



DEXUS
PROPERTY GROUP

4 December 2008

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DEXUS completes underwritten equity raising

DEXUS Funds Management Limited, as responsible entity of DEXUS Property Group, has completed an underwritten equity raising of approximately A\$300 million through an institutional placement ("Placement"), at an issue price of A\$0.77 per ordinary stapled security ("Securities").

Settlement of the Placement Securities is scheduled to occur on 9 December 2008, with trading in the Placement Securities expected to commence on or about 10 December 2008.

An announcement containing further details regarding completion of the Placement and a proposed Security Purchase Plan is attached.

DEXUS requests that its trading halt be lifted with effect from open of market today.

Yours sincerely,

John Easy
Company Secretary

DEXUS Property Group (ASX: DXS)

ASX Release

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4 December 2008

DEXUS announces A\$300 million equity raising and capital management initiatives

DEXUS Funds Management Limited, as responsible entity of DEXUS Property Group, announces the successful completion of the institutional placement announced yesterday.

The fully underwritten institutional placement of 391.7 million securities priced at \$0.77 per new security raised \$301.6 million. DEXUS will also offer a non underwritten Security Purchase Plan (SPP) to securityholders, details of which will be sent to securityholders later this month.

Victor Hoog Antink, Chief Executive Officer of DEXUS Property Group, commented:

"We are pleased with the strong support shown by investors in raising new equity. This, combined with our previously announced capital management initiatives and new debt facilities, gives DEXUS sufficient capacity to fund our refinancing commitments through to February 2010 and our committed developments through to June 2011.

These initiatives, together with our conservative payout ratio and distribution reinvestment plan, underline DEXUS's prudent approach to capital management.

DEXUS is in a strong financial position to drive value for our investors in our core business of owning, managing and developing high quality property assets in the office and industrial sectors."

Additional debt capacity obtained

DEXUS has agreed terms on a new debt facility of up to \$250m with an international bank. This debt facility supplements those previously announced to the market in November 2008 and takes the total debt facilities arranged to A\$885 million. DEXUS has no further debt refinancing requirements until February 2010.

Balance sheet strength

Following the placement, DEXUS's pro-forma gearing will fall to 34%¹ with significant gearing headroom within its 55% gearing covenant². The Group has no off balance sheet debt and no market capitalisation based covenants.

Following the placement, DEXUS's debt duration will be 3.5 years¹ and 90%¹ of DEXUS's debt is hedged.

Standard and Poor's reaffirmed DEXUS's BBB+/Stable credit rating on 20 November 2008.

¹ Pro-Forma gearing based on 30 June 2008 balance sheet

² Public bond covenant

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Ongoing capital management initiatives

DEXUS continues to apply a prudent, pro-active approach to maintaining a sound financial position. The initiatives announced today supplement DEXUS's ongoing capital management initiatives including:

- As announced at DEXUS's AGM, the Group has revised its distribution policy to pay out 70% of Funds From Operations and up to 70% of gains realised through development processes³. This will allow DEXUS to retain approximately A\$100 million in FY2009 to fund ongoing investment in the Group's existing property and development portfolios.
- DEXUS will continue to offer a Distribution Reinvestment Plan to securityholders, although it is not intended that the DRP will be underwritten for the foreseeable future.
- DEXUS has de-risked its major developments through achieving significant leasing pre-commitments, including signing a heads of agreement with Clayton Utz over 55% of 1 Bligh Street, Sydney and a pre-commitment with Rio Tinto to lease 68% of 123 Albert Street, Brisbane.
- In line with DEXUS's focus on office and industrial sectors, DEXUS intends to dispose of its 50% interest in Whitford City Shopping Centre over the next two years. Whitford City is DEXUS's only owned retail property, and is considered non core.
- DEXUS is currently in discussions regarding the potential disposal of interests in selected assets within its investment and development portfolio. There is no certainty that these discussions will eventuate in a disposal.

Earnings guidance

Post the institutional placement, DEXUS is providing FY09 earnings (FFO⁴) guidance of 10.8 cents per security which is consistent with the guidance provided at the AGM in October, when adjusted for the additional securities to be issued. Consequently FY09 distribution guidance is 7.6 cents per security, consistent with DEXUS's distribution payout policy.

For further information, please contact:

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About DEXUS

DEXUS is one of Australia's largest diversified property groups and a leading owner, manager, developer of world-class office, industrial, retail properties with total assets under management of \$15.3 billion in Australia, New Zealand, the United States, Canada and Europe. DEXUS is committed to the long-term integration of sustainability practices throughout its property portfolio. www.dexus.com

³ Subject to distributing at least the taxable income of the 'flow-through' trusts

⁴ Funds from operations equate to current distributions excluding contributions realised through development processes

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Important Information

This announcement does not constitute an offer for subscription, invitation, recommendation or sale with respect to the purchase or sale of any securities in any jurisdiction. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to any "US persons" (as defined in Regulation S under the US Securities Act of 1933, as amended (the "Securities Act") ("U.S. Persons"). Neither the entitlements nor the new securities have been, nor will be, registered under the Securities Act or any securities laws of any state or other jurisdiction of the United States and may not be offered, sold or otherwise transferred except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable securities laws.

This news release includes "forward-looking statements" within the meaning of securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or other similar words, and include statements regarding certain plans, strategies and objectives of management and expected financial performance.

These forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside the control of DEXUS and its officers, employees, agents or associates. Actual results, performance or achievements may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements, and should refer to the investor presentation released to the market yesterday for further information on the proposed institutional placement. DEXUS assumes no obligation to update such information.

