

DEXUS Property Group (ASX: DXS)

ASX release

11 December 2013

DEXUS Offer to acquire Commonwealth Property Office Fund (CPA) presentation

DEXUS Property Group provides the presentation outlining the DEXUS Offer to acquire Commonwealth Property Office Fund.

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About DEXUS

DEXUS Property Group (DEXUS) is one of Australia's leading real estate groups, investing directly in high quality Australian office and industrial properties. With over \$13 billion of assets under management, DEXUS also actively manages office, industrial and retail properties located in key Australian markets on behalf of third party capital partners. DEXUS manages an office portfolio of over 900,000 square metres across Sydney, Melbourne, Brisbane and Perth and is one of the largest institutional owners of office buildings in the Sydney CBD, Australia's largest office market. 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 19,000 investors from 15 countries. With over 25 years of experience in commercial property investment, development and asset management, DEXUS has a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk-adjusted returns to investors. www.dexus.com

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

DEXUS PROPERTY GROUP

OFFER TO ACQUIRE COMMONWEALTH PROPERTY OFFICE FUND (CPA)

11 DECEMBER 2013



DEXUS Funds Management Limited
ABN 24 060 920 783
AFSL 238163 as responsible entity for DEXUS Property Group

DEXUS
PROPERTY GROUP

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AGENDA

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2. THE DEXUS OFFER
3. DEXUS IS AN AUSTRALIAN OFFICE SPECIALIST
4. DEXUS OFFICE EXPERTISE
5. DEXUS OFFICE EXPERTISE IN PRACTICE
6. CANADA PENSION PLAN INVESTMENT BOARD
7. SUMMARY

APPENDICES

1. EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

The DEXUS Offer

- DEXUS and Canada Pension Plan Investment Board (“CPPIB”) (together the “Consortium”) intends to make an off-market takeover bid (“DEXUS Offer”) to acquire all of the issued units in Commonwealth Property Office Fund (“CPA”)
- The DEXUS Offer comprises \$0.7745 cash and 0.4516 DEXUS securities per CPA Unit, valuing the DEXUS Offer at \$1.27 per CPA Unit (based on the DEXUS closing price on 10 December 2013¹)
- The compelling strategic rationale remains as outlined in the Consortium’s initial proposal on 11 October 2013
- The Consortium has decided to increase the price it is willing to pay for CPA Units above the bid made by the GPT Group (“GPT Offer”) following its due diligence enquiries which have allowed the Consortium to confirm its view on value of CPA and the future opportunities CPA presents under DEXUS’s management
- DEXUS has voting power in CPA of 14.9%² and does not currently intend to accept into the GPT Offer, preventing GPT from proceeding to compulsory acquisition
- There is no minimum acceptance condition under the DEXUS Offer³

1. Note, DEXUS has estimated its distribution for the six months ending 31 December 2013 to be 3.07 cents per DEXUS Stapled Security. It is likely that the price of a DEXUS Stapled Security will trade at a lower price once they begin to trade on an ex-distribution basis to reflect the distribution to be paid. The impact of the estimated distribution on the implied value of the DEXUS Offer will be set out in the Bidder’s Statement.

2. Under DEXUS’s forward contract with Deutsche Bank AG, announced to the ASX on 25 July 2013.

3. Refer to Annexure A accompanying the ASX announcement released at the same time as this presentation for key conditions of the DEXUS Offer.
DEXUS Property Group - Offer to acquire Commonwealth Property Office Fund (CPA) Slide 5

EXECUTIVE SUMMARY

Key highlights of the DEXUS Offer

- Represents a compelling opportunity for CPA Unitholders at \$1.27 per unit¹
- Reinforces DEXUS's strategic objective of office sector leadership and follows a disciplined commitment to the execution of that objective over the past 18 months
 - Investment in a world class asset management team with office expertise
 - DEXUS successfully exited its legacy US industrial business and reinvested \$1.8 billion² into Australian office assets
- DEXUS is undertaking the Offer alongside CPPIB - a strong, long-term partner, whose involvement provides a clear third-party endorsement of the DEXUS Offer and DEXUS's ability to drive value from the CPA portfolio
- The DEXUS Offer is superior to the GPT Offer, representing greater value and less execution risk
- Brings together two complementary office portfolios and provides CPA Unitholders with an ongoing investment in an A-REIT with a similar risk profile to an investment in CPA (pro-forma the DEXUS Offer office properties will comprises 83% of DEXUS's portfolio)
- Due diligence has de-risked the acquisition for current and new DEXUS security holders
- DEXUS intends to continue engaging with the Commonwealth Bank of Australia ("CBA") to negotiate the terms of CPA Management facilitation

1. Including accrued CPA distribution for the six months to 31 December 2013.

2. Across the DEXUS platform.

EXECUTIVE SUMMARY

Acquisition of CPA is consistent with DEXUS's clear and focused strategy

OUR VISION

To be globally recognised as Australia's leading real estate company

OUR STRATEGY

To deliver superior risk-adjusted returns for our investors from high quality Australian real estate primarily comprising CBD office buildings

OUR STRATEGIC OBJECTIVES

OFFICE

Being the leading owner and manager of Australian office

CORE CAPABILITIES

Having the best people, strongest tenant relationships and most efficient systems

CAPITAL PARTNERSHIPS

Being the wholesale partner of choice in Australian office, industrial and retail

CAPITAL & RISK MANAGEMENT

Actively managing our capital and risk in a prudent and disciplined manner

OUR PEOPLE WILL BE RECOGNISED FOR

Property expertise

Institutional rigour

Entrepreneurial spirit

2. THE DEXUS OFFER



THE DEXUS OFFER

Overview

- The Consortium intends to make an off-market takeover bid (“DEXUS Offer”) to acquire all of the issued units in CPA
 - DEXUS Offer comprises \$0.7745 in cash and 0.4516 DEXUS securities per CPA Unit
 - DEXUS Offer price of \$1.233¹ per CPA Unit at time of announcement
- CPA Unitholders will also be entitled to receive the CPA distribution for the six months ending 31 December 2013 (expected to be approximately 3.5 cents per unit)
 - Any other distribution declared by CMIL during the DEXUS Offer period to CPA Unitholders will be deducted from the cash payment under the DEXUS Offer
- DEXUS stapled securities issued to CPA Unitholders under the DEXUS Offer will rank equally with existing DEXUS stapled securities including for any distribution with a record date that falls on or after they are issued
- The Consortium has completed due diligence and is comfortable owning CPA at all ownership levels
 - The DEXUS Offer has no minimum acceptance condition and is only subject to limited customary conditions set out in the annexure to this presentation
- DEXUS has committed acquisition and term debt facilities to meet its funding requirements
- The DEXUS Offer is superior to the GPT Offer and provides CPA Unitholders with all the benefits associated with an investment in DEXUS, an A-REIT whose core specialty lies in office investment and development
- DEXUS currently holds voting power of 14.9% in CPA through its forward contract with Deutsche Bank AG²

1. Based on DEXUS's closing price of \$1.015 as at 10 December 2013.

2. Disclosed to the ASX on 25 July 2013.

THE DEXUS OFFER

Benefits to CPA Unitholders

- Opportunity to participate in the benefits associated with an investment in DEXUS
 - Ownership in a leading Australian office portfolio and established funds management platform
 - High quality management team and specialist office expertise
 - Established internalised property management model maximising alignment of interests
- Capacity to benefit from superior liquidity, capital market positioning and growth prospects

An attractive value proposition for CPA Unitholders

	Estimated value
DEXUS scrip consideration	\$0.4584
Total cash consideration	\$0.7745
DEXUS Offer price per CPA Unit¹	\$1.233
Estimated CPA distribution (which CPA Unitholders will be entitled to retain)	\$0.035
Total value to CPA Unitholders	\$1.268

Total value represents a premium to:

- CPA's closing price on 10 December 2013	(\$1.250)	1.4%
- CPA's closing price on 23 July 2013 ²	(\$1.085)	16.9%
- CPA's 30 day VWAP on 23 July 2013 ²	(\$1.071)	18.3%
- CPA's stated 30 June 2013 NTA	(\$1.150)	10.2%
- GPT's Offer	(\$1.235) ³	2.6%

1. Represents the total value of the cash component of the DEXUS Offer price plus the value of the DXS scrip component at NTA per DXS Stapled Security.

2. The day prior to CMIL's announcement that it had received a preliminary internalisation proposal from the CBA, which was released to the ASX on 24 July 2013.

3. GPT Offer presented on a comparable basis, as outlined in slide 8 of GPT's presentation on 19 November 2013, updated for the GPT close price on 10 December 2013.

THE DEXUS OFFER

Superior Offer for CPA Unitholders - higher consideration and lower risk

- The DEXUS Offer:
 - Represents a superior offer compared to the GPT Offer
 - Provides CPA Unitholders with a more attractive outcome
 - Carries substantially lower risk than the GPT Offer

	DEXUS Offer	GPT Offer ¹
Offer details		
Structure	Off-market takeover	Off-market takeover
Minimum acceptance condition	n/a	50.1%
New scrip ranking	Equal	Equal
Offer value		
Scrip ratio	0.4516 securities	0.1410 securities
Security price (10 December 2013)	\$1.015	\$3.420
Scrip consideration	\$0.4584	\$0.4822
Cash consideration	\$0.7745	\$0.7533
<i>Less: 1HFY14 CPA Distribution</i>	-	<i>(\$0.035)</i>
Offer price	\$1.233	\$1.200
<i>Add: 1HFY14 CPA Distribution</i>	<i>\$0.035</i>	<i>\$0.035</i>
Total value to CPA Unitholders	\$1.268	\$1.235

- DEXUS has voting power in CPA of 14.9% and does not currently intend to accept into the GPT Offer, preventing GPT from proceeding to compulsory acquisition

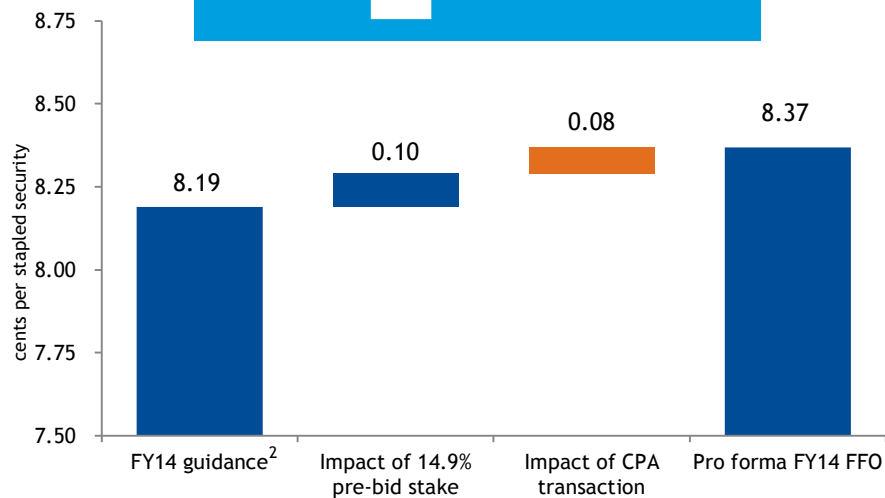
1. Based on GPT's Bidder's Statement lodged with the ASX on 3 December 2013.

THE DEXUS OFFER

Pro-forma DEXUS FFO FY14 impact

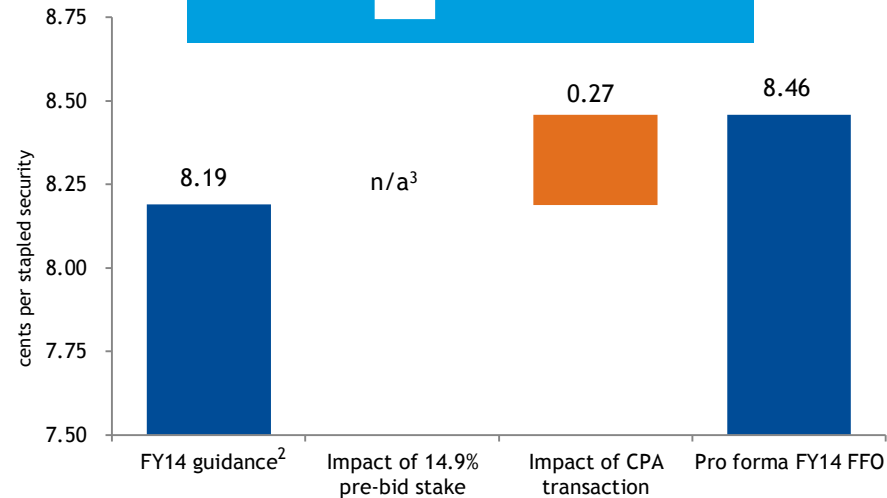
FY14 FFO¹ impact assuming
28 February 2014 implementation

↑ 1.0%



FY14 FFO¹ impact assuming
1 July 2013 implementation

↑ 3.3%

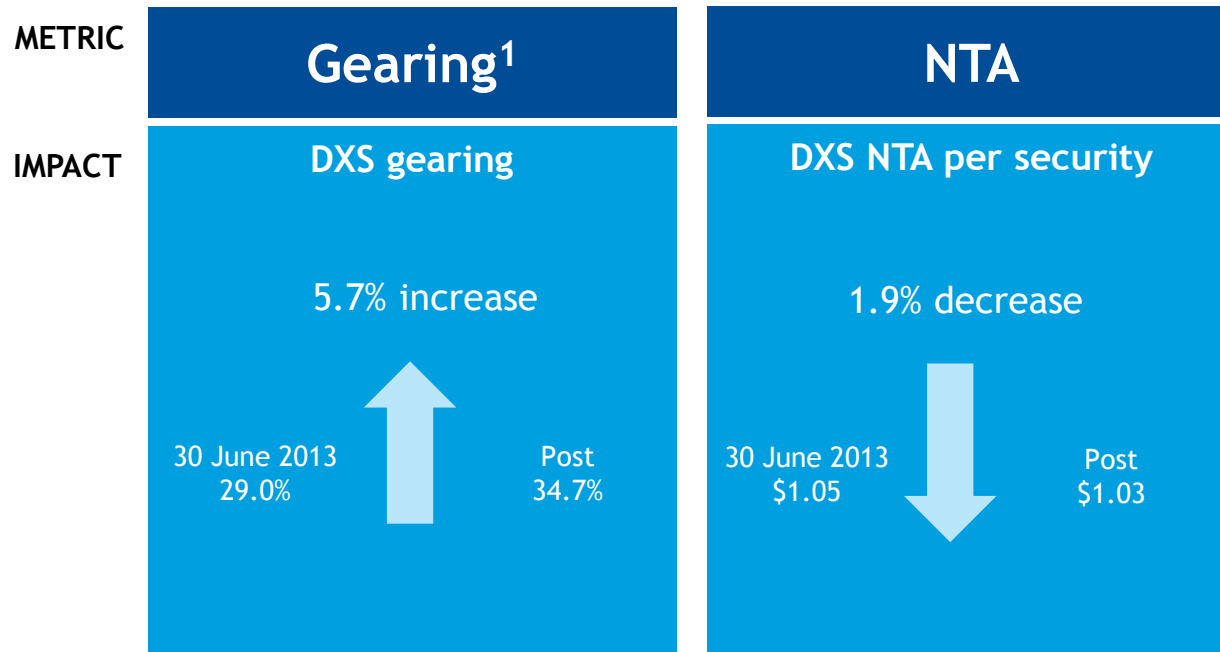


- Pro-forma impacts assume the Consortium acquires 100% of CPA Units
- Refer to key assumptions detailed in the Appendices

1. FFO in accordance with DEXUS method. Refer to appendices for definition of DEXUS FFO.
 2. DEXUS's FY14 guidance excluding the net impact of the CPA distribution for six months ending 31 December 2013 relating to the 14.9% CPA interest pre-bid stake.
 3. DEXUS's 14.9% interest in CPA is not relevant and not included in the scenario whereby the DEXUS Offer was in effect from 1 July 2013.

THE DEXUS OFFER

Pro-forma impact on DEXUS's key metrics



- The metrics shown on this slide are based on the key assumptions detailed in the Appendices including that the Consortium acquires 100% of CPA

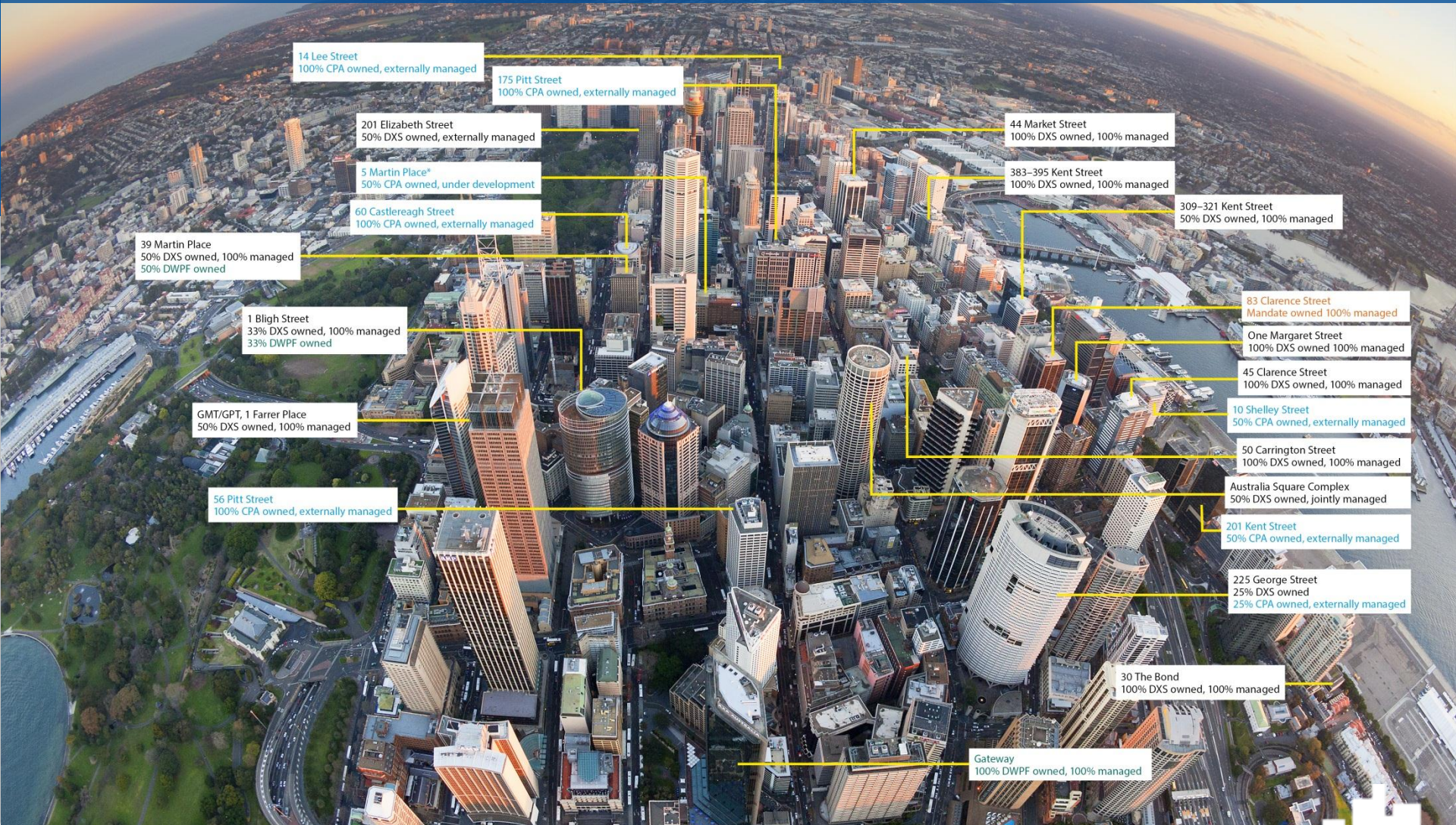
1. Refer to Appendices for definition of “gearing”.

THE DEXUS OFFER

DEXUS's intentions if the Consortium does not achieve a 100% interest in CPA

- The Consortium is seeking to acquire a 100% interest in CPA and will undertake compulsory acquisition of CPA on achieving a 90% interest
- The DEXUS Offer is not subject to any minimum acceptance condition and at the close of the DEXUS Offer period it is possible the Consortium will hold an interest in CPA that is less than the compulsory acquisition threshold
- The Consortium's current intentions if it does not achieve a 90% interest in CPA, include
 - Appointing a DEXUS owned entity to replace CMIL as the responsible entity of CPA
 - Undertaking a detailed strategic review of the CPA assets
 - Appointing DEXUS owned entities to undertake property and development management
 - Implementing conflict management protocols between DEXUS, CPA and other third party managed funds
 - Maintaining a majority independent board of directors for CPA
- The Consortium members have entered into arrangements that provide the potential for liquidity in the future, in circumstances where 100% or less of CPA is acquired, which will be detailed in its Bidder's Statement. The Consortium is confident with an investment in CPA under all possible outcomes
- DEXUS will outline in detail its strategies for CPA and the impact on DEXUS if less than 100% of CPA is acquired in its Bidder's Statement, expected to be released in December 2013

3. DEXUS IS AN AUSTRALIAN OFFICE SPECIALIST



DEXUS existing owned and managed portfolio and CPA portfolio - Sydney CBD, NSW

DEXUS IS AN AUSTRALIAN OFFICE SPECIALIST

An investment in DEXUS is an investment in Office

	DEXUS	CPA	GPT ¹
Portfolio Composition			
Office	78%	100%	34%
Industrial	22%	0%	13%
Retail	0%	0%	53%
Office Portfolio			
On balance sheet			
Value	\$5.7bn	\$3.7bn	\$2.8bn
% total portfolio	78%	100%	34%
Assets Under Management			
Value	\$7.8n	\$3.7bn	\$6.3bn
% Total AUM	58%	100%	43%
Key Office Metrics			
Office Assets	36	25	20
Average Asset Value	\$158m	\$149m	\$142m
Occupancy by income	95%	96%	95%
WALE	5.0 yrs	4.3 yrs	5.6 yrs
LFL NOI Growth	1.8% ²	2.0% ²	(0.7%) ³

- DEXUS is a leading owner and manager of prime grade Australian office
 - Office property assets currently account for 78% of DEXUS's direct portfolio and 58% of DEXUS's AUM
- With \$5.7 billion of office assets (across 36 properties) held directly on balance sheet, DEXUS's office portfolio allows access to economies of scale unavailable to its smaller peers
- DEXUS has the largest average asset size of all Australian office owners
- DEXUS chose the right time to start buying office, a move now being replicated by other parties
- DEXUS's commitment to growing its office presence is strongly demonstrated by the recent acquisitions of 480 Queen Street and Kings Square

1. Inclusive of GPT's 20.1% equity interest in GWOF and its 21.9% equity interest in GWSCF.

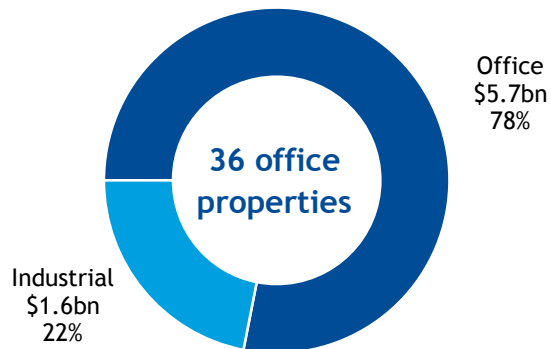
2. For the 12 months to 30 June 2013.

3. For the six months to 30 June 2013.

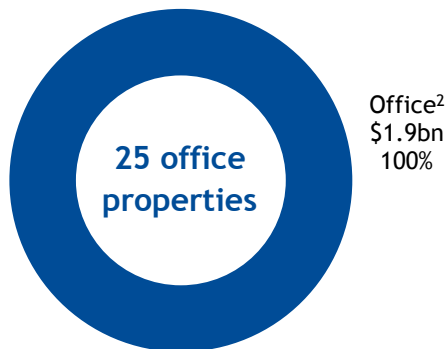
DEXUS IS AN AUSTRALIAN OFFICE SPECIALIST

An investment in DEXUS is an investment in Office

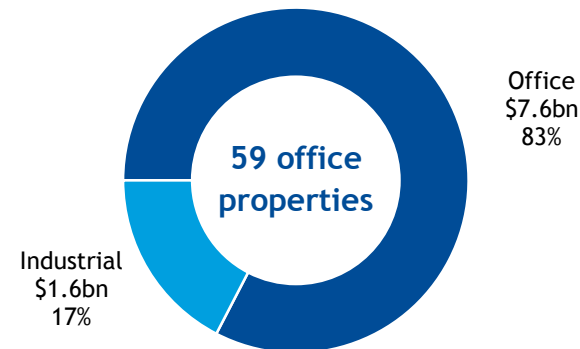
DXS portfolio



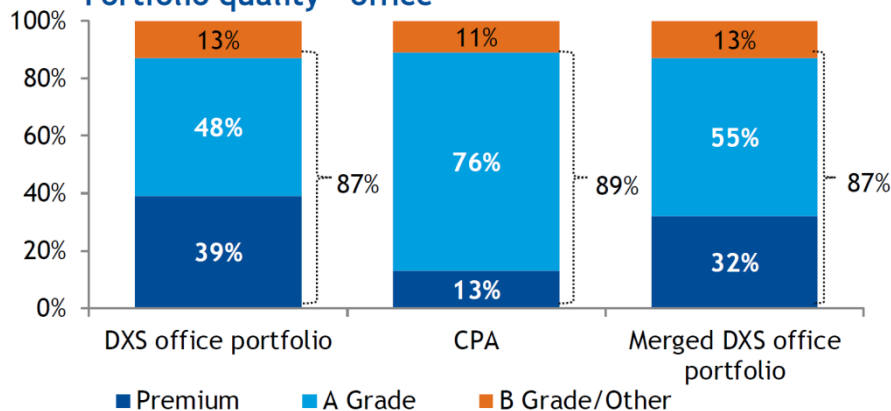
CPA portfolio



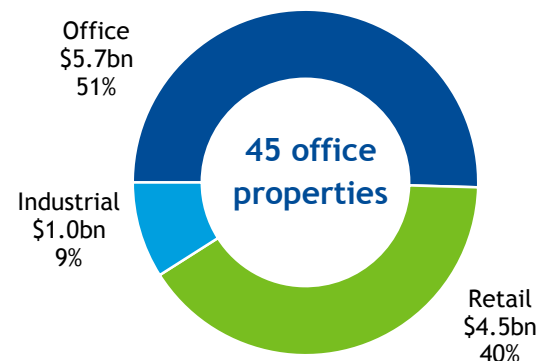
DXS/CPA combined portfolio



Portfolio quality - office¹



GPT/CPA combined portfolio³
- an investment in retail



1. Book values as at 30 June 2013, represents 50% of CPA's portfolio in merged DXS office portfolio. Other includes development land, CBD car parks, business parks and the QV retail centre.

2. Represents DXS's 50% share.

3. Based on GPT's Bidder's Statement lodged with the ASX on 3 December 2013, post sale of GWOF Assets for \$1.1 billion.

DEXUS IS AN AUSTRALIAN OFFICE SPECIALIST

What does office leadership mean for DEXUS?

THE LEADER IN OFFICE CAPABILITY

- The leader in office retaining multi-sector capabilities in industrial and retail
- Best people, systems, processes and strongest tenant relationships
- Actively managing and recycling properties through the cycle to drive returns
- A renowned culture of service excellence and high performance

THE LEADER IN OFFICE OPERATIONAL SCALE

- The leading manager of CBD office, focussed on core Australian markets
- The leader in asset and tenant deal flow with superior market know-how
- Leading ability to pre-empt and satisfy tenant needs
- Lowest operating cost model relative to peers
- Enhanced capacity to price leasing risk and manage downtime

THE LEADER IN ACCESS TO CAPITAL

- Most competitive cost of equity relative to peers
- Increased access to long term capital partnerships to invest through the cycle
- Better cost and access to debt funding through the cycle relative to peers



DEXUS IS AN AUSTRALIAN OFFICE SPECIALIST

Fully integrated platform supported by an experienced team

- Fully integrated office management platform spanning asset management, leasing, development
- Internalised property platform enhances alignment of interests to drive optimal asset outcomes

Strong office asset management and leasing platform

- Highly credentialed senior team with average property experience of over 20 years
- Established office management team with deep corporate and leasing agency backgrounds and substantial leasing experience
- Demonstrated experience in de-risking future lease expiries
- Track record of successfully managing office assets

Extensive development expertise

- Extensive development expertise across office, industrial and retail sectors
- Team of nine professionals with an average of 14 years development experience
- DEXUS has a track record in office development, developing landmark office towers including 1 Bligh Street, Sydney, 123 Albert Street, Brisbane and Woodside Plaza, Perth

Established corporate team

- Established internalised model with demonstrated track record in property management
- DEXUS Treasury team awarded “Treasury Team of the Year” in 2012
- Strong commitment to corporate responsibility and sustainability with significant NABERS Energy improvement program completed in 2012 delivering substantial benefits

DEXUS IS AN AUSTRALIAN OFFICE SPECIALIST

Owner, manager and developer of quality, leading office properties

On-balance sheet assets

1 Bligh Street, Sydney



Ownership
33% DEXUS

Lettable area
42,713 sqm

Grade
Premium

AUM
\$250.3 million (33%)

Sustainability rating
6 star Green Star

Governor Phillip & Macquarie Towers, Sydney



Ownership
50% DEXUS

Lettable area
86,625 sqm

Grade
Premium

AUM
\$671.8 million (50%)

Sustainability rating
4.5 star NABERS Energy

Australia Square, Sydney



Ownership
50% DEXUS

Lettable area
52,969 sqm

Grade
A Grade

AUM
\$305.0 million (50%)

Sustainability rating
4 star NABERS Energy (Tower)

On-balance sheet assets

Grosvenor Place, Sydney



Ownership
25% DEXUS

Lettable area
85,400 sqm

Grade
Premium

AUM
\$289.2 million (25%)

Sustainability rating
4 star NABERS Energy

DWPF Managed

Gateway, Macquarie Place, Sydney



Ownership
100% DWPF

Lettable area
46,700 sqm

Grade
Premium

AUM
\$739 million (100%)

Sustainability rating
4.5 star NABERS Energy

Development project underway

480 Queen Street, Brisbane



Ownership
50% DEXUS

Lettable area
55,561 sqm

Grade
Premium

AUM
\$543.9 million (100%)

Sustainability rating
Built for 5 star NABERS Energy

4. DEXUS OFFICE EXPERTISE

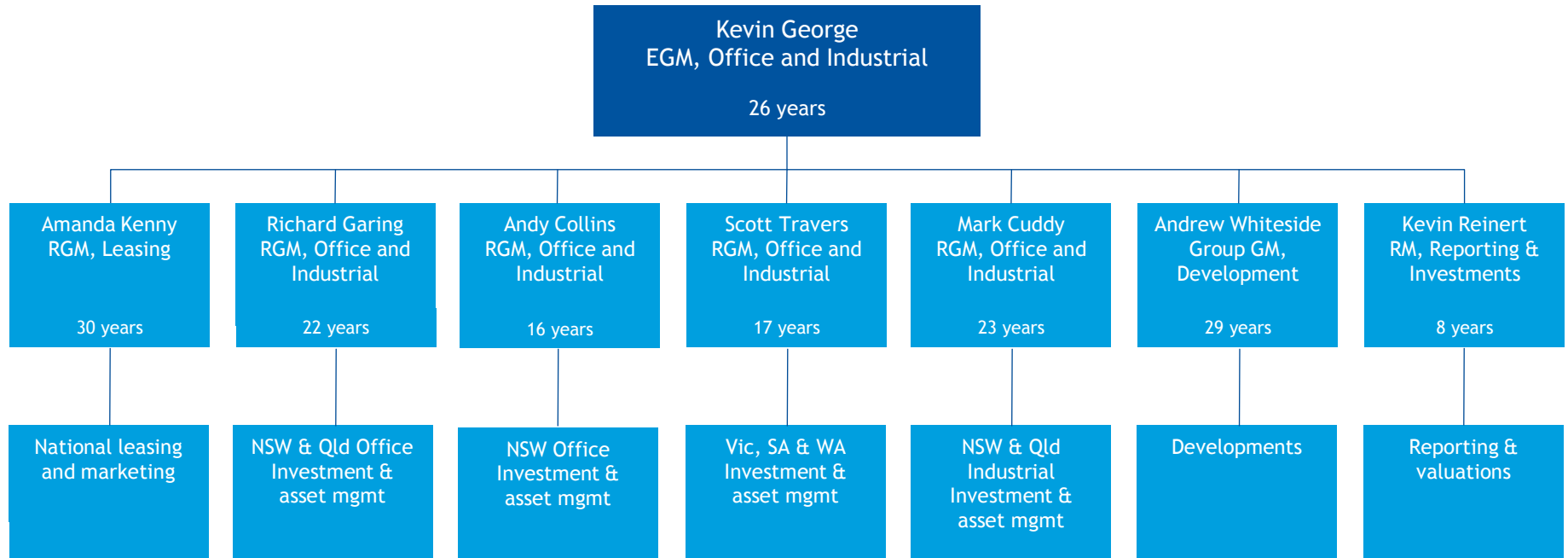


L to R: 30 The Bond, Hickson Road, Sydney; 1 Bligh Street, Sydney, NSW and Woodside Plaza, St Georges Terrace, Perth, WA

DEXUS OFFICE EXPERTISE

Office and Industrial real estate experience

- An established and experienced office and industrial team
- Strong leasing background
- Average of 22 years real estate experience across the senior team¹



1. Refer to Appendices for individual office team member profiles.

5. DEXUS OFFICE EXPERTISE IN PRACTICE



DEXUS OFFICE EXPERTISE IN PRACTICE

Track record of executing on strategy and integrating acquisitions

- DEXUS has a prudent and focused approach to acquisitions and investments
- Established process including thorough due diligence on all opportunities to limit risks to DEXUS security holders from unknown variables
- Importantly, as a result of due diligence on CPA, the Consortium is confident of CPA's value and its view of the opportunities the CPA portfolio presents under DEXUS's management
- DEXUS has demonstrated a capacity to execute on its strategies and complete transactions. Recent successful execution under the current management team include:
 - Completing \$1.8 billion of Australian office acquisitions since November 2012
 - Successfully exiting from the legacy US industrial business at a premium to NTA
 - Executing on the funds management strategy by raising \$820 million in FY13, acquiring 4 core office properties in partnership with DWPF and establishing a new industrial partnership

480 Queen Street and Kings Square



- Two prime grade office properties acquired on a development fund-through basis
- Purchased in 50:50 joint venture with DEXUS Wholesale Property Fund (DWPF)
- Efficient use of capital
- Mitigated risk through significant rent guarantees and strong covenants from developer
- DEXUS utilised development capabilities to refine project specifications
- DEXUS utilised leasing capabilities and tenant relationships to assist securing target tenants and to drive performance

DEXUS OFFICE EXPERTISE IN PRACTICE

Strong recent track record in office transactions

- Over \$1.8 billion in office acquisitions completed on behalf of DXS and clients since November 2012
- Breadth of industry relationships providing opportunities to acquire assets before they go to market



12 Creek Street Brisbane
A Grade
7.75% cap rate
\$120.8m (50%)



225 George Street Sydney
Premium Grade
6.50% cap rate
\$271.3m (25%)



**2-4 Dawn Fraser Avenue,
Sydney Olympic Park**
A Grade
8.00% cap rate
\$82.7m (50%)



39 Martin Place Sydney
B Grade
7.60% cap rate
\$74.9m (50%)



480 Queen St Brisbane¹
Premium Grade
Development
7.25% cap rate
\$272.0m (50%)

Nov 2012



**50 Carrington Street
Sydney**
Trading asset
8.00% cap rate
\$58.5m



**40 Market Street
Melbourne**
Trading asset
8.50% cap rate
\$46.7m



Kings Square 1 Perth
A Grade
Development
8.0% cap rate
\$100.4m (50%)



Kings Square 2 Perth
A Grade
Development
7.9% cap rate
\$86.9m (50%)



Kings Square 3 Perth
A Grade
Development
8.25% cap rate
\$30.2m (50%)

Core properties

Value-add properties

Fund-through development properties

DEXUS OFFICE EXPERTISE IN PRACTICE

Leasing case studies - 45 Clarence Street and Australia Square

Strong, experienced leasing team delivers excellent leasing results

45 Clarence Street, Sydney



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

Australia Square, Sydney



- Commenced a targeted marketing campaign¹ to reposition Australia Square into an iconic property
- Leased 17,000sqm in 12 months
- Increased occupancy from 87% to 92%
- DEXUS relocated its head office into the building and leveraged its new workspace to convert tenant enquiry into leases
- Improved WALE from 3.6 to 5.3 years
- Increased valuation by \$26.5 million at 30 June 2013
- Realised total return of 15.6% for 12 months to 30 June 2013

1. DEXUS in conjunction with its co-owner.

DEXUS OFFICE EXPERTISE IN PRACTICE

Asset management case studies - 50 Carrington Street and 39 Martin Place

Successful leasing of recently acquired office properties

50 Carrington Street, Sydney



- Acquired for \$58.5 million in November 2012, below replacement cost at cap rate of 8.0%
- Completed \$6.25 million capital works program including upgrades to lifts, lobby and amenities
- Increased occupancy¹ from 61% to 95% within 12 months
- Improved WALE¹ from 2.2 to 4.3 years
- Targeting NABERS Energy rating increase from 3.0 stars to 4.5 stars
- Energy savings of approximately \$61,000 p.a.

39 Martin Place, Sydney



- Acquired for \$149.75 million² in February 2013, 50:50 partnership with DWPF
- Increased occupancy¹ from 75% to 94% within nine months
- Improved office WALE¹ by 0.8 years to 4.8 years
- Developed new tenant relationships with Macquarie Bank (car parking) and Breitling (retail space)
- Targeting 10 year IRR of 9.5%

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

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

DEXUS OFFICE EXPERTISE IN PRACTICE

Development case studies - 1 Bligh Street and 123 Albert Street developments

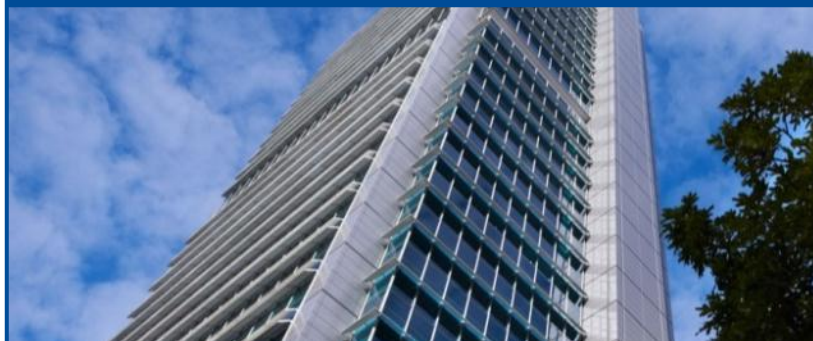
Successful development of two premium buildings during GFC

1 Bligh Street, Sydney



- 55% pre-committed by Clayton Utz
- 90% leased within 12 months of completion in June 2011 (currently 95% occupied)
- Project IRR of 12.9% at 31 December 2013
- Cap rate of 6.5% on completion, tightening to 6.13% at 30 June 2013
- Yield on cost of 7.0%
- Introduced Cbus as 33% capital partner
- 17 local and international awards

123 Albert Street, Brisbane



- 67% pre-committed by Rio Tinto, expanding to 82% ahead of completion in July 2011
- 100% leased within six months of completion
- Solid returns despite impact of Brisbane floods in 2011
- Project IRR of 8.6% at 31 December 2013
- Cap rate of 7.0% on completion, tightening to 6.75% at 30 June 2013
- Yield on cost of 6.7%

Combined value exceeding \$1bn

6. CANADA PENSION PLAN INVESTMENT BOARD (CPPIB)



CPPIB

A leading, experienced international property investor

- CPPIB has C\$192.8 billion of assets and ranks among the world's top 10 largest retirement funds¹
- CPPIB is an experienced investor in real estate with C\$22.0 billion of assets¹
- CPPIB has a long-term investment horizon
- The strategy is to work with strong operating partners who have deep, local expertise
- CPPIB has experience in the Australian real estate market and its investments include:
 - The Barangaroo South project in the Sydney CBD
 - Goodman Trust Australia and Goodman Australia Development Fund, both being unlisted industrial real estate vehicles managed by Goodman Group
 - AMP Capital Retail Trust, which owns 80% of Pacific Fair Shopping Centre and 50% of Macquarie Centre
 - An unlisted retail property investment vehicle called Colonial First State Global Asset Management Property Retail Partnership

1. As at 30 September 2013.

7. SUMMARY



SUMMARY

- The DEXUS Offer:
 - represents a compelling opportunity for CPA Unitholders at \$1.27 per unit, with the opportunity to remain invested in Australia's leading office owner and manager
 - is superior to the GPT Offer, representing greater value and less execution risk
- Reinforces DEXUS's objective of office sector leadership and follows a disciplined commitment to the execution of that objective over the past 18 months
- DEXUS is undertaking the Offer alongside CPPIB - a strong, long-term partner, whose involvement provides a clear third-party endorsement of the DEXUS Offer and DEXUS's ability to drive value from the CPA portfolio
- Brings together two complementary office portfolios and provides CPA Unitholders with an ongoing investment in an A-REIT with a similar risk profile to an investment in CPA
- DEXUS has voting power in CPA of 14.9% and does not currently intend to accept into the GPT Offer, preventing GPT from proceeding to compulsory acquisition

APPENDICES



DEXUS'S OFFICE TEAM

Profiles

Executive Management



Darren Steinberg, Chief Executive Officer and Executive Director

Darren is the CEO of DEXUS Property Group and an Executive Director of DEXUS Funds Management Limited. Darren has more than 25 years' experience in the property and funds management industry. Prior to joining DEXUS in March 2012, Darren was Managing Director Property for Colonial First State Global Asset Management. He has also held senior property roles with Stockland, Westfield, Lend Lease and Jones Lang Wootton. Darren is the National President of the Property Council of Australia, a Fellow of the Royal Institution of Chartered Surveyors and the Australian Property Institute and a member of the Australian Institute of Company Directors.



Craig Mitchell, Chief Financial Officer and Executive Director

Craig is responsible for operational and strategic finance, accounting, tax, treasury and third party funds management including management of the DEXUS retail property portfolio. Craig has more than 20 years of financial management and accounting experience, with over 15 years specialising in the property industry. Craig was previously the General Manager, Finance of the Commercial and Industrial and Capital Partners third party funds divisions at Stockland Group. Prior to this he worked in a number of senior finance roles at Westfield.



Ross Du Vernet, Executive General Manager, Strategy, Transactions & Research

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

DEXUS'S OFFICE TEAM

Profiles

Executive Management



Kevin George, Executive General Manager, Office & Industrial

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



Deborah Coakley, Executive General Manager, People & Culture

Deborah is responsible for setting the culture and leadership direction of the organisation, working with the business leaders in the areas of remuneration and reward, engagement and culture, performance and resourcing. Prior to joining DEXUS in April 2013, Deborah held various management roles in human resources and recruitment over the past thirteen years, including Head of Group Capability, Loyalty & Corporate, Head of People Shared Services and General Manager Group Resourcing with the Qantas Group.

Capital, Group General Management



Penny Ransom, Head of Capital

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

DEXUS'S OFFICE TEAM

Profiles

Office, Group General Management



Amanda Kenny, Regional General Manager Leasing, Office & Industrial

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



Richard Garing, Regional General Manager, Office & Industrial

Richard is responsible for portfolio management and leasing of DEXUS's office properties in New South Wales and Queensland. Richard has over 20 years' experience in the property industry. Prior to joining DEXUS in February 2012, Richard worked at Stockland for 6 years, initially as a Portfolio Manager then as the National Leasing Manager for the Commercial and Industrial property group. Prior to this Richard worked at Jones Lang LaSalle for six years as National Leasing Director following 10 years at Knight Frank in a number of roles including Director of Leasing.



Andy Collins, Regional General Manager, Office & Industrial

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

DEXUS'S OFFICE TEAM

Profiles

Office, Group General Management



Mark Cuddy, Regional General Manager, Office & Industrial

Mark is responsible for the portfolio management and leasing of the industrial portfolio in NSW and Queensland. Mark has worked in the property industry for the past 22 years primarily in asset and portfolio management. Prior to joining DEXUS in July 2010, Mark spent nearly eight years at Stockland in roles including industrial asset and portfolio management and General Manager of Intermodal where he was responsible for the industrial divisions' revenue and growth. Mark also worked in various roles with Knight Frank Investment Management specialising in Sydney CBD and North Shore commercial assets.



Scott Travers, Regional General Manager, Office & Industrial

Scott is responsible for portfolio management and leasing of DEXUS's office properties in Victoria and Queensland, South Australia and Western Australia. Scott has over 18 years' experience in the property industry. Prior to joining DEXUS in February 2012, Scott worked at Stockland for 10 years, initially as a Portfolio Investment Manager, Regional Asset Manager and most recently as the National Leasing Manager, Industrial for the Commercial property group. Prior to this Scott was held various Portfolio Manager and property roles at Waltus Investments, RMI Group and Australian Property Group.



Andrew Whiteside, Group General Manager, Office & Industrial Developments

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

DEXUS OFFER TERMS

Minimum conditions attached to the DEXUS Offer

- No minimum acceptance condition
- The Consortium has already completed due diligence on CPA
- No requirement for court or security holder approvals
- Key regulatory approval (FIRB) is at an advanced stage
- Any CPA Units which are issued to CPA convertible noteholders following a conversion of their notes during the DEXUS Offer period will be acquired under the DEXUS Offer. However as a condition to the DEXUS Offer the responsible entity of CPA must make a public statement that CPA convertible noteholders who submit valid conversion notices during the DEXUS Offer period will be cashed out by the responsible entity of CPA in accordance with the terms of the convertible notes
- DEXUS Offer subject to other customary conditions - see ASX announcement

BASIS OF PREPARATION OF PRO-FORMA IMPACT ON KEY METRICS

The metrics are prepared on the basis of current guidance provided to the market by both CPA and DEXUS (refer to Slides 40 and 41)

The following slides set out:

- A description of the methodology for calculating FFO used in this presentation (refer Slide 40); and
- Key assumptions underlying the pro-forma DEXUS Offer impact on DEXUS key metrics presented on Slide 12 and Slide 13 (refer Slides 40 and 41)

KEY FFO ASSUMPTIONS

DXS Standalone

- DEXUS Funds from Operations (FFO) comprises net profit/loss after tax attributable to stapled security holders calculated in accordance with Australian Accounting Standards and adjusted for: property revaluations, impairments, derivative and FX mark-to-market impacts, amortisation of certain tenant incentives, gain/loss on sale of certain assets, straight line rent adjustments, deferred tax/benefit, rental guarantees and coupon income
- 10 December 2013 market guidance of 8.29 cents per security (cps)
- Assumptions:
 - Delivering 2.5-3.5% like-for-like income growth across the DEXUS office and industrial portfolios
 - Approximately \$4m in trading profits
 - DEXUS cost of funds slightly below FY13 cost of funds of 6%
 - Includes the distribution, net of funding costs of DEXUS's 14.9% economic interest in CPA
 - Includes the impact of the on-market securities buy-back

CPA Standalone

- 5 December 2013 market distribution guidance of 6.75 cps which assumes a payout ratio of 75%
- This guidance was set out in the ASX announcement dated 5 December 2013

Pro-forma DEXUS post implementation of the DEXUS Offer

- Includes DEXUS's 50% share of CPA on the assumption that the Consortium successfully acquires 100% of CPA Units
- Assumes the DEXUS Offer was implemented and completed on 1 July 2013
- Total incremental and assumed debt at 5.0% - 5.2% cost of debt
- A reduction of DEXUS Group MER¹ to sub 45 basis points on an annualised basis as a result of a more efficient and scalable cost structure due to cost synergies. Cost synergies arise as a result of a reduction in CPA corporate expenses and external fund fees as CPA would no longer be a listed trust
- In addition, an increase in profitability from management operations on FY13 of approximately \$6m on an annualised basis relating to property management, funds management and development management
- Assumptions are consistent for the scenario where the transaction is effective 28 February 2014 except for the proportion of CPA's FFO
- The impacts to DEXUS's FFO under the PCA FFO definition are expected to be in line with the impacts shown on slide 12

1. Management Expense Ratio is calculated as annualised costs arising from managing DEXUS asset and corporate activity divided by funds under management.

KEY GEARING AND NTA ASSUMPTIONS

Gearing Assumptions

- Gearing is calculated as interest bearing liabilities (excluding deferred borrowing costs and including the fair value of cross currency swaps and, post implementation of the DEXUS Offer, DEXUS's share of residual debt in the unlisted fund) less cash divided by total tangible assets (excluding derivatives and deferred tax assets including, post implementation the DEXUS Offer, DEXUS's share of assets in the unlisted fund) less cash
- DEXUS's standalone 30 June 2013 gearing of 29.0% adjusted for the following:
 - Incremental funding requirements of approximately \$0.9bn in relation to the DEXUS Offer
 - 50% share of CPA assets acquired (excluding derivative financial instruments and deferred tax assets)

NTA Assumptions

DXS Standalone

- 30 June 2013 NTA of \$1.05 per security

CPA Standalone

- 30 June 2013 NTA of \$1.15 per unit. Refer slide 14 of the CPA Annual Results 2013 presentation dated 20 August 2013.

Pro-forma DEXUS post implementation of the DEXUS Offer

- Basis - DEXUS's standalone NTA plus 50% share of CPA standalone NTA adjusted for:
 - Transaction costs including advisor fees and stamp duty
 - Debt make whole costs (ie CPA's existing USPP and Convertible Bond debt)
 - Facilitation fee payable to CBA
 - Other transaction related treasury costs such as interest rate swaps
 - Adjustment to CPA NTA of \$1.19 per unit as announced on 18 November 2013
 - Adjustment for DEXUS valuations announced 22 October 2013 and asset divestments announced 22 August 2013