

Dexus Real Estate Partnership 2

The opportunity fund series

Fund overview

Capitalising on market disruption and dislocation

Dexus Real Estate Partnership 2 (DREP2) targets unlisted Australian real estate opportunities and follows the first fund in the series (DREP1) which successfully launched in 2021.

Like the first fund, DREP2 aims to deliver enhanced returns by investing throughout the capital structure in situations ranging from distress to growth, with each fund positioned and competing for investment opportunities as a provider of both capital and capability.

DREP2's strategy is to identify and manage investment opportunities across all Australian real estate sectors, leveraging the strength of the Dexus platform.

Key facts

Leveraging market opportunity

Aiming to deliver enhanced returns

15%

Target return p.a. (net equity IRR)¹

Proven track record

Managed by one of Australia's leading real asset managers

Breadth of investment opportunities

Macro thematic including higher interest rates and capital scarcity, continued population growth and residential undersupply, are creating attractive equity and credit opportunities with the potential to deliver enhanced returns.

Development



Develop-to-sell trading approach targeting growth sectors

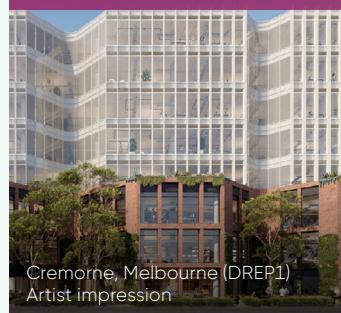
Investments may be realised prior to or during construction or may be held through construction until stabilised

Repositioning



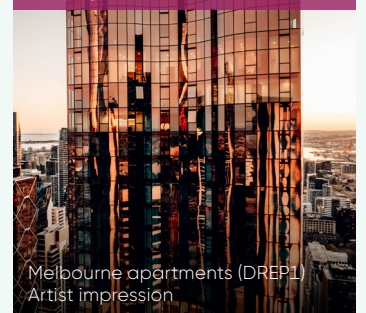
Creating value through re-zoning or conversion to a higher value use, refurbishment and re-leasing
Targeting opportunities which demand Dexus's deep real asset capability

Alternative credit



Targeting lending where the traditional sources of capital are unable or unwilling to fund
New loans, refinance or purchase of performing loans underpinned by property

Special situations



Acquisition of assets through administration, receivership or forced sale
Purchase of non-performing loans underpinned by property

Track record¹

Dexus has a depth of enhanced return experience through a combination of reposition to sell, develop to sell and higher value use strategies. DREP2 offers **direct access** to Dexus's enhanced returns capabilities not otherwise available to its unlisted investors.

Dexus combines platform strength and scale with an entrepreneurial approach to originating unique and timely opportunities to create value.

As a specialist manager of Australian real assets, Dexus is highly attuned to the dynamics of the market with a vertically integrated platform and in-house core skillsets across leasing, development, transactions and management – all key contributors to the success of the trading business.

Our trading track record since FY12

30%

Average unlevered property IRR²

\$555m

Trading profits realised pre-tax³

20+

Trading properties sold and settled

DREP series spotlight – DREP1

- DREP1 was the first fund, launched in 2021 and raised **\$475m of equity commitments**, above the targeted capital commitment of \$300m
- **Strong pipeline** supported by extensive access to information, acquisition, and leasing deal flow to identify unique investment opportunities
- 11 investments contracted with **diversification** across investment strategies and real estate sub-sectors⁴

Strategy in action

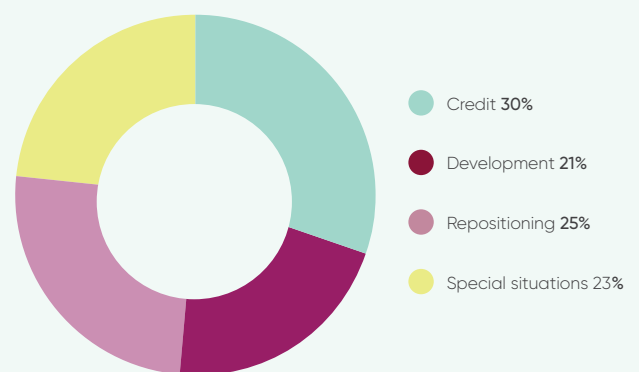
Sector: Residential apartments

Strategy: Special situations

Opportunity:

- Off-the-plan buyers of residential apartments defaulted, failing to settle the purchase when construction completed
- DREP1 acquired a portfolio of these completed apartments at a material discount to current market values
- This opportunity is reinforced by strong macro tailwinds, supporting projected demand along with constrained supply of residential apartments due to below-trend construction starts in recent years
- The strategy will be to initially lease the apartments into a market with low vacancy before a periodic sell down

DREP1 investments by investment strategy⁴



Sector: Healthcare

Strategy: Repositioning

Opportunity:

- Leveraged existing relationships for exclusive, off-market 100% acquisition of a medical centre located 650m from a major local hospital
- The medical centre has been undermanaged with a large portion of the site undeveloped
- A number of repositioning initiatives leveraging Dexus's broad property capability are planned and being pursued, including further development and increased leasing to reposition as an institutional grade healthcare asset for future sale

1. This section sets out the historical performance of Dexus in relation to trading assets. It is not a guarantee of future performance.

2. IRR represents an average of asset-level pre-tax returns from project commencement until settlement on realisation, covering the period between FY12 and FY23.

3. Trading profits pre-tax.

4. As at December 2023. One of the investments is subject to FIRB approval. Please note FIRB approval cannot be guaranteed and therefore there is a risk that DREP1 does not complete the proposed acquisition.

Dexus: one of Australia's leading real asset managers

Scale, resilience, outperformance

The Dexus difference

At Dexus, we invest capital alongside our partners, aligning interests and drawing strength from our operational expertise. For example, Dexus provided a \$100 million capital commitment for DREP1.

Our strong track record of delivering consistent investor returns has built our history of outperformance against sector and index benchmarks.

Our scale enables diverse product investment opportunities, and capacity to invest in people, systems and technologies that elevate the customer experience and deliver enhanced returns.

Why invest with Dexus?

Experience translates to performance

As a long-term owner and manager of real estate and infrastructure, with a performance-driven team of property and infrastructure specialists, we boast an extensive knowledge base and network in Australia, enabling us to unearth unique investment opportunities.

Why invest in Australia?

Deliberate focus creates unique advantage

Australia is one of the strongest performing economies in the world for investors, and at Dexus, we have honed our strategic approach to harness this investment potential.

Long term underlying fundamentals support continued growth

- Leading OECD population growth rates¹
- Highly skilled workforce
- GDP growth set to outperform G7 countries 2022 to 2032¹
- One of the world's largest superannuation markets¹
- Demonstrated high degree of liquidity in the real assets secondary market over the long term
- Low risk regulatory environment
- Low sovereign risk and strong legal framework

Dexus real assets platform

35+ years

of funds management experience

\$57.1b²

portfolio

\$41.3b²

combined third party FUM

\$16.9b²

development pipeline

1. Dexus Research.

2. As at 31 December 2023.

For more information, please contact one of our team members or visit dex^{us}.com/DREP2

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