

DEXUS Property Group (ASX: DXS)

ASX release

26 September 2012

2012 Notice of Annual General Meeting

DEXUS Property Group provides a letter to Security holders, our 2012 Notice of Annual General Meeting and proxy form.

Our Annual General Meeting will be held at 2.00pm on Monday, 5 November 2012 at ASX Exchange Square, 20 Bridge Street, Sydney with registration commencing at 1.30pm.

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About DEXUS

DEXUS's vision is to be globally recognised as the leading real estate company in Australia, with market leadership in office, and has \$13 billion of assets under management. DEXUS invests in high quality Australian office and industrial properties and, on behalf of third party clients, is a leading manager and developer of industrial properties and shopping centres in key markets. The Group's stock market trading code is DXS and more than 18,000 investors from 15 countries invest in the Group. At DEXUS we pride ourselves on the quality of our properties and people, delivering world-class, sustainable workspaces and service excellence to our tenants and delivering enhanced returns to our investors. DEXUS is committed to being a market leader in Corporate Responsibility and Sustainability.

www.dexus.com

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



DEXUS
PROPERTY GROUP

26 September 2012

DEXUS Funds Management Limited

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AFSL: 238163

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Dear Security holder

DEXUS Property Group 2012 Annual General Meeting

On behalf of the Directors of DEXUS Funds Management Limited, as Responsible Entity of each of the four Trusts that comprise DEXUS Property Group (the Group), I am pleased to invite you to attend the 2012 Annual General Meeting (the 'meeting'). The meeting will be held on Monday 5 November 2012 at ASX Exchange Square, 20 Bridge Street, Sydney, with registration opening at 1.30pm and the meeting commencing at 2.00pm.

The purpose of the meeting is to:

- Adopt the Remuneration Report
- Approve new employee incentive plans
- Approve the grant of performance rights to the Executive Director under the Transitional Plan
- Approve the appointment of Independent Directors

The full details of the resolutions proposed and the relevant background information are contained in the 2012 DEXUS Notice of Annual General Meeting accompanying this letter.

We are also pleased to provide our 2012 Annual Reporting suite which includes the Annual Review, Annual Report and Combined Financial Statements and these are enclosed for those Security holders who have elected to receive them.

The meeting provides an excellent opportunity to meet with the Directors of the Board of the Responsible Entity along with members of the Group's management team, and to hear an update on the Group's results and strategy.

If you are proposing to attend the meeting, please bring the enclosed personalised proxy form with you as the barcode will facilitate the registration process. If you are unable to attend the meeting, please use our investor login facility at www.dexus.com/dxs to submit your proxy vote on the resolutions or complete and return the proxy form in the enclosed reply paid envelope. The proxy form and/or your online vote must be received by the Registry no later than 2.00pm (Sydney time) on Saturday 3 November 2012.

If you require further information or have any questions, please contact the Registry on 1800 819 675 (within Australia) or +61 8280 7126 (outside Australia).

I look forward to your support for the resolutions and to seeing you at the meeting.

Yours sincerely

Chris Beare
Chair
DEXUS Funds Management Limited

2012 DEXUS NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given by DEXUS Funds Management Limited, as Responsible Entity of each of the four Trusts that comprise DEXUS Property Group, that the 2012 Annual General Meeting of Security holders will be held at:

Place: ASX Exchange Square, 20 Bridge Street, Sydney NSW 2000

Date: Monday, 5 November 2012

Time: Registration – 1.30pm
Commencement – 2.00pm

In accordance with section 252S(1) of the *Corporations Act 2001* (Cth), DEXUS Funds Management Limited appoints Chris Beare to act as Chair.

Business of the meeting

a. To present the Financial Statements:

To present the Directors' Report, Financial Statements and Independent Auditor's Report for the financial year ended 30 June 2012.

b. Resolutions:

1. Adoption of the Remuneration Report

To consider and if thought fit pass the following Resolution as an ordinary resolution:

"That the Remuneration Report for the financial year ended 30 June 2012 be adopted."

2. Spill Resolution

IMPORTANT NOTE: This Resolution will only be put to the meeting if more than 25% of votes validly cast on Resolution 1 are cast against that Resolution.

To consider and if thought fit pass the following Resolution as an ordinary resolution:

"That:

- (a) a meeting of holders of DEXUS stapled securities be held within 90 days of this Annual General Meeting ("**Spill Meeting**"); and
- (b) all of DEXUS Funds Management Limited's directors who were directors when the resolution to make the 2012 Remuneration Report was passed, other than a managing director of the company who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office, cease to hold office immediately before the end of the Spill Meeting; and
- (c) resolutions to appoint persons to the offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting."

3. Approval of new employee incentive plans

To consider and if thought fit pass the following Resolutions as ordinary resolutions:

3.1 Approval of DEXUS Transitional Performance Rights Plan
"That approval is given for:

- (a) the establishment of a plan, to be called the DEXUS Transitional Performance Rights Plan ("**Transitional Plan**") for the provision of incentives to senior executives whom the Board of DEXUS Funds Management Limited determines to be eligible to participate in the Transitional Plan ("**participants**");
- (b) the grant of performance rights to participants, and the subsequent transfer or allocation of DEXUS stapled securities to, or in relation to, participants under the Transitional Plan; and
- (c) the provision of benefits to those participants under the Transitional Plan,

in accordance with the rules of the Transitional Plan, initialled by the Chair for the purposes of identification and described in the Explanatory Memorandum to the 2012 Notice of Annual General Meeting convening this meeting."

3.2. Approval of DEXUS Short Term Incentive Performance Rights Plan and DEXUS Long Term Incentive Performance Rights Plan

“That approval is given for:

- (a) the establishment of a plan, to be called the DEXUS Short Term Incentive Performance Rights Plan (“**STI Rights Plan**”) for the provision of incentives to employees whom the Board of DEXUS Funds Management Limited determines to be eligible to participate in the STI Rights Plan (“**participants**”);
- (b) the establishment of a plan, to be called the DEXUS Long Term Incentive Performance Rights Plan (“**LTI Rights Plan**”) for the provision of incentives to employees whom the Board of DEXUS Funds Management Limited determines to be eligible to participate in the LTI Rights Plan (“**participants**”);
- (c) the grant of performance rights to participants, and the subsequent transfer or allocation of DEXUS stapled securities to, or in relation to, participants under the STI Rights Plan and the LTI Rights Plan; and
- (d) the provision of benefits to those participants under the STI Rights Plan and the LTI Rights Plan,

in accordance with the rules of the STI Rights Plan or LTI Rights Plan, as applicable, initialled by the Chair for the purposes of identification and described in the Explanatory Memorandum to the 2012 Notice of Annual General Meeting convening this meeting.”

4. Grant of Performance rights to the Executive Director under the Transitional Plan

To consider and if thought fit pass the following Resolution as an ordinary resolution:

“That approval is given for:

- (a) the granting of 453,417 performance rights to Darren Steinberg under the Transitional Plan; and
 - (b) the transfer or allocation of DEXUS stapled securities to Darren Steinberg upon vesting of the performance rights,
- as described in the Explanatory Memorandum to the 2012 Notice of Annual General Meeting convening this meeting.”

Information on each of the Resolutions is set out in the accompanying Explanatory Memorandum. You should also read the Procedural Notes which form part of this Notice of Meeting.

5. Approval of Independent Directors

To consider and if thought fit pass the following Resolutions as ordinary resolutions:

5.1 Approval of an Independent Director – Richard Sheppard
“That the initial appointment of Richard Sheppard as a Director of DEXUS Funds Management Limited be ratified.”

5.2 Approval of an Independent Director – Chris Beare
“That the continuing appointment of Chris Beare as a Director of DEXUS Funds Management Limited be ratified.”

5.3 Approval of an Independent Director – John Conde
“That the continuing appointment of John Conde as a Director of DEXUS Funds Management Limited be ratified.”

5.4 Approval of an Independent Director – Peter St George
“That the continuing appointment of Peter St George as a Director of DEXUS Funds Management Limited be ratified.”

By Order of the Board



John Easy
General Counsel and Company Secretary
DEXUS Funds Management Limited
26 September 2012

DEXUS Property Group is the collective name of the four Trusts, and one unit in each of the Trusts together comprise one Security. As each Trust is a separate entity each is required to conduct a separate meeting.

Chris Beare, as Chair of the meetings, has determined that because the Resolutions to be proposed at each of the four meetings and the persons eligible to vote on the Resolutions are the same, each of the four meetings will be conducted concurrently so that, from an administrative and attendee point of view, the conduct of the meetings will be as if they were one single meeting.

Quorum

The quorum necessary for this Annual General Meeting is 20 Security holders present in person or by proxy. If a quorum is not present within 30 minutes after the scheduled time for the meeting, the meeting will be adjourned as the Chair directs.

Voting in person

If you wish to vote in person, you should attend the Annual General Meeting on Monday, 5 November 2012. Registration commences at 1.30pm with the meeting to commence at 2.00pm at ASX Exchange Square, 20 Bridge Street, Sydney NSW 2000.

A corporation that is a Security holder may appoint a person to act as its representative and so vote at the meeting. The appointment must comply with section 253B of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment including any authority under which it is signed and a "Certificate of Appointment of Corporate Representative". A form of the certificate may be obtained from the Group's Security Registry.

If your Securities are jointly held, only one of the joint holders is entitled to vote. If both joint holders are present at the meeting, only the vote of the person named first in the register counts.

Voting by proxy

If you are unable to attend the meeting in person you may appoint a proxy to attend the meeting in your place. The proxy does not need to be a Security holder. If you are entitled to cast two or more votes then you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of your votes.

To appoint a proxy please complete the accompanying Proxy Form and return it to the Security Registry, Link Market Services Limited, to be received by them by 2.00pm Saturday, 3 November 2012 in accordance with the instructions set out on the Proxy Form.

Instructions for completing your Proxy Form are outlined on the form and you may return your Proxy Form by:

- lodging it online at linkmarketservices.com.au in accordance with the instructions provided on the website;
- posting it in the reply paid envelope provided to DEXUS Property Group C/- Security Registry Link Market Services Limited, Locked Bag A14 Sydney South NSW 1235;
- hand delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000 or
- faxing it to +61 2 9287 0309.

You will need your Holder Identification Number (HIN) or Security Reference Number (SRN) to lodge your Proxy Form online.

In the case of joint holders the Proxy Form may be signed by any one holder. You must lodge your valid Proxy Form at least 48 hours prior to the time notified for the meeting.

Voting entitlement

Subject to the following, all Security holders appearing on the register of Securities of DEXUS Property Group as at 2.00pm (EST) on Saturday, 3 November 2012 will be entitled to attend and vote at the meeting.

Majority required

All Resolutions are ordinary resolutions. Each will be passed if at least 50% of the votes cast by Security holders entitled to vote on the Resolution are cast in favour of the Resolution.

Poll

Resolutions 1 and 2 (if put to the meeting) will be decided on a poll. A poll may be demanded for any of Resolutions 3.1, 3.2, 4, 5.1, 5.2, 5.3 and 5.4, in accordance with the Corporations Act. On a poll, each Security holder has one vote for each whole \$1.00 of Security value (Security value is measured by reference to the last sale price for Securities on the ASX on the last day of trading immediately prior to the meeting being 2 November 2012).

Voting Exclusion Statement

In accordance with section 253E of the Corporations Act, the Responsible Entity and its associates are not entitled to vote their interest on any Resolution if they have an interest in the Resolution other than as a member.

Certain persons are not entitled to vote on Resolutions 1, 2, 3.1, 3.2 or 4. Refer to Sections 1, 2, 3 and 4 of the Explanatory Memorandum for further information.

How the Chair will vote undirected proxies

In accordance with the instructions on your Proxy Form, if the Chair is your proxy and you do not direct the Chair how to vote, you will be taken to have directed the Chair to vote in favour of Resolutions 1, 2, 3.1, 3.2 and 4 notwithstanding that those resolutions are connected with the remuneration of a member of DEXUS's key management personnel, details of whose remuneration are included in the Remuneration Report ("**KMP**"). The Chair intends to vote undirected proxies in favour of all other Resolutions. DEXUS Property Group asks all Security holders who submit proxies to direct their proxy how to vote on each Resolution.

Enquiries

If you have any questions about the Resolutions, attending the Annual General Meeting, how to vote on the Resolutions or completing Proxy Forms, please contact the DEXUS Infoline on 1800 819 675 or outside Australia on +61 2 9287 7126 Monday to Friday between 8.30am and 5.30pm (EST) or consult your financial or other professional advisor.

EXPLANATORY MEMORANDUM

Introduction

This Explanatory Memorandum is intended to provide Security holders with information to assess the merits of the Resolutions contained in the accompanying Notice of Meeting.

Defined terms have the meaning attributed to them in the glossary. All monetary amounts (unless otherwise stated) are expressed in Australian dollars.

1 Adoption of the Remuneration Report

The purpose of Resolution 1 is to adopt the Remuneration Report for the financial year ended 30 June 2012. The Remuneration Report is contained in section 3 of the Directors' Report for the financial year ended 30 June 2012 commencing on page 4 of DEXUS Property Group's 2012 Annual Report. Under the Corporations Act, a listed company is required at its Annual General Meeting to put a vote to its share holders to approve its Remuneration Report. Consistent with its corporate governance framework, the Board of DXFM has determined that DEXUS Property Group will be subject to this obligation even though it is a listed stapled group comprising real estate investment trusts. The vote on Resolution 1 is advisory only and does not bind the Directors or DXFM. However, if more than 25% of votes validly cast on Resolution 1 are cast against the adoption of the Remuneration Report then Resolution 2 will be put to the Meeting. See the explanation of Resolution 2 below.

During the meeting there will be an opportunity for Security holders to comment upon, and ask questions about, the Remuneration Report. Resolution 1 will be decided by poll. Resolution 1 must be decided by at least 50% of the votes cast at the Meeting by Security holders entitled to vote on the Resolution. The Board unanimously recommends that Security holders adopt the Remuneration Report.

Voting Exclusions

Consistent with DEXUS's corporate governance framework, a vote must not be cast (in any capacity) on Resolution 1 by or on behalf of a member of DEXUS's KMP and their closely related parties.

However, a vote may be cast on Resolution 1 by a KMP if:

- (a) the vote is cast as a proxy and the proxy appointment is in writing and specifies how the proxy is to vote on Resolution 1; and
- (b) the vote is not cast on behalf of a KMP or a closely related party of a KMP.

In accordance with the instructions on the Proxy Form, if the Chair is your proxy and you do not direct the Chair on how to vote in respect of Resolution 1, you will be taken to have directed the Chair to vote in favour of Resolution 1.

2 Spill Resolution

IMPORTANT NOTE: In accordance with the requirements of the Corporations Act, this resolution will only be put to the meeting if more than 25% of votes validly cast are cast against the adoption of the Remuneration Report (Resolution 1).

The Corporations Act requires that if more than 25% of votes are cast against the adoption of the Remuneration Report at two consecutive Annual General Meetings, then a resolution must be put to Security holders at the second Annual General Meeting substantially in the form of Resolution 2.

At the Annual General Meeting held last year more than 25% of the votes validly cast were against the adoption of the Remuneration Report presented at that meeting. Accordingly, if at this AGM more than 25% of votes validly cast are against the adoption of the Remuneration Report, then Resolution 2 will be put to the meeting.

If this Resolution is put to the Meeting and is passed, then:

- (a) a meeting of Security holders will be held within 90 days of this AGM ("**Spill Meeting**");
- (b) all of the current members of the Board other than Darren Steinberg (or any replacement executive director who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected) will vacate their offices immediately before the end of the Spill Meeting; and
- (c) at the Spill Meeting, resolutions will be voted on to elect individuals to the vacated offices.

If all of the current Directors (other than Darren Steinberg or any replacement executive director who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected) cease to be Directors prior to the Spill Meeting, the meeting need not be held.

Voting Exclusions

Consistent with DEXUS's corporate governance framework, a vote must not be cast (in any capacity) on Resolution 2 by or on behalf of any of DEXUS's KMP and their closely related parties.

However, a vote may be cast on Resolution 2 by a KMP if:

- (a) the vote is cast as a proxy and the proxy appointment is in writing that specifies how the proxy is to vote on Resolution 2; and
- (b) the vote is not cast on behalf of a KMP or a closely related party of a KMP.

In accordance with the instructions on your Proxy Form, if the Chair is your proxy and you do not direct the Chair how to vote in respect of Resolution 2, you will be taken to have directed the Chair to vote in favour of Resolution 2.

3 Approval of the new employee incentive plans

Resolutions 3.1 and 3.2 seek Security holder approval for three new employee incentive plans to be called:

- (a) the DEXUS Transitional Performance Rights Plan (“**Transitional Plan**”);
- (b) the DEXUS Short Term Incentive Performance Rights Plan (“**STI Rights Plan**”); and
- (c) the DEXUS Long Term Incentive Performance Rights Plan (“**LTI Rights Plan**”),

(together the “**Plans**” and each a “**Plan**”).

Resolution 3.1 seeks approval of the Transitional Plan.

If Resolution 3.1 is approved, DEXUS proposes to make a one-off grant under the Transitional Plan in 2012, on the terms described in Section C. It is not proposed that any further grants will be made under the Transitional Plan and from 2013 onwards it will be replaced by the STI Rights Plan and LTI Rights Plan.

Resolution 3.2 seeks approval of the STI Rights Plan and LTI Rights Plan. If Resolution 3.2 is approved, DEXUS proposes to make grants under the STI Rights Plan from 2013 onwards. The 2013 grants are proposed to be made on the terms described in Sections D and E.

A Background

Following a vote against the adoption of the 2011 Remuneration Report, we have made significant changes to the executive remuneration arrangements effective from 1 July 2012.

These changes resulted from extensive consultations with and feedback obtained from Security holders, proxy advisors and remuneration advisors following last year’s AGM. The Chair of the Board met personally with 14 of our institutional Security holders during March and April of this year.

The Group has undertaken a significant restructure of the executive incentive plans so that they are more transparent, better understood and, most importantly, offer closer alignment of reward outcomes to Security holder interests. This has involved the explicit inclusion of Security holder return performance hurdles within the LTI Rights Plan.

As previously announced by the Group, several key changes have been approved by the Board in respect of executive incentive plans. These changes include:

- **Winding up of DDPP** – As a result of the review, the Board concluded that the DEXUS Deferred Performance Payment awards (“**DDPP**”) should be wound up and replaced with incentive plans which offer greater alignment to Security holder interests. The DDPP will be replaced from 1 July 2012 and no new DDPP awards will be made with respect to performance after that date. The Board has also foreshadowed that it intends to exercise its discretion not to apply the DDPP outperformance multiplier on awards already granted but not yet vested (for 2010, 2011 and 2012).

- **New STI and LTI Rights Plans** – A new short term incentive plan, a component of which will be the STI Rights Plan, and a new long term incentive plan, in the form of the LTI Rights Plan will be adopted. It is proposed that the STI Rights Plan and the LTI Rights Plan will commence operation in 2013 with first grants in August 2013.
- **Transitional Plan** – For the 2012 financial year the Chief Executive Officer and direct reports to the Chief Executive Officer (“**Key Executives**”) have agreed to accept that portion of their remuneration which they would have previously received as a cash payment under the DDPP awards in the form of performance rights under the Transitional Plan (which is on the same terms as the STI Rights Plan). The Transitional Plan will only be offered to these Key Executives and only in 2012 following which the Transitional Plan will become a legacy plan. Executives other than the Key Executives continued to receive performance pay in accordance with the DDPP for the 2012 financial year.

For more detailed information in relation to the new executive remuneration arrangements please see the Remuneration Report in the DEXUS Property Group 2012 combined financial statements released to the ASX on 16 August 2012.

B Rules of the Plans

A summary of the principal terms of the rules of each of the Plans are set out in Annexure A to this Notice of Meeting. The rules of each of the Plans are identical other than in respect of the minimum holding period as described in item 7 of Annexure A. The rules of each of the Plans provide for flexibility as to the terms on which performance rights are offered and while the rules are identical the proposed terms of the performance rights to be granted under the Plans are different. A grant of performance rights under any of the Plans is subject to both the rules of the Plan and the terms of the specific invitation made to the participant. The proposed terms of the performance rights to be granted under each of the Plans are described in Sections C, D and E.

C 2012 Offers under the Transitional Plan

It is proposed that a one-off grant of performance rights will be made under the Transitional Plan in 2012. The following is a summary of the key terms of the proposed 2012 grant. It is not proposed that there will be any further grants under the Transitional Plan.

Participants	Key Executives (being direct reports to the CEO)
Purpose	<p>A one-off grant of performance rights as the Group moves towards full adoption of the new remuneration framework on 1 July 2013. Performance rights granted under the Transitional Plan will represent rights to acquire Securities for no payment subject to service and clawback provisions.</p> <p>The participants would normally have been eligible in 2012 to receive a cash payment under a DDPP award with full benefits available under the terms of that award. However, participants have voluntarily adopted important elements of the new remuneration framework by forgoing a DDPP award and accepting the early adoption of direct equity ownership and deferral offered under the Transitional Plan.</p>
Allocation of Performance Rights	<p>Based on performance assessed against agreed 2012 key performance indicators (“KPIs”), the Nomination, Remuneration & Governance Committee has recommended to the Board a remuneration outcome for each participant expressed as a dollar value.</p> <p>The dollar value will be the equivalent of what the participant would have received under the DDPP and existing target remuneration mix.</p> <p>If the Transitional Plan is approved by Security holders, the dollar value will be converted into performance rights using the volume weighted average price (“VWAP”) of Securities for the period 10 days either side of 30 June 2012.</p>
Award and Vesting	<p>Participants will be granted performance rights using a deemed issue date of 1 July 2012.</p> <p>The performance rights will vest on 1 July 2015 subject to the conditions described below.</p> <p>The Board has discretion to bring forward the vesting or lapse of all or part of any unvested performance rights in circumstances such as the participant’s death or cessation of employment (see below), or a takeover bid, change in control, restructuring compromise or arrangement, winding up or delisting of DEXUS.</p> <p>Upon vesting, Securities will be delivered or allocated to the participant automatically and participants will need to observe all prevailing policies or procedures with respect to holding equity or trading in Securities as an employee. The Board may determine that Securities delivered or allocated are not able to be dealt with until the expiry of a further restriction period which may last for up to seven years following the initial grant of the performance rights.</p>
Conditions	<p>Vesting under the Transitional Plan is subject to the following conditions:</p> <ul style="list-style-type: none"> ■ Clawback – performance rights may be reduced or cancelled at the Board’s discretion including in circumstances such as a participant committing an act of fraud, wilful misconduct, serious or wilful negligence or incompetence, being convicted of a criminal offence or if there has been a material misstatement of the Group’s financial accounts as a consequence of a deliberate misrepresentation or fraud. ■ Service – where a participant ceases to be employed by the Group, all unvested performance rights will lapse unless the Board at its discretion determines otherwise. If the participant is a “good leaver”, the Board may, in its discretion, determine that the participant’s unvested performance rights are to become vested rights at that time or are to remain in the plan as if the participant remained an employee. The Board may exercise these discretions at any time during the life of a performance right (upon a participant becoming a “good leaver”). However, if the participant becomes a “good leaver” within six months of the issue date of a performance right (or if a post-vesting restriction period applies, 12 months of the issue date), the Board will only exercise these discretions in exceptional circumstances.
Distributions	Participants will be entitled to the benefit of distributions paid on the Securities to which their performance rights relate prior to those performance rights vesting through the issue of additional performance rights immediately prior to their vesting.

D 2013 Offer under the STI Rights Plan

It is proposed that an initial offer will be made in 2013 to participants under the STI Rights Plan. There will be no offer under the STI Rights Plan in 2012. The following is a summary of the key terms of the proposed 2013 offer. It is envisaged that offers will be made under the STI Rights Plan on an annual basis from 2013. Future offers under the STI Rights Plan may be made on different terms to those that will apply to the proposed 2013 offer.

Participants	Participants will be those executives categorised as General Manager or above in seniority.
Purpose	<p>The STI Rights Plan is a component of the new Short Term Incentive Plan. For more information in relation to the Short Term Incentive Plan see page 57 of the 2012 Remuneration Report.</p> <p>The Short Term Incentive Plan will provide an annual performance-based award similar to that under the existing DEXUS Performance Payment (“DPP”) based on a balanced scorecard of key performance indicators (KPIs) set at stretch.</p> <p>Only 75% of any short term incentive award to be granted under the Short Term Incentive Plan (“STI award”) will be immediately payable in cash. The remaining 25% of all STI awards will be deferred into performance rights to be granted under the STI Rights Plan.</p>
Allocations	<p>Participants have the ability to earn an annual STI award expressed as a percentage of their fixed remuneration, of which 25% will be granted as performance rights.</p> <p>The amount of any award will be determined by reference to a participant’s annual performance, measured against pre-agreed weighted financial and non-financial KPIs (i.e. balanced scorecard).</p> <p>Failure to meet the threshold performance will result in a zero STI award for that performance component. To achieve the target STI award, participants must meet pre-agreed business and individual KPIs set at stretch. To achieve the maximum STI, participants must achieve exceptional business and individual performance outcomes.</p> <p>The number of performance rights awarded to each participant will be equal to 25% of their overall STI award divided by the VWAP of Securities 10 trading days either side of the first trading day of the new financial year.</p>
Award and vesting	<p>Participants will not be required to make any payment in connection with either the issue or exercise of performance rights.</p> <p>Performance rights under the STI Rights Plan will be issued to participants in August of the financial year immediately following the performance period, following the sign-off of statutory accounts and announcement of the Group’s annual results.</p> <p>The performance rights will vest in equal tranches 12 and 24 months after they are issued subject to the conditions described below.</p> <p>The Board has discretion to bring forward the vesting or lapse of all or part of any unvested performance rights in circumstances such as the participant’s death or cessation of employment (see below), or a takeover bid, change in control, restructuring compromise or arrangement, winding up or delisting of DEXUS.</p> <p>Upon vesting, Securities will be delivered or allocated to the participant automatically and participants will need to observe all prevailing policies or procedures with respect to holding equity or trading in Securities as an employee. The Board may determine that Securities delivered or allocated are not able to be dealt with until the expiry of a further restriction period which may last for up to seven years following the initial grant of the performance rights.</p>
Conditions	<p>Vesting under the STI Rights Plan is subject to the following conditions:</p> <ul style="list-style-type: none">■ Clawback – performance rights may be reduced or cancelled at the Board’s discretion including in circumstances such as a participant committing an act of fraud, wilful misconduct, serious or wilful negligence or incompetence, being convicted of a criminal offence or if there has been a material misstatement of the Group’s financial accounts as a consequence of a deliberate misrepresentation or fraud.■ Service – where a participant ceases to be employed by the Group, all unvested performance rights will lapse unless the Board at its discretion determines otherwise. If the participant is a “good leaver”, the Board may, in its discretion, determine that the participant’s unvested performance rights are to become vested rights at that time or are to remain in the plan as if the participant remained an employee. The Board may exercise these discretions at any time during the life of a performance right (upon a participant becoming a “good leaver”). However, if the participant becomes a “good leaver” within six months of the issue date of a performance right (or if a post-vesting restriction period applies, 12 months of the issue date), the Board will only exercise these discretions in exceptional circumstances.
Distributions	Participants will be entitled to the benefit of distributions paid on the Securities to which their performance rights relate prior to those performance rights vesting through the issue of additional performance rights immediately prior to their vesting.

E 2013 Offer under the LTI Rights Plan

It is proposed that an initial offer will be made in 2013 to participants under the LTI Rights Plan. There will be no offer under the LTI Rights Plan in 2012. The following is a summary of the key terms of the proposed 2013 offer. It is envisaged that offers will be made under the LTI Rights Plan on an annual basis from 2013. Future offers under the LTI Rights Plan may be made on different terms to those that will apply to the proposed 2013 offer.

Eligibility	Participants will be senior executives determined by the Nomination Remuneration and Governance Committee and approved by the Board.																				
Purpose	<p>The LTI Rights Plan offers participants the potential to be rewarded for the long-term financial performance of the Group.</p> <p>The LTI Rights Plan will act as a key motivational and retention mechanism and aligns the long-term interests of participants with those of investors. Under the LTI Rights Plan, the Board will set performance conditions which are required to be met before any reward is realised by the participant.</p>																				
Allocations	<p>Participants have the potential to receive an LTI grant under the LTI Rights Plan, expressed as a percentage of their fixed remuneration.</p> <p>Participants will be allocated performance rights based on the approved proportion of their fixed remuneration, divided by the VWAP of Securities for the period ten trading days either side of the date they are taken to be issued.</p> <p>The allocation and quantum of LTI grants available to a limited number of senior executives will be determined by the Board based on the new remuneration structure. Refer to the 2012 Remuneration Report for more detail.</p>																				
Award and vesting	<p>Participants will not be required to make any payment in connection with either the issue or exercise of performance rights.</p> <p>Performance rights under the LTI Rights Plan will vest in six tranches. Three tranches will vest three years after the performance rights are issued and three tranches will vest four years after the performance rights are issued. Performance rights that meet the performance conditions applicable in any tranche will vest. Performance rights that fail to meet the performance conditions in any tranche are permanently forfeited, with no re-testing in subsequent years available.</p> <p>The Board has discretion to bring forward the vesting or to lapse all or part of any unvested performance rights in circumstances such as the participant's death or cessation of employment (see below), or a takeover bid, change in control, restructuring compromise or arrangement, winding up or delisting of DEXUS.</p> <p>Upon vesting, Securities will be delivered or allocated to participants automatically and participants will need to observe all prevailing policies or procedures with respect to holding equity or trading in Securities as an employee. The Board may determine that Securities delivered or allocated are not able to be dealt with until the expiry of a further restriction period which may last for up to seven years following the initial grant of the performance rights.</p>																				
Performance Conditions	Each grant of performance rights will be divisible into six tranches:	<table border="1"> <thead> <tr> <th>Performance Condition</th> <th>Proportion of LTI award</th> <th>Vesting Date</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Funds From Operations (FFO) per Security</td> <td>12.5%</td> <td>3 years after issue date</td> </tr> <tr> <td>12.5%</td> <td>4 years after issue date</td> </tr> <tr> <td rowspan="2">Return on Equity (ROE)</td> <td>12.5%</td> <td>3 years after issue date</td> </tr> <tr> <td>12.5%</td> <td>4 years after issue date</td> </tr> <tr> <td rowspan="2">Total Shareholder Return (TSR)</td> <td>25%</td> <td>3 years after issue date</td> </tr> <tr> <td>25%</td> <td>4 years after issue date</td> </tr> </tbody> </table>		Performance Condition	Proportion of LTI award	Vesting Date	Funds From Operations (FFO) per Security	12.5%	3 years after issue date	12.5%	4 years after issue date	Return on Equity (ROE)	12.5%	3 years after issue date	12.5%	4 years after issue date	Total Shareholder Return (TSR)	25%	3 years after issue date	25%	4 years after issue date
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Performance Conditions (continued)	Funds From Operations (FFO) per Security											
	FFO is defined as profit/loss after tax 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 and deferred tax expense/benefit.											
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	<p>Return on Equity (ROE)</p> <p>ROE represents the annualised composite rate of return to Security holders, calculated as a percentage, comprising the change in the net tangible asset value per Security together with the distributions per Security paid to Security holders divided by the net tangible asset value per Security at the beginning of the period.</p>											
	<p>Total Shareholder Return (TSR)</p> <p>TSR represents an investor's return, calculated as the percentage difference between the initial amount invested and the final value of the Securities at the end of the relevant period, assuming distributions were reinvested. The performance against the TSR measure will be assessed by comparison to the following groups:</p> <ul style="list-style-type: none"> ■ Listed: CPA, IOF, GPT, CFX, WRT, DXS ■ Unlisted: AMP Office, GWOFF, APPF, Investa, ISPT (Diversified) 											
Additional Conditions	<p>Performance rights represent a conditional promise by the Group to provide the participant with a number of Securities, as specified in the grant, for nil consideration.</p> <p>Vesting under the Plan is subject to achievement of performance conditions (described above) as well as the following additional conditions:</p> <ul style="list-style-type: none"> ■ Clawback – performance rights may be reduced or cancelled at the Board's discretion including in circumstances such as a participant committing an act of fraud, wilful misconduct, serious or wilful negligence or incompetence, being convicted of a criminal offence or if there has been a material misstatement of the Group's financial accounts as a consequence of a deliberate misrepresentation or fraud. ■ Service – where a participant ceases to be employed by the Group, all unvested performance rights will lapse unless the Board at its discretion determines otherwise. If the participant is a "good leaver", the Board may, in its discretion, determine that the participant's unvested performance rights are to become vested rights at that time or are to remain in the plan as if the participant remained an employee. The Board may exercise these discretions at any time during the life of a performance right (upon a participant becoming a "good leaver"). However, if the participant becomes a "good leaver" within 12 months of the issue date of a performance right, the Board will only exercise these discretions in exceptional circumstances. 											
Distributions	<p>Unlike under the Transitional Plan and STI Rights Plan, there is no entitlement to distributions or equivalent benefits with respect to the LTI Rights Plan performance rights during the vesting period.</p>											

F Security holder approval

The adoption of the new Plans is conditional on Security holder approval. DEXUS advised Security holders in its 2012 Remuneration Report that it would obtain Security holder approval for the introduction of the Plans. If Security holder approval is not obtained for a particular Plan, that Plan will not be adopted and no grants will be made under that Plan. If Security holder approval of the Transitional Plan is not obtained, the relevant executives will instead receive a cash payment under the DDPP award.

Security holders, should note, that DEXUS will not issue any new Securities in connection with any performance rights granted to participants under the 2012 and 2013 grants described in Sections C, D and E. This is because the Board has determined that in respect of the vesting of any performance rights for those grants, DEXUS will satisfy its obligations to participants by delivering Securities that have been acquired on-market.

G Voting Exclusions

Consistent with DEXUS's corporate governance framework, a vote must not be cast on Resolutions 3.1 or 3.2 by a member of DEXUS' KMP or a closely related party, acting as proxy, if the appointment does not specify the way the proxy is to vote on the Resolution. However, this voting exclusion does not apply if the member of DEXUS's KMP is the Chair of the Meeting acting as proxy and their appointment expressly authorises the Chair of the Meeting to exercise the proxy even though that Resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Group.

The Group will also disregard any votes cast on Resolutions 3.1 or 3.2 by any Director of DXFM employed within the Group (except one who is ineligible to participate in any employee incentive scheme in relation to the Group) and any associate of those persons.

However, the Group need not disregard a vote if:

- (a) it is cast by a person referred to above as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

H Recommendation

The directors, excluding Darren Steinberg who is the only director of DXFM entitled to participate in the Plans, believe that the Plans represent appropriate equity based incentive schemes for DEXUS. Accordingly, those directors unanimously recommend that Security holders vote in favour of Resolutions 3.1 and 3.2. Given his personal interest in the outcome of Resolutions 3.1 and 3.2, Darren Steinberg has refrained from providing a recommendation in connection with these resolutions.

4 Grant of Performance Rights to the Executive Director under the Transitional Plan

Resolution 4 seeks Security holder approval for the grant of performance rights to Darren Steinberg, the Chief Executive Officer and an Executive Director of DEXUS Funds Management Limited under the Transitional Plan.

A Background to Darren Steinberg's participation in the Transitional Plan

Under Resolution 3.1, Security holder approval is being sought for the approval of the DEXUS Transitional Plan. If Resolution 3.1 is not approved no Performance Rights will be issued to Darren Steinberg under the Transitional Plan irrespective of whether or not this Resolution 4 is approved.

As stated in the Background section to Section 3 above, for the 2012 financial year the Key Executives, including the CEO, have agreed to accept that portion of their remuneration which they would have previously received as a cash payment under DDPP awards in the form of performance rights under a new Transitional Plan.

Security holder approval is now sought to grant 453,417 performance rights under the Transitional Plan to Darren Steinberg, and the acquisition of Securities on the vesting of those performance rights.

It is proposed that Darren Steinberg will receive a grant of performance rights under the STI Rights Plan and LTI Rights Plan in 2013. Approval for the grant of those performance rights will be sought at the 2013 Annual General Meeting.

B Level of participation

Darren Steinberg's award under the Transitional Plan was determined by the Board based on his performance against a balanced scorecard of financial and non-financial KPIs in place for FY12, and the target remuneration mix for the CEO under the previous executive remuneration structure. The award was reflective of Darren Steinberg's part-year service in FY12 and pro-rated accordingly, resulting in a proposed grant value of \$420,000. This equates to 453,417 performance rights when applying the VWAP (0.9263c) for Securities ten trading days either side of 1 July 2012.

On vesting, each performance right entitles Darren Steinberg to one Security at no cost to him. The Securities to be received by Darren Steinberg will be acquired by on-market purchase.

Performance rights do not entitle Darren Steinberg to any cash distributions or voting rights. However, Darren Steinberg will be entitled to the benefit of distributions paid on the Securities to which his performance rights relate prior to those performance rights vesting through the issue of additional performance rights immediately prior to their vesting.

If the grant of performance rights to Darren Steinberg is approved, it is expected that the performance rights will be granted as soon as practicable after the Meeting, and no later than 31 December 2012.

No performance rights have been granted under the Transitional Plan as yet.

No other director of DXFM is entitled to participate in the Transitional Plan.

Details of Darren Steinberg's remuneration for the 2012 financial year are set out in the 2012 DEXUS Remuneration Report.

C Basis of participation

Darren Steinberg's participation in the Transitional Plan, and the performance rights granted to Darren Steinberg under the Transitional Plan, will be on the same terms as the participation of the other Key Executives as described in Section 3 C *2012 Offers under the Transitional Plan*. This includes the conditions for vesting and for early lapse and clawback.

In the event that Darren Steinberg's performance rights vest early upon the termination of his employment, the value of the benefit he may receive for the purposes of the retirement benefit provisions of the Corporations Act, will be affected by the number of performance rights vesting and the value of the Securities at the date of vesting.

In determining the number of performance rights that vest upon the termination of Darren Steinberg's employment, the Board in its absolute discretion will consider a range of matters which may include Darren Steinberg's performance, the reasons for his termination and DEXUS's performance during Darren Steinberg's tenure.

No loan will be provided to Darren Steinberg in relation to the grant of the performance rights or in relation to the delivery of Securities on the vesting of the performance rights.

D Security holder approval

The adoption of the new Plans and the grant of performance rights to Darren Steinberg under the Transitional Plan is conditional on Security holder approval. If Security holder approval of the grant to Darren Steinberg is not obtained, then no grant will be made to Darren Steinberg under the Transitional Plan and he will instead receive a cash payment under the DDPP award.

Approval of the grant of performance rights under the Transitional Plan to Darren Steinberg, as a director of DEXUS Funds Management Limited, is being sought for all purposes in accordance with the statements to Security holders in the 2012 Remuneration Report and in respect of the ASX Listing Rules.

Approval of Security holders is sought for the purpose of Listing Rule 10.14 to enable DEXUS to make grants of performance rights to Darren Steinberg under the Transitional Plan.

Security holders, should note, that in accordance with the Board's determination, Darren Steinberg will not be entitled to have any new Securities issued to him in connection with any performance rights he is granted in 2012 or 2013.

E Voting exclusions

Consistent with DEXUS's corporate governance framework, a vote must not be cast on Resolution 4 by a member of DEXUS' KMP or a closely related party, acting as proxy, if the appointment does not specify the way the proxy is to vote on Resolution 4. However, this voting exclusion does not apply if the member of DEXUS's KMP is the Chair of the Meeting acting as proxy and their appointment expressly authorises the Chair of the Meeting to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Group.

As required by the ASX Listing Rules and the Corporations Act, the Group will disregard any votes cast on Resolution 4 by any director of DXFM employed within the Group (except one who is ineligible to participate in any employee incentive scheme in relation to the Group) and any associate of those persons.

However, the Group need not disregard a vote if:

- (a) it is cast by a person referred to above as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

F Recommendation

The Directors, excluding Darren Steinberg, believe that participation in the Transitional Plan on the terms and conditions described above is an appropriate equity based incentive scheme for Darren Steinberg. Accordingly, the directors, other than Darren Steinberg, unanimously recommend that Security holders vote in favour of Resolution 4. Given his personal interest in the outcome of Resolution 4, Darren Steinberg has refrained from providing a recommendation in connection with the resolution.

5 Appointment of Independent Directors

At 30 June 2012, the Board of DEXUS Funds Management Limited comprised nine members. On 1 January 2012 Richard Sheppard was appointed as a Director and on 1 March 2012 Darren Steinberg was appointed as a Director. On 31 March 2012 Victor Hoog Antink resigned from the Board.

All Directors are independent except for DEXUS's Chief Executive Officer. While the constitution of DEXUS Funds Management Limited allows for a Board of up to ten Directors, the Board has determined that its size and composition is appropriate after considering its role and the duties and responsibilities it discharges.

In accordance with the corporate governance framework adopted by DEXUS Property Group, the Directors have determined that each Director other than the CEO will obtain Security holders' ratification at the Annual General Meeting immediately succeeding their initial appointment, and thereafter within three years, with at least one Director seeking ratification at each Annual General Meeting. If an individual Director's appointment or continued appointment as a Director fails to be ratified by a majority vote of Security holders at the required Annual General Meeting then that Director will thereafter cease to hold the office of Director of DEXUS Funds Management Limited. Consequently, that Director will also cease to hold the office of Director of DEXUS Holdings Pty Limited.

5.1 Approval of an Independent Director – Richard Sheppard **BEC (Hons)**

Richard Sheppard is an Independent Director of DEXUS Funds Management Limited (appointed 1 January 2012) and a member of the Board Audit, Risk & Sustainability Committee (previously the Board Audit Committee and Board Risk & Sustainability Committee). From 1 July 2012, Richard has been a member of the Board Finance Committee.

Richard brings to the Board extensive experience in banking and finance and as a Director and Chairman of listed and unlisted property trusts. He 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 Chair of the Australian Government's Financial Sector Advisory Council from 2009-2011 and is a Director of the Bradman Foundation and the Sydney Cricket Club. He is also the Chair of Eraring Energy and Chair of the Macquarie Group Foundation.

The Board unanimously recommends that Security holders ratify the appointment of Richard Sheppard as a Director of DEXUS Funds Management Limited.

5.2 Approval of an Independent Director – Chris Beare **BSc, BE (Hons), MBA, PhD, FAICD**

Chris Beare is both the Chair and an Independent Director of DEXUS Funds Management Limited (appointed 4 August 2004). He is also a member of the Board Nomination, Remuneration & Governance Committee (previously the Board Nomination & Remuneration 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 SG 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.

Chris is currently Chair of Mnet Group, an ASX listed company.

The Board unanimously recommends that Security holders ratify the continued appointment of Chris Beare as a Director of DEXUS Funds Management Limited.

5.3 Approval of an Independent Director – John Conde AO BSc, BE (Hons), MBA

John Conde is an Independent Director of DEXUS Funds Management Limited (appointed 29 April 2009) and the Chair of the Board Nomination, Remuneration & Governance Committee (previously the Board Nomination & Remuneration Committee). During the year, John was also a member of the Board Compliance Committee.

John brings to the Board extensive experience across diverse sectors including commerce, industry and government. John was previously Chair of Ausgrid (formerly Energy Australia), 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.

John is the Chairman of Bupa Australia Holdings Pty Limited, Sydney Symphony Limited and Destination NSW and Deputy Chair of Whitehaven Coal Limited. John is President of the Commonwealth Remuneration Tribunal and a Director of the McGrath Foundation Limited. John is also Chair of the Australian Olympic Committee (NSW) Fundraising Committee.

The Board unanimously recommends that Security holders ratify the continued appointment of John Conde as a Director of DEXUS Funds Management Limited.

5.4 Approval of an Independent Director – Peter St George CA(SA), MBA

Peter is an Independent Director of DEXUS Funds Management Limited (appointed 29 April 2009) and the Chair of the Board Finance Committee. During the year, Peter was also a member of the Board Audit and Board Risk & Sustainability Committees.

Peter has more than 20 years' experience in senior corporate advisory and finance roles within NatWest Markets and Hill Samuel & Co in London. 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 and SFE Corporation Limited.

Peter is currently a Director of First Quantum Minerals Limited (listed on the Toronto Stock Exchange) and Boart Longyear Limited.

The Board unanimously recommends that Security holders ratify the continued appointment of Peter St George as a Director of DEXUS Funds Management Limited.

In the Explanatory Memorandum, Procedural Notes and Notice of Meeting, the following expressions have the following meanings unless stated otherwise or the context otherwise requires:

ASIC	means the Australian Securities & Investments Commission
ASX	means ASX Limited or the market operated by ASX Limited, as applicable
ASX Listing Rules	means the listing rules of ASX, except to the extent of any express written waiver by ASX
Board	means the board of directors of DXFM being the responsible entity of the Trusts
Constitution	means the constitutions of each of the Trusts that comprise DEXUS Property Group
Corporations Act	means the <i>Corporations Act 2001</i> (Cth)
DEXUS Property Group or DEXUS or the Trusts or the Group or DXS Group	means DDF, DIT, DOT and DXO and their controlled entities
DDF	means DEXUS Diversified Trust (ARSN 089 324 541)
DIT	means DEXUS Industrial Trust (ARSN 090 879 137)
DOT	means DEXUS Office Trust (ARSN 090 768 531)
DXFM	means DEXUS Funds Management Limited (ABN 24 060 920 783)
DXH	means DEXUS Holdings Pty Limited (ABN 48 110 366 946)
DXO	means DEXUS Operations Trust (ARSN 110 521 223)
Meeting	means the meetings of the Security holders of the units in each of the four Trusts to be held concurrently and in conjunction with each other on the date set out in this Notice of Meeting
Notice	means the Notice of the Meeting dated 26 September 2012
Responsible Entity	means DEXUS Funds Management Limited (ABN 24 060 920 783) as the responsible entity of each of the four Trusts
Resolution	means a resolution contained in the Notice of Meeting
Security	means a stapled Security of DEXUS Property Group each consisting of one unit in each of the four Trusts that comprise DEXUS Property Group (ASX: DXS)
Security holders	means the holders of Securities

Summary of the rules of the Transitional Plan, the STI Rights Plan and the LTI Rights Plan

As set out in Sections 3 and 4 of the Explanatory Memorandum, the Board proposes to adopt three new employee incentive plans:

- (a) the DEXUS Transitional Performance Rights Plan (“**Transitional Plan**”);
- (b) the DEXUS Short Term Incentive Performance Rights Plan (“**STI Rights Plan**”); and
- (c) the DEXUS Long Term Incentive Performance Rights Plan (“**LTI Rights Plan**”),

(together the “**Plans**” and each a “**Plan**”).

The rules of each of the Plans set out the general terms of the Plan (“**Plan Rules**”). A grant of performance rights under any of the Plans is subject to both the rules of the Plan and the terms of the specific grant.

The rules of each of the Plans are identical other than in respect of the minimum holding period as described in the last paragraph of item 7 below.

The Board is responsible for administering the Plans in accordance with the Plan Rules and the terms and conditions of the specific grants to participants in the Plan. Each of the Plan Rules include the following provisions:

- 1 The Board may in its absolute discretion determine which eligible persons will be offered the opportunity to participate in the Plan.
- 2 An application to participate in the Plan will not be accepted if, at the time of the application the invitee:
 - 2.1 is not an employee of the Group;
 - 2.2 has given notice of his or her resignation to the Group; or
 - 2.3 has been given notice of termination of employment with the Group.
- 3 The Board may make the vesting of any performance rights granted under the Plan subject to the satisfaction of vesting or performance conditions.
- 4 Performance Rights granted under the Plan will be granted by DXH and represent a right against DXH to have a Security delivered to the performance right holder on vesting, subject to the terms and conditions of the grant including the Plan Rules.
- 5 Upon the Board determining that a performance right vests, which will ordinarily occur on the vesting date set out in the terms of the specific grant subject to the satisfaction of any applicable vesting conditions, the performance right immediately vests and DXH must procure the issue, transfer or allocation of a Security to the participant. Ordinarily, if the vesting conditions are not satisfied on the vesting date, the performance rights will lapse.
- 6 Subject to the terms of a Participant’s invitation including whether the award is an award under the STI Rights Plan or the LTI Rights Plan, they may be entitled to receive benefits equivalent to the distributions paid on the Securities to which their performance rights relate through the issue of additional performance rights all of which will vest at the same time.
- 7 The Board may, in its discretion:
 - 7.1 bring forward the vesting of all or part of any unvested performance rights, including in circumstances such as the participant’s death or cessation of employment, a takeover bid, change in control, reorganisation, winding up or delisting of DEXUS;
 - 7.2 clawback and automatically lapse of all or part of any unvested performance rights, including in circumstances such as the participant’s cessation of employment, wilful breach of duty, conviction of a criminal offence or bankruptcy, or a change of control or reorganisation of DEXUS; or
 - 7.3 determine that the performance rights will not lapse or vest in the circumstances set out above but will remain outstanding as if the participant remained an employee; however, the Board will not exercise its discretion to vest or lapse performance rights if the minimum holding period has not passed, other than in exceptional circumstances. The minimum holding period under the LTI Rights Plan is 12 months from the date of issue of the performance rights. Under the Transitional Plan and the STI Rights Plan, the minimum holding period is six months from the date of issue of the performance rights unless a restriction period applies (see item 12 below) in which case the minimum holding period is 12 months from the date of issue of the performance rights.
- 8 In addition to the circumstances described in item 7.2 above, the Board may also determine that any or all performance rights of a participant will be clawed back and will lapse if there has been a material misstatement of DEXUS’s financial accounts as a consequence of a deliberate misrepresentation or fraud.
- 9 DXH may satisfy its obligation to deliver Securities to participants on vesting of their performance rights by procuring an issue of new Securities by DXFM or a transfer of Securities to the participant or alternatively by having an employee trust acquire Securities and allocate them to the participant.
- 10 A participant may not sell, assign, transfer or otherwise dispose of, or grant a security interest over, performance rights. Performance rights lapse immediately on any purported sale, assignment, transfer, dealing or grant of security interest unless the Board determines otherwise.
- 11 A participant is prohibited from entering into any arrangement to hedge or otherwise affect their economic exposure to their performance rights.
- 12 If a restriction period applies to Securities acquired on the vesting of performance rights, the Board may implement procedures to enforce the restrictions (including imposing a holding lock on the Securities).
- 13 In the event of any capital raising or reconstruction by DEXUS (including bonus issues, other pro rata issues or reorganisation), a participant’s performance rights, and the Securities allocated to the participant on vesting of the performance rights, may be adjusted, as set out in the Plan Rules. In general, it is intended that the participant will not receive any advantage or disadvantage from such an adjustment not received by Security holders.

Name

Address

As a DEXUS Property Group Security holder, we invite you to submit questions relating to DEXUS Property Group or the business of the meeting prior to the 2012 Annual General Meeting.

Your questions can be directed toward the Chair, DEXUS Property Group's Auditor or the Chief Executive Officer.

You will also have the opportunity to raise questions during the meeting. To submit questions, please complete this question form.

Questions must be received by DEXUS Property Group's security registrar, Link Market Services Limited by 2.00pm Wednesday, 31 October 2012 by:

- posting it in the reply paid envelope provided; or
- posting it to Locked Bag A14, Sydney South NSW 1235; or
- faxing it to +61 2 9287 0309.

We will endeavour to respond to as many questions as possible during the Annual General Meeting. We may address a number of questions together with one response; however there may not be sufficient time during the meeting to address all questions or topics.

Please note individual responses will not be sent to Security holders.

Question for the:

Chair Auditor Chief Executive Officer

Question for the:

Chair Auditor Chief Executive Officer

Question for the:

Chair Auditor Chief Executive Officer



DEXUS Diversified Trust
ARSN 089 324 541

DEXUS Industrial Trust
ARSN 090 879 137

DEXUS Office Trust
ARSN 090 768 531

DEXUS Operations Trust
ARSN 110 521 223

Responsible Entity

DEXUS Funds Management Limited
ABN 24 060 920 783

Registered office of Responsible Entity

Level 9, 343 George Street
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Fax: +61 2 9017 1101
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Phone: +1 949 724 8886
Fax: +1 949 724 8887
Email: ir@dexus.com
www.dexus.com/us

Directors of the Responsible Entity

Christopher T Beare, Chair
Elizabeth A Alexander AM
Barry R Brownjohn
John C Conde AO
Tonianne Dwyer
Stewart F Ewen OAM
Richard Sheppard
Darren Steinberg, CEO
Peter B St George

Secretaries of the Responsible Entity

Tanya L Cox
John C Easy

Auditors

PricewaterhouseCoopers
Chartered Accountants
201 Sussex Street
Sydney NSW 2000

Investor enquiries

Infoline: 1800 819 675 or +61 2 8280 7126
Investor Relations: +61 2 9017 1330
Email: ir@dexus.com
Website: www.dexus.com

Security Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Locked Bag A14
Sydney South NSW 1235

Registry Infoline: 1800 819 675
or +61 2 8280 7126

Fax: +61 2 9287 0303

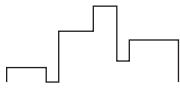
Email: registrars@linkmarketservices.com.au
Website: linkmarketservices.com.au

Monday to Friday between 8.30am and
5.30pm (Sydney time).

For enquiries regarding your holding please
contact the Security Registry, or access your
holding details via the Investor Login in the
Investor Centre on our website www.dexus.com

Australian Stock Exchange

ASX code: DXS



DEXUS

PROPERTY GROUP

DEXUS PROPERTY GROUP
ABN 24 060 920 783
AFS Licence No: 238163

LODGE YOUR VOTE



ONLINE >

www.linkmarketservices.com.au



By mail:
DEXUS Property Group
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1800 819 675 Overseas: +61 2 8280 7126

PROXY FORM

I/We being a member(s) of DEXUS Property Group and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Group to be held at 2:00pm on Monday, 5 November 2012, at ASX Exchange Square, 20 Bridge Street, Sydney NSW and at any adjournment or postponement of the meeting. I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel. The Chairman of the Meeting intends to vote undirected proxies in favour of all Resolutions.

Proxies will only be valid and accepted by the Group if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an

STEP 2

VOTING DIRECTIONS

Resolutions

- | | For | Against | Abstain* |
|--|--------------------------|--------------------------|--------------------------|
| 1 Adoption of Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Spill Resolution
Important Note: This Resolution will only be put to the meeting if more than 25% of votes validly cast on Resolution 1 are cast against that Resolution | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.1 Approval of DEXUS Transitional Performance Rights Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.2 Approval of DEXUS Short Term Incentive Performance Rights Plan and DEXUS Long Term Incentive Performance Rights Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 Grant of Performance Rights to the Executive Director under the Transitional Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Resolutions

- | | For | Against | Abstain* |
|--|--------------------------|--------------------------|--------------------------|
| 5.1 Approval of an Independent Director - Richard Sheppard | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5.2 Approval of an Independent Director - Chris Beare | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5.3 Approval of an Independent Director - John Conde | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5.4 Approval of an Independent Director - Peter St George | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

i * If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SECURITYHOLDERS - THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the Group's constitutions and the Corporations Act 2001 (Cth).

DXS PRX202R



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the Group's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Group's security registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Group's security registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:00pm on Saturday, 3 November 2012**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

DEXUS Property Group
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**