

DEXUS Property Group (ASX: DXS)

ASX release

29 October 2014

One-for-six Security Consolidation

DEXUS Funds Management Limited (DXFM) as responsible entity of DEXUS Property Group (DEXUS) today announced that it will undertake a one-for-six consolidation (Consolidation) of DEXUS Stapled Securities (Securities).

The Consolidation will reduce the total number of Securities on issue to more closely align with DEXUS's peers. DEXUS has more than 5.4 billion Securities on issue due to historical transactions and the recent Commonwealth Property Office Fund transaction. The Consolidation will reduce the total number of Securities on issue to approximately 905 million Securities¹.

The Consolidation has the potential to reduce volatility in DEXUS's Security trading price as securities with a lower price can experience undesirable volatility.

Where the number of Securities held by a Security holder following the Consolidation results in a fraction of a Security, the fraction will be rounded up to the nearest whole number. The Consolidation should not change the underlying value of a Security holder's consolidated Security holding in DEXUS, as the impact of rounding of fractional entitlements will be negligible.

There is no action required by Security holders. The Consolidation does not require Security holder approval. Following the completion of the Consolidation, all Security holders will receive a revised holding statement confirming the number of consolidated Securities they hold.

The Consolidation is expected to occur in accordance with the following timetable:

Event	Date
Last day for ASX trading of Securities on a pre-consolidated basis	Tuesday 4 November 2014
Trading in consolidated Securities on a deferred settlement basis commences	Wednesday 5 November 2014
Last day for Link to register Security transfers in a pre-consolidated basis	Friday 7 November 2014
Implementation of Consolidation	Monday 10 November 2014
Revised holding statements despatched	Friday 14 November 2014
Deferred settlement trading ends	Friday 14 November 2014
Normal T+3 trading in consolidated securities commences	Monday 17 November 2014
Settlement of deferred trades	Thursday 20 November 2014

Information relating to the Consolidation that will be mailed to Security holders today is attached.

¹ Note: On 14 October 2014, DEXUS announced an on-market securities buy-back of up to 5% of Securities. As a result of the buy-back, there may be a smaller number of Securities on issue at the date the Consolidation is implemented, resulting in a smaller number of Securities on issue after the Consolidation. The buy-back and Consolidation are two separate corporate actions. The buy-back will not otherwise affect the Consolidation.

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About DEXUS

DEXUS Property Group is one of Australia's leading real estate groups, investing directly in high quality Australian office and industrial properties. With \$18.0 billion of assets under management, the Group also actively manages office, industrial and retail properties located in key Australian markets on behalf of third party capital partners. The Group manages an office portfolio of 1.7 million square metres located predominantly across Sydney, Melbourne, Brisbane and Perth and is the largest owner of office buildings in the Sydney CBD, Australia's largest office market. DEXUS is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange under the stock market trading code 'DXS' and is supported by more than 32,000 investors from 20 countries. With nearly 30 years of expertise in property investment, development and asset management, the Group has a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk-adjusted returns for its investors. www.dexus.com

Download the DEXUS IR app to your preferred mobile device to gain instant access to the latest stock price, ASX Announcements, presentations, reports, webcasts and more.



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



DEXUS

PROPERTY GROUP

29 October 2014

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Dear Security holder

DEXUS Funds Management Limited (DXFM) as responsible entity of DEXUS Property Group (DEXUS) has announced a one-for-six consolidation (Consolidation) of DEXUS Stapled Securities (Securities).

This means that for every six Securities you hold prior to the Consolidation, you will hold one Security following the Consolidation. Where the number of Securities held by you following the Consolidation results in a fraction of a Security, the fraction will be rounded up to the nearest whole number.

The Consolidation should not change the underlying value of your consolidated Security holding in DEXUS as the impact of rounding of fractional entitlements will be negligible. DEXUS is not raising any additional capital in connection with the Consolidation.

Reasons for the Consolidation

The Consolidation reduces the total number of Securities on issue to more closely align with DEXUS's peers. DEXUS has more than 5.4 billion Securities on issue due to historical transactions and the recent Commonwealth Property Office Fund transaction. The Consolidation will reduce the total number of Securities on issue to approximately 905 million Securities¹.

DEXUS believes that the Consolidation has the potential to reduce volatility in DEXUS's Security trading price as securities with a lower price can experience undesirable volatility.

No need to do anything

As a Security holder, you do not need to do anything. The Consolidation does not require Security holder approval.

Following the completion of the Consolidation, you will receive a revised holding statement confirming the number of consolidated Securities you hold.

Distributions

Future distributions per Security are expected to change in accordance with the Consolidation ratio and will be the subject of further announcements at the relevant time.

Taxation

Set out below is a summary of the general Australian tax implications of the Consolidation that may apply to Security holders who hold their Securities on capital account. However, you should seek personal tax advice regarding your individual tax position in respect of your Securities.

The Security Consolidation should not result in a capital gains tax event. There should also be no effect on the total cost base of your Securities. The cost base of each consolidated Security should be equal to the aggregate of the cost bases of the Securities that are "merged" into the consolidated Security.

¹ Note: On 14 October 2014, DEXUS announced an on-market securities buy-back of up to 5% of Securities. As a result of the buy-back, there may be a smaller number of Securities on issue at the date the Consolidation is implemented, resulting in a smaller number of Securities on issue after the Consolidation. The buy-back and Consolidation are two separate corporate actions. The buy-back will not otherwise affect the Consolidation.

The Consolidation should not affect the date of acquisition of your Securities for Australian tax purposes. Where you have acquired Securities on different dates, then you should treat a corresponding proportion of the consolidated Securities as having been acquired on each of those dates.

Trading

Trading in Securities will not be restricted as a result of the Consolidation. However, in accordance with the ASX Listing Rules, Securities will trade on a deferred settlement basis from 5 November 2014 to 14 November 2014 (inclusive). During that period, the Securities' ASX code will change to DXSDA. Normal trading under the DXS ASX code is expected to resume from 17 November 2014.

Timetable

The Consolidation is expected to occur in accordance with the following timetable:

Event	Date
Last day for ASX trading of Securities on a pre-consolidated basis	Tuesday 4 November 2014
Trading in consolidated Securities on a deferred settlement basis commences	Wednesday 5 November 2014
Last day for Link to register Security transfers in a pre-consolidated basis	Friday 7 November 2014
Implementation of Consolidation	Monday 10 November 2014
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Settlement of deferred trades	Thursday 20 November 2014

If you require further information or have any questions in relation to DEXUS's Security Consolidation, please contact the DEXUS Registry Infoline on +61 1800 819 675.

Yours sincerely



Scott Mahony
Company Secretary
DEXUS Funds Management Limited

DEXUS Property Group

Q&A relating to the Consolidation of your DEXUS Security holding

The Consolidation of DEXUS Property Group's Securities will take place from 5 November 2014 until 14 November 2014 (inclusive). Please note as a result of the Consolidation DEXUS Property Group's ASX code DXS will change to DXSDA during this period to indicate that the Securities are trading on a deferred settlement basis.

Question	Answer
What is the one-for-six DEXUS Security consolidation (Consolidation)?	DEXUS is undertaking a Consolidation of its issued capital through the conversion of every six stapled securities in DEXUS to one stapled Security in DEXUS.
When will the Consolidation occur?	4 November 2014 will be the last day that DEXUS securities will trade on a pre-consolidated basis. The Consolidation will be implemented on 10 November 2014 and DEXUS Securities will trade under the ASX code DXSDA until 14 November 2014.
Do I need to do anything?	No. The Consolidation will occur automatically.
Will the Consolidation impact the value of my holding?	<p>No. Following the Consolidation you will hold one sixth of the number of Securities you held prior to the Consolidation. However, all things being equal, DEXUS's Security price should be six times the price at which it previously traded, ignoring all the other factors which will continue to influence the DEXUS Security price.</p> <p>Put another way, after Consolidation, each of the smaller number of Securities you will now hold should each be worth six times as much as those Securities were worth before Consolidation. So the Consolidation should have no effect on the underlying value of DEXUS or your holding of DEXUS Securities.</p>
Why does it take approximately two weeks to complete the Consolidation?	The timetable is in accordance with ASX Listing Rules.
What will be the effect on DEXUS's guidance for the year to 30 June 2015?	<p>On 21 October 2014, DEXUS reaffirmed guidance for the year ended 30 June 2015 of Property Council of Australia Funds From Operations (PCA FFO) of 9.84 cents per Security and a distribution of 6.79 cents per Security.</p> <p>Following the Consolidation, it is expected that the PCA FFO and distribution guidance for the year ended 30 June 2015 will be six times these amounts, being 59.04 cents per Security and 40.74 cents per Security respectively (subject to the assumptions outlined on 21 October 2014). DEXUS will reaffirm its guidance in February 2015 at its 2015 half year results.</p> <p>Accordingly, your estimated distribution payment amount should remain unchanged, all things being equal.</p>
Why is DEXUS doing the Consolidation?	<p>DEXUS has a very large number of securities on issue (more than 5.4 billion) due to historical transactions and the recent Commonwealth Property Office Fund transaction. The number of Securities on issue is disproportionate to DEXUS's peers, so DEXUS proposes to reduce this number by way of this Consolidation.</p> <p>DEXUS believes that the Consolidation has the potential to reduce volatility in the DEXUS Security trading price as securities with a lower price can experience undesirable volatility.</p>

DEXUS Property Group

Q&A relating to the Consolidation of your DEXUS Security holding

Question	Answer
I see that DEXUS is also conducting a buy-back. Will this affect Consolidation or the value of my holding?	<p>The buy-back and Consolidation are two corporate actions which are independent of each other.</p> <p>DEXUS announced an on-market securities buy-back of up to 5% of Securities on 14 October 2014, as part of its active approach to capital management. As a result of the buy-back, on the day that Consolidation is implemented, some Securities may have been bought back and cancelled. Accordingly, there may be a smaller number of Securities subject to the Consolidation, resulting in a smaller number of Securities on issue after the Consolidation.</p> <p>The buy-back will not otherwise affect the Consolidation.</p>
What will happen if my holding results in an entitlement to a fraction of a Security?	<p>Where the Consolidation of a Security holder's holding results in an entitlement to a fraction of a Security, the fraction will be rounded up to the nearest whole number of Securities.</p>
Here is an example:	<p>If you currently hold 6,001 DEXUS Securities, you will hold 1,001 DEXUS Securities post the Consolidation.</p>
What will be the effect of the Consolidation?	<p>Subject to a potential reduction in the number of Securities on issue as a result of the buy-back (described above), the number of DEXUS Securities on issue will reduce from approximately 5.4 billion to approximately 905 million Securities. As the Consolidation applies equally to all of DEXUS's Security holders, all registered holdings will be reduced in the same one-for-six ratio (subject only to the rounding of fractions). It follows that the Consolidation will have no effect on the percentage interest of each individual Security holder in DEXUS.</p> <p>This also means that the value of your Security holding will not be affected by the Consolidation (other than as a result of rounding, the effect of which will be marginal). Market factors will continue to influence the DEXUS Security price.</p>
Here is an example:	<p>If a Security holder currently has 5,400,000 securities representing approximately 0.1% of DEXUS's issued capital, then the Security holder will have 900,000 securities following the Consolidation.</p> <p>Because the total number of Securities will also reduce to one sixth, the Securities held by the Security holder will still represent the same 0.1% of DEXUS's issued capital.</p>
What are the tax implications of the consolidation?	<p>The Consolidation should not result in a capital gains tax event for Security holders, as it does not involve the disposal of any Securities in a Security holder's investment.</p> <p>There should also be no effect on the total cost base of your securities. The cost base of each Consolidated Security should be equal to the aggregate of the cost base of the Securities that were "merged" into the Consolidated Security. The Consolidation should not affect the date of acquisition of your Securities for Australian tax purposes. Security holders should seek their own investment advice in relation to tax implications.</p>
Will Security holders vote on the Consolidation?	<p>No. Under DEXUS's Constitutions, Security holder approval is not required for the Consolidation. Therefore no Security holder meeting is required.</p>
I am a foreign Security holder. Will I participate in the Consolidation?	<p>Yes. All Security holders will have their Security holdings Consolidated on the same terms.</p>

DEXUS Property Group

Q&A relating to the Consolidation of your DEXUS Security holding

Question	Answer
When is the last day I can buy DEXUS Securities on a pre-consolidation basis?	The last date you can buy DEXUS Securities on a pre-Consolidated basis is 4 November 2014.
When will the Consolidated DEXUS Securities start trading?	The Consolidated DEXUS Securities will start trading on 5 November 2014 (on a deferred settlement basis).
When will I receive my new Security holding statement?	New holding statements will be dispatched to Security holders by DEXUS's Security Registry, Link Market Services Limited, by 14 November 2014 when deferred settlement trading ends. If you are receiving your communications by post, you will receive your statement shortly after that.
When does normal trading recommence?	Normal trading recommences on 17 November 2014 under the ASX code of DXS.
How can I ask another question about the DEXUS Security Consolidation?	For any enquiries, please contact the DEXUS Infoline on 1800 819 675 or if you are calling from overseas +61 1800 819 675.

CONSOLIDATION KEY DATES

Last day for ASX trading of Securities on a pre-consolidated basis	Tuesday 4 November 2014
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