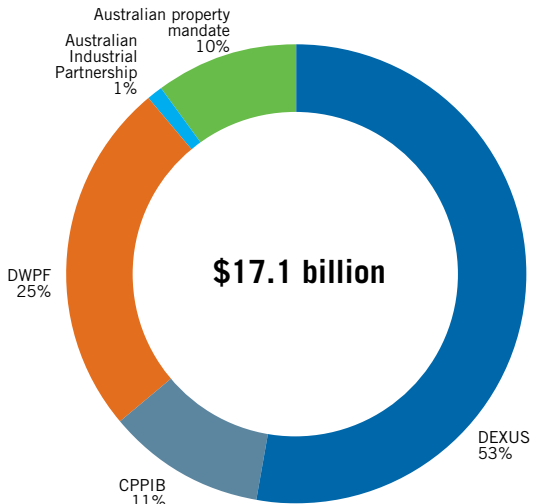


Figure 8.3.5: Total assets under management

Post DEXUS Offer



Combining DEXUS and CPA's office portfolios

DEXUS and CPA's office portfolios are focused on the prime grade office market in key eastern sea board markets. The combination of the two portfolios is highly complementary, retaining core exposure to the key markets of Sydney and Melbourne whilst providing enhanced diversification across assets, tenants and geographies.

Figure 8.3.6: Portfolio quality: office

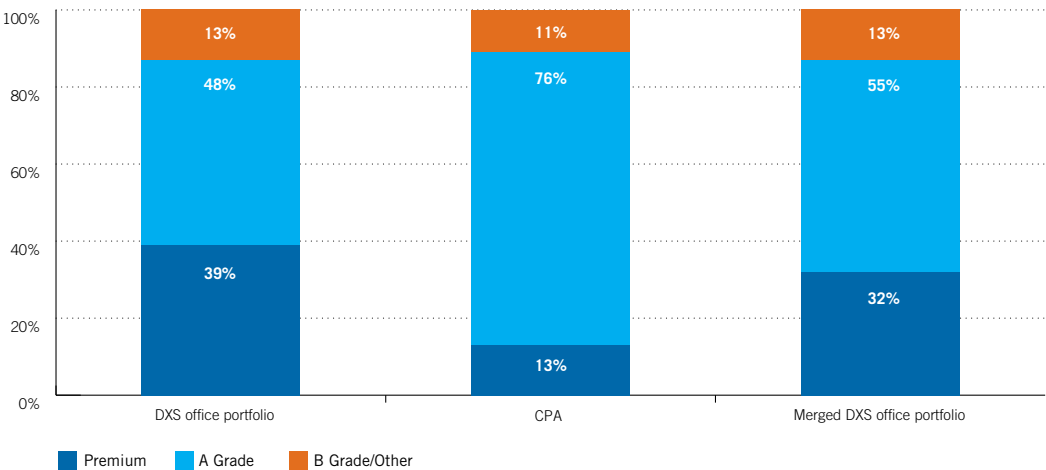
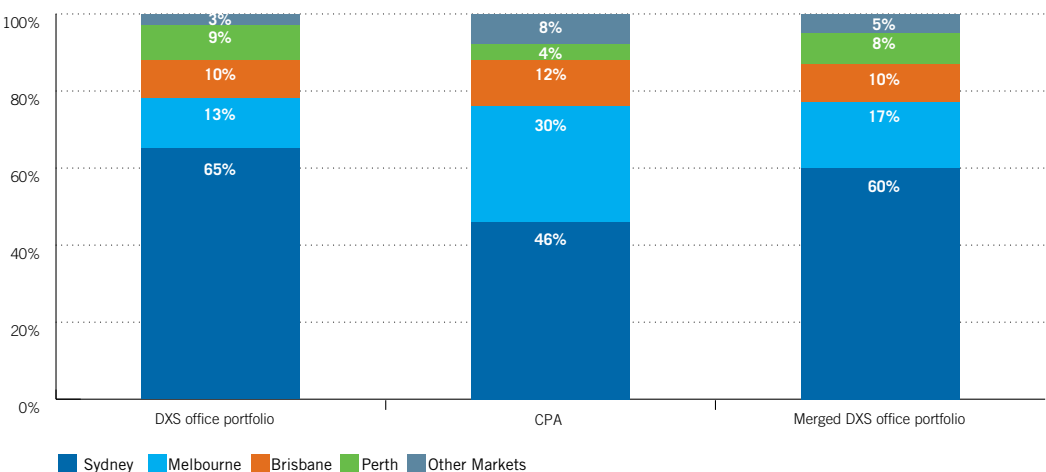
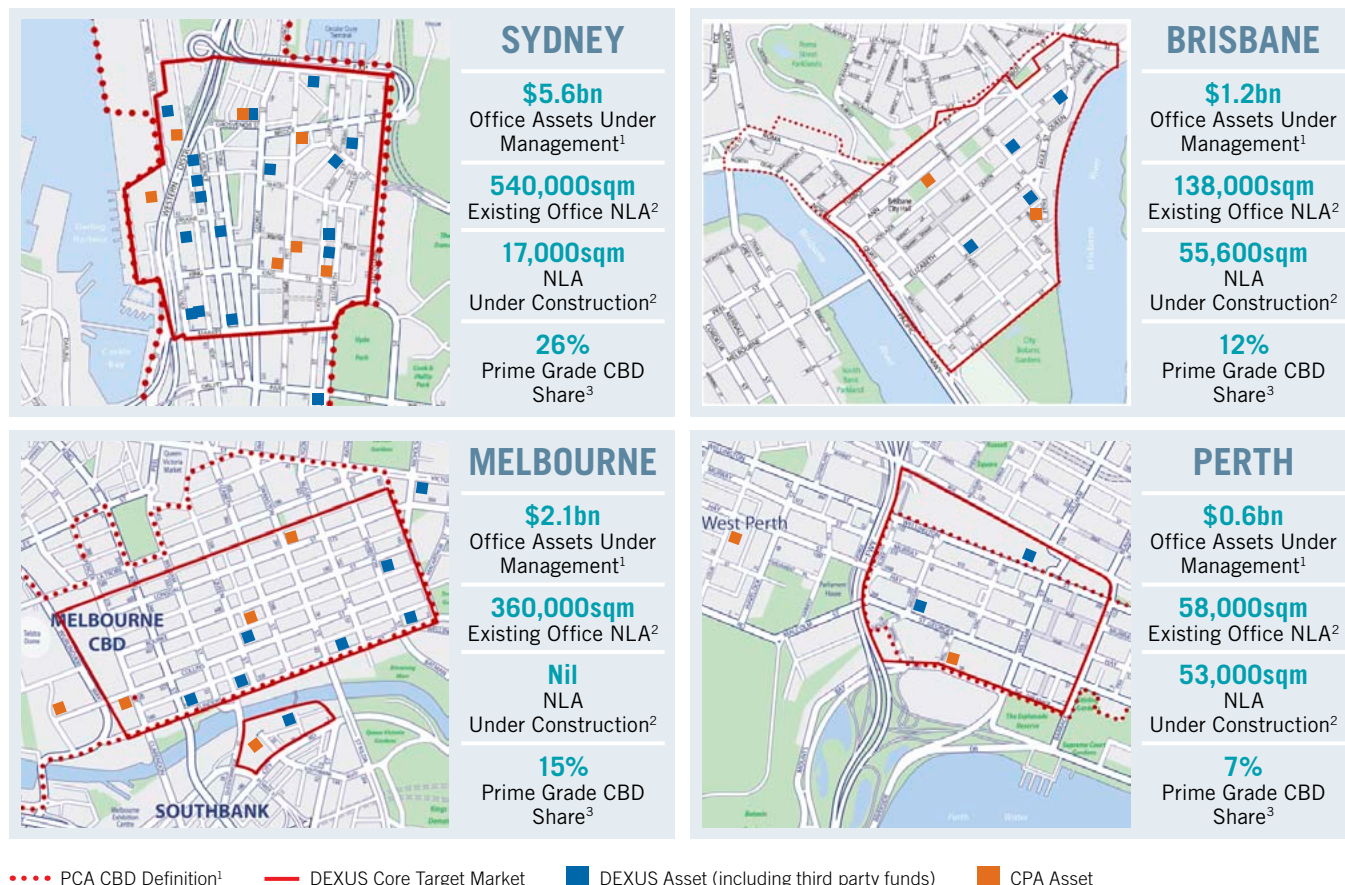


Figure 8.3.7: Geographic location: office



The increased scale of the combined portfolio would solidify DEXUS's position as the market leading Australian office platform with a strong presence in each of the core office markets within Australia.

### 8.3.8: Combined portfolio highlights



1. AUM includes assets owned by DEXUS, CPA and DEXUS third party managed funds. Represents assets within the CBD, as defined by the Property Council of Australia ("PCA") Office Market Report plus DEXUS Core Target Markets of Kings Square, Perth and Southbank, Melbourne. Values based on book values as at 30 June 2013.
2. NLA represents Net Lettable Area. Proportional for ownership percentage.
3. Represents the percentage of total NLA in Prime Grade assets within each CBD market in which the merged entity will have a representation via assets under management. Calculation excludes developments in progress and is not proportional to ownership percentage. Total market NLA sourced from PCA July 2013 Office Market Report and company filings. Market includes PCA defined boundaries plus DEXUS Core Target Markets of Kings Square, Perth and Southbank, Melbourne.

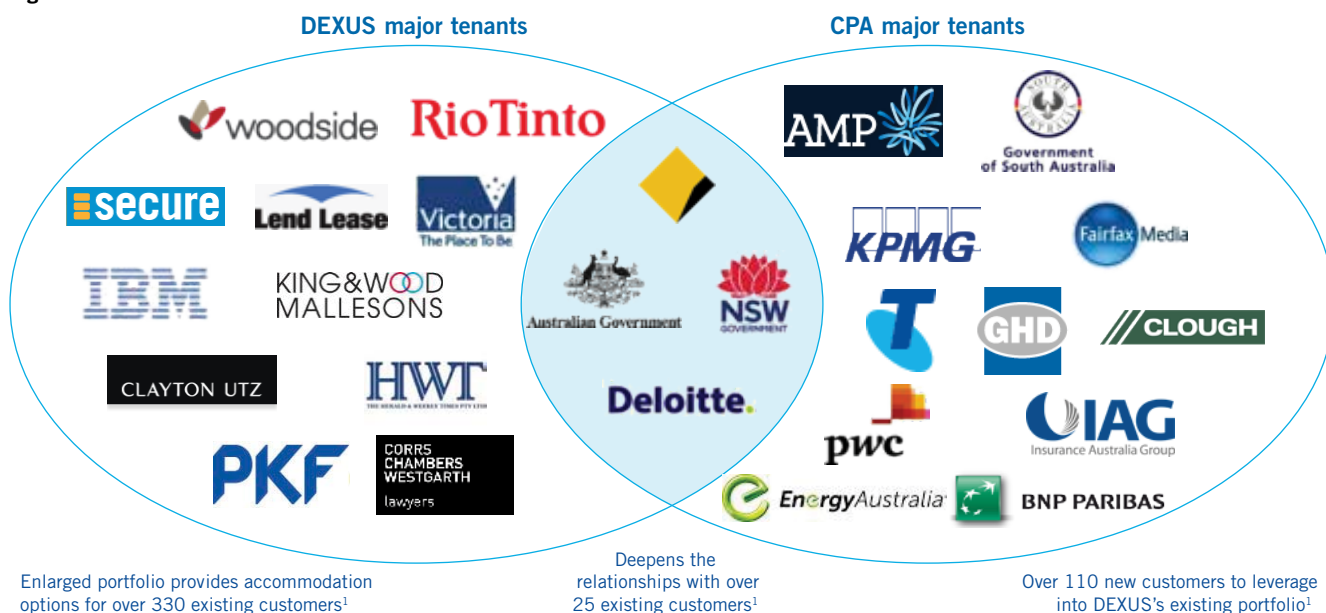
Under the DEXUS Offer, DEXUS will indirectly acquire a 50% interest in the assets of CPA (alongside CPPIB) and be responsible (where possible) for undertaking all fund, asset, property and development management activities for the portfolio. DEXUS is highly experienced in these activities and believes that the CPA portfolio can be successfully integrated into its existing operations with minimal incremental cost. DEXUS RE's reasons for this include:

- proven track record in the successful acquisition and integration of office assets and portfolios into DEXUS. Since November 2012, DEXUS has undertaken over \$1.8 billion (based on end value) of transactions within Australian CBD office markets;
- established and highly experienced office management team headed by Kevin George, EGM, Office and Industrial;
- average of over 21 years experience across the senior office and industrial team;
- DEXUS's property, leasing and development teams have extensive experience through all facets of the operation and creation of prime grade office properties:
  - DEXUS's strong leasing capability illustrated by both the completion of 130 leases over the year to 30 June 2013 (equivalent to 156,024 square metres) and reducing FY14 lease expiries as a proportion of portfolio income from 10.7% to 5.6%;
  - DEXUS's development team comprises nine professionals with an average of 14 years experience. Recent DEXUS developments include 1 Bligh Street, Sydney and 123 Albert Street, Brisbane. Both are 6 star premium office developments that reached practical completion in July 2011. These developments have received local and international awards for quality and sustainability, demonstrating the ability of DEXUS to successfully complete high quality and complex office developments;
  - DEXUS will have access to CPA's development pipeline, which includes key projects such as 5 Martin Place, Sydney and 385 Bourke Street, Melbourne;



- experienced and highly regarded treasury team focused on maintaining DEXUS RE's strong balance sheet. DEXUS's treasury team was awarded "Corporate Treasury Team of the Year" in 2012 by AFR Capital / CFO Magazine; and
- the combination of two complementary portfolios will broaden exposure to quality, blue chip tenants, enhance DEXUS's ability to accommodate current and future tenant needs and provide exposure to new tenants who do not currently occupy a DEXUS owned or managed property.

**Figure 8.3.9: Tenants**



1. Tenants with identified lettable space of at least 150 square metres.

### DEXUS third party funds management

Expansion of third party funds under management is a key strategic objective for DEXUS.

DEXUS has an established track record of raising third party funds:

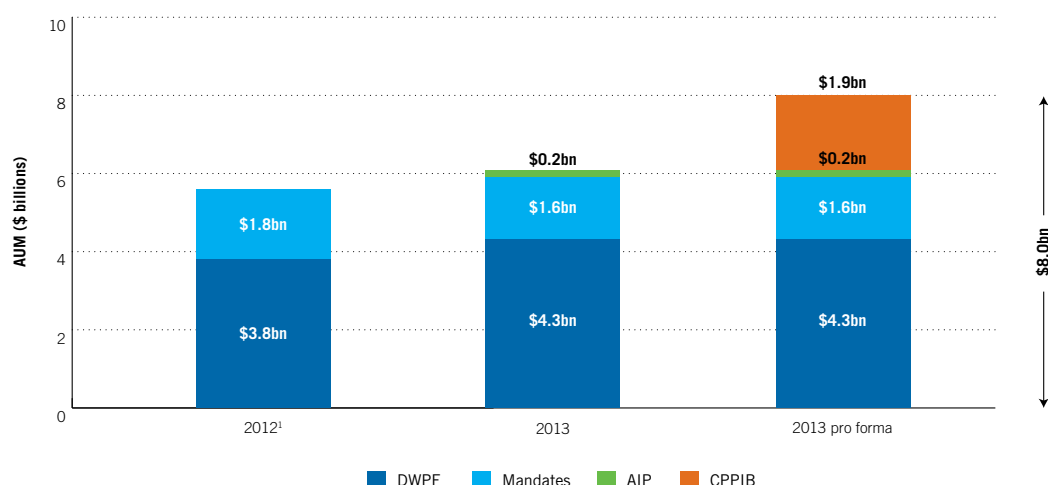
- raised over \$2 billion of equity within its major wholesale fund DWPF since 2010; and
- established an industrial partnership with the National Pension Service of Korea in October 2012 which has grown to \$487 million.

The successful acquisition of CPA by the Consortium would further expand DEXUS's existing third party funds management platform:

- increase AUM by \$1.9 billion to \$8.0 billion; and
- create a relationship with CPPIB who invests money on behalf of the CPP, one of the world's largest pension funds and a significant investor in Australian real estate.

Investors within DEXUS's third party fund's management platform gain access to and benefit from the integrated real estate capabilities of DEXUS's senior management and property, leasing and development management teams.

**Figure 8.3.10: DEXUS third party funds under management**



1. Mandates for 2012 include a \$0.2 billion US mandate.

## Distributions

It is expected that on completion of the DEXUS Offer, DEXUS will maintain its current distribution payout policy of 70% to 80% of FFO (refer to Section 3.5 of the Bidder's Statement for further details).

## 8.4 Financial Profile of the Combined Group

### a. Introduction

This section contains the following pro forma financial information ("Pro Forma Financial Information") for the Combined Group:

- unaudited Combined Group pro forma historic Statement of Financial Position as at 30 June 2013, assuming a range of scenarios whereby the Consortium is successful in acquiring either 100%, 50.1% or 30% of CPA units as set out in Section 8.4(c);
- pro forma FFO per security for the Combined Group for the 12 months ending 30 June 2014 as if the acquisition of CPA had taken place on 1 July 2013 and assuming the Consortium is successful in acquiring either 100%, 50.1% or 30% of CPA units set out in Section 8.4(d); and
- pro forma FFO per security for the Combined Group for the four months ending 30 June 2014 as if the acquisition of CPA had taken place on 1 March 2014 and assuming the Consortium is successful in acquiring 100% of CPA units set out in Section 8.4(d).

The Directors of DEXUS RE are responsible for the preparation and presentation of the Pro Forma Financial Information which should be read in conjunction with the investment risks set out in Section 11 and other information set out in this Bidder's Statement (including the sensitivity analysis in Section 8.4(d)).

DEXUS RE has been subject to certain limitations in preparing the Pro Forma Financial Information. In particular, whilst the Consortium was provided significant access to CPA information as part of a due diligence review conducted during an approximate four week period and ended on 9 December 2013, not all information in relation to financial affairs of CPA was provided to the Consortium as part of that due diligence work. For example, the Consortium had only limited access to key CPA personnel and did not have access to audit or review papers.

The Pro Forma Financial Information presented in this statement is provided for illustrative purposes and may not reflect the financial performance or position of the Combined Group that would have resulted had the acquisition of CPA actually been completed on the dates indicated. The Pro Forma Financial Information does not represent DEXUS RE's view of its future financial performance or position. The Directors of DEXUS RE do not guarantee the future performance of DEXUS with or without the acquisition of CPA.

All amounts disclosed in the tables are presented in Australian dollars (\$) and are rounded to the nearest \$0.1 million dollars unless otherwise noted.

### b. Basis of preparation

The Pro Forma Financial Information has been presented in an abbreviated form. As a result, the Pro Forma Financial Information has not been prepared in accordance with the Corporations Act and does not contain the disclosures required by Australian Accounting Standards when presenting Financial Statements.

#### Pro Forma Historic Statements of Financial Position

The Pro Forma Historic Statements of Financial Position present the impact of the acquisition of CPA on DEXUS's financial position as at 30 June 2013 as if the acquisition of CPA had taken place on 1 July 2013 and are based on the following information:

- audited consolidated Financial Statements of DEXUS for the year ended 30 June 2013 (as lodged with the ASX on 19 August 2013);
- audited consolidated Financial Statements of CPA for the year ended 30 June 2013 (as lodged with the ASX on 20 August 2013); and
- other significant transactions and events that have occurred post 30 June 2013 based on publicly available information and other additional information considered necessary to reflect the Directors' pro forma adjustments (refer below).

## FFO per Security

The Directors have considered the requirements of applicable law and practice, including ASIC Regulatory Guide 170, in concluding that forecast Financial Statements for the Combined Group cannot be provided as it does not have a reasonable basis for such forecasts.

As an alternative, DEXUS RE has provided FFO per security for the Combined Group. FFO is a global financial measure of real estate operating performance after finance costs and taxes, and is adjusted for certain non-cash items. The Directors of DEXUS RE consider FFO to be a measure that reflects the underlying performance of the Combined Group. DEXUS's FFO comprises net profit/loss after tax attributable to stapled security holders calculated in accordance with Australian Accounting Standards and adjusted for: property revaluations, impairments, derivative and FX mark to market impacts, amortisation of certain tenant incentives, gain/loss on sale of certain assets, straight line rent adjustments, deferred tax expense/benefit, rental guarantees and coupon income.

Pro forma FFO per security presents the impact of the acquisition of CPA on DEXUS's FFO per security for the 12 months ending 30 June 2014, as if the acquisition of CPA had taken place on 1 July 2013 and 1 March 2014 and is based on the following information:

- DEXUS's FFO per security guidance for the year ending 30 June 2014 of 8.29 cents per security (as announced on 10 December 2013); and
- CPA's guidance distribution per unit for the year ending 30 June 2014 of 6.75 cents per unit (as announced on 5 December 2013 and assuming a payout ratio of 75% of FFO).

DEXUS's FFO per security reflects the Directors' assessment of DEXUS's performance based on current operating and economic conditions and the implementation of DEXUS's business strategy.

While the Directors of DEXUS RE believe the assumptions used in preparing the pro forma FFO per security are appropriate and reasonable at the time of preparation, some events and circumstances are beyond the control of the Directors and often do not occur as expected. As a consequence, actual results may differ significantly from the pro forma FFO per security provided. The Directors of Bidder do not guarantee that the pro forma FFO per security provided will be achieved and CPA Unitholders are advised to carefully consider both the Investment Risks detailed in Section 11 and the assumptions used in preparing the pro forma FFO per security.

## Adjustments relating to the impact of acquisition accounting

Bid Trust has been established in order to acquire CPA Units. The Consortium will have joint control over the Bid Trust and as a result the Pro Forma Financial Information reflects DEXUS equity accounting for its interest in the Bid Trust (and assuming the Consortium acquires 100%, 50.1% or 30% of CPA's Units) as per AASB1028 *Investments in Associates and Joint Ventures*.

AASB1028 requires DEXUS RE to initially record the investment at cost which is subsequently increased or decreased to record DEXUS's share of the profit or loss of the Bid Trust.

The cost of the investment in the Bid Trust for the purpose of the Pro Forma Financial Information is equal to DEXUS's share of consideration paid to CPA Unitholders. The consideration includes DEXUS Securities and cash. The consideration paid for each CPA Unit assumes an exchange ratio of 0.4516 DEXUS Securities and cash of \$0.7745. The total consideration, assuming a DEXUS Security value of \$1.05 (which was the NTA per security on 30 June 2013), is \$1.2487 per CPA Unit.

For accounting purposes, the value of the consideration paid to CPA Unitholders will be measured based upon the value of DEXUS Securities at the close of trading on the date control passes. The final value of the purchase consideration for accounting purposes may therefore differ from the amount assumed for the purposes of the Pro Forma Financial Information.

## Accounting policies

In preparing the Pro Forma Financial Information, DEXUS RE has reviewed publicly available information to identify accounting policy differences where the impact is potentially material to the Combined Group and can be reliably estimated.

Although no material differences were identified, significant accounting policy differences may be identified after acquisition of CPA.

## c. Pro Forma Historic Statement of Financial Position

The Pro Forma Historic Statements of Financial Position have been presented below assuming a range of scenarios:

- The Bid Trust acquires 100% of CPA Units ("100% Ownership Case") resulting in DEXUS having an interest of 50% in CPA Units;
- The Bid Trust acquires 50.1% of CPA Units ("50% Ownership Case") resulting in DEXUS having an interest of 25.05% in CPA Units; and
- The Bid Trust acquires 15.1% of CPA Units and DEXUS acquires 14.9% of CPA Units. As a result DEXUS has a total interest of 22.45% in CPA Units ("30% Ownership Case").

In all ownership cases, DEXUS will equity account for its interest in CPA.

## Pro Forma Historic Statement of Financial Position for 100% Ownership Case

The table below outlines the Pro forma Historic Statement of Financial Position assuming the Consortium acquires 100% of CPA's units:

	Pro forma	Audited CPA	Audited DEXUS	Pro Forma Adjustments	Unaudited Pro Forma DEXUS Combined Group 100%
	Note	As at 30 June 2013 (\$m)	As at 30 June 2013 (\$m)	(\$m)	As at 30 June 2013 (\$m)
<b>Current assets</b>					
Cash and cash equivalents		9.6	14.5	–	14.5
Receivables		20.2	40.2	–	40.2
Inventories		–	10.9	–	10.9
Derivative financial instruments	1	2.2	25.4	(2.7)	22.7
Other		4.8	10.9	–	10.9
Discontinued operations and assets classified as held for sale		–	8.8	–	8.8
<b>Total current assets</b>		<b>36.8</b>	<b>110.7</b>	<b>(2.7)</b>	<b>108.0</b>
<b>Non-current assets</b>					
Investment properties	1	3,377.5	6,085.0	(62.4)	6,022.6
Plant and equipment		–	8.8	–	8.8
Inventories		–	242.0	–	242.0
Investments accounted for using the equity method	2,3,4	358.9	906.8	1,716.7	2,623.5
Derivative financial instruments		–	114.8	–	114.8
Deferred tax assets		–	39.4	–	39.4
Intangible assets	4	–	243.7	41.0	284.7
Other		–	1.4	–	1.4
<b>Total non-current assets</b>		<b>3,736.4</b>	<b>7,641.9</b>	<b>1,695.3</b>	<b>9,337.2</b>
<b>Total assets</b>		<b>3,773.2</b>	<b>7,752.6</b>	<b>1,692.6</b>	<b>9,445.2</b>
<b>Current liabilities</b>					
Payables		53.5	95.1	–	95.1
Provisions		78.6	169.5	–	169.5
Derivative financial instruments		17.0	1.8	–	1.8
Discontinued operations classified as held for sale		–	0.1	–	0.1
Interest bearing liabilities		100.0	–	–	–
Responsible Entity fees payable		4.3	–	–	–
<b>Total current liabilities</b>		<b>253.4</b>	<b>266.5</b>	<b>–</b>	<b>266.5</b>
<b>Non-current liabilities</b>					
Interest bearing liabilities	1,3,4	816.4	2,167.1	875.6	3,042.7
Derivative financial instruments		–	99.4	–	99.4
Deferred tax liabilities		–	12.1	–	12.1
Provisions		–	11.2	–	11.2
Other		–	4.6	–	4.6
<b>Total non-current liabilities</b>		<b>816.4</b>	<b>2,294.4</b>	<b>875.6</b>	<b>3,170.0</b>
<b>Total liabilities</b>		<b>1,069.8</b>	<b>2,560.9</b>	<b>875.6</b>	<b>3,436.5</b>
<b>Net assets</b>		<b>2,703.4</b>	<b>5,191.7</b>	<b>817.0</b>	<b>6,008.7</b>
<b>Equity</b>					
Contributed equity	1,3,4	2,383.3	4,684.0	871.7	5,555.7
Reserves		320.1	36.6	–	36.6
Retained profits	1,3,4	–	471.1	(54.7)	416.4
<b>Total equity</b>		<b>2,703.4</b>	<b>5,191.7</b>	<b>817.0</b>	<b>6,008.7</b>
Securities on issue (millions)	1,3,4	2,347.0	4,702.0	828.1	5,530.1
Gearing		25.2%	29.0%		34.7%
NTA per security (\$)		\$1.15	\$1.05		\$1.03

Note (a): DEXUS gearing is calculated as interest bearing liabilities (excluding deferred borrowing costs and including the fair value of cross currency swaps and DEXUS's share of residual debt in its investment post implementation of the DEXUS Offer) less cash divided by total tangible assets (excluding derivatives and deferred tax assets including DEXUS's share of assets in its investment post implementation of the DEXUS Offer) less cash.

**Directors' Pro forma adjustments for 100% Ownership Case**

1. DEXUS adjustments for events post 30 June 2013:
  - Investment properties have been reduced by \$62.4 million to reflect \$78.7 million in asset sales, the proceeds of which have been used to reduce borrowings, and a \$16.3 million increase in asset valuations, with a corresponding increase to retained profits.
  - Derivative financial assets have been reduced by \$2.7 million to remove the impact of certain economic positions held by DEXUS prior to 30 June 2013, with a corresponding decrease in retained earnings.
  - Interest bearing liabilities and contributed equity have been adjusted to reflect an on-market buyback of 73.7 million of DEXUS Securities for \$75.3 million.
2. CPA adjustments for events post 30 June 2013:
  - NTA increasing from \$1.15 per unit as at 30 June 2013 to \$1.19 per unit as a result of the revaluation of properties announced by CPA to the ASX on 23 October 2013 and 18 November 2013.
3. The CPA acquisition is assumed to occur on 1 July 2013 as follows:
  - The exercise and settlement of the Forward Contract and associated derivatives to purchase 350.0 million CPA Units.
  - The Bid Trust acquires all outstanding CPA Units, including units delivered to DEXUS under the Forward Contract.
  - CPA's debt facilities and hedging arrangements are extinguished, with the exception of CPA's A\$ MTN debt.
4. Acquiring a 100% ownership interest in CPA has the following balance sheet impacts for DEXUS:
  - Investments accounted for using the equity method increase by \$1,716.7 million to reflect DEXUS's 50% interest in the Bid Trust. The Bid Trust acquires CPA Units at the bid price and refinances all of CPA's interest bearing liabilities except for CPA's A\$ MTN debt.
  - Intangibles increase by \$41.0 million reflecting the Facilitation Payment.
  - DEXUS interest bearing liabilities increase by \$879.0 million to fund the transaction.
  - Contributed equity increases by \$947.0 million reflecting the issue of 901.8 million DEXUS Securities to CPA Unitholders as part of the DEXUS Offer.
  - Retained profits decrease by \$68.3 million, reflecting transaction costs offset by the gain on the Forward Contract.



### Pro Forma Historic Statement of Financial Position for 50.1% Ownership Case

The table below outlines the Pro forma Historic Statement of Financial Position assuming the Consortium acquires 50.1% of CPA's units:

	Pro forma	Audited CPA	Audited DEXUS	Pro Forma Adjustments	Unaudited Pro Forma DEXUS Combined Group 50.1%
	Note	As at 30 June 2013 (\$m)	As at 30 June 2013 (\$m)	(\$m)	As at 30 June 2013 (\$m)
<b>Current assets</b>					
Cash and cash equivalents		9.6	14.5	–	14.5
Receivables		20.2	40.2	–	40.2
Inventories		–	10.9	–	10.9
Derivative financial instruments	1	2.2	25.4	(2.7)	22.7
Other		4.8	10.9	–	10.9
Discontinued operations and assets classified as held for sale		–	8.8	–	8.8
<b>Total current assets</b>		<b>36.8</b>	<b>110.7</b>	<b>(2.7)</b>	<b>108.0</b>
<b>Non-current assets</b>					
Investment properties	1	3,377.5	6,085.0	(62.4)	6,022.6
Plant and equipment		–	8.8	–	8.8
Inventories		–	242.0	–	242.0
Investments accounted for using the equity method	2,3,4	358.9	906.8	715.5	1,622.3
Derivative financial instruments		–	114.8	–	114.8
Deferred tax assets		–	39.4	–	39.4
Intangible assets	4	–	243.7	41.0	284.7
Other		–	1.4	–	1.4
<b>Total non-current assets</b>		<b>3,736.4</b>	<b>7,641.9</b>	<b>694.1</b>	<b>8,336.0</b>
<b>Total assets</b>		<b>3,773.2</b>	<b>7,752.6</b>	<b>691.4</b>	<b>8,444.0</b>
<b>Current liabilities</b>					
Payables		53.5	95.1	–	95.1
Provisions		78.6	169.5	–	169.5
Derivative financial instruments		17.0	1.8	–	1.8
Discontinued operations classified as held for sale		–	0.1	–	0.1
Interest bearing liabilities		100.0	–	–	–
Responsible Entity fees payable		4.3	–	–	–
<b>Total current liabilities</b>		<b>253.4</b>	<b>266.5</b>	<b>–</b>	<b>266.5</b>
<b>Non-current liabilities</b>					
Interest bearing liabilities	1,3,4	816.4	2,167.1	385.1	2,552.2
Derivative financial instruments		–	99.4	–	99.4
Deferred tax liabilities		–	12.1	–	12.1
Provisions		–	11.2	–	11.2
Other		–	4.6	–	4.6
<b>Total non-current liabilities</b>		<b>816.4</b>	<b>2,294.4</b>	<b>385.1</b>	<b>2,679.5</b>
<b>Total liabilities</b>		<b>1,069.8</b>	<b>2,560.9</b>	<b>385.1</b>	<b>2,946.0</b>
<b>Net assets</b>		<b>2,703.4</b>	<b>5,191.7</b>	<b>306.3</b>	<b>5,498.0</b>
<b>Equity</b>					
Contributed equity	1,3,4	2,383.3	4,684.0	316.3	5,000.3
Reserves		320.1	36.6	–	36.6
Retained profits	1,3,4	–	471.1	(10.0)	461.1
<b>Total equity</b>		<b>2,703.4</b>	<b>5,191.7</b>	<b>306.3</b>	<b>5,498.0</b>
Securities on issue (millions)	1,3,4	2,347.0	4,702.0	299.2	5,001.2
Gearing		25.2%	29.0%		33.4%
NTA per security (\$)		\$1.15	\$1.05		\$1.04

**Directors' Pro forma adjustments for 50.1% Ownership Case**

1. DEXUS adjustments for events post 30 June 2013 (refer to 100% Ownership Case).
2. CPA adjustments for events post 30 June 2013 (refer to 100% Ownership Case).
3. The CPA acquisition is assumed to occur on 1 July 2013 as follows:
  - The exercise and settlement of the Forward Contract and associated derivatives to purchase 350.0 million CPA Units.
  - The Bid Trust acquires 50.1% of outstanding CPA Units, including units delivered to DEXUS under the Forward Contract.
  - As a result of the Bid Trust's controlling interest in CPA, the change of control provisions are triggered under the respective terms of CPA Convertible Notes and USPP, resulting in cash-settlement of CPA Convertible Notes and repayment of USPP.
4. Acquiring a 50.1% ownership interest in CPA has the following balance sheet impacts for DEXUS:
  - Investments accounted for using the equity method increase by \$715.5 million to reflect DEXUS's 25.05% interest in CPA acquired at the bid price. The value of the investment has been adjusted for the refinancing of certain CPA interest bearing liabilities which is triggered by a change of control in CPA and a change in control of CPA's responsible entity and transaction costs.
  - Intangibles increase by \$41.0 million reflecting the facilitation payment made to CBA.
  - Interest bearing liabilities increase by \$388.5 million to fund the 14.9% interest in CPA acquired as part of the Forward Contract, the cash component of DEXUS's contribution to the Bid Trust and transaction costs.
  - Contributed equity increases by \$391.6 million reflecting the issue of 373.0 million DEXUS Securities to CPA Unitholders as part of the DEXUS Offer.
  - Retained profits decrease by \$23.6 million, reflecting transaction costs offset by the gain on the Forward Contract.

### Pro Forma Historic Statement of Financial Position for 30% Ownership Case

The table below outlines the Pro forma Historic Statement of Financial Position assuming the Consortium acquires 30% of CPA's units:

	Pro forma	Audited CPA	Audited DEXUS	Pro Forma Adjustments	Unaudited Pro Forma DEXUS Combined Group 30%
	Note	As at 30 June 2013 (\$m)	As at 30 June 2013 (\$m)	(\$m)	As at 30 June 2013 (\$m)
<b>Current assets</b>					
Cash and cash equivalents		9.6	14.5	–	14.5
Receivables		20.2	40.2	–	40.2
Inventories		–	10.9	–	10.9
Derivative financial instruments	1	2.2	25.4	(2.7)	22.7
Other		4.8	10.9	–	10.9
Discontinued operations and assets classified as held for sale		–	8.8	–	8.8
<b>Total current assets</b>		<b>36.8</b>	<b>110.7</b>	<b>(2.7)</b>	<b>108.0</b>
<b>Non-current assets</b>					
Investment properties	1	3,377.5	6,085.0	(62.4)	6,022.6
Plant and equipment		–	8.8	–	8.8
Inventories		–	242.0	–	242.0
Investments accounted for using the equity method	2,3,4	358.9	906.8	655.6	1,562.4
Derivative financial instruments		–	114.8	–	114.8
Deferred tax assets		–	39.4	–	39.4
Intangible assets		–	243.7	–	243.7
Other		–	1.4	–	1.4
<b>Total non-current assets</b>		<b>3,736.4</b>	<b>7,641.9</b>	<b>593.2</b>	<b>8,235.1</b>
<b>Total assets</b>		<b>3,773.2</b>	<b>7,752.6</b>	<b>590.5</b>	<b>8,343.1</b>
<b>Current liabilities</b>					
Payables		53.5	95.1	–	95.1
Provisions		78.6	169.5	–	169.5
Derivative financial instruments		17.0	1.8	–	1.8
Discontinued operations classified as held for sale		–	0.1	–	0.1
Interest bearing liabilities		100.0	–	–	–
Responsible Entity fees payable		4.3	–	–	–
<b>Total current liabilities</b>		<b>253.4</b>	<b>266.5</b>	<b>–</b>	<b>266.5</b>
<b>Non-current liabilities</b>					
Interest bearing liabilities	1,3,4	816.4	2,167.1	489.0	2,656.1
Derivative financial instruments		–	99.4	–	99.4
Deferred tax liabilities		–	12.1	–	12.1
Provisions		–	11.2	–	11.2
Other		–	4.6	–	4.6
<b>Total non-current liabilities</b>		<b>816.4</b>	<b>2,294.4</b>	<b>489.0</b>	<b>2,783.4</b>
<b>Total liabilities</b>		<b>1,069.8</b>	<b>2,560.9</b>	<b>489.0</b>	<b>3,049.9</b>
<b>Net assets</b>		<b>2,703.4</b>	<b>5,191.7</b>	<b>101.5</b>	<b>5,293.2</b>
<b>Equity</b>					
Contributed equity	1,3,4	2,383.3	4,684.0	92.6	4,776.6
Reserves		320.1	36.6	–	36.6
Retained profits	1,3,4	–	471.1	8.9	480.0
<b>Total equity</b>		<b>2,703.4</b>	<b>5,191.7</b>	<b>101.5</b>	<b>5,293.2</b>
Securities on issue (millions)	1,3,4	2,347.0	4,702.0	86.1	4,788.1
Gearing		25.2%	29.0%		34.6%
NTA per security (\$)		\$1.15	\$1.05		\$1.05

**Directors Pro forma adjustments for 30% Ownership Case (comprising 14.9% ownership by DEXUS and 15.1% by the Bid Trust)**

1. DEXUS adjustments for events post 30 June 2013 (refer to 100% Ownership Case).
2. CPA adjustments for events post 30 June 2013 (refer to 100% Ownership Case).
3. The CPA acquisition is assumed to occur on 1 July 2013 as follows:
  - The exercise and settlement of the Forward Contract and associated derivatives to purchase 350.0 million CPA units.
  - The Bid Trust acquires 15.1% of outstanding CPA units, excluding units delivered to DEXUS under the Forward Contract.
  - DEXUS retains its direct interest in 350.0 million CPA Units delivered under the Forward Contract. As a consequence, DEXUS has a look through interest of 527.0 million CPA Units (22.45% of CPA Units on issue).
4. Acquiring a 30% ownership interest in CPA has the following balance sheet impacts
  - Investments accounted for using the equity method increase by \$655.6 million to reflect DEXUS's 22.45% interest in CPA's net assets acquired at the bid price.
  - Interest bearing liabilities increase by \$492.4 million to fund the 14.9% interest in CPA acquired as part of the Forward Contract, the cash component of DEXUS's contribution to the Bid Trust and transaction costs.
  - Contributed equity increases by \$167.9 million reflecting the issue of 159.9 million DEXUS Securities issued to CPA Unitholders as part of the DEXUS Offer.
  - Retained profits decrease by \$4.7 million, reflecting the gain on the Forward Contract offset by transaction costs.

**d. Pro forma FFO per Security****Pro forma FFO per security impact assuming 1 July 2013 implementation**

DEXUS's pro forma FFO per Security for the 12 months ending 30 June 2014 as if the acquisition of CPA Units had taken place on 1 July 2013 and is based on different levels of ownership as follows:

- The Bid Trust acquires 100% of CPA Units ("100% Ownership Case") resulting in DEXUS having an interest of 50% in CPA Units;
- The Bid Trust acquires 50.1% of CPA Units ("50% Ownership Case") resulting in DEXUS having an interest of 25.05% in CPA Units; and
- The Bid Trust acquires 15.1% of CPA Units and DEXUS acquires 14.9% of CPA Units. As a result DEXUS has a total interest of 22.45% in CPA Units ("30% Ownership Case").

The table below provides a summary of the standalone FFO, combined group FFO and accretion under each of these scenarios.

	DEXUS Standalone (cps)	CPA Standalone (cpu)	Combined Group <sup>2</sup>					
			100% Case		50.1% Case		30% Case	
			(cps)	(%)	(cps)	(%)	(cps)	(%)
Pro forma FFO	8.29	9.00 <sup>1</sup>	8.46	3.3%	8.61	5.1%	8.36	2.1%
Distribution	6.24	6.75	6.35	3.4%	6.46	5.2%	6.27	2.1%

1. Based on CPA stated payout ratio of 75%

2. Accretion metrics relative to DEXUS's FY14 guidance excluding the net impact of the CPA distribution for six months ending 31 December 2013 relating to the 14.9% CPA interest pre-bid stake. The FY14 FFO and distribution per security guidance excluding the net impact of the CPA distribution for six months ending 31 December 2013 relating to the 14.9% pre-bid stake is 8.19 and 6.14 cents per security, respectively.

In preparing the pro forma FFO per Security for each scenario, the following best estimate standalone assumptions have been adopted:

**DXS standalone assumptions**

- FFO per Security of 8.29 cents per Security and distribution per Security of 6.24 cents for the year ending 30 June 2014 (as announced on 10 December 2013).
- FFO per Security and distribution per Security is reduced for 0.10 cents per Security to remove the impact of the CPA first half distribution for DEXUS's 14.9% ownership of CPA Units, net of funding costs, that is included in DEXUS's FFO per Security. This adjustment is required as pro forma FFO per Security for the Combined Group is calculated by including the 12 month CPA FFO per Security for DEXUS's interest in CPA (inclusive of its 14.9% ownership).

**CPA standalone assumptions**

- CPA implied FFO of 9.0 cents per unit based on CPA distribution guidance for the year ending 30 June 2014 of 6.75 cents per unit and 75% payout ratio (as announced on 5 December 2013).

**Pro forma assumptions for 100% FFO Ownership Case**

1. Acquisition of CPA occurs on 1 July 2013.
2. DEXUS recognises its 50% share of CPA's FFO being 50% of the Consortium's interest in CPA.

- DEXUS Funds Management Limited replaces CMIL as the responsible entity of CPA.
- Cost savings of \$19.7 million for the year ending 30 June 2014 relating to the elimination of the responsible entity fees paid to CMIL and other trust costs.
- Incremental profit of \$6.0 million for the year ending 30 June 2014 from funds management, property management, leasing and development management fees.
- DEXUS funds its share of the repayment of CPA's existing debt facilities with pre-committed acquisition facilities.
- Incremental cost of new and assumed debt of 5.0%–5.2%.

#### Pro forma assumptions for 50.1% FFO Ownership Case

- Acquisition of CPA occurs on 1 July 2013.
- DEXUS recognises its 25.05% share of CPA's FFO being 50% of the Consortium's interest in CPA.
- DEXUS Funds Management Limited replaces CMIL as the responsible entity of CPA.
- Incremental profit of \$13.7 million for the year ending 30 June 2014 from funds management, property management, leasing and development management fees.
- CPA is assumed to refinance the Convertible Notes and USPP notes with new bank facilities.
- Incremental cost of new and assumed debt of 5.0%–5.2%.

#### Pro forma assumptions for 30% FFO Ownership Case

- Acquisition of CPA occurs on 1 July 2013.
- DEXUS recognises its 22.45% share of CPA's FFO (reflecting its 14.9% direct interest and 50% of Bid Trust's 15.1% interest).
- CMIL remains the responsible entity of CPA and CPA's current debt facilities remain in place.
- Incremental cost of new and assumed debt of 5.0%–5.2%.

#### Pro forma FFO per security impact assuming 1 March 2014 implementation

DEXUS's FFO per security for the 12 months ending 30 June 2014 as if the acquisition of CPA Units had taken place on 1 March 2014 has been determined on the assumption that the Consortium acquires 100% of CPA Units.

The table below provides a summary of the standalone FFO, combined group FFO and accretion.

	DEXUS Standalone (cps)	CPA Standalone (cpu)	Combined Group <sup>2</sup>	
			100% Case (cps)	(%)
Pro forma FFO	8.29	9.00 <sup>1</sup>	8.37	1.0%
Distribution	6.24	6.75	6.29	0.8%

1. 5 December 2013 market distribution guidance of 6.75 cents per unit which assumes a payout ratio of 75%.

2. Accretion metrics are relative to DEXUS's FY14 guidance of 8.29 cents per Security. Transaction impact is not annualised.

In preparing the FFO per Security for each scenario, the following best estimate standalone assumptions have been adopted:

#### DXS standalone assumptions

- FFO per Security of 8.29 cents per Security and distribution per Security of 6.24 cents per Security for the year ending 30 June 2014 (as announced on 10 December 2013).

#### CPA standalone assumptions

- CPA implied FFO of 9.0 cents per unit based on CPA distribution guidance for the year ending 30 June 2014 of 6.75 cents per unit (and implied second half distribution of 3.25 cents per unit) and 75% payout ratio (as announced on 5 December 2013). The implied second half six month distribution of 3.25 cents per unit is adjusted to pro-rata for the four months ending 30 June 2013.

#### Pro forma assumptions for 100% FFO Ownership Case

- Acquisition of CPA occurs on 1 March 2014.
- DEXUS recognises its 50% share of CPA's FFO being 50% of the Consortium's interest in CPA for the four months ending 30 June 2014.
- DEXUS Funds Management Limited replaces CMIL as the responsible entity of CPA.
- Cost savings of \$6.6 million for the four months ending 30 June 2014 relating to the elimination of the responsible entity fees paid to CMIL and other trust costs.

5. Incremental profit of \$2.0 million for the four months ending 30 June 2014 from funds management, property management, leasing and development management fees.
6. DEXUS funds its share of the repayment of CPA's existing debt facilities with pre-committed acquisition facilities.
7. Incremental cost of new and assumed debt of 5.0%–5.2%.

#### Pro forma FFO per Security Sensitivity analysis

Sensitivities to the pro forma FFO per Security accretion for each ownership case are shown below for cost of debt and CPA FFO per Security, as if the acquisition of CPA had taken place on 1 July 2013.

Pro forma FY14 FFO accretion		Ownership of CPA		
	Incremental cost of debt	30%	50.1%	100%
Base Case	(0.50%)	2.8%	5.8%	4.3%
	(0.25%)	2.5%	5.5%	3.8%
	0.00%	2.1%	5.1%	3.3%
	0.25%	1.7%	4.7%	2.8%
	0.50%	1.4%	4.4%	2.3%

Pro forma FY14 FFO accretion		Ownership of CPA		
	CPA FFO cents per unit	30%	50.1%	100%
Base Case	8.60	1.6%	4.5%	2.3%
	8.80	1.8%	4.8%	2.8%
	9.00	2.1%	5.1%	3.3%
	9.20	2.4%	5.4%	3.8%
	9.40	2.6%	5.7%	4.3%

Sensitivities have been provided on the factors that may have a significant impact on the FFO of the Pro Forma Combined Group. The sensitivity cases provide the following information for the 100% FFO Ownership Case, 50% FFO Ownership Case and 30% FFO Ownership Case:

- The impact of an increase (or decrease) in the incremental cost of new and assumed debt (refer above).
- The impact of alternative CPA FFO outcomes on the FFO accretion of the Pro Forma Combined Group FFO.

## 8.5 Capital structure

Set out below is the current capital structure of DEXUS, and the immediate post-DEXUS Offer capital structure under the different ownership scenarios.

% of CPA Units acquired by the Consortium	1. Number of issued Securities as at the date of the Bidder's Statement	2. Maximum number of Securities to be issued under the DEXUS Offer	3. Number of issued Securities immediately following the completion of the DEXUS Offer (i.e. 1+2)	Pro forma ownership of DEXUS Security holders in the Combined Group	Pro forma ownership of CPA Unitholders in the Combined Group
100%	4,628,228,426 DEXUS Securities	901,846,741 DEXUS Securities	5,530,075,167 DEXUS Securities	83.7%	16.3%
50.1%	4,628,228,426 DEXUS Securities	372,953,277 DEXUS Securities	5,001,181,703 DEXUS Securities	92.5%	7.5%
30%	4,628,228,426 DEXUS Securities	159,912,022 DEXUS Securities	4,788,140,448 DEXUS Securities	96.7%	3.3%



### 9.1 Consideration under the DEXUS Offer

The consideration for the acquisition of CPA Units to which the DEXUS Offer relates will be satisfied partly in cash (in Australian dollars) and partly by the issue of DEXUS Securities.

### 9.2 Scrip consideration

Based on the number of CPA Units on issue as at the date of this Bidder's Statement, the maximum number of DEXUS Securities which may need to be issued in accordance with the DEXUS Offer if acceptances were received for all CPA Units is approximately 902 million.

In addition, if the holders of all CPA Convertible Notes are able to convert, and convert those CPA Convertible Notes, and accept the DEXUS Offer in respect of the CPA Units issued to them, additional CPA Units may need to be issued in accordance with the DEXUS Offer. However, it is a condition of the DEXUS Offer that CMIL makes a statement that it will cash-settle CPA Convertible Notes that convert during the Offer Period (and if Bidder proceeds to compulsory acquisition as a consequence of the DEXUS Offer).

Accordingly, Bidder has assumed that the maximum number of DEXUS Securities which may be required to settle acceptances under the DEXUS Offer is approximately 902 million.

### 9.3 Source of scrip consideration

Under the Joint Bid Agreement, DEXUS RE is obliged to procure the issuance of DEXUS Securities as consideration under the DEXUS Offer.

DEXUS has the capacity to issue the maximum number of DEXUS Securities which it may be required to issue under the DEXUS Offer.

### 9.4 Cash consideration

Based on the number of CPA Units on issue as at the date of this Bidder's Statement, the maximum amount of cash that would be payable by Bidder under the DEXUS Offer if acceptances were received for all CPA Units (other than DEXUS Securities that DEXUS is currently entitled to acquire in respect of any CPA Units it will receive on settlement under the Forward Contract) is approximately \$1,547 million.

Under the Joint Bid Agreement described in Section 12.2, DEXUS and CPPIB are obliged to contribute sufficient cash for the purposes of Bidder meeting its obligations under the DEXUS Offer. The relative contribution of both is affected by the scrip consideration being provided solely by DEXUS and the CPA Units that DEXUS will receive on settlement under the Forward Contract.

As a consequence, the maximum amount of cash that would be payable under the DEXUS Offer if acceptances were received for all CPA Units is as follows:

- from DEXUS, \$81.3 million; and
- from CPPIB, \$1,465.3 million.

### 9.5 Other funding commitments

In addition to the above, the following funding commitments may arise if acceptances were received for some or all CPA Units:

- **Refinancing:** The DEXUS Offer may trigger an obligation for the responsible entity for CPA to refinance some or all existing CPA financing debt (refer to Sections 6.14 and 6.15 for a description of CPA debt financing which may need to be repaid in the event of a change of control).

To the extent that a refinancing obligation for any of that debt is triggered prior to Bidder acquiring 100% of all CPA Units then the responsible entity of CPA will need to refinance that debt.

Under the terms of the Joint Bid Agreement, if acceptances are received for 100% of all CPA Units, then each of CPPIB and DEXUS is obliged to contribute 50% of the amount needed to repay existing CPA debt finance (to the extent needed). CPA's interest bearing liabilities as at 30 June 2013 were approximately \$916 million;

- **Forward Contract:** DEXUS will become obliged to pay a maximum of \$397 million under the Forward Contract to acquire a 14.9% interest in CPA. Under the Joint Bid Agreement, DEXUS is obliged to do so once Bidder receives acceptances under the DEXUS Offer of 35.1% or greater of CPA Units; and
- **Other costs:** It is expected that a number of other costs will be incurred in connection with the transaction.

## 9.6 Sources of cash funding

### CPPIB

As at 30 September 2013, CPPIB had total assets under management valued at approximately C\$192.8 billion (A\$204.0 billion)<sup>1</sup>. CPPIB intends to fund its proportion of Bidder's payment of the cash consideration from cash proceeds received through the sale of existing passive equity portfolio holdings or internal cash funding sources (which includes cash at bank and assets readily convertible to cash, such as money market securities or government bond collateral). As at 30 September 2013, CPPIB's internal cash funding sources were in excess of C\$48.5 billion (A\$51.3 billion)<sup>1</sup> (C\$18.2 billion (A\$19.3 billion)<sup>1</sup> of money market securities; C\$30.3 billion (A\$32.1 billion)<sup>1</sup> of marketable Canadian government bonds). In addition, at 30 September 2013 CPPIB has Canadian and foreign (non-emerging market) passive equity holdings of approximately C\$48.4 billion (A\$51.2 billion)<sup>1</sup>.

### DEXUS

DEXUS can fund its share of the cash consideration required under the DEXUS Offer, associated transaction costs and, if required, refinancing obligations described in Section 9.5 through loan facilities ("Loan Facilities") that DEXUS intends to enter into with Australia and New Zealand Banking Group Limited, National Australia Bank Limited, Citibank, N.A., Sydney Branch, Deutsche Bank, AG (Sydney Branch) and JPMorgan Chase Bank N.A. (each a "Bank").

Binding letters of commitment ("Commitment Letters") have been signed by each Bank pursuant to which each Bank has agreed to enter into a formal facility agreement to provide the Loan Facilities to DEXUS ("Loan Facility Agreements") for loan proceeds of \$1.3 billion.

Subject to the terms of those Loan Facility Agreements, DEXUS will be able to borrow an amount:

- well in excess of the maximum amount of the cash consideration it will be required to contribute under the DEXUS Offer; and
- required to meet other funding commitments described in Section 9.5, or if DXFM was to become responsible entity of CPA as described in Section 7.2, DXFM as responsible entity of CPA will be able to borrow the relevant amounts in place of DEXUS.

The Loan Facility Agreements will be substantially consistent with the terms of existing facility agreements and the existing common terms deed poll executed by DEXUS.

The Banks' commitments are provided for purposes that include the payment of cash consideration it will be required to contribute under the DEXUS Offer and other payments that will be required to meet the funding commitments described in Section 9.5, subject to satisfaction of specified conditions precedent. In addition, if DEXUS RE was to become responsible entity of CPA as described in Section 7.3, the portion of those commitments available to it will be provided for the purpose of enabling it to refinance any of CPA's existing debt financing (including related fees and transactions costs and expenses), subject to satisfaction of specified conditions precedent. The conditions precedent are usual for a facility of this nature and include:

- duly executed Loan Facility Agreements and ancillary documentation;
- procedural and mechanical conditions precedent (such as verification certificates, legal opinions, corporate authorisations and required know your client and anti-money laundering deliverables);
- delivery of information in relation to the DEXUS Offer;
- payment of all fees and expenses then payable in connection with the Loan Facilities; and
- the absence of the following in relation to DEXUS RE or a member of the DEXUS Group that acts as a guarantor:
  - limited specific misrepresentations (including status, power, documents binding, ranking of debt and status of trusts comprising DEXUS and its Controlled Entities);
  - limited specified breaches of undertaking (including ranking of debt, negative pledge, disposals, restrictions on distributions and provision of financial accommodation);
  - limited specified events of default (including insolvency, failure to pay, voidability of documentation, enforcement against assets, status of trusts comprising the DEXUS Group and change in control/delisting of the DEXUS Securities); and
  - a material adverse effect in respect of the Bank's rights and remedies under, DEXUS's ability to meet payment and material obligations under, or the validity and enforceability of the Loan Facility Agreements and ancillary documents.

In addition, the conditions precedent include:

- that the DEXUS Offer is unconditional; and
- that it is not illegal for the relevant Bank to fund.

DEXUS has no reason to believe that these conditions precedent will not be satisfied.

## 9.7 Provision of consideration

On the basis of the arrangements described in this section, Bidder is of the opinion that it has a reasonable basis for holding the view, and holds the view, that Bidder will be able to provide the consideration offered under the DEXUS Offer (as well as other funding commitments described in Section 9.5).

1. 30 September 2013 C\$ values converted to A\$ as at the day prior to this Bidder's Statement.

### Australian tax considerations

The taxation information below has been prepared to provide a broad summary of the Australian income tax considerations for CPA Unitholders that dispose of their CPA Units as a result of accepting the DEXUS Offer or compulsory acquisition.

The taxation information provided below is intended only as a brief guide. The Australian taxation consequences for CPA Unitholders will ultimately depend upon their individual circumstances. Accordingly, it is recommended that CPA Unitholders seek professional taxation advice in relation to their own position. The information applies only to individuals who hold their CPA Units and any DEXUS Securities received on capital account (although brief comments have been provided in relation to the availability of the capital gains tax ("CGT") discount for other types of entities). The information does not cover the taxation implications for CPA Unitholders who hold their investments on revenue account, as trading stock or where the CPA Units are subject to the "Taxation of Financial Arrangement" provisions.

The comments below do not address any taxation implications which might arise in countries other than Australia. Non-Australian tax resident CPA Unitholders should seek their own advice on the consequences of the disposal of their CPA Units under any relevant foreign tax laws.

The information below is based on existing tax law and established interpretations as at the date of this Bidder's Statement and may be subject to change over time. It is important to note that the Government announced on 6 November 2013 that it would proceed with a new tax system for MITs. This could change the way trusts and/or their unitholders are taxed in Australia. The outcome of the announcement is not yet known.

### CGT consequences for resident CPA Unitholders

#### Disposal of CPA Units

The disposal of the CPA Units will have CGT implications for the CPA Unitholder. Broadly, the CPA Unitholder must include any realised capital gain or loss on the disposal of their CPA Units in the calculation of their net capital gain or loss for the year. The date of disposal of the CPA Units will be taken to be the date which CPA Unitholders accept the DEXUS Offer. Alternatively, the date of disposal of the CPA Units will be when their CPA Units are compulsorily acquired.

A CPA Unitholder will derive a capital gain on the disposal of their CPA Units to the extent that the capital proceeds on disposal exceed the CGT cost base of the CPA Units. A CPA Unitholder will incur a capital loss on the disposal of the CPA Units to the extent that the capital proceeds on disposal are less than the CGT reduced cost base of the CPA Units. The cash and market value of the DEXUS Securities (that make up the DEXUS Offer to CPA Unitholders) (or cash only if you are an Unmarketable Parcel Security holder) will be the capital proceeds for the purposes of calculating the capital gain or loss. Given that DEXUS Securities are listed on the ASX, one basis for determining the market value of the DEXUS Securities received is to use its closing price on the ASX on the date of disposal (refer date of disposal comments above). This is consistent with the ATO's guidelines for valuing listed shares (contained in the ATO's publication "Market Valuation for Tax Purposes"). The ATO's guidelines also state that other valuation methodologies may be more appropriate in certain circumstances and therefore CPA Unitholders should seek their own advice in this respect.

If a CPA Unitholder accepts the DEXUS Offer but one or more of the conditions of the DEXUS Offer are not satisfied, the DEXUS Offer will lapse. Any CPA Unitholders who have accepted the DEXUS Offer in these circumstances will not be taken to have disposed of their CPA Units and accordingly, should not realise any capital gain or loss. Specific advice however should be obtained where the acceptance of the DEXUS Offer and the DEXUS Offer lapsing occurs in different income years.

Generally, the CGT cost base of each CPA Unit will include the amount paid by each CPA Unitholder to acquire their CPA Units, together with any capital costs of acquisition or disposal, reduced by any tax deferred distributions or returns of capital made by CPA whilst each CPA Unitholder held their CPA Units.

If the CPA Unitholder (being an individual, or a trustee of a trust) has held the CPA Units for 12 months or more at the time of disposal and there is a net capital gain, a discount factor of 50% may be available to that individual or trustee of a trust. The operation of the CGT discount can be complex for trustees so CPA Unitholders in these circumstances should obtain specific advice. If the CPA Unitholder is a complying superannuation entity the discount factor that may be available is 33⅓%. The CGT discount is not available to companies. Note that any available capital losses will be deducted from the gross capital gain before the CGT discount is applied. CPA Unitholders should seek their own advice in this respect.

#### Scrip for scrip roll-over relief will not be available

Scrip for scrip rollover relief will not be available to defer recognition of any capital gain realised by CPA Unitholders as a result of the disposal of their CPA Units.

## CGT consequences for non-resident CPA Unitholders

### Disposal of CPA units

The disposal of the CPA Units will have CGT implications for the CPA Unitholder only where the CPA Units are taxable Australian property (“TAP”). CPA Units should be TAP where:

- the CPA Unitholder has held more than 10% of the issued capital of CPA at the date of disposal of the CPA Units or throughout a 12 month period that began no earlier than 24 months before the date of disposal and ended no later than the date of disposal; and
- more than 50% of the market value of CPA consists of taxable Australian real property (direct and indirect interests in Australian real property, including leases of Australian land).

A capital gain may also arise for non-resident CPA Unitholders if they have used their CPA Units at any time in carrying on a business through an Australian permanent establishment. Note that scrip for scrip rollover relief will not be available to defer any capital gains. Further, no discount on a capital gain is available for non-resident CPA Unitholders.

## Goods and Services Tax (“GST”)

The acquisition and disposal of CPA Units and DEXUS Securities is not subject to GST. However, CPA Unitholders may incur GST on costs that relate to their participation in the DEXUS Offer and should seek their own independent advice in relation to the GST implications of participating in the DEXUS Offer.

## Stamp Duty

No Australian stamp duty will be payable by CPA Unitholders in respect of the disposal of their CPA Units or acquisition of DEXUS Securities.

## Taxation of DEXUS Securities for former CPA Unitholders

### Taxation on disposal of DEXUS Securities

The disposal of DEXUS Securities by the former CPA Unitholders (resident and non-resident unitholders) will broadly have similar tax outcomes to the disposal of their CPA Units (refer to comments above).

Note however that the disposal of a DEXUS Security involves the disposal of four separate assets, being a unit in each of the four stapled trusts, DIT, DOT, DDF and DXO. The CGT cost base of a DEXUS Security and the capital proceeds received on the disposal of a DEXUS Security must be apportioned between the underlying units on a reasonable basis. Note that the capital proceeds for Ineligible Foreign Unitholders or Unmarketable Parcel Security holders will equal the net proceeds received from the Nominee for disposing of the DEXUS Securities to which they would otherwise be entitled.

If a CPA Unitholder accepts the DEXUS Offer but one or more of the conditions of the DEXUS Offer are not satisfied, the DEXUS Offer will lapse. Any CPA Unitholders who have accepted the DEXUS Offer in these circumstances will not be taken to have acquired any DEXUS Securities. Specific advice however should be obtained where the acceptance of the DEXUS Offer and the DEXUS Offer lapsing occurs in different income years.

The CGT cost base of a DEXUS Security should be equal to the market value of each DEXUS Security (that makes up part of the DEXUS Offer to CPA Unitholders) that is received by the former CPA Unitholders. Refer to comments above regarding the market value of DEXUS Securities received.

For the purpose of allocating capital proceeds and CGT cost base to each underlying unit, one basis of apportionment is to use the relative net asset value (“NAV”) of each trust. The NAV of each trust is available on the DEXUS website at [www.dexus.com/investor-centre/DEXUS/distributions-tax](http://www.dexus.com/investor-centre/DEXUS/distributions-tax).

In addition, the date of acquisition of the DEXUS Securities (and not the CPA Units) is the relevant date to determine whether a discount factor is available for a capital gain.

## Distributions on units in DIT, DOT and DDF

DIT, DOT and DDF are “flow through” trusts under Division 6 of the Income Tax Assessment Act 1936 and, based on current tax legislation, DIT, DOT and DDF should not generally be liable for income tax as it is intended that DEXUS Security holders will be presently entitled to all of the income of each trust.

### Australian tax resident DEXUS Security holders

DEXUS Security holders are liable to pay tax on the full amount of their share of the taxable income of each trust in the year in which entitlement arises. A DEXUS Security holder's share of the taxable income of each trust for the year ending 30 June must therefore be included as assessable income for the financial year ended on that date. This applies irrespective of whether distributions from each trust are paid in a subsequent year.

Distributions from each trust may include various components, the taxation treatment of which may differ. For example, a distribution from each trust to a DEXUS Security holder may include a tax deferred component, a CGT concession component, as well as net capital gains.

Tax deferred distributions are usually attributable to returns of capital, building allowances, tax depreciation and other tax timing differences. For DEXUS Security holders that hold their DEXUS Securities on capital account, tax deferred distributions are not assessable when received unless and until the total tax deferred amounts received by a DEXUS Security holder exceed the cost base of the units in the trust. For CGT purposes, amounts of tax deferred distributions received reduce the cost base of the units for the DEXUS Security holder and therefore affect the DEXUS Security holder's capital gain/loss on disposal of the units. A DEXUS Security holder will make an immediate capital gain to the extent a tax deferred distribution is more than the DEXUS Security holder's cost base of the units in the trust.

Where an asset that is owned by a trust for at least 12 months is disposed of, that trust will receive a 50% discount on the capital gain realised. The CGT concession component of a distribution represents the CGT discount claimed by a trust in respect of asset sales. The CGT concession component is not assessable when received by DEXUS Security holders and does not reduce the cost base of the units.

The capital gain component of a trust distribution must be included in the DEXUS Security holder's calculation of their net capital gain. Where the distributed capital gain includes a discounted capital gain component, the DEXUS Security holder is required to gross up that amount by the discount applied by the relevant trust (i.e. 50%). The nominal capital gain (i.e. the whole amount of the gain prior to discounting) is then included in the calculation of the DEXUS Security holder's net capital gain. The DEXUS Security holder may be entitled in their own right to a CGT discount as an individual, trustee of a trust, or a complying superannuation entity.

### Non-resident DEXUS Security holders

DIT, DOT and DDF have been and are expected to continue to be MITs. On this basis tax will be deducted from distributions to non-resident DEXUS Security holders in respect of Australian sourced income as follows:

- to the extent that a trust distribution includes an Australian sourced interest component, tax will be withheld at the rate of 10%. This is a final tax.
- to the extent that a trust distribution includes an Australian sourced taxable component, other than interest, tax will be withheld at 15% where the DEXUS Security holder is resident in an Exchange of Information ("EOI") country as defined for the MIT provisions (i.e. included in the regulations). If the DEXUS Security holder is not resident in an EOI country as defined for the MIT provisions, the rate is 30%.

The distributions will not be included in the Australian assessable income of the DEXUS Security holder and no credit will be available for tax withheld on this amount.

Distributions of foreign sourced income to non-residents should not be subject to taxation in Australia.

### Distributions on units in DXO

DXO is a public trading trust as defined in Division 6C of the Income Tax Assessment Act 1936 and is also the head entity of a tax consolidated group. The consequences of being a public trading trust and the head entity of a tax consolidated group is that DXO is treated as a company for all income tax purposes.

Accordingly, distributions received by Australian tax resident DEXUS Security holders, other than returns of capital, are taxed as dividends and the dividend (plus any attached franking credit) must be included in the DEXUS Security holder's assessable income in the year in which the distribution is made.

For non-resident DEXUS Security holders, franked distributions from DXO should be exempt from Australian dividend withholding tax. Unfranked distributions will be subject to dividend withholding tax at 30% unless a lower rate applies under a tax treaty.

## 11 INVESTMENT RISKS

### 11.1 Overview

In deciding whether or not to accept the DEXUS Offer, you should read this entire Bidder's Statement carefully. You should also carefully consider the risk factors outlined in this Section 11 and your personal circumstances. This Section 11 is general only and does not take into account your individual objectives, financial situation or needs.

If the DEXUS Offer becomes unconditional, CPA Unitholders who accept the DEXUS Offer (other than an Ineligible Foreign Unitholder or Unmarketable Parcel Security holder) will become DEXUS Security holders.

A number of risks and uncertainties, which are both specific to DEXUS and of a more general nature, may affect the future operating and financial performance of DEXUS and the value of DEXUS Securities.

This Section 11 outlines the:

- risks that are specific to DEXUS (see Section 11.2);
- specific risks that are common to the existing businesses of the Bidder Group and CPA, and which will therefore be risks to which the Combined Group will be exposed (see Section 11.3);
- risks that arise from the DEXUS Offer (see Section 11.4); and
- general, investment and industry risks of the Combined Group (see Section 11.5).

Many of these risks are outside the control of Bidder and CPA. Although the Combined Group will have in place a number of strategies to minimise exposure to, and mitigate the effects of, some of the risks outlined in this section, there can be no guarantee that such arrangements will protect the Combined Group from these risks.

### 11.2 Risks specific to DEXUS

This section identifies the key risks associated with an investment in DEXUS Securities. These risk factors are not exhaustive of the risks faced by potential investors in DEXUS Securities.

If any of the following risks materialise, DEXUS's business, financial condition and operational results are likely to suffer. In this case, the trading price of DEXUS Securities may fall and you may lose all or part of your investment, and / or the distributable income of DEXUS may be lower than expected or zero, with distributions being reduced or being cut to zero.

#### a. Development activities

DEXUS has a number of development projects as part of its property portfolio. The developments include the properties at King Square, Perth and Queen Street, Brisbane.

There is a risk that developers will not meet the targeted earnings, and cashflows for these developments which may be impacted by a number of factors including construction costs, scheduled completion dates, assumed post completion occupancy, assumed rentals achieved and the ability of tenants to meet rental obligations.

For these developments, DEXUS has entered into fixed price construction contracts. Under the contracts, the contractors assume the financial risks relating to completion delays and cost overruns. DEXUS has also obtained performance guarantees from its contractors. However, there can be no assurance that DEXUS will not be adversely impacted by the failure of a contractor to deliver a development project as agreed. These developments also include a guarantee of rental income for either two or five years from their date of practical completion. For counterparty risk see generally Section 11.5(g).

#### b. Availability of capital

Real estate investment and development is highly capital intensive. DEXUS's ability to raise funds in the future on favourable terms depends on a number of factors including general economic conditions, political, capital and credit market conditions and the reputation, performance and financial strength of DEXUS's business. Many of these factors are outside DEXUS's control and may increase the cost and availability of capital.

#### c. Impact of financing covenants

DEXUS's financiers require it to maintain certain gearing and other ratios under various debt covenants. In the event that these covenants are breached, financiers may seek to exercise enforcement rights under debt documentation.

No financiers' rights under DEXUS's current debt facilities are triggered as a result of adverse market capitalisation movements.



#### **d. Impact of interest rates**

DEXUS's interest cost on floating rate debt will increase if benchmark interest rates increase. This would reduce earnings and cashflow available for distribution to security holders.

DEXUS manages its exposure to adverse fluctuations in floating interest rates by entering into interest rate hedging instruments, however the impact of interest rate hedging may be negative, depending on the extent, timing or direction of movements in underlying rates.

#### **e. Financial forecasts**

There is a risk that the assumptions in the financial information in this Bidder's Statement may not hold such that the forecast earnings and distributions differ.

#### **f. Impact of factors affecting ordinary distributions**

DEXUS's ability to pay distributions to its security holders is dependent upon underlying earnings and cashflow generated by its business.

### **11.3 Risks relating to the Combined Group**

In addition to the risk factors set out above in Section 11.2, a number of which are risk factors likely to be similar to those already faced by CPA Group, the following factors may affect the future operating and financial performance of the Combined Group.

#### **a. Counterparty change of control risk**

CPA Group entities are parties to agreements that contain pre-emptive or default rights or change of control provisions that may be triggered if Bidder acquires CPA Units representing a majority of the voting rights of CPA, CPA is delisted or there is a change in the responsible entity of CPA (refer to Section 6.2(d)).

The operation of these provisions, if triggered, could have negative consequences including enabling a counterparty to terminate a contract, accelerate payment obligations or require a CPA Group entity to renegotiate a contract or sell joint venture interests. These provisions may be waived or a change of control consented to by the counterparty. The Bidder Group will seek such consents and waivers as it considers are necessary. CBA has agreed to assist DEXUS RE in obtaining relevant consents and waivers from counterparties (see Section 12.4 for a description of CBA's obligations in this regard).

In the absence of counterparty consent or appropriate waivers, the operation of any of these change of control provisions could adversely affect the operations and/or financial position and performance of the Combined Group.

#### **b. Integration risks**

There is a risk that implementation and other one-off costs of integration may be substantial or greater than reasonably anticipated. This could have a material adverse impact on the Combined Group's financial position and performance.

The transition of information systems and data, technical, financial and legal information and resources may not proceed smoothly and may divert management's attention from managing DEXUS's business. There is a risk that revenue streams or operations could be disrupted or that costs associated with the transition may be greater than expected, which could adversely affect the Combined Group's financial position and performance.

Note, CBA has agreed to assist DEXUS RE in transitioning management of CPA to DEXUS (see Section 12.4 for a description of CBA's obligations in this regard).

#### **c. Impairment of goodwill and other intangible assets**

The financial statements of the Combined Group will be prepared in conformity with A-IFRS and consistent with the current accounting policies of DEXUS. Under A-IFRS, intangible assets that have an indefinite useful life including goodwill, are not subject to amortisation and are reviewed annually for impairment. Individual assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an individual asset may not be recoverable. Changes to the carrying amounts of intangible assets of the Combined Group could have an adverse impact on the reported financial performance of the Combined Group.

#### **d. Accounting revisions may be required**

CPA has particular accounting policies and methods which are fundamental to how it records and reports its financial position and results of operations. The management of CPA may have exercised judgement in selecting and applying certain accounting policies or methods which might have been reasonable under the circumstances yet might have resulted in reporting materially different outcomes than would have been reported under DEXUS's policies and methods.

While no material differences between DEXUS and CPA Group policies and methods have been identified to date, it is not certain that those policies have been applied in the same way. The integration of CPA Group's accounting functions may lead to revisions of these accounting policies, which may adversely impact on the Combined Group's reported results of operations and/or financial position and performance.

**e. Risks related to 5 Martin Place**

CPA is undertaking, in a joint venture with Cbus Property 5 Martin Place Pty Ltd, a significant redevelopment of the property at 5 Martin Place, Sydney (\$215 million). Ashurst Australia Services Pty Limited (“Ashurst”) is the anchor tenant for the property.

Bidder has not reviewed all of the arrangements between Ashurst and the joint venture in relation to its anchor tenancy. However, Bidder understands from CMIL that the arrangements contain a provision which has the effect that where there is a delay in completion of the development at 5 Martin Place, the joint venturers may have unlimited exposure to Ashurst for breach of the agreement.

Bidder has not been given access to sufficient information to understand the potential liability to Ashurst for CPA as a consequence of the proposed redevelopment.

The current developer does give an indemnity in respect of any losses caused to CMIL for a delay, up to a maximum of \$5,000,000. To the extent there is a delay in completion of the development and the losses that arise as a result of that delay are greater than \$5,000,000, then this may negatively impact on CPA's reported results of operations and/or financial position and performance.

## **11.4 Risks that arise from the DEXUS Offer**

Risks that may arise as a result of the DEXUS Offer include:

**a. Acquisition of less than 100% of CPA**

If Bidder acquires less than 90% of all of the CPA Units on issue under the DEXUS Offer, this would prevent Bidder compulsorily acquiring all remaining CPA Units.

The Bidder Group will still seek to have an appropriately licensed Bidder Group entity appointed as responsible entity of CPA.

CPA Unitholders should note that there is a risk that the CPA Unit price may fall below the value of the DEXUS Offer and that they may become minority unitholders in a less liquid investment if Bidder acquires more than 50% of CPA.

**b. Availability of financing**

Bidder has financing commitments in place to fund the acquisition of CPA detailed in Section 9. If any of this financing becomes unavailable for any reason and Bidder cannot put in place alternative sources of financing under similar terms, Bidder may not be able to complete the acquisition of CPA as planned.

**c. Reliance on public information and information given access by CPA**

In preparing the information relating to CPA contained in this Bidder's Statement, Bidder has relied on publicly available information relating to CPA and information regarding the CPA Group given access by CPA. Risks may exist in relation to CPA (which may affect the Combined Group) of which Bidder may be unaware. However, as CPA is an ASX listed entity, any substantial threats to CPA's business should have been disclosed pursuant to CPA's periodic and continuous disclosure obligations.

If any material risks are known to CPA directors, they must be disclosed in the target's statement to be issued by CPA.

**d. Assumptions by Bidder**

Bidder has made certain assumptions in estimating the accretion to DEXUS's FFO per security and distribution per security for the year ending 30 June 2014. This includes assumptions in relation to DEXUS's FFO per security guidance and CPA's FFO per unit and distribution per unit guidance for the year ending 30 June 2014, as well as pro forma adjustments as a result of the acquisition of CPA. This includes costs to refinance the CPA Convertible Notes, USPP notes issued by CPA and transaction costs (refer Section 8.4). There is a risk that the assumptions may not be accurate and the accretion to DEXUS's FFO per security and distribution per security for the year ending 30 June 2014 may be higher or lower than estimated.

**e. Issue of DEXUS Securities as consideration**

CPA Unitholders are being offered DEXUS Securities as consideration under the DEXUS Offer. As a result, the value of the consideration will fluctuate depending upon the market value of DEXUS Securities.

Accordingly, the market value of the DEXUS Securities at the time you receive them may vary significantly from their market value on the date of your acceptance of the DEXUS Offer, and the tax treatment of the DEXUS Securities you receive may be different from your CPA Units.

**f. Sale of DEXUS Securities**

Under the DEXUS Offer, DEXUS RE will issue a significant number of new DEXUS Securities. Some CPA Unitholders may not intend to continue to hold their DEXUS Securities and may wish to sell them. There is a risk that increased sales of DEXUS Securities may adversely impact on the price of, and demand for, DEXUS Securities.

**g. Sale of CPA Units**

As described in Section 12.3, it is possible that under the Unitholders Agreement, in circumstances in which Bidder acquires less than 50% of CPA Units at the end of the Offer Period, DEXUS will be required to acquire all of the CPA Units acquired by Bidder.

DEXUS RE currently anticipates that it would be in a position to complete any such acquisition.

## 11.5 General and industry risks of the Combined Group

The business activities of the Combined Group will be subject to various general economic and industry specific risks that may impact on the future performance of the Combined Group. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Combined Group and cannot be mitigated.

The general risks to which participants in the property investment and development industry are exposed include the following (which you are currently exposed to through your holding of CPA Units and will continue to be exposed to as a DEXUS Security holder):

### a. Returns from investments

The value, expectations of capital growth, and returns from DEXUS's and CPA's property assets will fluctuate depending on property market conditions. Rental and occupancy levels may change as a result of changes in the property market and general economic conditions (including conditions relating to Retail, Office, Logistics & Business Park and development assets), and this may affect the distributions paid by DEXUS RE and the market price of DEXUS Securities.

The ability to procure tenants (including timing and rental paid), demand for property from investors, expenses in operating, refurbishing and maintaining properties, and timing of receiving sale proceeds may influence the value of the Combined Group's assets. The supply of competing buildings, both existing and new, may also affect the ability to secure lease renewals, retain existing tenants or obtain new tenants. If it becomes not possible to negotiate lease renewals or maintain existing lease terms, income and book values may be adversely impacted.

### b. Changing investor demand for property investments

The demand for property and listed property securities may change as investor preferences for particular sectors and asset classes change. The demand for property as an asset class changes over time and can be influenced by general economic factors such as interest rates, stock market cycles and exchange rates.

### c. Asset and land values

Asset values are affected by many factors including prevailing market conditions, risk appetite, volume of sales, the ability to procure tenants, contracted rental returns, operating, maintenance and refurbishment expenses and the funding environment.

From time to time unanticipated events occur that affect the value of land or development costs which may in turn affect the financial returns from property investment, projects and property related business. For example, land resumption, major infrastructure requirements or unanticipated environmental issues may affect these financial returns.

### d. Time delays

Development approvals, slow decision-making by counterparties, complex construction specifications, changes to design briefs, legal issues and other documentation changes may give rise to delays in completion of projects, loss of revenue and cost overruns. Additionally, delays in completion of projects may, in turn, result in liquidated damages and termination of lease agreements and pre-sale agreements.

Other time delays that may arise in relation to construction and development projects include supply of labour, scarcity of construction materials, lower than expected productivity levels, inclement weather conditions, land contamination, difficult site access or industrial relations issues.

Objections raised by community interest groups, environmental groups and neighbours may also delay the granting of planning approvals or the overall progress of a project.

### e. Property liquidity

Property assets are by their nature illiquid investments. The Combined Group may be required to dispose of some of its property assets in response to adverse business conditions. Given the relatively illiquid nature of property investments, the Combined Group may not be able to achieve the disposal of the property asset(s) in a timely manner or at an optimal sale price. This may affect the Combined Group's NTA or market price of DEXUS Securities.

### f. Competition

The Combined Group will face competition from other property groups active in Australia. Such competition could lead to the following adverse outcomes:

- loss of tenants to competitors;
- a reduction in rents; and
- an inability to secure new tenants resulting from oversupply of space.

### g. Counterparty / credit risk

A-REITs are exposed to the risk that third parties, such as tenants, developers, service providers and financial counterparties to derivatives (including foreign exchange and interest rate hedging instruments) and other contracts may not be willing or able to perform their obligations.

**h. Fixed nature of costs**

Many costs associated with the ownership and management of property assets are fixed in nature. The value of assets may be adversely affected if the income from the asset declines and these fixed costs remain unchanged.

**i. Capital expenditure**

A-REITs are exposed to the risk of unforeseen capital expenditure requirements in order to maintain the quality of the buildings and tenants.

**j. Environmental matters**

A-REITs are exposed to a range of environmental risks which may result in project delays or additional expenditure. In these situations, they may be required to undertake remedial works and potentially be exposed to third party liability claims and/or environmental liabilities (e.g. penalties or fines).

**k. Regulatory issues and changes in law**

A-REITs are exposed to the risk that there may be changes in laws that have a materially adverse impact on financial performance (e.g. by directly or indirectly reducing income or increasing costs).

**l. Insurance**

A-REITs purchase insurance, customarily carried by property owners, managers, developers and construction entities, that provides a degree of protection for its assets, liabilities and people. These policies include material damage of assets, contract works, business interruption, general and professional liability and workers compensation. There are however certain risks that are uninsurable (e.g. nuclear, chemical or biological incidents) or risks where the insurance coverage is reduced (e.g. cyclone, earthquake). A-REITs also face risk associated with the financial strength of their insurers to meet indemnity obligations when called upon which could have an adverse effect on earnings.

**m. Government policy and taxation**

Changes in relevant taxation laws, accounting standards, other legal, legislative and administrative regimes, and government policies (including Government fiscal, monetary and regulatory policies), may have an adverse effect on the assets, operations and, ultimately, the financial performance of the Combined Group. These factors may ultimately affect the Combined Group's financial position and performance and the market price of DEXUS Securities.

**n. General economic conditions**

The operating and financial performance of the Combined Group is influenced by a variety of general economic conditions and business conditions, including the level of inflation, interest rates and exchange rates and Government fiscal, monetary and regulatory policies. Higher than expected inflation rates generally or specific to the property sector could be expected to increase operating costs and development costs. A prolonged deterioration in general economic conditions could materially and adversely affect the Combined Group's operations and/or financial position and performance.

**o. Equity market conditions**

The market price of DEXUS Securities will be affected by the financial performance of the Combined Group and also varied and often unpredictable factors influencing equity and credit markets generally. These factors include international stock markets, interest rates, domestic and international economic conditions, domestic and international political stability, investor sentiment, and the demand for equities generally.

**p. Litigation and disputes**

Disputes or litigation may arise from time to time in the course of business activities. There is a risk that material or costly disputes or litigation could adversely affect financial performance and security value.

**q. Occupational health and safety**

Failure to comply with the necessary occupational health and safety legislative requirements across the jurisdictions in which DEXUS operates could result in fines, penalties and compensation for damages as well as reputational damage.

**r. Other factors**

Other factors may impact on an entity's performance including natural disasters, changes or disruptions to political, regulatory, legal or economic conditions or to the national or international financial markets including as a result of terrorist attacks or war.

### 12.1 Overview

This Section 12 sets out a summary of three material arrangements Bidder or DEXUS RE have entered into in relation to the DEXUS Offer as follows:

- Joint Bidder Agreement;
- Unitholders Agreement; and
- Facilitation Agreement.

### 12.2 Joint Bid Agreement

#### ▪ General

DEXUS RE, CPPIB and Bidder have entered into the Joint Bid Agreement, which sets out arrangements in relation to the conduct of the takeover bid for CPA.

#### ▪ Funding and conduct of offer

The Bid Trust is a special purpose trust which has been established to acquire issued CPA Units. DEXUS and CPPIB each indirectly hold (through DEXUS Unitholder and CPPIB Unitholder respectively), 50% of the units in the Bid Trust.

Under the Joint Bid Agreement, DEXUS Unitholder and CPPIB Unitholder are required to contribute additional capital to the Bid Trust to fund the DEXUS Offer. CPPIB Unitholder will contribute additional capital in the form of cash and DEXUS Unitholder will contribute additional capital through a combination of cash and new DEXUS Securities.

If the Bid Trust acquires 35.1% of the issued CPA Units, DEXUS will transfer its holding of 350 million CPA Units under the Forward Contract with Deutsche Bank AG into the Bid Trust.

The Joint Bid Agreement sets out the mechanics under which the interests of DEXUS Unitholder and CPPIB Unitholder are equalised so that at all times their proportionate holding in the Bid Trust is equal to 50%.

#### ▪ Exclusivity

During an exclusivity period which runs until June 2014 (unless otherwise extended by mutual agreement), each party is subject to “no shop” and “no talk” obligations in relation to any competing proposal to the DEXUS Offer. The parties must notify the other parties of any approach by a third party in relation to a competing proposal.

#### ▪ Termination

The Joint Bid Agreement will terminate automatically if not all of the defeating conditions to the DEXUS Offer have either been freed or fulfilled by the end of the Offer Period.

### 12.3 Unitholders Agreement

#### ▪ General

Bidder, DEXUS Unitholder and CPPIB Unitholder have entered into the Unitholders Agreement, which sets out arrangements in relation to the control, management and funding of the Bid Trust.

#### ▪ Subscription for units in the Bid Trust

The Bid Trust Unitholders are required to subscribe for units in Bid Trust in accordance with the Joint Bid Agreement.

#### ▪ Financing of the Bid Trust

The Bid Trust Unitholders are required to provide additional funding to enable the trustee to incur expenditures that are permitted under the Unitholders Agreement, for example, expenditures in an approved budget and emergency expenditure.

#### ▪ Co-Owner Committee

The Co-Owner Committee is a body responsible for considering and approving a list of reserved matters on behalf of the Bid Trust Unitholders, including:

- budgets, asset plans, investment plans and expenditure;
- acquisitions and disposals (including pre-emptive rights over assets);
- related party proposals;

- significant leasing decisions;
- major financing decisions, prepayment, refinancing, loans, guarantees and security;
- to the extent Bid Trust has not acquired 100% of the issued CPA Units, any exercise by Bidder of its rights as a CPA Unitholder, including calling a CPA Unitholders meeting, or proposing or voting on resolutions of CPA Unitholders.

If the Bid Trust has not acquired 100% of the issued CPA Units, the matters reserved for determination by the Co-Owner Committee are largely limited to the Bid Trust. This is because prior to acquisition of 100% of the issued CPA Units, Bidder, as a CPA Unitholder, has limited rights to manage the CPA Group. However, Bidder as a CPA Unitholder, has rights to vote on resolutions to replace the responsible entity of CPA and to wind up CPA.

#### ■ **Composition of the Co-Owner Committee**

DEXUS Unitholder, CPPIB Unitholder and any other Bid Trust Unitholder holding at least 10% of the units in Bid Trust may appoint one representative member and one alternate to the Co-Owner Committee.

#### ■ **Decision making of Co-Owner Committee**

For the first seven years, decisions of the Co-Owner Committee are to be made by unanimous resolution, or in the case of minor decisions, by 75% special majority resolution. After seven years, all decisions are made by 75% special majority resolution.

#### ■ **CPA management rights**

As soon as practical after the Bid Trust has acquired at least 50% of the issued CPA Units and the Offer Period has closed, Bidder must appoint itself or its related party (ie another DEXUS Group entity) as the responsible entity of CPA and as the trustee of any of the CPA sub-trusts.

If a DEXUS Group entity receives a responsible entity fee or sub-trustee fee under the CPA Group constituent documents, and those fees are more than the fee which would have been payable to the Investment Manager in respect of the CPA Group under the Investment Management Agreement, CPPIB Unitholder will be entitled to receive a fee rebate for its share of the difference.

#### ■ **CPPIB future partnering right**

CPPIB Unitholder has a right to be offered the opportunity to participate as a capital partner (directly or indirectly) in new office investments in the Australian market with DEXUS or its group entities, ahead of other capital partners.

This right does not apply to certain existing arrangements which DEXUS has in place or if DEXUS has received an exclusive invitation to participate in the new office investment. However, Bidder must use reasonable endeavours to facilitate the participation of CPPIB Unitholder in these circumstances (if practical).

This right ceases to apply if the CPPIB Unitholder ceases to hold units in the Bid Trust or if DEXUS ceases to control the Investment Manager or the Property Manager.

#### ■ **Budget**

The Bidder must carry on the business of the Bid Trust Group (including the CPA Group if the Bid Trust has acquired 100% of the issued CPA Units) in accordance with a budget approved by the Co-Owner Committee. Default budget provisions apply if the Co-Owner Committee fails to approve a budget.

#### ■ **Bid Trust trustee fees**

No trustee fee is payable in respect of the Bid Trust, but Bidder may recover certain costs which have been reasonably and properly incurred.

#### ■ **Distribution policy**

While the Bid Trust holds less than 100% of issued CPA Units, the distribution policy of the Bid Trust is to make distribution of net proceeds from asset sales and any distributions received from CPA, less any liabilities for which Bidder is entitled to be indemnified (subject to a minimum to avoid Bidder being taxed on the income retained in the Bid Trust).

If the Bid Trust holds 100% of issued CPA Units, the distribution policy of the Bid Trust is to make quarterly distributions of funds from operations, and net proceeds from asset sales (subject to a minimum to avoid Bidder being taxed on the income retained in the Bid Trust).

#### ■ **Transfer restrictions**

The Bid Trust Unitholders may not transfer their units except with the prior written consent of the other Unitholders, or as otherwise permitted under the Unitholders Agreement.

#### ■ **Removal of Investment Manager**

If the Investment Management Agreement is terminated for cause, CPPIB Unitholder (or a nominee) has an option to acquire DEXUS Unitholder's Bid Trust units at the net asset value per unit as at date of termination. If the option is not exercised within 12 months after termination, DEXUS Unitholder may sell its units in Bid Trust to a qualified investor, provided that it first offers those units to CPPIB Unitholder and any other Bid Trust Unitholders.



#### ■ Unitholder default

A Bid Trust Unitholder will become a defaulting unitholder if a non-defaulting unitholder issues a notice identifying the unitholder as a defaulting unitholder on one or more of the following grounds:

- there has been a winding up, insolvency, receivership, enforcement of an encumbrance or similar event in relation to the defaulting unitholder;
- the defaulting unitholder has breached a material obligation which has a material adverse effect on the Bid Trust Group (subject to a remedy procedure);
- there has been a change of control of the defaulting unitholder without the prior written consent of the other Bid Trust Unitholders.

Bid Trust Unitholders unrelated to the defaulting unitholder have a pre-emptive right to acquire the units of the defaulting unitholder at a price to be agreed between the unitholders, or failing agreement, at the net asset value per unit as at the date of becoming a defaulting unitholder.

The defaulting unitholder may sell its units to a qualified investor if its units are not acquired by the unrelated Bid Trust Unitholders through the exercise of pre-emptive rights. If a qualified investor is not found, the Co-Owner Committee must consider how to deal with the remaining units.

#### ■ Sale of CPA Units into competing bid

If Bidder sells its CPA Units into a takeover bid which competes with the DEXUS Offer and CPPIB Unitholder's share of the profits from the sale (disregarding any transaction costs) plus its share of any break fee received from CMIL in relation to the DEXUS Offer is less than \$3 million, DEXUS Unitholder will pay the shortfall to CPPIB Unitholder.

If Bidder sells all of its CPA Units where it holds less than 100% of the issued CPA Units, it must terminate the Bid Trust and distribute any other assets of the Bid Trust in accordance with the Bid Trust constitution.

#### ■ Exit in Year 1-2: Bid Trust holds less than 50% of CPA Units

The Unitholders Agreement provides Bid Trust Unitholders with a "Put/Call Option" if the Bid Trust holds less than 50% of the issued CPA Units. Under the Put/Call Option, each Bid Trust Unitholder has up to two options to require Bidder to sell its CPA Units to DEXUS Unitholder or its nominee.

##### Number of CPA Units

The first Put/Call Option is for all of the CPA Units held by the Bid Trust up to such number of CPA Units which aggregate original costs is less than \$600 million (rounded down).

If the first Put/Call Option has been exercised and there are remaining CPA Units held by the Bid Trust, the Bid Trust Unitholders will have a second Put/Call Option for the remaining CPA Units.

##### Option exercise period

The first Put/Call Option may be exercised within 20 business days after the first anniversary of Offer Close.

The second Put/Call Option may be exercised within 20 business days after the second anniversary of Offer Close.

If an alternative proposal for the sale of 100% of units in the Bid Trust is being considered, DEXUS Unitholder and CPPIB Unitholder will attempt to agree to extend the expiry date of the exercise period for the Put/Call Options.

##### Acquisition price

The acquisition price per CPA Unit is equal to the original cost per CPA Unit plus a 9% p.a. return, less any distributions received from CPA and any proportionate fee rebates described above under the heading "CPA management rights".

##### Reinvestment of sale proceeds

CPPIB Unitholder may agree with DEXUS to reinvest its share of the sale proceeds in assets owned by DEXUS, to be managed on substantially the same terms as the Investment Management Agreement and the Property and Development Management Agreement.

##### Sale of CPA Units to third party

If a proposal to sell the CPA Units held by the Bid Trust under a competing and superior takeover bid has been put to the Co-Owner Committee but CPPIB Unitholder does not agree to it, and the deadlock is not resolved, the DEXUS Unitholder may cause the Put/Call options to lapse by giving a notice to the CPPIB Unitholder.

#### ■ Exit in Year 1-5: Bid Trust holds at least 50% but less than 100% of CPA Units

##### CPPIB Unitholder exit – Year 1-5

CPPIB Unitholder may at any time between the first and fifth anniversaries of the Offer Close, notify Bidder that it wishes to exit. If this occurs, Bidder and DEXUS Unitholder must use reasonable endeavours to facilitate the sale of:

- all of Bidder's CPA Units to DEXUS Unitholder (or its nominee); or
- all of CPPIB Unitholder's Bid Trust units to a third party.

CPPIB Unitholder may agree with DEXUS RE to reinvest its share of the sale proceeds in assets owned by DEXUS, to be managed on substantially the same terms as the Investment Management Agreement and the Property and Development Management Agreement.

### **In specie winding up – after Year 3**

CPPIB Unitholder or DEXUS Unitholder may, after the third anniversary of Offer Close, require Bidder to wind up the Bid Trust and distribute the CPA Units plus any cash on liquidation of any other assets of the Bid Trust.

CPPIB Unitholder will be subject to the following restrictions if it has initiated the winding up:

- if CPPIB Unitholder wishes to sell some or all of its CPA Units, it must first offer those units to DEXUS Unitholder;
- if DEXUS Unitholder does not take up the CPA Units, CPPIB Unitholder may sell the CPA Units to a third party subject to the following conditions:
  - the third party must not be a restricted purchaser without DEXUS Unitholder's consent;
  - if the proposed sale is for more than 5% of the issued CPA Units in a single transaction, DEXUS Unitholder has another pre-emptive right to buy those units on terms no less favourable terms than those offered to the third party;
  - DEXUS Unitholder's consent is required if the proposed sale involves the transfer of more than 10% of the issued CPA Units in a single transaction; and
  - in the first 5 years, if transfers in any six month period (in aggregate) would involve 20% or more of the issued CPA Units, DEXUS Unitholder's consent is required for the transaction that would (if completed) cause the 20% threshold to be exceeded.

### **■ Exit after Year 5: Bid Trust holds at least 50% but less than 100% of CPA Units**

After the fifth anniversary of Offer Close, a Bid Trust Unitholder may notify Bidder that it wishes to exit its investment in the Bid Trust.

#### **All Bid Trust Unitholders wish to exit**

If all of the Bid Trust Unitholders wish to exit, Bidder must request the responsible entity of CPA to prepare a detailed analysis of the alternatives available to all CPA Unitholders to exit an investment in CPA. The Bidder must seek to realise its investment in CPA Units with a view to maximising proceeds. This may include proposing and voting in favour of a resolution of CPA Unitholders to wind up CPA.

#### **One Bid Trust Unitholder seeks exit**

If only one Bid Trust Unitholder wishes to exit, the non-exiting unitholder has a pre-emptive right to acquire (for itself or a nominee) the CPA Units held by the Bid Trust, at a price nominated by the exiting unitholder. If the pre-emptive right is not exercised, Bidder must seek to sell its CPA Units to third parties. If a sale to third parties is not completed within six months or by the required settlement date, the exiting unitholder may require Bidder to propose and vote in favour of a resolution of CPA Unitholders to wind-up CPA.

### **■ Exit before Year 7: Bid Trust holds 100% of CPA Units**

CPPIB Unitholder may, until the seventh anniversary of the Offer Close, sell up to 25% of its units in Bid Trust to up to two qualified investors in parcels of at least 10%. DEXUS Unitholder has a pre-emptive right to acquire any Bid Trust units which CPPIB Unitholder proposes to sell, at a price nominated by CPPIB Unitholder.

If DEXUS Unitholder does not take up the Bid Trust units, CPPIB Unitholder may sell the units to a qualified investor. However, if the price offered to the qualified investor is below the price initially offered to DEXUS Unitholder, then DEXUS Unitholder has another pre-emptive right to acquire the units at the lower price.

If CPPIB Unitholder has sold some Bid Trust units to an incoming investor, and proposes to exercise its sale right for a second time, the pre-emptive rights described above will apply pro-rata to both DEXUS Unitholder and the incoming investor.

### **■ Exit after Year 7: Bid Trust holds 100% of CPA Units**

#### **All Bid Trust Unitholders wish to exit**

After the seventh anniversary of Offer Close, if 100% of Bid Trust Unitholders wish to exit, Bidder must call a meeting of the Co-Owner Committee to consider exit opportunities. Bidder must implement any exit opportunity that has been approved by the Co-Owner Committee. If the Co-Owner Committee fails to approve an exit opportunity, Bidder must wind up the Bid Trust in accordance with the constitution.

#### **Some Bid Trust Unitholders wish to exit**

After the seventh anniversary of Offer Close, any Bid Trust Unitholder may notify Bidder that it wishes to exit. The non-exiting Bid Trust Unitholders have pre-emptive rights to acquire the Bid Trust units of the exiting unitholder, at the following price:

- if the exiting Bid Trust Unitholders hold 50% or more of the Bid Trust units, net asset value per unit based on a six months forward valuation of the Bid Trust Group assets from the date the exiting Bid Trust Unitholder gives notice of its intention to exit; and
- if the exiting Bid Trust Unitholders hold less than 50% of the Bid Trust units, net asset value per unit as at the date the exiting Bid Trust Unitholder gives notice of its intention to exit.

If the Bid Trust units of an exiting Bid Trust Unitholder are not acquired through the exercise of pre-emptive rights, the exiting Bid Trust Unitholder may sell their Bid Trust units to qualified investors. However, the non-exiting Bid Trust Unitholders have another pre-emptive right to acquire the units if:

- in the case of an exit of Bid Trust Unitholders holding 50% or more of the Bid Trust units, the price offered to the qualified investor is below 95% of the price initially offered to the non-exiting Bid Trust Unitholders; and

- in the case of an exit of Bid Trust Unitholders holding less than 50% of the Bid Trust units, the price offered to the qualified investor is below the price initially offered to the non-exiting Bid Trust Unitholders.

#### ■ **Removal of the trustee of Bid Trust**

Bidder may retire as trustee of the Bid Trust if the appointment of the Investment Manager or the Property Manager is terminated.

Bidder must retire as trustee of the Bid Trust if the appointment of the Investment Manager or the Property Manager is terminated for cause and the Co-Owner Committee requires Bidder to retire as trustee of the Bid Trust.

## 12.4 Facilitation Agreement

#### ■ **General**

DEXUS has entered into an agreement with CBA for the provision of transitional facilitation services in relation to the management of CPA. Under the agreement, CBA will receive a payment of \$41 million for providing facilitation and other services on an exclusive basis. The services will be provided from the date that the combined voting power of CPPIB and DEXUS in CPA is equal to at least 50.1%.

#### ■ **Facilitation services**

CBA has agreed to:

- terminate, novate, or sub-contract to DEXUS, property management and development management agreements between CPA and relevant entities within the CBA group;
- assist DEXUS to obtain the property and development management rights and associated fees in relation to QV Building, Melbourne and 5 Martin Place, Sydney;
- retain Colonial First State Property Limited and Colonial First State Managed Property Limited as sub-trustees of CPA entities (for a period of time);
- not exercise any right as lessee of any premises it may have to purchase the premises under a lease as a consequence of a change in responsible entity. CMIL announced on the date of this Bidder's Statement that those rights only exist in respect of the following properties:
  - 5 Martin Place, Sydney
  - 2 Dawn Fraser Avenue, Homebush
  - 4 Dawn Fraser Avenue, Homebush
  - 101 George Street, Parramatta
  - 150 George Street, Parramatta
- the Facilitation Agreement also referred to 385 Bourke Street. However, CBA and CMIL have confirmed that CBA has no such rights in respect of that property;
- provide DEXUS (or its related body corporate) the right to purchase any of the above properties on no less favourable terms in the event CBA exercises such rights arising in respect of a transaction other than the DEXUS Offer;
- provide consents as lender or counterparty to any financing or derivative arrangements with CPA which may be triggered by a change of control transaction;
- waive any entitlement to receive performance fees from CPA prior to the time the DEXUS Offer closes; and
- provide books, records and information regarding the management of CPA.

#### ■ **Modification of facilitation services and fees**

Either party may, prior to 14 February 2014 (or until the date that the voting power of DEXUS and CPPIB in CPA increases to at least 50.1%, if earlier), notify the other that they wish to modify the scope of the facilitation services. If this occurs, the parties must consider whether they can agree in good faith to a reduction in the level of services and the \$41 million fee.

#### ■ **Exclusivity**

During an exclusivity period (ending no later than 30 June 2014), CBA is subject to “no shop” and “no talk” obligations in relation to any competing proposal to the DEXUS Offer. CBA must notify the other parties of any approach by a third party in relation to a competing proposal.

#### ■ **Termination**

Either party may terminate the Facilitation Agreement if:

- the other party suffers an insolvency event;
- the other party is in material breach of the agreement and the breach has not been remedied within 3 business days of notice in writing specifying the breach;
- the DEXUS Offer is withdrawn;
- a third party's voting power in CPA exceeds 50.1%;
- a third party becomes responsible entity of CPA; or
- the combined voting power of DEXUS and CPPIB in CPA has not increased to at least 50.1% by 30 June 2014.

### 13.1 Structure of the DEXUS Offer

CPA Units transferred to Bidder under the DEXUS Offer will be held by Bidder directly.

DEXUS RE will issue DEXUS Securities under this DEXUS Offer. DEXUS RE's contact details are:

Level 25, Australia Square  
264 George Street  
Sydney NSW 2000  
Australia

### 13.2 Date for determining holders of CPA Units

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) of the Corporations Act is the Register Date.

### 13.3 DEXUS is a disclosing entity

DEXUS Securities form part of the Offer Consideration and accordingly the Corporations Act requires that this Bidder's Statement includes all information that would be required for a product disclosure statement for an offer of DEXUS Securities.

DEXUS is a listed disclosing entity for the purposes of the Corporations Act and, therefore, it is subject to regular reporting and disclosure obligations. Specifically, like all listed entities, DEXUS is required to continuously disclose to the market any information of which it is aware that a reasonable person would expect to have a material effect on the price or the value of DEXUS Securities.

Copies of documents lodged with ASIC in relation to DEXUS (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, an ASIC office.

Bidder and DEXUS will provide a copy of each of the following documents, free of charge, to any person on request during the Offer Period:

- the most recent annual financial statement lodged with ASIC by DEXUS for the year ended 30 June 2013; and
- all continuous disclosure notices given by DEXUS after 6 September 2013 and before the date of this Bidder's Statement.

Requests for free copies of these documents may be made by contacting the DEXUS Offer Information Line on 1800 220 771 (callers in Australia) or +61 1800 220 771 (callers outside Australia) between 8.30am and 5.30pm (Sydney time) on Business Days. In addition, copies of all documents lodged with the ASX in relation to DEXUS can be inspected at the registered office of DEXUS during normal business hours. DEXUS's website at [www.dexus.com](http://www.dexus.com) also includes a wide range of information on DEXUS (including copies of the above documents) and its activities.

### 13.4 Rights and liabilities attaching to DEXUS Securities

The DEXUS Securities issued under the DEXUS Offer will be issued fully paid and will rank equally for distributions and other rights in all respects with existing DEXUS Securities from the date of issue.

Since the DEXUS Securities issued as consideration under the DEXUS Offer will be issued credited as fully paid, no monetary liability attaches to them.

The rights and liabilities attaching to DEXUS Securities are determined by the DEXUS Constitutions, applicable law and the Listing Rules. Section 13.5 contains a summary of the rights and liabilities attaching to DEXUS Securities under the DEXUS Constitutions and the Corporations Act. In the absence of any amendment to the DEXUS Constitutions or changes in applicable law or the Listing Rules, these rights and liabilities will attach to DEXUS Securities issued under the DEXUS Offer. This is not an exhaustive summary or definitive statement of the rights and liabilities attaching to DEXUS Securities.

CPA Unitholders should seek their own advice when trying to establish their rights in specific circumstances.

### 13.5 Summary of the DEXUS Constitutions

Each of DDF, DIT, DOT and DXO are registered managed investment schemes. DEXUS RE is the responsible entity for each of DDF, DIT, DOT and DXO. All of DDF, DIT, DOT and DXO are established under their respective constitutions which contain the main rules governing their operation. The Corporations Act, exemptions and declarations given by ASIC, the Listing Rules (subject to waivers), and the general law of trusts are also relevant to the rights and obligations of DEXUS RE and of DEXUS Security holders (referred to as members for the purposes of the following summary).

DEXUS RE must ensure that the DEXUS Constitutions meet the requirements of the Corporations Act. DEXUS RE may amend the DEXUS Constitutions without member approval if it reasonably considers that the amendment will not adversely affect members' rights. Any other amendments must be by approval of a special resolution of members.

The key rights attaching to the DDF Units, the DIT Units, the DOT Units and the DXO Units under the DEXUS Constitutions and the Corporations Act are identical and for that reason have not been separately summarised. The main provisions of the DEXUS Constitutions that deal with the rights and obligations of members are:

- a. units:** a fully paid DDF Unit, DIT Unit, DOT Unit and DXO Unit confers an undivided interest in DDF, DIT, DOT and DXO respectively. The DEXUS Constitutions contemplate the issue of options, partly paid DDF Units, partly paid DIT Units, partly paid DOT Units and partly paid DXO Units;
- b. stapling:** the DEXUS Constitutions provide for the Stapling of units in DDF, DIT, DOT and DXO to other securities. Where DEXUS Securities are Stapled to other securities, members will be holders of the other stapled security in addition to the DEXUS Securities and the stapled securities will be able to be traded only as a single stapled security on the ASX;
- c. distributions:** subject to the terms of issue of particular DDF Units, DIT Units, DOT Units or DXO Units, members on the relevant trust's register at the end of a distribution period are entitled to a share in the relevant trust's income (and any capital which is to be distributed) proportionate to their holding. The distribution periods are the periods ending on 30 June and 31 December or such other dates as may be determined by DEXUS RE. Outside of distributions to be paid at the end of distribution periods, DEXUS RE may make distributions of capital and income in its discretion. DEXUS RE may, from time to time, advise DEXUS Unitholders of the terms on which distributions may be re-invested in DEXUS Securities;
- d. transfer:** while they are stapled, DDF Units, DIT Units, DOT Units and DXO Units may only be transferred as part of DEXUS Securities. Unitholders may transfer DEXUS Securities by a proper transfer in the manner approved by DEXUS RE. DEXUS RE may refuse to register a transfer of DEXUS Securities where the transfer is not duly stamped or where such a refusal is permitted by the Listing Rules or ASX. Subject to the Listing Rules and ASX Settlement Operating Rules, while DEXUS is a listed entity, the Directors may suspend the registration of a transfer at such times and for such periods (not exceeding 30 days in total in any year) as deemed fit;
- e. no redemption:** there is no right of redemption of the DDF Units, DIT Units, DOT Units or DXO Units;
- f. winding up:** if DDF, DIT, DOT or DXO is terminated and wound up, members are entitled to receive a share of the net proceeds of the realisation of all cash, investments, rights and other property of the relevant trust, proportionate to their holding, with adjustment for any unpaid amounts on the DDF Units, DIT Units, DOT Units or DXO Units (as relevant) and after DEXUS RE has deducted its remuneration and costs and subject to any special rights or restrictions attached to any DEXUS Securities or the direction in writing of all Unitholders. Each of DDF, DIT, DOT and DXO terminate on the date on which they are terminated in accordance with the DEXUS Constitutions or by law;
- g. DEXUS Security holders' liability:** for fully-paid units, a DEXUS Security holder's liability is limited under the DEXUS Constitutions to the amount paid (or payable in the case of partly paid units) for their DDF Units, DIT Units, DOT Units or DXO Units;
- h. meetings:** DEXUS Security holders' rights to requisition, attend and vote at meetings are largely governed by the Corporations Act. The DEXUS Constitutions provide that the quorum for a meeting is, depending on the type of meeting, either ten or twenty members. While the DDF Units, DIT Units, DOT Units and DXO Units are stapled together, meetings of DDF, DIT, DOT and DXO may be held concurrently. Each DDF Unitholder, DIT Unitholder, DOT Unitholder and DXO Unitholder is entitled to receive notice of, attend and (except in certain circumstances) vote at general meetings of DDF, DIT, DOT and DXO and to receive all notices, accounts and other documents required to be sent to DDF Unitholders, DIT Unitholders, DOT Unitholders and DXO Unitholders under the DEXUS Constitutions or the Corporations Act; and
- i. voting:** at a general meeting, DEXUS Unitholders have one vote on a show of hands and one vote for each dollar of the value of DDF Units, DIT Units, DOT Units and DXO Units held on a poll. Voting on resolutions is by a show of hands unless a poll is demanded, except if the resolution is a special resolution, which must be decided on a poll.

The DEXUS Constitutions also deal with the powers, duties and liabilities of DEXUS RE:

- a. powers:** generally, DEXUS RE has all powers that it is possible to confer on a trustee and all powers incidental to ownership of the assets of DDF, DIT, DOT or DXO as though DEXUS RE were the absolute and beneficial owner of those assets. In exercising its powers, DEXUS RE may acquire or dispose of any real or personal property and borrow or raise money, encumber any asset of DDF, DIT, DOT or DXO, incur any liability, enter into joint venture arrangements or fetter any power;
- b. issues:** subject to the DEXUS Constitutions, the Corporations Act and the Listing Rules, DEXUS RE has power to issue DDF Units, DIT Units, DOT Units or DXO Units and options over those units on such terms as it determines. Once the DDF Units, DIT Units, DOT Units or DXO Units are stapled together to form a DEXUS Security, any issue of new ordinary units in any of DDF, DIT, DOT or DXO must be matched by a corresponding issue of ordinary units in each of the other three trusts and stapled together. The DEXUS Constitutions contain a number of limits as to the price at which units may be issued;
- c. duties:** DEXUS RE's duties as responsible entity are largely regulated by the Corporations Act;
- d. fees and expenses:** DEXUS RE may recover out of each of DDF, DIT, DOT and DXO's assets, expenses properly incurred in the operation of DDF, DIT, DOT and DXO respectively. The DEXUS Constitutions also authorise DEXUS RE to receive fees calculated at the rate of 1% per annum of gross asset value of all cash, investments, rights and other property of each of DDF, DIT, DOT and DXO. These fees are payable monthly and may be waived by DEXUS RE;
- e. indemnity:** DEXUS RE is entitled to be indemnified out of the assets of DDF, DIT, DOT and DXO for any liability it incurs in properly performing or exercising any of its duties or powers in relation to DDF, DIT, DOT and DXO respectively; and

**f. rights:** DEXUS RE may also:

- i. take and act upon advice from professionals; and
- ii. value the assets of DDF, DIT, DOT and DXO at any time (at market value unless it determines there is no market in respect of an asset or that the market value does not represent the fair value of the asset).

Requests for free copies of the DEXUS Constitutions may be made by contacting the DEXUS Offer Information Line on 1800 220 771 (callers in Australia) or +61 1800 220 771 (callers outside Australia) between 8.30am and 5.30pm (Sydney time) on Business Days.

## 13.6 Valuation of DEXUS Securities

- a. DEXUS RE has formed the view that, for the purposes of clause 4.3(a) of the DEXUS Constitutions, the current market value of 1 CPA Unit is equivalent to \$0.7745 cash and 0.4516 DEXUS Securities (or such other amount as is announced by DEXUS to the ASX on behalf of DEXUS RE from time to time).
- b. By accepting the DEXUS Offer, CPA Unitholders acknowledge that they are taken to submit, as a statement of current market value of CPA Units for the purposes of clause 4.3(a)(2) of the DEXUS Constitutions, the statement of value made by DEXUS RE in Section 13.6(a) above.
- c. DEXUS RE has acknowledged that the statement of value in Section 13.6(a) is acceptable to it, as required by clause 4.3(a)(2) of the DEXUS Constitutions.

## 13.7 Exercise of discretion

DEXUS RE will prepare policies for the exercise of discretions under the DEXUS Constitutions relating to prices for DEXUS Securities and other matters. Copies of those policies will be available free of charge on request by contacting the DEXUS Offer Information Line on 1800 220 771 (callers in Australia) or +61 1800 220 771 (callers outside Australia) between 8.30am and 5.30pm (Sydney time) on Business Days.

## 13.8 Due diligence

For the purpose of confirming its assessment whether or not to acquire all of the CPA Units, Bidder was given access by CPA to certain information concerning the CPA Group which has not been disclosed generally to CPA Unitholders.

Except as disclosed in this Bidder's Statement, none of the information to which Bidder was given access is, in the opinion of Bidder, of such a nature and quality which, if the information were generally available, a reasonable person would expect to have a material effect on the price or value of CPA Units. Further, in the opinion of Bidder and except as disclosed in this Bidder's Statement, none of that information would otherwise be material to a decision by a CPA Unitholder whether or not to accept the DEXUS Offer.

However, the fact that Bidder's decision to make the DEXUS Offer was confirmed by its review of the information to which it had access may itself be regarded as information material to the decision of a CPA Unitholder whether or not to accept the DEXUS Offer.

## 13.9 Regulatory matters

### FIRB approval

Bidder is a foreign person for the purposes of the FATA. If Bidder acquires more than 15% of CPA, CPA will similarly be treated as a foreign person for purposes of the FATA.

Bidder, CPPIB and DEXUS lodged an application with FIRB seeking a statement of no objection to the proposal. That statement was provided on 17 December 2013.

### ASIC modifications and exemptions

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including Bidder, in relation to the operation of chapter 6 of the Corporations Act.

Among others, for the purposes of the offer, Bidder may rely on the provisions of ASIC Class Order 00/2338 entitled 'Relief from the Minimum Bid Price Principle – 621(3)'.

The Class Order provides relief from the requirement in section 621(4) of the Corporations Act and allows a bidder to nominate a date up to five Business Days before the date of the takeover bid for the purposes of valuing quoted securities that it is offering as part of its bid consideration.

Relying on the relief, Bidder may value DEXUS Securities to be provided as consideration under the DEXUS Offer at any time nominated by Bidder (the "Valuation Date") up to five Business Days before the date of the DEXUS Offer. The valuation is determined by calculating the VWAP of DEXUS Securities up to five Business Days before the date of the DEXUS Offer. The valuation is determined by calculating the VWAP of DEXUS Securities in the ordinary course of trading on ASX during the two full trading days before the Valuation Date.



In accordance with section 621(4A) (as inserted by ASIC Class Order 00/2338) the following information is provided:

- valuation of fully paid DEXUS Securities under section 621(4) is \$1.012 per Security;
- Valuation Date is 3 January 2014; and
- trading days on which valuation is based are 31 December 2013 and 2 January 2014.

### 13.10 Potential for waiver of defeating conditions

The DEXUS Offer is subject to limited and customary conditions set out in Appendix 2. Under the terms of the DEXUS Offer and the Corporations Act, any or all of those defeating conditions may be waived by Bidder.

If an event occurs which results (or would result) in the non-fulfilment of a defeating condition, Bidder might not make a decision as to whether it will either rely on that occurrence, or instead waive the defeating condition in respect of that occurrence, until the date for giving notice as to the status of the conditions of the DEXUS Offer under section 630(3) of the Corporations Act. If Bidder decides that it will waive a defeating condition, it will announce that decision to the ASX in accordance with section 650F of the Corporations Act.

If any of the defeating conditions is not fulfilled, and Bidder decides to rely on that non-fulfilment, then any contract resulting from acceptance of the DEXUS Offer will become void at (or, in some cases, shortly after) the end of the Offer Period, and the relevant CPA Units will be returned to the holder.

### 13.11 Status of defeating conditions

The DEXUS Offer is subject to a number of conditions set out in Appendix 2. Bidder will provide updates on any material developments relating to the status of these conditions during the Offer Period.

Other as set out below, as at the date of this Bidder's Statement, Bidder is not aware of any events or circumstances which would result in the non-fulfilment of any of the defeating conditions. If the defeating conditions in Appendix 2 are not fulfilled or waived, then no contract will be capable of arising at all from the acceptance of the DEXUS Offer.

Bidder is currently aware of the following three circumstances which may lead to a breach of a defeating condition in Appendix 2:

- **CPA Convertible Notes:** Under the condition headed "CPA Convertible Notes" it is a defeating condition to the DEXUS Offer that, on or before the date of the Target's Statement, CMIL makes a public and unqualified statement that it will exercise its option under the CPA Convertible Note terms to cash settle any CPA Convertible Notes, where a conversion notice is lodged during the Offer Period.

Bidder does not know whether CMIL will make the statement described in the above condition.

- **Related party transaction:** Under the condition headed "No Material Acquisitions or Disposals" it is a breach of a defeating condition to the DEXUS Offer if:
  - any member of the CPA Group disposes of, or an agreement is entered into under which it is agreed that any member of the CPA Group will or offers to dispose of, any one or more entities or assets (or any interest in one or more entities, businesses or assets):
    - for an amount or consideration in excess of A\$50 million for any individual item; or
    - in respect of which the book value (as recorded in CPA's statement of financial position as at 30 June 2013) is in excess of A\$50 million for any individual item; or
    - a number of such agreements are entered into or acquisitions occur by CPA Group members for an aggregate amount or consideration in excess of A\$50 million or in respect of which, on an aggregate basis, book value (as recorded in CPA's statement of financial position as at 30 June 2013) is in excess of A\$50 million;
  - any member of the CPA Group enters into any commitment (including a lease or agreement for lease) to any development, redevelopment, or refurbishment project for a new or existing CPA asset where the total project cost exceeds A\$50 million (including incentives), whether or not previously contemplated; or
  - any member of the CPA Group enters into a new related party transaction or materially varies an existing arrangement with a related party.

From its due diligence investigations, Bidder is aware that CPA has entered into a non-binding heads of agreement with CBA in relation to CBA's tenancy at 150 George Street.

If a formal binding agreement is entered into, this would breach the defeating condition described above because:

- the total project costs arising as a result of that agreement will exceed A\$50 million (including incentives); and
- any such agreement would be a new or varied arrangement with a related party.

- **Internalisation proposal:** It is a condition of the DEXUS Offer that between the Announcement Date and the end of the Offer Period (each inclusive) a "Change of Control" does not occur in respect of CMIL. For these purposes "Change of Control" means a party who comes under the control of a third party who did not "Control" that party on the Announcement Date where "Control" has the meaning given to it in section 50AA of the Corporations Act.

On 18 December 2013, CMIL announced that it had agreed with CBA binding terms and entered into an implementation agreement with CMIL to internalise the management of CFS Retail Property Trust Group (of which CMIL is responsible entity). Under the proposal, if implemented, there would be a "Change of Control" of CMIL.

The Bidder is still considering its position in relation to the CMIL announcement and related investor presentation and will provide further information about the impact of the proposal on the DEXUS Offer. CPA Unitholders should note that the condition would only be triggered if the proposal is implemented before the end of the Offer Period. There is no certainty that this will occur. CMIL has announced that it currently expects that the proposal would be implemented after the securityholder meeting for the proposal (which is expected to be in March 2014).

### 13.12 Approvals for payment of consideration

Bidder is not aware of any CPA Unitholders who require any approval referred to in Section 6.7 of the Offer Terms in Appendix 1 in order to be entitled to receive any consideration under the DEXUS Offer.

### 13.13 Fees and other expenses of the DEXUS Offer

The Consortium has appointed legal, accounting, tax and financial advisers. Each adviser is entitled to receive the usual professional fees in accordance with either time-based or success-based charges.

### 13.14 Consents

#### Statements based on documents announced by CMIL to the ASX

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or announced on the company announcements platform of the ASX by CMIL.

No person who has made any of these statements has consented to the statement being included in or accompanying this Bidder's Statement in the form and context in which it is included.

If you would like to receive a copy of any of these documents or publications, please contact the DEXUS Offer Information Line on 1800 220 771 (callers within Australia) or +61 1800 220 771 (callers outside Australia).

Bidder will, on request during the Offer Period, provide within 2 Business Days of the request, a copy of these documents or publications free of charge to any CPA Unitholder.

#### Consenting Parties

Each of the parties named in the table below as consenting parties:

- has given and has not, before the date of this Bidder's Statement, withdrawn its written consent to be named in this Bidder's Statement in the form and context in which it is named;
- has given and has not, before the date of this Bidder's Statement, withdrawn its written consent to the inclusion of their respective statements and reports (where applicable) noted next to their names below, and the references to those statements and reports in the form and context in which they are included in this Bidder's Statement;
- does not make, or purport to make, any statement in this Bidder's Statement other than those statements referred to below in respect of that party's name (and consented to by that party); and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Bidder's Statement.

Consenting party	Named as	Statement
Bloomberg	Itself	See Sections A.4 and 3.5
Cannings	CPPIB media adviser	Nil
Citadel	DEXUS media adviser	Nil
Citigroup	Financial adviser	Nil
CPPIB	Itself	Various – relating to CPPIB
Deutsche Bank AG	Financial adviser	Nil
DEXUS RE	Itself	Various – relating to DEXUS
J.P. Morgan	Financial adviser	Nil
King & Wood Mallesons	Australian legal adviser	Nil
Link Market Services	Share registry	Nil
Macquarie Capital	Financial adviser	Nil
PCA	Itself	See Sections A.3 and 8.3

Other than DEXUS RE and CPPIB, none of these firms and companies have caused or authorised the issue of this Bidder's Statement or have in any way been involved in the making of the DEXUS Offer. The DEXUS Offer is made by Bidder.

### 13.15 Social security and superannuation implications of the DEXUS Offer

Acceptance of the DEXUS Offer may have implications under your superannuation or pension arrangements or on your social security entitlements. If you are in any doubt as to how this may affect you, you should seek specialist advice before accepting the DEXUS Offer.

### 13.16 Certain investment considerations

DEXUS does take account of relevant labour standards and environmental, social and ethical considerations in considering investments. DEXUS is committed to operating in a safe and sustainable manner and to minimising the environmental impact of its activities. Further information is outlined on DEXUS's website at [www.dexus.com](http://www.dexus.com).

### 13.17 Complaint handling procedures

DEXUS RE has procedures in place to consider and deal with any complaints received from DEXUS Security holders in connection with an investment in DEXUS.

DEXUS RE will use reasonable endeavours to deal with and resolve complaints within a reasonable time from the date of receipt of the complaint.

Complaints may be submitted in writing to:

Dispute Resolution Officer  
DEXUS Funds Management Limited  
PO BOX R1822  
Royal Exchange NSW 1225

Alternatively, you may call the Dispute Resolution Officer on +61 2 9017 1330 between 8.30am and 5.00pm (Sydney time), Monday to Friday.

The complainant should provide DEXUS RE with all relevant information that DEXUS RE may require to properly deal with, and resolve the complaint.

DEXUS RE will inform the complainant by notice in writing of its decision in relation to the complaint, the remedies (if any) and any avenues of appeal that may be available.

DEXUS RE will provide the complainant with all reasonable assistance and information required for the purpose of making a complaint and understanding the complaints handling procedures adopted by DEXUS RE.

If you are dissatisfied with the response or the complaint is not dealt with and resolved within 45 days, you may raise the matter directly with the Financial Ombudsman Service. Its contact details are:

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Telephone: 1300 780 808

DEXUS RE is a member of the Financial Ombudsman Service Limited.

### 13.18 Other material information

Except as disclosed in this Bidder's Statement, there is no other information that is:

- a. material to the making of a decision by a CPA Unitholder whether or not to accept the DEXUS Offer;
  - b. known to Bidder; and
  - c. does not relate to the value of DEXUS Securities,
- which has not previously been disclosed to CPA Unitholders.

**DID YOU KNOW?**

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (*for example, reduce it from \$100,000 to \$80,000*).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

**TO FIND OUT MORE**

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission** (ASIC) website ([www.moneysmart.asic.gov.au](http://www.moneysmart.asic.gov.au)) has a managed investment fee calculator to help you check out different fee options.

**Fees and other costs**

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of DEXUS as a whole.

Taxes and insurance costs are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

All fees and charges in this table are inclusive of GST and take into account expected input tax credits or reduced input tax credits for GST on fees and charges where applicable.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
<b>Fees when your money moves in or out of the fund</b>		
<i>Establishment fee</i> The fee to open your investment	Nil	N/A
<i>Contribution fee</i> The fee on each amount contributed to your investment – either by you or your employer	Nil	N/A
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	Nil	N/A
<i>Termination fee</i> The fee to close your investment	Nil	N/A

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
<b>Management costs</b>		
<i>The fees and costs for managing your investment</i>	<p>DEXUS RE is entitled to a fee of 1% per annum of the value of DEXUS's gross assets, plus reimbursement of actual administration costs.</p> <p>However, DEXUS RE has waived its right to receive this fee to the extent that it exceeds costs incurred by it in acting as DEXUS RE for so long as it acts as the responsible entity of DDF, DIT, DOT and DXO.</p> <p>The total costs of DEXUS RE are estimated to be 0.21% of gross asset value of each of the trusts.</p>	The DEXUS RE management fee accrues daily, is calculated on a monthly basis on the last day of each month and is payable out of the assets of DEXUS in arrears on a monthly basis.
<b>Service fees</b>		
<i>Investment switching fee</i> The fee for changing investment options	Nil	N/A

#### Example of annual fees and costs for a balanced investment option

This table gives an example of how the fees and costs for DEXUS can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

EXAMPLE — the Balanced Investment Option		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged <b>\$0.00</b> .
<b>PLUS</b> Management Costs	0.21% per annum of DEXUS's gross asset value	<b>And</b> , for every \$50,000 you have in the fund, you will be charged <b>\$166.21</b> each year.
<b>EQUALS</b> Cost of fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of from: <b>\$166.21 to \$182.83</b>

#### Additional explanation of fees and expenses

##### DEXUS RE costs and expenses

DEXUS RE, as the responsible entity of each of DDF, DIT, DOT and DXO, is entitled to a fee of 1% per annum of gross assets of the relevant trust and to be reimbursed for any costs or expenses it incurs in the proper performance of its duties or the exercise of its powers, in the course of its office or in relation to the management of DDF, DIT, DOT and DXO. Such expenses include registry and audit fees, taxes compliance costs, valuation fees and management fees.

The DEXUS Constitutions contain provisions regarding the amount of management fees and expenses described above. DEXUS RE does not intend to charge any amount of fee other than its costs and expenses of operating DDF, DIT, DOT and DXO while it remains responsible entity of those trusts. However, it is possible for fees to increase up to the maximum in the constitutions of 1% of gross assets of the relevant trust plus expenses.

Further information on the DEXUS Constitutions is set out in Section 13.5.

## 15.1 Definitions

The following defined terms are used throughout this Bidder's Statement unless the contrary intention appears or the context requires otherwise:

Term	Definition
<b>A-IFRS</b>	means the Australian equivalent to the International Financial Reporting Standards.
<b>A-REITs</b>	means Australian real estate investment trusts.
<b>ACCC</b>	means the Australian Competition and Consumer Commission.
<b>Acceptance Form</b>	means your personalised form of acceptance and transfer accompanying the DEXUS Offer or any replacement or substitute acceptance form provided by or on behalf of Bidder.
<b>AIP</b>	means Australian Industrial Partnership.
<b>Announcement Date</b>	means 11 December 2013, being the date of announcement of the DEXUS Offer.
<b>ANZ</b>	means Australia and New Zealand Banking Group Limited (ABN 11 005 357 522).
<b>ANZ-CPA Loan Agreement</b>	means the loan agreement dated 13 June 2012 between CPA and ANZ in relation to A\$200 million Term Cash Advance Facility.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>associate</b>	has the meaning given in section 12 of the Corporations Act.
<b>ASX</b>	means ASX Limited (ABN 98 008 624 691) or Australian Securities Exchange, as appropriate.
<b>ASX Settlement</b>	means ASX Settlement Pty Ltd (ABN 49 008 504 532).
<b>ASX Settlement Operating Rules</b>	means the operating rules of the settlement facility provided by ASX Settlement.
<b>ASX Settlement Participant</b>	means a participant under the ASX Settlement Operating Rules.
<b>ATO</b>	means the Australian Tax Office.
<b>AUM</b>	means assets under management.
<b>Bank</b>	means any of Australia and New Zealand Banking Group Limited, National Australia Bank Limited, Citibank, N.A., Sydney Branch, Deutsche Bank AG (Sydney Branch) and JPMorgan Chase Bank N.A.
<b>Bid Trust</b>	means the DEXUS Office Trust Australia.
<b>Bid Trust Unitholder</b>	means a holder of a unit in Bid Trust. As at the date of the Bidder's Statement, the Bid Trust Unitholders are CPPIB Unitholder and DEXUS Unitholder.
<b>Bid Trust Group</b>	means the Bid Trust and Entities Controlled by it.
<b>Bidder</b>	means DEXUS Funds Management Limited (ABN 24 060 920 783) in its capacity as trustee of DEXUS Office Trust Australia.
<b>Bidder Group</b>	means Bidder, DEXUS, CPPIB and each of their respective Controlled Entities.
<b>Bidder's Statement</b>	means this document, being the statement of Bidder under Part 6.5 Division 2 of the Corporations Act relating to the DEXUS Offer.
<b>Bidder's Takeover Transferee Holding</b>	means the holding of CPA Units on the CHESSE subregister of Bidder established for the purposes of the DEXUS Offer.
<b>Bloomberg</b>	means Bloomberg L.P. as operating agent of Bloomberg Finance L.P.
<b>Broker</b>	means a person who is a stock broker and a participant in CHESSE.
<b>Business Day</b>	means a day on which banks are open for general banking business in Sydney (not being a Saturday, Sunday or public holiday in that place).
<b>Cannings</b>	means Cannings Corporate Communications, media adviser to CPPIB.
<b>Capitalisation rate (cap rate)</b>	means the ratio between the net operating income produced by an asset and its capital cost.



Term	Definition
<b>Cash Consideration</b>	means the cash amount that a CPA Unitholder is entitled to receive under the DEXUS Offer as part of the consideration under the DEXUS Offer determined in accordance with Section 2.1 of the Offer Terms in Appendix 1.
<b>CBA</b>	means Commonwealth Bank of Australia (ABN 48 123 123 124).
<b>CBA-CPA Loan Agreement</b>	means the loan agreement between CPA and CBA in relation to A\$302 million Multi-Option Facility.
<b>CBD</b>	means Central Business District.
<b>CFSGAM Property</b>	means a division of Colonial First State Global Asset Management with specialist expertise in property funds and asset management.
<b>CGT</b>	means Australian capital gains tax.
<b>CHESS</b>	means the Clearing House Electronic Subregister System, which provides for electronic transfer, settlement and registration of securities in Australia.
<b>CHESS Holding</b>	means a holding of CPA Units on the CHESS Subregister of CPA.
<b>CHESS Subregister</b>	has the meaning given in the ASX Settlement Operating Rules.
<b>Citadel</b>	means Citadel Communications, media adviser to DEXUS.
<b>Citigroup</b>	means Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832).
<b>Closing Date</b>	means the last day of the Offer Period.
<b>CMIL</b>	means Commonwealth Managed Investments Limited (ACN 084 098 180) in its capacity as responsible entity of CPA.
<b>Combined Group</b>	means Bidder and its Related Bodies Corporate following Bidder acquiring control of CPA, and including CPA.
<b>Commitment Letters</b>	means binding letters of commitment signed by each Bank pursuant to which each Bank has agreed to enter into a Loan Facility Agreement with DEXUS RE.
<b>Consortium</b>	means DEXUS and CPPIB.
<b>Co-Owner Committee</b>	means the body composed of members appointed by Bid Trust Unitholders, responsible for considering and approving a list of reserved matters in relation to the Bid Trust.
<b>Conditions</b>	means the conditions to the DEXUS Offer as set out in Appendix 2.
<b>Control</b>	has the meaning given in section 50AA of the Corporations Act, except that in addition an entity controls a second entity if the first entity would be taken to control the second entity, but for section 50AA(4).
<b>Controlled Entity</b>	means, in relation to an Entity, another Entity which is a Subsidiary of it, or which is Controlled by it.
<b>Controlling Participant</b>	has the meaning given in the ASX Settlement Operating Rules. Usually your Controlling Participant is a person, such as a Broker, with whom you have a sponsorship agreement (within the meaning of the ASX Settlement Operating Rules).
<b>Corporations Act</b>	means the Corporations Act 2001 (Cwlth).
<b>CPA</b>	means Commonwealth Property Office Fund (ARSN 086 029 736).
<b>CPA 1H13 Distribution</b>	means the distribution made or to be made by CPA for the 6 month period to 31 December 2013.
<b>CPA Convertible Notes</b>	means the senior, unsecured convertible notes issued by CMIL under a prospectus dated 4 December 2009.
<b>CPA FFO</b>	means net profit/loss after tax attributable to CPA Unitholders calculated in accordance with Australian Accounting Standards and adjusted for fair value adjustments, certain unrealised and non-cash items, amounts that are non-recurring or capital in nature and any other items in accordance with CPA's constitution.
<b>CPA Group</b>	means CPA and each of its Controlled Entities (which, for this purpose, is a reference to an Entity that is a Controlled Entity of CMIL by reason of the fact that CMIL is the responsible entity of Commonwealth Property Office Fund).
<b>CPA Units</b>	means an ordinary unit in CPA.
<b>CPA Unitholders</b>	means holders of CPA Units.
<b>CPP</b>	means Canada Pension Plan.
<b>CPP Fund</b>	means Canada Pension Plan Fund.
<b>CPPIB</b>	means Canada Pension Plan Investment Board.

Term	Definition
<b>CPPIB Group</b>	means CPPIB and its Controlled Entities.
<b>CPPIB Unitholder</b>	means CPPIB Australian Holdings No. 1 Pty Ltd in its capacity as trustee of CPPIB DOTA Trust.
<b>Colonial First State Global Asset Management</b>	is a consolidated asset management division of CBA.
<b>Colonial First State Management Pty Ltd or CFSM</b>	means Colonial First State Management Pty Ltd (ABN 43 128 976 787) or Colonial First State Property Management Pty Limited (ABN 96 101 504 045).
<b>Colonial First State Property Limited</b>	means Colonial First State Property Limited (ABN 20 085 313 926).
<b>CR&amp;S</b>	means Corporate Responsibility and Sustainability.
<b>DDF</b>	means DEXUS Diversified Trust (ARSN 089 324 541).
<b>DDF Unit</b>	means an ordinary unit in DDF.
<b>DDF Unitholder</b>	means a holder of a DDF Unit.
<b>Deutsche Bank AG</b>	means Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162).
<b>DEXUS or DXS</b>	means DDF, DIT, DOT and DXO.
<b>DEXUS Constitutions</b>	means the constitutions of DDF, DIT, DOT and DXO.
<b>DEXUS Group</b>	means DEXUS and each of its Controlled Entities.
<b>DEXUS Offer Information Line</b>	means 1800 220 771 (callers in Australia) or +61 1800 220 771 (callers outside Australia) between 8.30am and 5.30pm (Sydney time) on Business Days.
<b>DEXUS Offer or Consortium Offer</b>	means the offer by Bidder on the Offer Terms to acquire CPA Units (and for the avoidance of doubt includes each such offer made to an individual CPA Unitholder pursuant to that offer).
<b>DEXUS Platform</b>	means DEXUS and its third party funds.
<b>DEXUS RE</b>	means DEXUS Funds Management Limited (ABN 24 060 920 783) in its capacity as responsible entity of DEXUS.
<b>DEXUS Securities</b>	means ASX-listed stapled securities consisting of one unit in each of DDF, DIT, DOT and DXO.
<b>DEXUS Security holders</b>	means holders of DEXUS Securities.
<b>DEXUS Unitholder</b>	means DEXUS Funds Management Limited in its capacity as trustee of DOT Subtrust No. 2.
<b>Directors</b>	mean the directors of DXFM.
<b>DIT</b>	means DEXUS Industrial Trust (ARSN 090 879 137).
<b>DIT Unit</b>	means an ordinary unit in DIT.
<b>DIT Unitholder</b>	means a holder of a DIT Unit.
<b>DOT</b>	means DEXUS Office Trust (ARSN 090 768 531).
<b>DOT Unit</b>	means an ordinary unit in DOT.
<b>DOT Unitholder</b>	means a holder of a DOT Unit.
<b>DPU</b>	means distribution per unit.
<b>DWPF</b>	means DEXUS Wholesale Property Fund (ARSN 090 499 013).
<b>DXFM</b>	means DEXUS Funds Management Limited (ABN 24 060 920 783).
<b>DXO</b>	means DEXUS Operations Trust (ARSN 110 521 223).
<b>DXO Unit</b>	means an ordinary unit in DXO.
<b>DXO Unitholder</b>	means a holder of a DXO Unit.

Term	Definition
<b>Encumbrances</b>	means any: <ul style="list-style-type: none"> <li>a. security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, option, right of pre-emption, power, title retention, or flawed deposit arrangement; or</li> <li>b. right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or</li> <li>c. right that a person (other than the owner) has to remove something from land (known as a profit à prendre), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or</li> <li>d. third party right or interest or any right arising as a consequence of the enforcement of a judgment, or any agreement to create any of them or allow them to exist.</li> </ul>
<b>Entity</b>	includes a natural person, a body corporate, a partnership, a trust and the trustee of a trust.
<b>Facilitation Agreement</b>	means the facilitation agreement between DEXUS RE in its capacity as responsible entity of DOT and CBA dated 13 December 2013.
<b>Facilitation Payment</b>	means the \$41 million payable under the Facilitation Agreement by DEXUS to CBA.
<b>FATA</b>	means the Foreign Acquisitions and Takeovers Act 1975 (Cwlth).
<b>FFO</b>	means net profit/loss after tax attributable to DEXUS Security holders calculated in accordance with Australian Accounting Standards and adjusted for property revaluations, impairments, derivative and foreign exchange mark to market impacts, amortisation of certain tenant incentives, gain/loss on sale of certain assets, straight line rent adjustments, deferred tax expense/benefit, rental guarantees and coupon income. DEXUS will adopt PCA FFO for its reporting from 1 July 2014.
<b>FIRB</b>	means Foreign Investment Review Board.
<b>Forward Contract</b>	means a forward contract in relation to 350,000,000 CPA Units between DEXUS RE and Deutsche Bank AG.
<b>GPT</b>	means GPTMHL and GPT RE as responsible entity of General Property Trust.
<b>GPT Group</b>	means GPT and its Related Bodies Corporate.
<b>GPT Offer</b>	means the offer for CPA Units made by GPT.
<b>GPTMHL</b>	means GPT Management Holdings Limited (ABN 67 113 510 188).
<b>GPT RE</b>	means GPT RE Limited (ABN 27 107 426 504) as responsible entity of General Property Trust (ARSN 090 110 357).
<b>GPT Securities</b>	means stapled securities in GPT Group.
<b>GST</b>	means the goods and services tax imposed under the A New Tax System (Goods and Services Tax) Act 1999 (Cwlth) and the related imposition acts of the Commonwealth of Australia.
<b>GWOF</b>	means GPT Funds Management Limited (in its capacity as responsible entity of each of the GPT Wholesale Office Fund No. 1 (ARSN 120 538 212) and GPT Wholesale Office Fund No. 2 (ARSN 120 538 365).
<b>GWSCF</b>	means GPT Wholesale Shopping Centre Fund.
<b>HIN</b>	means a Holder Identification Number, which is the number that starts with an "X", allocated by your Controlling Participant to identify a CPA Unitholder on the CHESS Subregister of CPA.
<b>Incentive</b>	means a property industry standard practice under which tenants may be offered incentives by property owners who pay a given amount towards the tenant's fit-out and/or a rent free period at commencement of the lease.
<b>Ineligible Foreign Unitholders</b>	means a CPA Unitholder whose address as shown on the register of members of CPA is in a jurisdiction other than Australia or its external territories and New Zealand, unless Bidder otherwise determines after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the DEXUS Offer to a CPA Unitholder in the relevant jurisdiction and for DEXUS Securities to be issued to such CPA Unitholder on acceptance of the DEXUS Offer, and that is not unlawful for such a CPA Unitholder to accept the DEXUS Offer in such circumstances in the relevant jurisdiction.
<b>Investment Manager</b>	means DEXUS Holdings Pty Limited (ABN 48 110 366 946).
<b>Investment Management Agreement</b>	means an agreement of that name to be entered by Bidder and the Investment Manager.

Term	Definition
<b>IRR</b>	means internal rate of return.
<b>Issuer Sponsored Holding</b>	means a holding of CPA Units on CPA's Issuer Sponsored Subregister.
<b>Issuer Sponsored Subregister</b>	has the meaning given in the ASX Settlement Operating Rules.
<b>J.P. Morgan</b>	means J.P. Morgan Australia Limited (ABN 52 002 888 011).
<b>Link Market Services</b>	means Link Market Services Limited (ABN 54 083 214 537).
<b>Listing Rules</b>	means the Listing Rules of the ASX.
<b>Loan Facility</b>	means a loan facility between DEXUS and a Bank to fund DEXUS's share of the Offer Consideration under the DEXUS Offer.
<b>Loan Facility Agreement</b>	means a formal facility agreement documenting a Loan Facility.
<b>Macquarie Capital</b>	means Macquarie Capital (Australia) Limited (ABN 79 123 199 548).
<b>Marketable Parcel</b>	has the meaning given under the operating rules of the ASX.
<b>MIT</b>	means managed investment trust as defined in subdivision 12-H of the Tax Administration Act 1953.
<b>MTN</b>	means medium term notes.
<b>NAV</b>	means net asset value.
<b>NLA</b>	means net lettable area.
<b>Nominee</b>	means the nominee for Ineligible Foreign Unitholders as approved by ASIC.
<b>NTA</b>	means net tangible assets.
<b>Offer Close</b>	means the last day of the Offer Period.
<b>Offer Consideration</b>	is defined in Section 2.1 of the Offer Terms in Appendix 1.
<b>Offer Period</b>	means the period commencing on 6 January 2014 and ending on 7 February 2014 (at 7.00pm), or such later date to which the DEXUS Offer has been extended.
<b>Offer Terms</b>	means the terms and conditions of the DEXUS Offer set out in Appendices 1 and 2 to this Bidder's Statement.
<b>Official List</b>	means the Official List of ASX.
<b>PCA</b>	means Property Council of Australia.
<b>PCA FFO</b>	means FFO as defined by the PCA White Paper "Voluntary Best Practice Guidelines for disclosing Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO)".
<b>Performance Rights</b>	means performance rights issued by DEXUS.
<b>Prescribed Occurrences</b>	means the matters set out in Appendix 2 under the heading "No Prescribed Occurrences".
<b>prime grade</b>	means premium or A-grade assets.
<b>Pro Forma Financial Information</b>	means the pro forma financial information for the Combined Group set out in Section 8.4.
<b>Property and Development Management Agreement</b>	means an agreement of that name to be entered by Bidder and the Property Manager.
<b>Property Manager</b>	means DEXUS Property Services Pty Limited (ABN 66 080 918 252).
<b>Public Authority</b>	means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.
<b>Put/Call Option</b>	means the right of DEXUS Unitholder and CPPIB Unitholder to require the Bid Trust to sell the CPA Units held by it to DEXUS Unitholder or its nominee.
<b>Register</b>	means the CPA unit register as provided to Bidder's security registrar, Link Market Services.
<b>Register Date</b>	means 7.00pm on the date set by Bidder under section 633(2) of the Corporations Act.
<b>Related Bodies Corporate</b>	has the meaning given in section 50 of the Corporations Act, interpreted so that the definition given to "Subsidiary" in this Bidder's Statement applies.
<b>relevant interest</b>	has the meaning given in the Corporations Act.

Term	Definition
<b>Retention rate rolling 12 months</b>	means the rate of renewal of expiring leases based on the number of tenants that are retained as occupiers following lease expiry, expressed as a percentage of the total number of tenants expiring within a rolling 12 month period.
<b>Rights</b>	means all accretions, rights or benefits of whatever kind attaching to or arising from CPA Units directly or indirectly after the Announcement Date, including, but not limited to, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by CPA or any of its subsidiaries, (other than the CPA 1H13 Distribution).
<b>S&amp;P</b>	means Standard & Poor's rating agency.
<b>Scrip Consideration</b>	means the DEXUS Securities that a CPA Unitholder is entitled to receive under the DEXUS Offer as part of the consideration under the DEXUS Offer determined in accordance with Section 2.1 of the Offer Terms in Appendix 1.
<b>SRN</b>	means a Security Reference Number, which is the number which starts with an "I", allocated by CPA to identify a CPA Unitholder on the Issuer Sponsored Subregister of CPA.
<b>Stapling</b>	means the stapling of units in two or more separate trusts so that those may not be traded separately and are quoted together on the ASX.
<b>Stapling Transaction</b>	means the transaction in October 2004 under which the units of the head trusts that comprise DEXUS were stapled together to form DEXUS.
<b>Subsidiary</b>	has the meaning given in the Corporations Act, but so that: <ul style="list-style-type: none"> <li>a. an Entity will also be taken to be a Subsidiary of another Entity if it is Controlled by that Entity (as 'control' is defined in section 50AA of the Corporations Act, but disregarding section 50AA(4));</li> <li>b. a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share; and</li> <li>c. an Entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation.</li> </ul>
<b>TAP</b>	means taxable Australian properties.
<b>Target's Statement</b>	means the target statement which CMIL must provide to CPA Unitholders in response to this Bidder's Statement.
<b>Third party funds</b>	means DWPF, AIP and the Australian Mandate.
<b>Under (over) rented</b>	means the difference by which the current rent is below (exceeds) the potential market rent.
<b>Unitholders Agreement</b>	means the agreement of that name entered by Bidder, DEXUS Funds Management Limited in its capacity as trustee of DOT Subtrust No. 2, and CPPIB Australian Holdings No. 1 Pty Ltd in its capacity as trustee of CPPIB DOTA Trust.
<b>Unmarketable Parcel</b>	means that number of DEXUS Securities which is less than a Marketable Parcel (currently a parcel of less than \$500) calculated based on the highest closing price of DEXUS Securities on the ASX during the period from the date of this Bidder's Statement until the earlier of the end of the Offer Period and 5 ASX trading days before the first day on which Bidder must provide Offer Consideration under the DEXUS Offer.
<b>Unmarketable Parcel Security holder</b>	means a CPA Unitholder who would be entitled to receive a total number of DEXUS Securities as consideration under the DEXUS Offer which constitute an Unmarketable Parcel.
<b>USPP</b>	means US private placement notes.
<b>US Securities Act</b>	means United States Securities Act of 1933 (as amended).
<b>Valuation Date</b>	means the date nominated by Bidder on which DEXUS Securities are valued.
<b>VWAP</b>	means the volume weighted average price.
<b>WALE</b>	means the weighted average lease term remaining to expire across a portfolio.
<b>Weighted average capitalisation rate</b>	means the weighted average capitalisation rate of assets in a portfolio, by book value.

## 15.2 General Interpretation

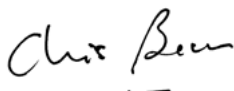
The following rules of interpretation apply unless the contrary intention appears or the context requires otherwise:

- a. A reference to time is a reference to Sydney time.
- b. Headings are for convenience only and do not affect interpretation.
- c. The singular includes the plural and conversely.
- d. A reference to a Section is to a section of this Bidder's Statement.
- e. A gender includes all genders.
- f. Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- g. \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated.
- h. A reference to a person includes a body corporate, an unincorporated body or other entity and conversely.
- i. A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assignors.
- j. A reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.
- k. A reference to any instrument or document includes any variation or replacement of it.
- l. A term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act or the ASX Settlement Operating Rules, as the case may be.
- m. A reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually.
- n. A reference to you is to a person to whom the DEXUS Offer is made under Appendix 1 to this Bidder's Statement.



The copy of this Bidder's Statement that is to be lodged with ASIC has been approved by a unanimous resolution passed by all of the directors of Bidder on 19 December 2013.

Signed by Christopher T Beare in accordance with section 351 of the Corporations Act.

A handwritten signature in black ink, appearing to read 'Chris Beare', with a horizontal line underneath the name.

**Christopher T Beare**  
Chairman

19 December 2013

### 1 DEXUS Offer

Bidder offers to acquire all of your CPA Units, together with all Rights attaching to them, on the following terms and conditions. This DEXUS Offer relates to CPA Units that exist or will exist at the Register Date and extends to any CPA Units that are issued between that date and the end of the Offer Period as a result of the conversion of, or exercise of rights attached to, other securities that are convertible into CPA Units (including CPA Convertible Notes) that are on issue at the Register Date.

You may only accept this DEXUS Offer for all of your CPA Units.

By accepting this DEXUS Offer, you undertake to transfer to Bidder not only the CPA Units to which this DEXUS Offer relates but also all Rights attached to those CPA Units (see Sections 6.5 and 6.6).

### 2 Consideration

#### 2.1 Consideration offered

The consideration offered is \$0.7745 in cash and 0.4516 DEXUS Securities for each CPA Unit ("Offer Consideration").

However, in accordance with Sections 6.5 and 6.6, the amount of Offer Consideration you receive directly from Bidder may be reduced by the amount or value of any Rights attaching to CPA Units which you (or any previous holder of your CPA Units) receive, including any distribution declared by CPA.

#### 2.2 Ineligible Foreign Unitholders and Unmarketable Parcel Security holders

If at the time this DEXUS Offer is made to you, you are an Ineligible Foreign Unitholder or an Unmarketable Parcel Security holder, then, despite any other provision of this DEXUS Offer, you are not entitled to be offered or to receive DEXUS Securities as consideration under the DEXUS Offer. Instead, if you accept this DEXUS Offer, you will receive a cash amount determined in accordance with Section 6.3.

#### 2.3 Rounding of securities

If you become entitled to a fraction of one DEXUS Security, that fraction will be rounded down to the nearest whole DEXUS Security (even if the result is zero).

#### 2.4 Ranking of DEXUS Securities

The DEXUS Securities to be issued under the DEXUS Offer will be issued fully paid and will rank equally in all respects with all other DEXUS Securities currently on issue.

#### 2.5 Distribution and entitlements

- a. Bidder will be entitled to all Rights (including distributions and entitlements declared, paid or made by CPA or which arise or accrue after the Announcement Date) in respect of the CPA Units which Bidder acquires pursuant to this DEXUS Offer, other than the CPA 1H13 Distribution.
- b. If for any reason Bidder does not receive any distribution or entitlement contemplated under paragraph (a), Bidder will, to the extent permitted by applicable law, be entitled, pursuant to clause 6.6, to reduce the amount of Offer Consideration to which you would otherwise be entitled in accordance with this DEXUS Offer by the amount or value (as reasonably determined by Bidder) of the distribution or entitlement. This may involve a reduction in the cash amount and/or the number of DEXUS Securities to which you may otherwise be entitled.

### 3 Offer Period

This DEXUS Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of this DEXUS Offer, being 6 January 2014, and ending at 7.00pm (Sydney time) on the later of:

- a. 7 February 2014; or
- b. any date to which the period of this DEXUS Offer is extended in accordance with the Corporations Act.

## 4 Official quotation of DEXUS Securities

- a. DEXUS has been admitted to the Official List of ASX. Securities of the same class as those to be issued as Offer Consideration have been granted official quotation by ASX.
- b. This DEXUS Offer and any contract that results from your acceptance of this DEXUS Offer are subject to DEXUS RE applying to ASX within seven days after this Bidder's Statement has been sent to CPA, for the admission of the new DEXUS Securities to official quotation in accordance with section 625(3) of the Corporations Act. If quotation is not granted, any contract that results from your acceptance of this DEXUS Offer will be automatically void.
- c. Official quotation of securities by ASX is not granted automatically on application. However, Bidder has no reason to believe that the new DEXUS Securities to be issued under the DEXUS Offer will not be admitted to quotation by ASX.

## 5 How to accept this DEXUS Offer

### 5.1 Acceptance Forms

Acceptances must be received in the manner specified below prior to the close of the Offer Period at 7.00pm (Sydney time) on 7 February 2014, unless extended (and in the case of any acceptance in respect of a CHESS Holding lodged at or sent to an address as indicated under Section 5.3(f), before 7.00pm on the second last business day of the Offer Period in accordance with Section 5.3(a)(iii)).

### 5.2 All of your holding

This DEXUS Offer is for all of your CPA Units.

### 5.3 Acceptance procedure for CPA Unitholders

How you accept this DEXUS Offer depends on whether your CPA Units are held in a CHESS Holding or an Issuer Sponsored Holding (your personalised Acceptance Form outlines which type of holding you have):

- a. **If you hold your CPA Units in a CHESS Holding** (your HIN starts with an "X") you must comply with the ASX Settlement Operating Rules and to accept this DEXUS Offer you must do one of the following:
  - i. instruct your Controlling Participant (usually your Broker) to initiate acceptance of this DEXUS Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules in sufficient time for this DEXUS Offer to be accepted before the end of the Offer Period; or
  - ii. complete and sign your personalised Acceptance Form and send it (together with all other documents required by the instructions on the form) directly to your Controlling Participant (usually your Broker) in sufficient time for this DEXUS Offer to be accepted before the end of the Offer Period with instructions to initiate acceptance of this DEXUS Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or
  - iii. complete and sign your personalised Acceptance Form and lodge it by returning it in the reply paid envelope provided or to the address provided in Section 5.3(f) so that your acceptance is received before 7.00pm on the second last business day of the Offer Period. This will authorise Bidder to instruct your Controlling Participant to initiate acceptance of this DEXUS Offer on your behalf.
- b. **If you are a Broker or an ASX Settlement Participant**, to accept this DEXUS Offer you must initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.
- c. **If you hold your CPA Units in an Issuer Sponsored Holding (your SRN starts with an "I")**  
If your CPA Units are in an Issuer Sponsored Holding, to accept this DEXUS Offer you must **complete and sign** your personalised Acceptance Form in accordance with the instructions on it and lodge it by returning it (together with all other documents required by the instructions on your personalised Acceptance Form) in the reply paid envelope provided or to the address provided in Section 5.3(f) so that your acceptance is received before the end of the Offer Period.
- d. **If some of your CPA Units are held in a number of forms**  
If some of your CPA Units are in different holdings, your acceptance of this DEXUS Offer will require action under Sections 5.3(a) and 5.3(c) in relation to the separate portions of your CPA Units.
- e. **Beneficial owners**  
Beneficial owners whose CPA Units are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in accepting this DEXUS Offer.

- f. **Postal and delivery addresses**

The postal and delivery addresses for completed Acceptance Forms are set out below.

The postal address is:

Link Market Services Limited  
Commonwealth Property Office Fund Takeover  
Locked Bag A14  
SYDNEY SOUTH NSW 1235

Alternatively you may deliver your personalised Acceptance Form and any associated documents in person to:

Link Market Services Limited  
Commonwealth Property Office Fund Takeover  
1A Homebush Bay Drive  
RHODES NSW 2138

A reply paid envelope (for use by CPA Unitholders within Australia) is enclosed for your convenience.

The transmission of your personalised Acceptance Form and other documents is at your own risk.

**g. Acceptance Form**

Your personalised Acceptance Form which accompanies this DEXUS Offer forms part of it. Subject to Section 5.6, the requirements on your personalised Acceptance Form must be observed in accepting this DEXUS Offer for your CPA Units.

## 5.4 Acceptance procedure for holders of CPA Convertible Notes

If you:

- a. hold CPA Convertible Notes on the date of this DEXUS Offer; and
- b. are entitled to and wish to convert the CPA Convertible Notes during the Offer Period and accept this DEXUS Offer in respect of the CPA Units issued upon conversion,

you may return your completed personalised Acceptance Form and a signed notice of conversion of your CPA Convertible Notes to the delivery or mailing addresses set out in section 5.3(f). If you do so, and you do not pay Bidder the conversion price in respect of those CPA Convertible Notes, Bidder will pay you the Offer Consideration that would otherwise have been payable to you in respect of the CPA Units issued upon conversion less the conversion price in respect of those CPA Convertible Notes.

## 5.5 Power of attorney, deceased estate

When accepting this DEXUS Offer, you should also forward for inspection:

- a. if your personalised Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
- b. if your personalised Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased CPA Unitholder, a certified copy of the relevant grant of probate or letters of administration.

## 5.6 When acceptance is complete

Acceptance of this DEXUS Offer will not be complete until a completed Acceptance Form has been received at one of the addresses set out in Section 5.3(f) and the requirements of Section 5 have otherwise been met, provided that:

- a. Bidder may in its sole discretion and without notice to you waive any or all of those requirements at any time (including but not limited to requirements in relation to the manner or method of acceptance, or the deadline for receipt of acceptances specified under Section 5.3(a)(iii)); and
- b. where the requirements in paragraph (a) have been complied with in respect of some but not all of your CPA Units, Bidder may, in its sole discretion, deem your acceptance of this DEXUS Offer complete in respect of those CPA Units for which the requirements have been complied with but not in respect of the remainder (unless Bidder waives those requirements in accordance with Section 5.6(a)).

Where Bidder elects to waive any requirement of this Section 5, your acceptance of this DEXUS Offer will be complete regardless of any failure by you to comply with the waived requirement.

# 6 Payment for your CPA Units

## 6.1 How payment for your CPA Units will be made

- a. **Scrip Consideration:** The obligation of Bidder to procure DEXUS RE to issue and allot any DEXUS Securities to which you are entitled as Scrip Consideration under the DEXUS Offer will be satisfied by DEXUS RE:
  - i. either:
    - A. entering your name on DEXUS unit register; or
    - B. if your name is entered into the issuer sponsored subregister of DEXUS, by no later than five Business Days after your name is entered in the register of members of DEXUS, despatching or procuring the despatch to you of a holding statement in accordance with ASX Listing Rule 8.6; and
  - ii. despatching or procuring the despatch to you of a transaction confirmation statement in your name.

- b. Cash Consideration:** Payment of any cash amount to which you are entitled as Cash Consideration under the DEXUS Offer will be made by cheque (or otherwise as determined by Bidder) in Australian currency.
- c. Offset:** Bidder may pay to CPA so much of the Offer Consideration as is required to discharge any debt owed by you to CPA, under the terms of any employee incentive scheme and Bidder will pay to you the remaining Offer Consideration by cheque (or otherwise as determined by Bidder); or
- d. Address:** Anything to be despatched to you under this Section 6.1 or Section 6.3(d) will be sent at your risk by pre-paid ordinary mail or airmail (as appropriate) to your address as shown on your personalised Acceptance Form, as shown on the Register or any other address you notify to Bidder in writing before despatch.
- e. Joint holdings:** If your CPA Units are held in joint names and those names are entered into the issuer sponsored subregister of DEXUS, anything to be issued under this Section 6.1 or Section 6.3(d) will be issued in the name of, and forwarded to, the holder whose name appears first in the Register.

## 6.2 When consideration is paid

Subject to Section 6.4, if the contract resulting from your acceptance of this DEXUS Offer becomes unconditional, Bidder will provide, or procure the provision of, the Offer Consideration to which you are entitled on acceptance of this DEXUS Offer on or before the later of:

- a. five Business Days after the date this DEXUS Offer is validly accepted by you; and
- b. if this DEXUS Offer is subject to a defeating condition when accepted, within 10 Business Days after this DEXUS Offer or the contract resulting from your acceptance of this DEXUS Offer becomes unconditional.

## 6.3 Payments to Ineligible Foreign Unitholders and Unmarketable Parcel Security holders

If you accept the DEXUS Offer and you are an Ineligible Foreign Unitholder or Unmarketable Parcel Security holder (or if Bidder believes that you are an Ineligible Foreign Unitholder or Unmarketable Parcel Security holder), you will not be entitled to receive DEXUS Securities as part of the consideration for your CPA Units, but in respect of any DEXUS Securities which you would have become entitled to receive under Section 2.1 but for Section 2.2, Bidder will:

- a. arrange for the issue to a nominee approved by ASIC ("Nominee") of the number of DEXUS Securities to which you and all other Ineligible Foreign Unitholders and Unmarketable Parcel Security holders would have become entitled to receive as part of the Offer Consideration as a result of acceptance of the DEXUS Offer but for Section 2.2;
- b. cause the Nominee to offer for sale the DEXUS Securities within 10 Business Days after the end of the Offer Period in a manner, at a price and on terms and conditions as are determined by the Nominee;
- c. pay to you the amount calculated in accordance with the following formula:

$$\frac{\text{Net Proceeds of Sale} \times \text{Your DEXUS Securities}}{\text{Total Nominee Securities}}$$

Where:

"Net Proceeds of Sale" is the amount the Nominee receives on sale of all DEXUS Securities issued to the Nominee under Section 6.3(a), less brokerage and other sale expenses;

"Your DEXUS Securities" is the number of DEXUS Securities which Bidder would otherwise be required to issue to you as part of the Offer Consideration but for Section 2.2; and

"Total Nominee Securities" is the total number of DEXUS Securities issued to the Nominee under Section 6.3(a);

- d. payment will be made by cheque in Australian currency as soon as practicable after settlement of the sale by the Nominee of the Total Nominee Securities. The Net Proceeds of Sale, if in a currency other than Australian currency, will be converted to Australian currency at the time of payment using the relevant exchange rate for value on the date of payment. The cheque will be posted to you at your risk by pre-paid airmail to your address as shown on the Register (or such other address as you may notify in writing to Bidder). If your CPA Units are held in a joint name, the cheque will be issued in the name of the joint holders and forwarded to the address that appears first in the Register; and
- e. under no circumstances will interest be paid on your share of the proceeds of this sale, regardless of any delay in remitting these proceeds to you.

Notwithstanding anything else in the Bidder's Statement or these Offer Terms, Bidder is under no obligation to spend any money, or undertake any action, in order to satisfy itself of the eligibility of Ineligible Foreign Unitholders or Unmarketable Parcel Security holders to receive DEXUS Securities as set out in this Section 6.3.

## 6.4 Where additional documents are required

Where your personalised Acceptance Form or any subsequent request from Bidder requires additional documents to be given with your acceptance (such as a certified copy of any of a power of attorney, grant of probate or letters of administration, or any other document requested by Bidder to give better effect to your acceptance):

- a. if the documents are given with your acceptance, Bidder will provide, or procure the provision of, the Offer Consideration in accordance with Section 6.1 or 6.2;
- b. if the documents are given after acceptance and before the end of the Offer Period and this DEXUS Offer is subject to a defeating condition at the time that Bidder is given the documents, Bidder will provide, or procure the provision of, the Offer Consideration by the end of whichever of the following periods ends earlier:
  - i. 10 Business Days after the contract resulting from your acceptance of this DEXUS Offer becomes unconditional; and
  - ii. 10 Business Days after the end of the Offer Period; or
- c. if the documents are given after acceptance and before the end of the Offer Period and this DEXUS Offer is unconditional at the time that Bidder is given the documents, Bidder will provide, or procure the provision of, the Offer Consideration by the end of whichever of the following periods ends earlier:
  - i. 10 Business Days after Bidder is given the documents; and
  - ii. 10 Business Days after the end of the Offer Period; or
- d. if the documents are given after the end of the Offer Period, Bidder will provide, or procure the provision of, the Offer Consideration within 10 Business Days after the documents are given; but if at the time Bidder is given the documents, the contract resulting from your acceptance of this DEXUS Offer is still subject to one or more of the conditions titled "No Prescribed Occurrences" in Appendix 2, Bidder will provide, or procure the provision of, the Offer Consideration within 10 Business Days after that contract becomes unconditional (to the extent the condition is the same as the conditions set out in sections 652(c)(1) and (2) of the Corporations Act, as modified by section 604 of the Corporations Act).

If you do not provide Bidder with the required additional documents within one month after the end of the Offer Period, Bidder may, in its sole discretion, rescind the contract resulting from your acceptance of this DEXUS Offer.

## 6.5 Where Bidder is entitled to any Rights

If Bidder becomes entitled to any Rights as a result of your acceptance of this DEXUS Offer, it may require you to give Bidder all documents necessary to vest those Rights in Bidder or otherwise to give Bidder the benefit or value of those Rights. If you do not give those documents to Bidder, or if you have received the benefit of those Rights, then Bidder may deduct from the Offer Consideration otherwise due to you the amount (or value, as reasonably assessed by Bidder) of those Rights in accordance with Section 6.6.

## 6.6 Rights generally

If:

- a. you have (or any previous holder of your CPA Units has) received the benefit of any Rights (whether in respect of non-cash benefits or otherwise); or
- b. you are (or any previous holder of your CPA Units is) entitled to receive the benefit of any Rights under the terms that provide for or otherwise apply to those Rights (for example, if the Right is to receive a distribution, if you are (or any previous holder of your CPA Units is) the registered holder of the security at the specified time for determining those entitled to the distribution); or
- c. your CPA Units were issued (or otherwise came into existence) on or after the specified time for determining entitlements in respect of any Rights to CPA Unitholders,

then:

- d. in the case of Rights to non-cash benefits, Bidder may deduct the value (as reasonably assessed by Bidder) of the Rights from any Offer Consideration otherwise payable to you; or
- e. in the case of Rights to cash benefits, Bidder may deduct the amount of the Rights from any Offer Consideration otherwise payable to you.

If Bidder does not, or cannot, make the deduction, you must pay the value or amount to Bidder.

## 6.7 Clearances for offshore residents

If, at the time of acceptance of this DEXUS Offer, any consent, authority or clearance is required for you to receive any consideration under this DEXUS Offer including, but not limited to consent, authority or clearance of:

- a. the Minister for Foreign Affairs (whether under the *Charter of the United Nations Act 1945* (Cwlth), the *Charter of the United Nations (Terrorism and Dealings with Assets) Regulations 2002* or any other regulations made thereunder, or otherwise);
- b. the Reserve Bank of Australia (whether under the *Banking (Foreign Exchange) Regulations 1959* (Cwlth) or otherwise); or
- c. the Australian Taxation Office,

then acceptance of this DEXUS Offer will not create or transfer to you any right (contractual or contingent) to receive (and you will not be entitled to receive) any consideration under this DEXUS Offer unless and until all those consents, authorities or clearances have been obtained by Bidder.

## 7 Conditions of this DEXUS Offer

### 7.1 Conditions

This DEXUS Offer and the contract that results from acceptance of this DEXUS Offer are subject to fulfilment of the conditions set out in Appendix 2.

### 7.2 Nature of conditions

Each of the conditions set out in each paragraph and subparagraph of Appendix 2:

- a. constitutes and will be construed as a separate, several and distinct condition;
- b. is a condition subsequent; and
- c. until the expiration of the Offer Period (or in the case of the conditions titled No Prescribed Occurrences in Appendix 2, until three Business Days after the end of the Offer Period) will be for the benefit of Bidder alone and may be relied on only by Bidder.

### 7.3 Effect of breach or non-fulfilment

The breach or non-fulfilment of any of the conditions subsequent set out in Appendix 2 does not, until the end of the Offer Period, prevent a contract arising to acquire your CPA Units resulting from your acceptance of this DEXUS Offer but, if at the end of the Offer Period (or, in the case of the conditions titled “No Prescribed Occurrences” in Appendix 2, at the end of three business days after the end of the Offer Period), in respect of any condition in Appendix 2:

- a. Bidder has not declared this DEXUS Offer (and it has not become) free from that condition; and
- b. that condition has not been fulfilled,

all contracts resulting from the acceptance of the DEXUS Offer and all acceptances that have not resulted in binding contracts are void. In that case, Bidder will notify ASX of the lapse of the DEXUS Offer in accordance with Rule 14.19 of the ASX Settlement Operating Rules.

### 7.4 Best endeavours in relation to conditions

Bidder will:

- a. use its best endeavours to procure that the condition titled “No Regulatory Action” in Appendix 2 is, to the extent within its control or the control of its affiliates, satisfied; and
- b. not do or omit to do anything for the purpose of causing a breach of those conditions.

### 7.5 Bidder may decide DEXUS Offer is free from all or any of the conditions

Bidder may at any time at its sole discretion, but in compliance with the Corporations Act, declare the DEXUS Offer free from all or any of the conditions set out in each paragraph and subparagraph of Appendix 2 by notice in writing to CPA:

- a. in the case of the conditions titled “No Prescribed Occurrences” in Appendix 2 – not later than three Business Days after the end of the Offer Period; or
- b. in any other case – not later than seven days before the end of the Offer Period.

### 7.6 Date for giving notice on status of conditions

The date for giving a notice on the status of the conditions as required by section 630(1) of the Corporations Act is 30 January 2014, subject to variation in accordance with section 630(2) of the Corporations Act in the event that the Offer Period is extended.

## 8 Effect of Acceptance

### 8.1 Revocation of acceptance

Once you have accepted this DEXUS Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of this DEXUS Offer or otherwise dispose of your CPA Units, except as follows:

- a. if, by the times specified in Section 8.2, the conditions in Appendix 2 have not all been fulfilled or waived, then this DEXUS Offer will automatically terminate and your CPA Units will be returned to you; or
- b. if the Offer Period is varied in a way that postpones for more than one month the time when Bidder has to meet its obligations under the DEXUS Offer and, at that time, this DEXUS Offer is subject to one or more of the conditions in Appendix 2, then you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.



## 8.2 Times

The relevant times for the purposes of Section 8.1(a) are:

- a. in the case of the defeating conditions titled “No Prescribed Occurrences” in Appendix 2 – three Business Days after the end of the Offer Period; and
- b. in the case of all other defeating conditions in Appendix 2 – the end of the Offer Period.

## 8.3 Your agreement

By signing and returning your personalised Acceptance Form, or otherwise accepting this DEXUS Offer, you will be deemed to have:

- a. irrevocably authorised Bidder to alter your personalised Acceptance Form on your behalf by:
  - i. inserting correct details of your CPA Units (including details of a parcel of CPA Units required by Section 11.4(b));
  - ii. filling in any blanks remaining on your personalised Acceptance Form; and
  - iii. rectifying any errors in, and omissions from, your personalised Acceptance Form,as may be necessary to make your personalised Acceptance Form a valid acceptance of this DEXUS Offer and to enable registration of the transfer of your CPA Units to Bidder, and agreed to provide any document reasonably requested by Bidder to make your personalised Acceptance Form a valid acceptance of this DEXUS Offer or to otherwise give better effect to your acceptance; and
- b. if any of your CPA Units are in a CHESS Holding, irrevocably authorised Bidder to:
  - i. instruct your Controlling Participant to initiate acceptance of this DEXUS Offer in respect of all those CPA Units in accordance with the ASX Settlement Operating Rules; and
  - ii. give any other instructions in relation to those CPA Units to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant; and
- c. agreed to indemnify Bidder in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your HIN or SRN or in consequence of the transfer of your CPA Units to Bidder being registered by CPA without production of your HIN or SRN; and
- d. irrevocably accepted this DEXUS Offer in respect of all your CPA Units despite any difference between that number and the number of CPA Units shown on your personalised Acceptance Form;
- e. agreed to the terms and conditions of this DEXUS Offer and, subject to the conditions contained in Appendix 2 being fulfilled or waived, agreed to transfer (or consented to the transfer in accordance with the ASX Settlement Operating Rules) to Bidder of your CPA Units; and
- f. represented and warranted to Bidder, as a fundamental condition of the contract resulting from your acceptance of this DEXUS Offer, that at the time of acceptance and at the time of transfer of your CPA Units to Bidder:
  - i. you have paid to CPA all amounts which are due for payment in respect of your CPA Units; and
  - ii. all of your CPA Units are fully paid and free from all Encumbrances and restrictions on transfer of any nature; and
  - iii. you have full power and capacity to sell and transfer those CPA Units; and
- g. on this DEXUS Offer or any takeover contract becoming unconditional:
  - i. irrevocably appointed Bidder and each of its directors from time to time individually as your agent and attorney on your behalf to:
    - A. attend and vote in respect of your CPA Units at all general meetings of CPA;
    - B. at Bidder’s discretion, pay Bidder, or any other party, all or part of any amounts contemplated by Section 6.1 of these terms;
    - C. receive from CPA or any other party, and retain, any unit certificates which were held by CPA, or any other party, whether pursuant to the terms of any employee incentive scheme (including, without limitation, any employee security scheme) or otherwise; and
    - D. sign all documents (including an instrument appointing one of Bidder’s directors as a proxy in respect of any or all of your CPA Units and any application to CPA for a replacement certificate in respect of any unit certificate which has been lost or destroyed) and resolutions relating to your CPA Units, and generally to exercise all powers and rights which you may have as a CPA Unitholder and perform any actions as may be appropriate in order to vest good title in your CPA Units in Bidder, and to have agreed that, in exercising any powers, any director of Bidder is entitled to act in Bidder’s interests as the beneficial owner and intended registered holder of your CPA Units; and
  - ii. agreed not to vote in person at any general meeting of CPA or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on the directors of Bidder by Section 8.3(g)(i); and
  - iii. unless you are an Ineligible Foreign Unitholder or an Unmarketable Parcel Security holder, irrevocably authorised Bidder to apply for the issue to your account of that number of DEXUS Securities corresponding to your entitlement under this DEXUS Offer at the date of application; and
  - iv. unless you are an Ineligible Foreign Unitholder or an Unmarketable Parcel Security holder, agreed to accept the DEXUS Securities to which you have become entitled by acceptance of this DEXUS Offer subject to the terms of this DEXUS Offer and the Bidder Constitution, agreed that you will be bound by the Bidder Constitution, and authorised Bidder to place your name on its unit register in respect of those DEXUS Securities; and

- v. irrevocably authorised and directed Bidder to direct CPA to pay to Bidder, or to account to Bidder for, all Rights in respect of your CPA Units, subject to Bidder accounting to you for any Rights received by Bidder if this DEXUS Offer is withdrawn or any contract resulting from your acceptance to this DEXUS Offer is rescinded or rendered void; and
- vi. in accordance with Section 7.5, irrevocably authorised Bidder to adjust the Offer Consideration payable to you by the amount (or value, as reasonably assessed by Bidder) of all Rights in respect of your CPA Units; and
- vii. irrevocably authorised Bidder to notify CPA on your behalf that your place of address for the purposes of serving notices on you in respect of your CPA Units is the address specified by Bidder in the notification; and
- viii. acknowledged and agreed that, except as permitted by and in accordance with applicable law, you will not knowingly offer or resell in, or to persons in, the United States of America any DEXUS Securities which you acquire at any time; and
- ix. if you are an Ineligible Foreign Unitholder or Unmarketable Parcel Security holder (or if Bidder believes that you are an Ineligible Foreign Unitholder or an Unmarketable Parcel Security holder):
  - A. acknowledged and agreed to Bidder undertaking the process set out in Section 6.3 in respect of any DEXUS Securities which you would have become entitled to receive under Section 2.1 but for Section 2.2; and
  - B. irrevocably authorised Bidder to apply for the issue to the account of the Nominee of that number of DEXUS Securities which you would have become entitled to receive under Section 2.1 but for Section 2.2;
- x. where, at that time, you have a right to be registered as a holder of the CPA Units the subject of your acceptance as the result of an on-market purchase (but are not a CPA Unitholder):
  - A. agreed to use best endeavours to procure the delivery of the CPA Units the subject of your acceptance to Bidder in accordance with your acceptance (including giving Bidder all documents necessary to vest those CPA Units in Bidder or otherwise to give Bidder the benefit or value of those CPA Units);
  - B. agreed not to do or omit to do anything which may frustrate your acceptance of this DEXUS Offer, or otherwise obstruct registration of the transfer of the CPA Units the subject of your acceptance to Bidder;
  - C. irrevocably assigned to Bidder all contractual rights and recourse against the vendor in respect of your on-market purchase which contractual rights and recourse may arise by reason of that person's failure to complete that trade;
  - D. agreed to assign to Bidder (without any further action being required) all rights in respect of your on-market purchase immediately on any failure by you to complete that trade, including irrevocably assigning to Bidder the right to (at Bidder's ultimate discretion) complete that trade on your behalf, and agreed that Bidder may deduct from the consideration otherwise payable to you (pursuant to a valid acceptance of this DEXUS Offer and the delivery of the CPA Units the subject of that acceptance) any amount paid by Bidder in order to settle that on-market purchase on your behalf. If Bidder does not, or cannot, make the deduction, you must pay the amount to Bidder; and
  - E. agreed that if you are unable to assign to Bidder any of the rights and recourse specified under paragraphs (C) and (D), you will assign those rights and recourse as soon as you are legally able to; and
- h. if at the time of acceptance of this DEXUS Offer your CPA Units are in a CHESS Holding, authorised, with effect from the date that this DEXUS Offer or any contract resulting from acceptance of this DEXUS Offer is declared free from all its conditions or those conditions are satisfied, Bidder to cause a message to be transmitted to ASX Settlement Pty Ltd in accordance with Rule 14.17.1 of the ASX Settlement Operating Rules so as to transfer all of your CPA Units to the Bidder's Takeover Transferee Holding. Bidder will be so authorised even though at the time of transfer it has not provided the Offer Consideration due to you.

By accepting this DEXUS Offer you will be deemed to have agreed to the matters set out in paragraphs (a) to (h), notwithstanding where this DEXUS Offer has been caused to be accepted in accordance with the ASX Settlement Operating Rules.

Except in relation to CPA Units in a CHESS Holding, Bidder may at any time deem the receipt of a signed Acceptance Form to be a valid acceptance of this DEXUS Offer even though you omit to include your unit certificate(s) (if any) or there is non-compliance with any one or more of the other requirements for acceptance. However, if Bidder does so, Bidder is not obliged to make the Offer Consideration available to you until all of the requirements for acceptance have been met.

## 9 Withdrawal

Bidder may withdraw unaccepted DEXUS Offers at any time in accordance with the written consent of ASIC.

## 10 Variation

Bidder may vary this DEXUS Offer in accordance with the Corporations Act.

## 11 Acceptances by transferees and nominees

### 11.1 Who may accept this DEXUS Offer

During the Offer Period:

- a. any person who is able to give good title to a parcel of your CPA Units may accept this DEXUS Offer (if they have not already accepted an offer in the form of this DEXUS Offer) as if an offer on terms identical with this DEXUS Offer has been made to them; and
- b. any person who holds one or more parcels of CPA Units as trustee, nominee, or otherwise on account of another person, may accept as if a separate and distinct offer had been made in relation to:
  - i. each of those parcels; and
  - ii. any parcel they hold in their own right.

### 11.2 Holding securities

- a. A person is taken to hold CPA Units if the person is, or has a right to be registered as, the holder of those CPA Units.
- b. A person who has a right to be registered as a holder of CPA Units may accept this DEXUS Offer by completing and signing the Acceptance Form in accordance with the instructions on it and lodging it by returning it (together with all other documents required by the instructions on your personalised Acceptance Form) to an address indicated under Section 5.3(f) so that the acceptance is received before the end of the Offer Period.

### 11.3 Holding securities on trust or as a nominee

A person is taken to hold CPA Units on trust for, as nominee for, or on account of, another person if they:

- a. are entitled to be registered as the holder of particular CPA Units; and
- b. hold their interest in the CPA Units on trust for, as nominee for, or on account of, that other person.

### 11.4 Effective acceptance

An acceptance of an offer under Section 11.1 is ineffective unless:

- a. the person who holds on account of another person, gives Bidder a notice stating that the CPA Units consist of a separate parcel; and
- b. the acceptance specifies the number of CPA Units in that parcel.

References in this DEXUS Offer to your CPA Units will be treated as relating to that separate parcel.

### 11.5 Notice of acceptance

A notice under Section 11.4 of these terms must be made:

- a. if it relates to CPA Units entered on a CHESS subregister – in an electronic form approved by the ASX Settlement Operating Rules; or
- b. otherwise – in writing.

A person may, at the one time, accept for 2 or more parcels under this Section 11 as if there had been a single offer for a separate parcel consisting of those parcels.

## 12 Other matters

### 12.1 Notices and other communications

Subject to the Corporations Act, a notice or other communication given by Bidder to you in connection with this DEXUS Offer is deemed to be duly given if it is in writing and:

- a. is delivered at your address as recorded on the register of members of CPA or the address shown in your personalised Acceptance Form; or
- b. is sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

### 12.2 Return of documents

If:

- a. this DEXUS Offer is withdrawn after your personalised Acceptance Form has been sent to Bidder, but before it has been received; or
- b. for any other reason Bidder does not acquire the CPA Units to which your personalised Acceptance Form relates,

you may request Bidder by notice in writing to despatch (at your risk) your personalised Acceptance Form together with all other documents forwarded by you, to the address you nominate by pre-paid ordinary mail or airmail (as appropriate).

### 12.3 Costs and expenses

All costs and expenses of the preparation, despatch and circulation of the Bidder's Statement and this DEXUS Offer and all stamp duty payable in respect of a transfer of CPA Units in respect of which DEXUS Offers are accepted, will be paid by Bidder.

### 12.4 Foreign laws

This DEXUS Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this DEXUS Offer and to receive DEXUS Securities (if any) as Offer Consideration.

### 12.5 Governing law

This DEXUS Offer and any contract resulting from acceptance of it is governed by the law in force in New South Wales.

### No Regulatory Action

Between the Announcement Date and the end of the Offer Period (each inclusive):

- There is not in effect any preliminary or final decision, order or decree issued by any public authority;
- No action or investigation is announced, threatened or commenced by any public authority; and
- No application is made to any public authority (other than by CPPIB, DEXUS or any of their controlled entities, whether that control is individual or joint),

(other than an application to, or a decision or order of, ASIC or the Australian Takeovers Panel, under or relating to a breach of Chapter 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act in consequence of, or in connection with, the DEXUS Offer) that restrains, impedes, or prohibits (or if granted could restrain, impede or prohibit), or otherwise materially adversely impacts upon, the making of the DEXUS Offer, the acquisition of CPA Units under the DEXUS Offer or any transaction contemplated by the Bidder's Statement in respect of the DEXUS Offer, the DEXUS Offer or the rights of DEXUS, CPPIB or any of their Controlled Entities (whether that control is individual or joint) in respect of CPA Units, or requires the divestiture by DEXUS, CPPIB or any of their Controlled Entities (whether that control is individual or joint) of any CPA Units, or requires the divestiture of assets of DEXUS or the CPA Group.

For the purposes of this condition "public authority" includes the ACCC.

### No Material Acquisitions or Disposals

Except to the extent fully and fairly disclosed in any announcement made to the ASX prior to the Announcement Date, none of the following events occurs during the period from the Announcement Date to the end of the Offer Period (each inclusive):

- Any member of the CPA Group acquires, or an agreement is entered into under which it is agreed that any member of the CPA Group will or offers to acquire, any one or more entities or assets (or any interest in one or more entities, businesses or assets) for an amount or consideration in excess of A\$50 million for any individual item or a number of such agreements are entered into or acquisitions occur by CPA Group members for an aggregate amount or consideration in excess of A\$50 million;
- Any member of the CPA Group disposes of, or an agreement is entered into under which it is agreed that any member of the CPA Group will or offers to dispose of, any one or more entities or assets (or any interest in one or more entities, businesses or assets):
  - For an amount or consideration in excess of A\$50 million for any individual item; or
  - In respect of which the book value (as recorded in CPA's statement of financial position as at 30 June 2013) is in excess of A\$50 million for any individual item; or
  - A number of such agreements are entered into or acquisitions occur by CPA Group members for an aggregate amount or consideration in excess of A\$50 million or in respect of which, on an aggregate basis, book value (as recorded in CPA's statement of financial position as at 30 June 2013) is in excess of A\$50 million;
- The entering into of any commitment (including a lease or agreement for lease) by the CPA Group to any development, redevelopment, or refurbishment project for a new or existing CPA asset where the total project cost exceeds A\$50 million (including incentives), whether or not previously contemplated; or
- Any member of the CPA Group enters into a new related party transaction or materially varies an existing arrangement with a related party.

### No Internalisation, change of responsible entity or change of control of CMIL

Between the Announcement Date and the end of the Offer Period (each inclusive):

- CMIL does not implement, or agree or propose to implement, any transaction or proposal under which the management of CPA is "internalised", or CMIL is otherwise removed or replaced as responsible entity of CPA; or
- a "Change of Control" does not occur in respect of CMIL.

For these purposes "Change of Control" means a party who comes under the control of a third party who did not "Control" that party on 11 December 2013 (being the date of the announcement of the Conditions) where "Control" has the meaning given to it in section 50AA of the Corporations Act.

## CPA Convertible Notes

On or before the date CMIL issues the Target's Statement it makes a public and unqualified statement that it will exercise its option under the terms of the CPA Convertible Notes to pay an amount in Australian dollars equal to the relevant "Cash Settlement Amount" (as defined in the CPA Convertible Note terms) to satisfy in full its obligation to convert CPA Convertible Notes in respect of which a "Conversion Notice" (as defined in the CPA Convertible Note terms) has been duly lodged during the Offer Period.

## No prescribed occurrences

Between the period from the date on which the Bidder's Statement is given to CMIL and the end of the Offer Period (each inclusive), none of the following events occur:

- CMIL converts all or any of the units in CPA into a larger or smaller number of units;
- Any member of the CPA Group resolves to reduce its capital in any way;
- Any member of the CPA Group enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement in respect of any CPA Units or otherwise redeems CPA units;
- Any member of the CPA Group issues units or shares or grants an option over its units or shares, or agrees to make such an issue or grant such an option in each case, other than the issue of CPA Units as a result of the exercise of options over interests in CPA which are on issue as at 11 December 2013 (being the date of the announcement of the Conditions);
- Any member of the CPA Group issues, or agrees to issue, convertible notes;
- Any member of the CPA Group disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- Any member of the CPA Group grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property;
- Any member of the CPA Group resolves to be wound up;
- A liquidator or provisional liquidator of CPA or any member of the CPA Group is appointed;
- A court makes an order for the winding up of CPA or of a member of the CPA Group;
- An administrator of a member of the CPA Group is appointed under section 436A, 436B or 436C of the Corporations Act;
- A receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of a member of the CPA Group; or
- CPA or a member of the CPA Group is otherwise wound up in accordance with their constituent documents or the Corporations Act.

## ANNEXURE A ASX ANNOUNCEMENTS IN RELATION TO DEXUS

A list of the public announcements DEXUS has released since the presentation on 19 August 2013 of its annual financial results for the year ended 30 June 2013 is summarised below. This information may be relevant to your assessment of the DEXUS Offer.

No.	Date	Announcement title
1	18 December 2013	CBA support for DEXUS and CPPIB for CPA
2	18 December 2013	Change in substantial holding
3	17 December 2013	Ceasing to be a substantial holder from CBA
4	16 December 2013	Successful pricing of long dated US Private Placement
5	16 December 2013	Change of interests of substantial holder for CPA
6	13 December 2013	Facilitation agreement with CBA
7	13 December 2013	Becoming a substantial holder from CBA
8	11 December 2013	Change in substantial holding for CPA
9	11 December 2013	DEXUS Offer to acquire CPA presentation
10	11 December 2013	DEXUS Offer to acquire CPA ASX release
11	10 December 2013	Earnings guidance upgraded to 7% growth for FY14
12	6 December 2013	Ceasing to be a substantial holder from CBA
13	4 December 2013	Becoming a substantial holder from CBA
14	3 December 2013	Amended Change in substantial holding for CPA
15	27 November 2013	Ceasing to be a substantial holder from CBA
16	27 November 2013	Becoming a substantial holder from CBA
17	26 November 2013	Becoming and Change in substantial holding
18	26 November 2013	Becoming a substantial holder
19	25 November 2013	Ceasing to be a substantial holder from CBA
20	25 November 2013	Becoming a substantial holder from CBA
21	25 November 2013	Due diligence investigations on CPA continue
22	22 November 2013	Becoming a substantial holder
23	21 November 2013	Becoming a substantial holder
24	21 November 2013	Update on Consortium Proposal to acquire CPA
25	19 November 2013	Response to GPT Group's offer for CPA
26	15 November 2013	Notice of change in substantial holder for CPA
27	12 November 2013	Notice of change in substantial holder for CPA
28	11 November 2013	Recommended proposal to acquire CPA
29	8 November 2013	Trading Halt
30	31 October 2013	Appendix 3Z – Final Director's Interest Notice (S Ewen)
31	31 October 2013	Appendix 3Z – Final Director's Interest Notice (B Brownjohn)
32	29 October 2013	2013 Annual General Meeting results



No.	Date	Announcement title
33	29 October 2013	2013 Annual General Meeting address
34	22 October 2013	September 2013 quarter portfolio update
35	18 October 2013	Technical filing – CPA investment
36	16 October 2013	Change in substantial holding
37	11 October 2013	Proposal to acquire CPA presentation
38	11 October 2013	Proposal to acquire CPA
39	1 October 2013	On-market buy-back and cancellation of securities
40	24 September 2013	Daily buy-back notice – Appendix 3E
41	23 September 2013	Daily buy-back notice – Appendix 3E
42	18 September 2013	Daily buy-back notice – Appendix 3E
43	17 September 2013	Daily buy-back notice – Appendix 3E
44	16 September 2013	Daily buy-back notice – Appendix 3E
45	13 September 2013	Daily buy-back notice – Appendix 3E
46	11 September 2013	Technical filing – CPA investment
47	11 September 2013	2013 Global Real Estate Conference Presentation
48	11 September 2013	Daily buy-back notice – Appendix 3E
49	10 September 2013	Daily buy-back notice – Appendix 3E
50	9 September 2013	Daily buy-back notice – Appendix 3E
51	9 September 2013	Change in substantial holding
52	6 September 2013	Changes to the Board of Directors and Notice of AGM
53	6 September 2013	Daily buy-back notice – Appendix 3E
54	4 September 2013	Daily buy-back notice – Appendix 3E
55	3 September 2013	Daily buy-back notice – Appendix 3E
56	2 September 2013	Buy-back and cancellation of securities
57	2 September 2013	Daily buy-back notice – Appendix 3E
58	30 August 2013	Technical filing – CPA investment
59	30 August 2013	30 June 2013 distribution and annual reporting suite
60	30 August 2013	Daily buy-back notice – Appendix 3E
61	29 August 2013	Daily buy-back notice – Appendix 3E
62	28 August 2013	Daily buy-back notice – Appendix 3E
63	27 August 2013	Daily buy-back notice – Appendix 3E
64	26 August 2013	Daily buy-back notice – Appendix 3E
65	23 August 2013	Daily buy-back notice – Appendix 3E
66	22 August 2013	Progress on divesting non-strategic properties
67	22 August 2013	Daily buy-back notice – Appendix 3E
68	21 August 2013	Daily buy-back notice – Appendix 3E
69	20 August 2013	Technical filing – CPA investment
70	20 August 2013	Daily buy-back notice – Appendix 3E

## Bidder

DEXUS Funds Management Limited in its capacity as trustee of  
DEXUS Office Trust Australia

Level 25, Australia Square  
264 George Street  
Sydney NSW 2000  
Australia

## DEXUS

DEXUS Funds Management Limited in its capacity as responsible  
entity of DEXUS

Level 25, Australia Square  
264 George Street  
Sydney NSW 2000  
Australia

## CPPIB

Canada Pension Plan Investment Board  
  
One Queen Street East, Suite 2500  
Toronto, Ontario, M5C 2W5  
Canada

## Financial advisers

### Citigroup Global Markets Australia Pty Limited

Level 23, 2 Park Street  
Sydney NSW 2000  
Australia

### Deutsche Bank AG, Sydney Branch

Level 16, Deutsche Bank Place  
Corner of Hunter and Phillip Streets  
Sydney NSW 2000  
Australia

### J.P. Morgan Australia Limited

85 Castlereagh Street  
Sydney NSW 2000  
Australia

### Macquarie Capital (Australia) Limited

No. 1 Martin Place  
Sydney NSW 2000  
Australia

## Australian legal adviser

### King & Wood Mallesons

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## Media adviser to DEXUS

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## Media adviser to CPPIB

### Cannings Corporate Communications

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55 Hunter Street  
Sydney NSW 2000

T +61 2 8284 9990  
M +61 407 904 874  
E nkassulke@cannings.net.au

## DEXUS Offer Information Line

If you have any questions in relation to the DEXUS Offer or how to  
accept it, or if you have lost your Acceptance Form and require a  
replacement, please call the DEXUS Offer Information Line:

Callers within Australia: 1800 220 771  
Callers outside Australia: +61 1800 220 771

Please note that, for legal reasons, calls to these numbers will be  
recorded.

## Share registry for the DEXUS Offer

You can contact the share registry, Link Market Services Limited, at  
the addresses set out below:

### Postal address

Link Market Services Limited  
Commonwealth Property Office Fund Takeover  
Locked Bag A14  
Sydney South NSW 1235  
Australia

### Hand delivery

Link Market Services Limited  
Commonwealth Property Office Fund Takeover  
1A Homebush Bay Drive  
Rhodes NSW 2138  
Australia

Property expertise.  
Institutional rigour.  
Entrepreneurial spirit.

