

ARENA REIT

Annual General Meeting

25 November 2021



ARENA DIRECTORS



From left: Gareth Winter, David Ross, Rob de Vos, Rosemary Hartnett, Dennis Wildenburg, Simon Parsons.



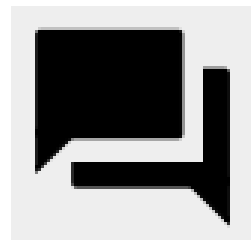
AGENDA

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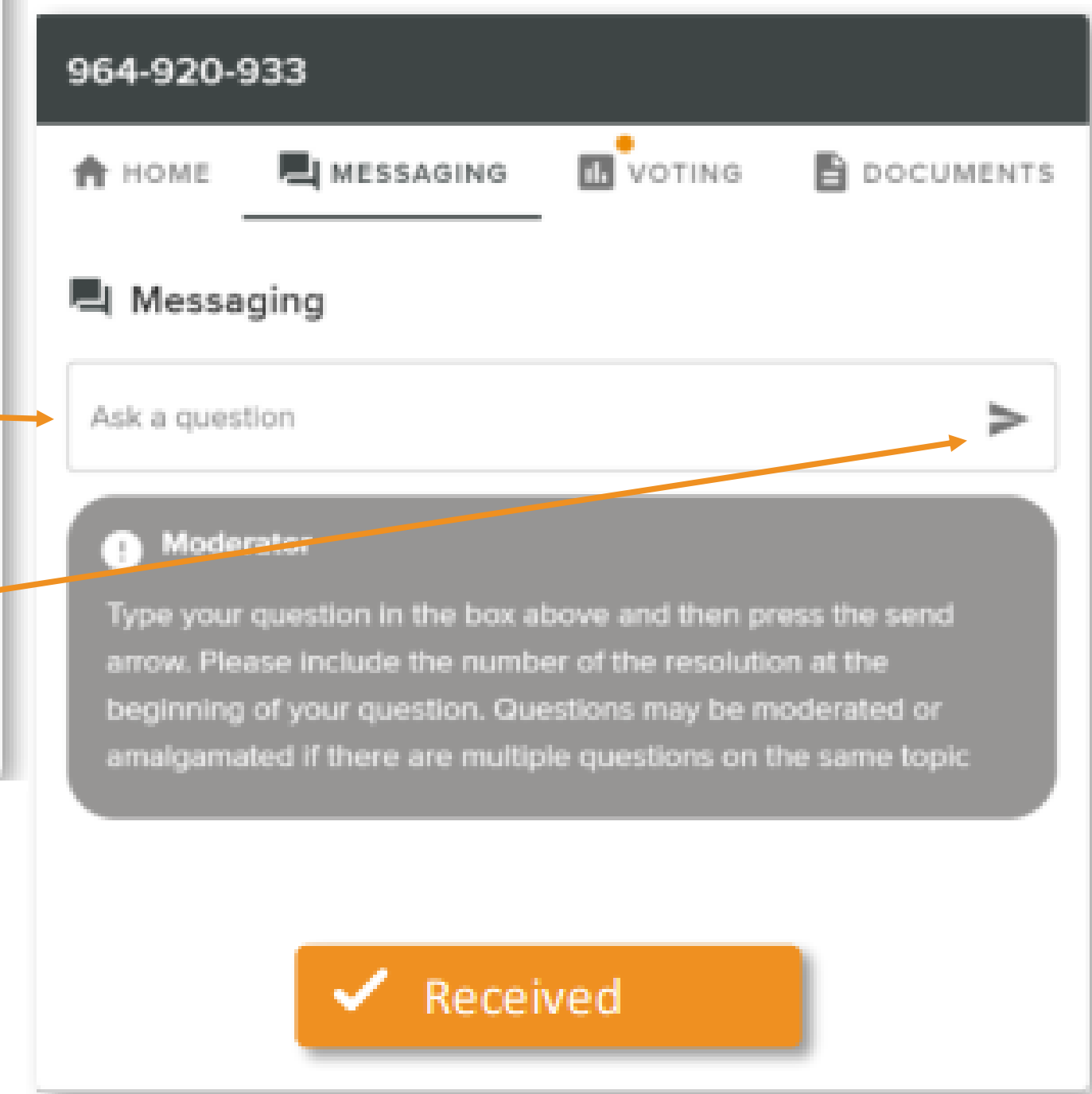
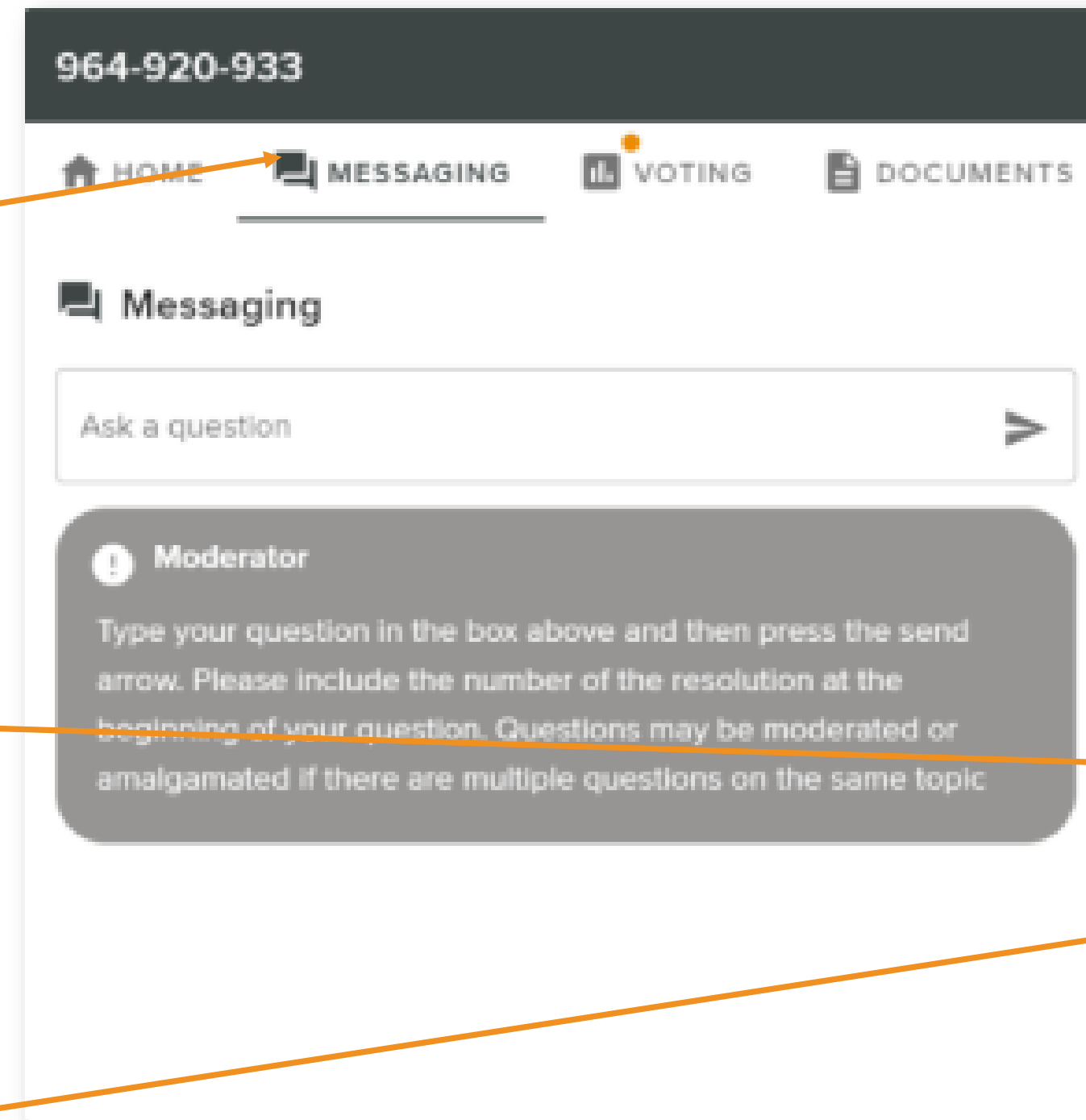


ASKING QUESTIONS VIA LUMI

- To submit a written question select the messaging tab.

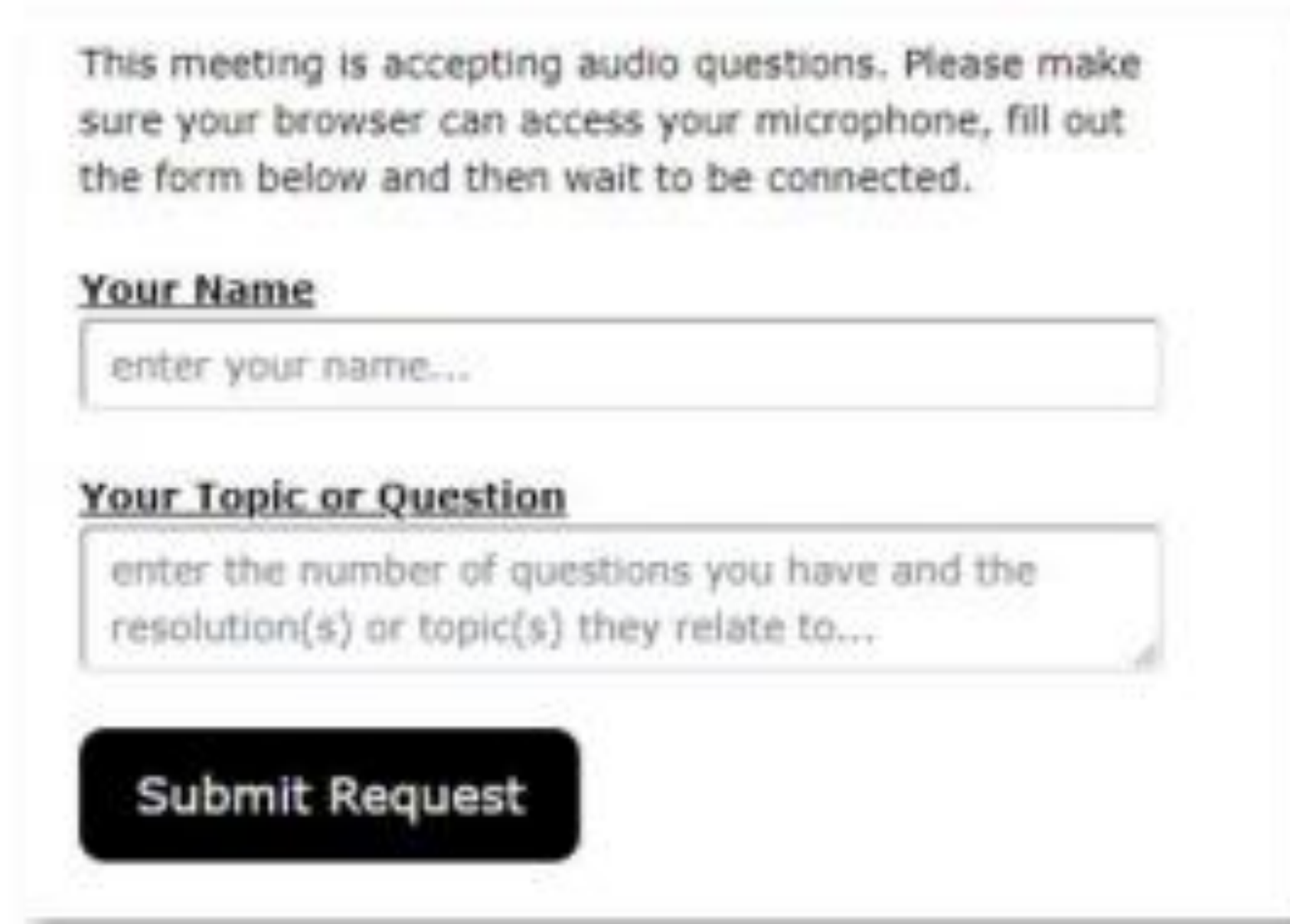


- Type your question in the "Ask a question" box.
- Once you have finished typing your question press the arrow symbol to send.



ASKING QUESTIONS VIA LUMI

- To submit an audio question, please pause the broadcast before clicking on the link under “Asking Audio Questions.”
- A new page will open, as shown to the right.
- Please enter the requested details and then click “Submit Request” to join the audio queue.



This meeting is accepting audio questions. Please make sure your browser can access your microphone, fill out the form below and then wait to be connected.

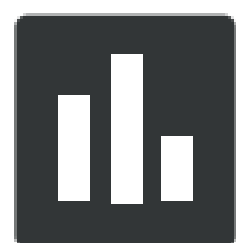
Your Name

Your Topic or Question

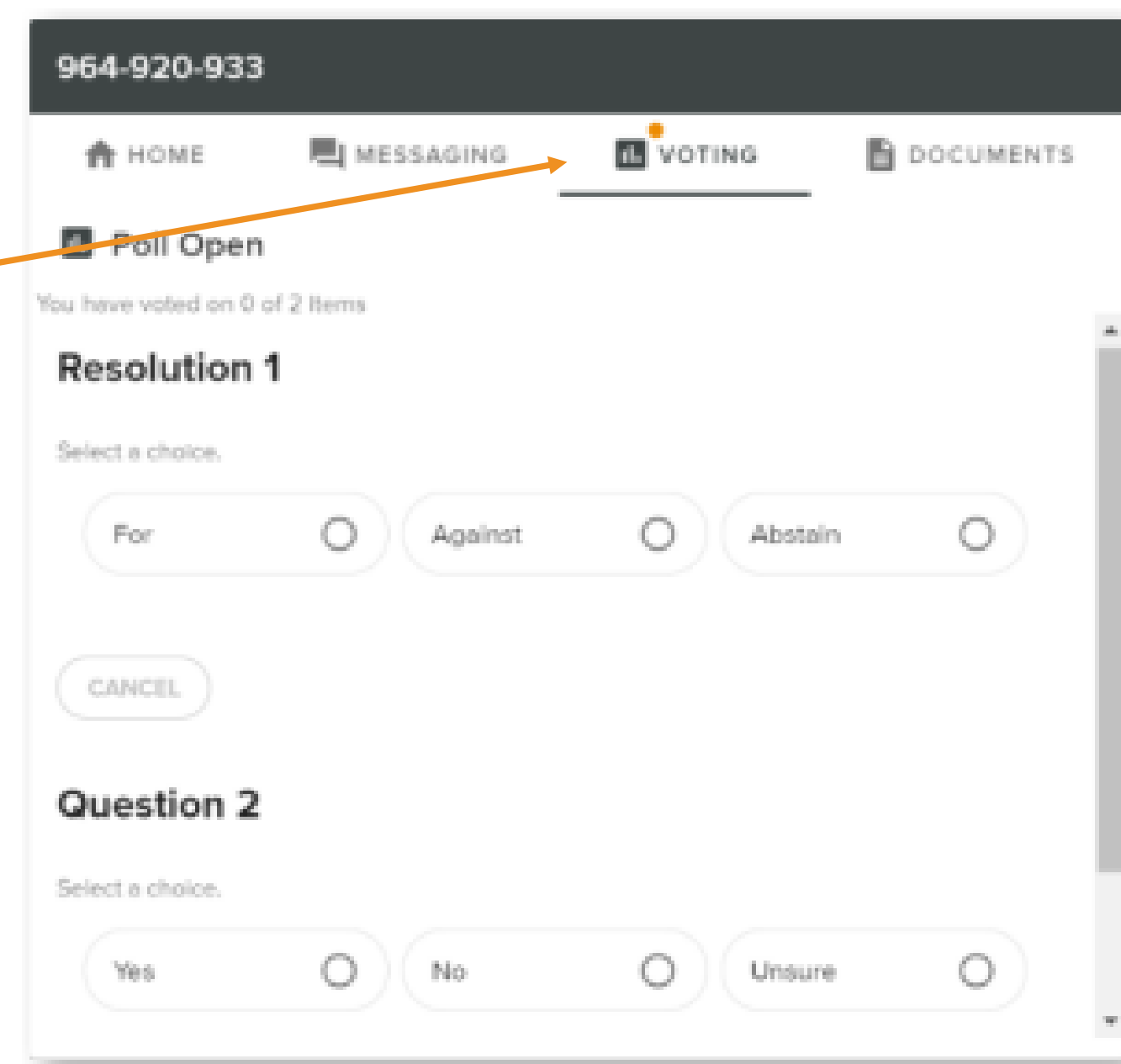
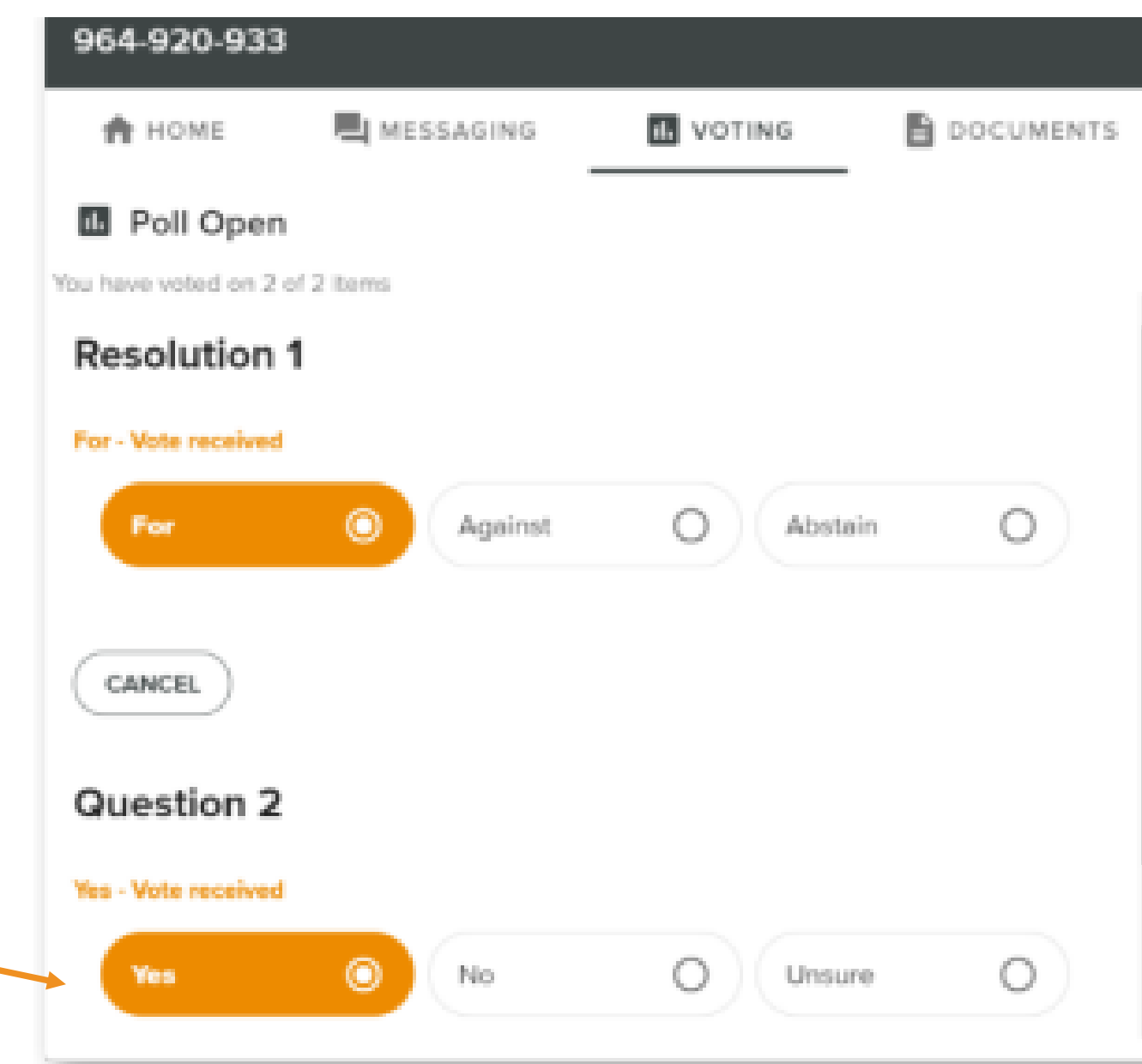
Submit Request

VOTING VIRTUALLY VIA LUMI

- When the poll is open, the vote will be accessible by selecting the voting icon at the top of the screen.



- To vote simply select the direction in which you would like to cast your vote. The selection will change colour and a confirmation message will appear.

A screenshot of a mobile application interface for voting. At the top, there's a dark header with the number '964-920-933' and four navigation icons: HOME, MESSAGING, VOTING (which is highlighted with an orange dot and an arrow from the text above), and DOCUMENTS. Below the header, it says 'Poll Open' and 'You have voted on 0 of 2 Items'. There are two sections: 'Resolution 1' and 'Question 2'. Each section has the text 'Select a choice.' followed by three radio button options. For 'Resolution 1', the options are 'For', 'Against', and 'Abstain'. For 'Question 2', the options are 'Yes', 'No', and 'Unsure'. A 'CANCEL' button is located below the options for each section.A screenshot of the same mobile application interface, but now showing that votes have been cast. The status at the top now says 'You have voted on 2 of 2 Items'. In the 'Resolution 1' section, the 'For' radio button is selected, highlighted in orange, and the text 'For - Vote received' appears above it. In the 'Question 2' section, the 'Yes' radio button is selected, highlighted in orange, and the text 'Yes - Vote received' appears above it. The 'CANCEL' buttons are still present below each section.



CHAIR'S ADDRESS

David Ross
Chair





FY21 HIGHLIGHTS

Continuing strong portfolio, investment and community outcomes

- 18.5% growth in net operating profit driven by contracted rental growth, acquisitions and development completions and lower finance costs.
- 15% growth in NAV reflects the essential nature of early learning (ELC) and healthcare properties.
- \$106 million of capital deployed in FY21:
 - \$40 million acquisition of seven operating ELC properties; and
 - Continued delivery of development completions and expanded development pipeline.
- Divestment of six ELC properties at 16% premium to book value.
- Existing long WALE further increased to 20.1¹ years.
- Gearing ratio of 19.9%².
- FY22 DPS guidance of 15.8 cents per security, an increase of 6.8%³ on FY21.

1. Post balance date portfolio lease renegotiation with Goodstart included an increase of 25 years of term on 87 ELC properties.

2. Gearing calculated as ratio of net borrowings over total assets less cash.

3. Guidance is estimated on a status quo basis assuming no new acquisitions or disposals, all developments in progress are completed in line with forecast assumptions, tenants comply with their existing or adjusted lease obligations and is based on Arena's current assessment of the future impact of COVID-19 pandemic (which is subject to a wide range of uncertainties) and assumes ongoing government support of the early learning sector.

4. EPS is calculated as net operating profit over weighted average number of securities on issue.

\$165.4 million

**Statutory net
profit**

+116% on FY20

\$51.9 million

Net operating profit

+18.5% on FY20

15.2 cents

**Earnings per security⁴
(EPS)**

+4.5% on FY20

14.8 cents

**Distributions per
security (DPS)**

+5.7% on FY20

\$2.56

**Net Asset Value
(NAV) per security**

+15% on FY20

20.1 years¹

**Weighted Average Lease
Expiry (WALE)**

+6.1 years on FY20



SUSTAINABILITY

Investment proposition and approach drives sustainable and commercial outcomes

Key FY2021 Sustainability Outcomes

- Completed external stakeholder materiality assessment.
- Completed independent review of remuneration framework for implementation in FY22.
- Reported fully against the GRI, partially against SASB and in more detail against the UN SDG's.
- Additional 45% of properties agreed to install solar renewable energy; 67% of total properties have now agreed to install solar renewable energy.
- Created a dedicated renewable energy dashboard for tenants.
- Developing model to forecast future savings of electricity, carbon emissions and monetary saving.
- Results of employee engagement survey improved.
- Tenant partner survey results informed Arena's approach to actively engage on Partnerships for Change.
- Commenced inaugural community partnership with RizeUp.

Key FY2022 Sustainability Goals

- Collaborate with tenant partners on appropriately identified ESG initiatives and report progress.
- Report on collaboration with tenant partners regarding installing solar renewable energy systems.
- Report on renewable energy production for properties where it has been installed.
- Outline an organisational carbon emission reduction plan.
- Outline a carbon emission reduction plan for Arena's property portfolio.
- Outline a plan to align with the TCFD.
- Voluntarily opt into Modern Slavery reporting.
- Extend and disclose Arena's approach to various employee initiatives including relevant statistics.
- Implement company specific policies/procedures for managing ESG risks.

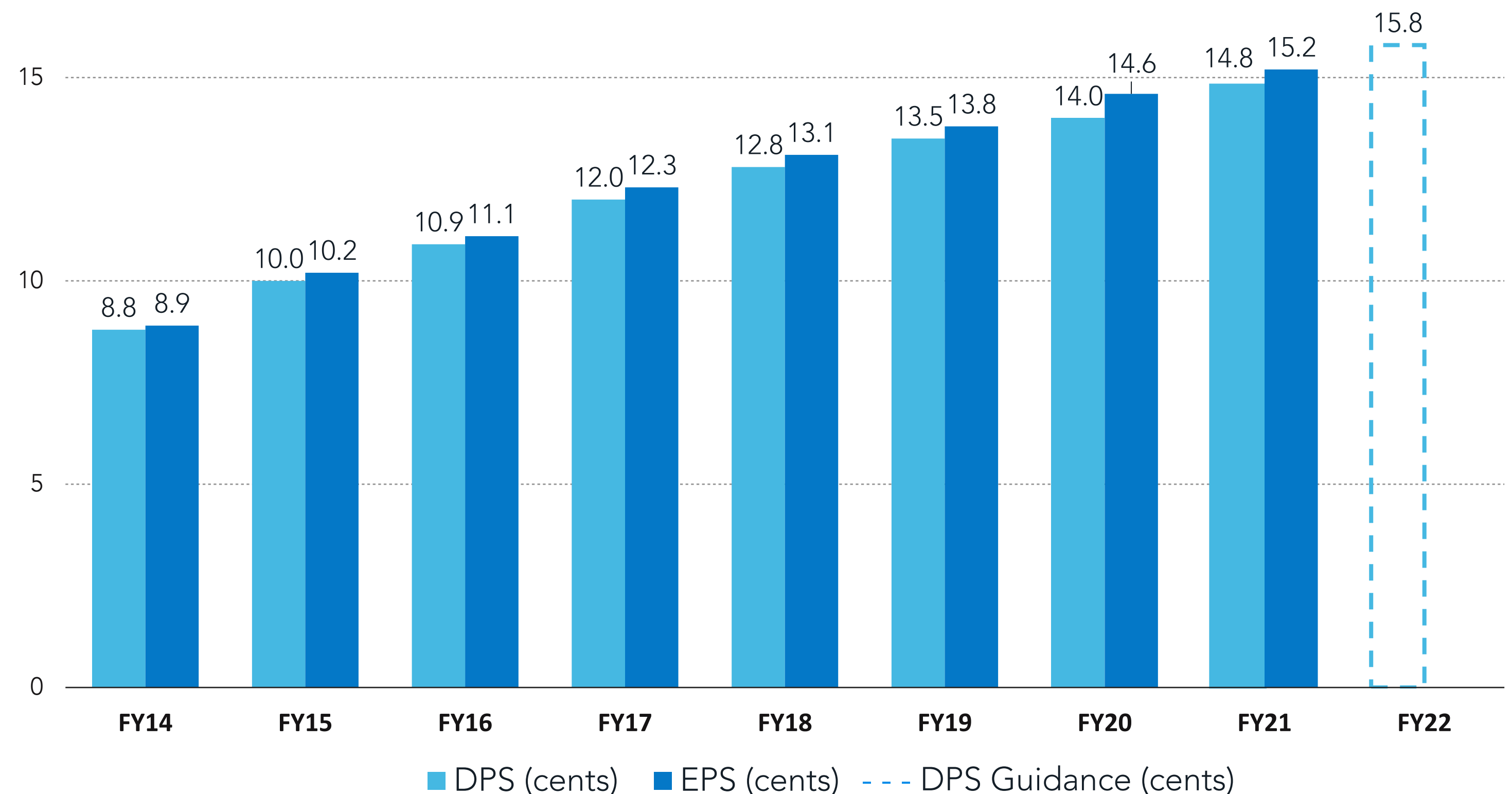
DELIVERING ON INVESTMENT OBJECTIVE

To generate attractive and predictable distributions to investors with earnings growth prospects over the medium to long term.

- FY22 DPS guidance of 15.8 CPS +6.8% on FY21¹.
- Earnings and distribution growth underpinned by core earnings drivers.

1. FY22 distribution guidance is estimated on a status quo basis assuming no new acquisitions or disposals, all developments in progress are completed in line with forecast assumptions, tenants comply with their existing or adjusted lease obligations and is based on Arena's current assessment of the future impact of COVID-19 pandemic (which is subject to a wide range of uncertainties) and assumes ongoing government support of the early learning sector.

Earnings and distributions per security (cents)





MANAGING DIRECTOR'S REPORT

Rob de Vos
Managing Director



DELIVERING ON STRATEGY

Strategy discipline and working in partnership continue to deliver positive outcomes

Portfolio management:

- Portfolio weighted average lease expiry (by income) increased to 20.1^{1,2} years.
- Six ELC properties sold at average premium of 16% to book value.
- Net valuation uplift of \$107.6 million.
- Portfolio weighted average passing yield 5.77%.

Lease management:

- Post balance date portfolio lease renegotiation with Goodstart on 87 ELC properties across Australia².
- 100% portfolio occupancy.
- Average FY21 like-for-like rent increase of +3.3%³.



Working in partnership:

- Continue to rollout the installation of renewable energy systems.
- Completed rejuvenation of six ELCs in partnership with two tenant groups.
- All tenant partners remain compliant with COVID-19 rent relief agreements⁴.

Investment and developments:

- Seven operating properties acquired at an average net initial yield of 6.1% on total cost with initial weighted average lease expiry of 27.3 years.
- 14 ELC developments completed at an average net initial yield on total cost of 6.6% with initial weighted average lease expiry of 20.8 years.
- Nine new ELC development projects acquired with forecast total cost of \$54 million⁵.

1. Pro-forma WALE as at 30 June 2021.

2. Arena REIT (ASX: ARF) ASX Announcement Market Update 29 July 2021.

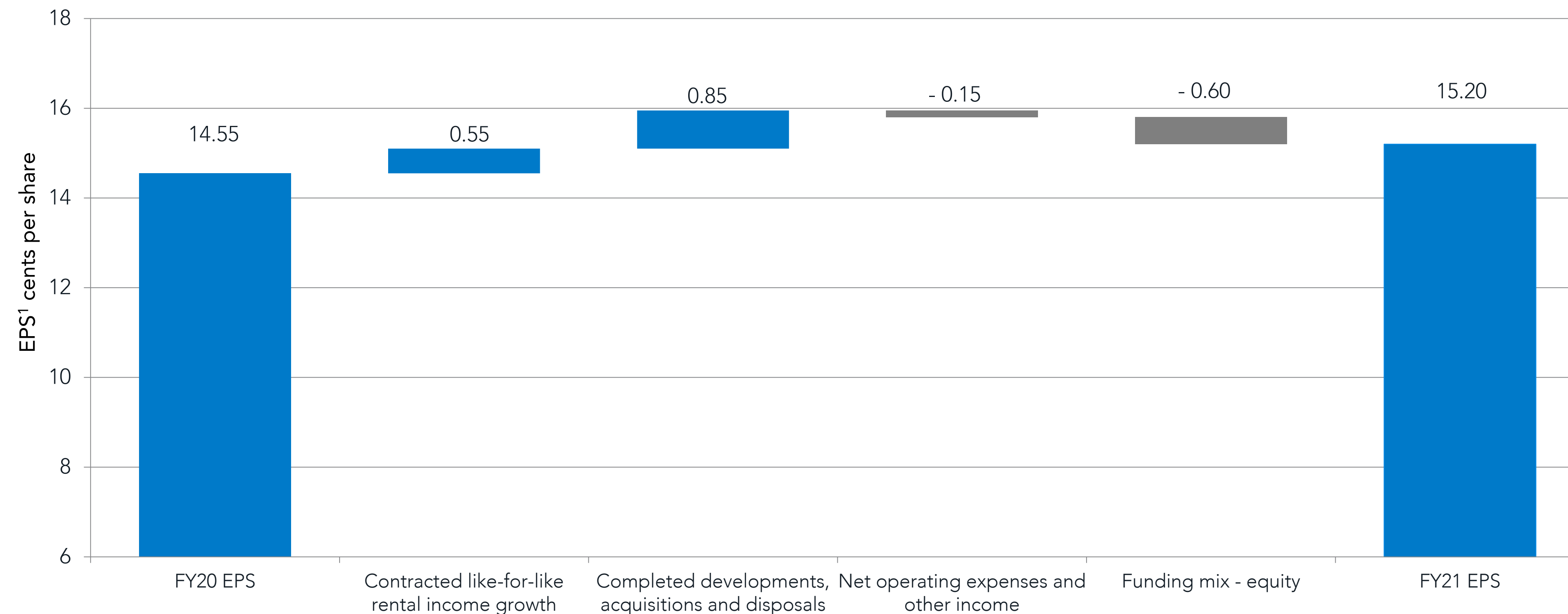
3. Includes 25 market rent reviews from FY20 which were all resolved at an average increase of +6.5%.

4. Under the National Cabinet Mandatory Code of Conduct landlords are obliged to provide eligible tenants rental relief in proportion to the reduction in trade resulting from COVID-19.

5. Excludes two ELC projects that were conditionally contracted prior to, and one ELC project that was unconditionally contracted post, 30 June 2021.

CONTRIBUTORS TO EPS GROWTH

Rental growth and development completions supporting EPS growth

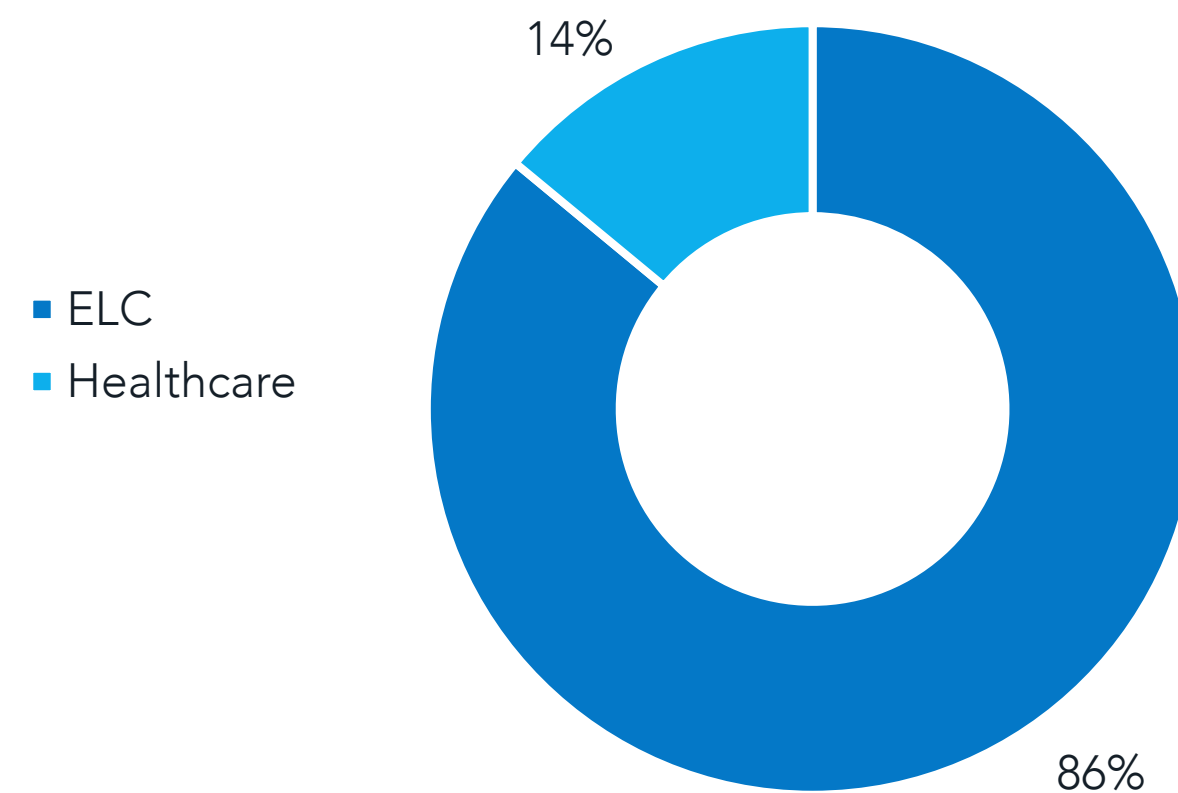


1. EPS is calculated as net operating profit over weighted average number of securities on issue.

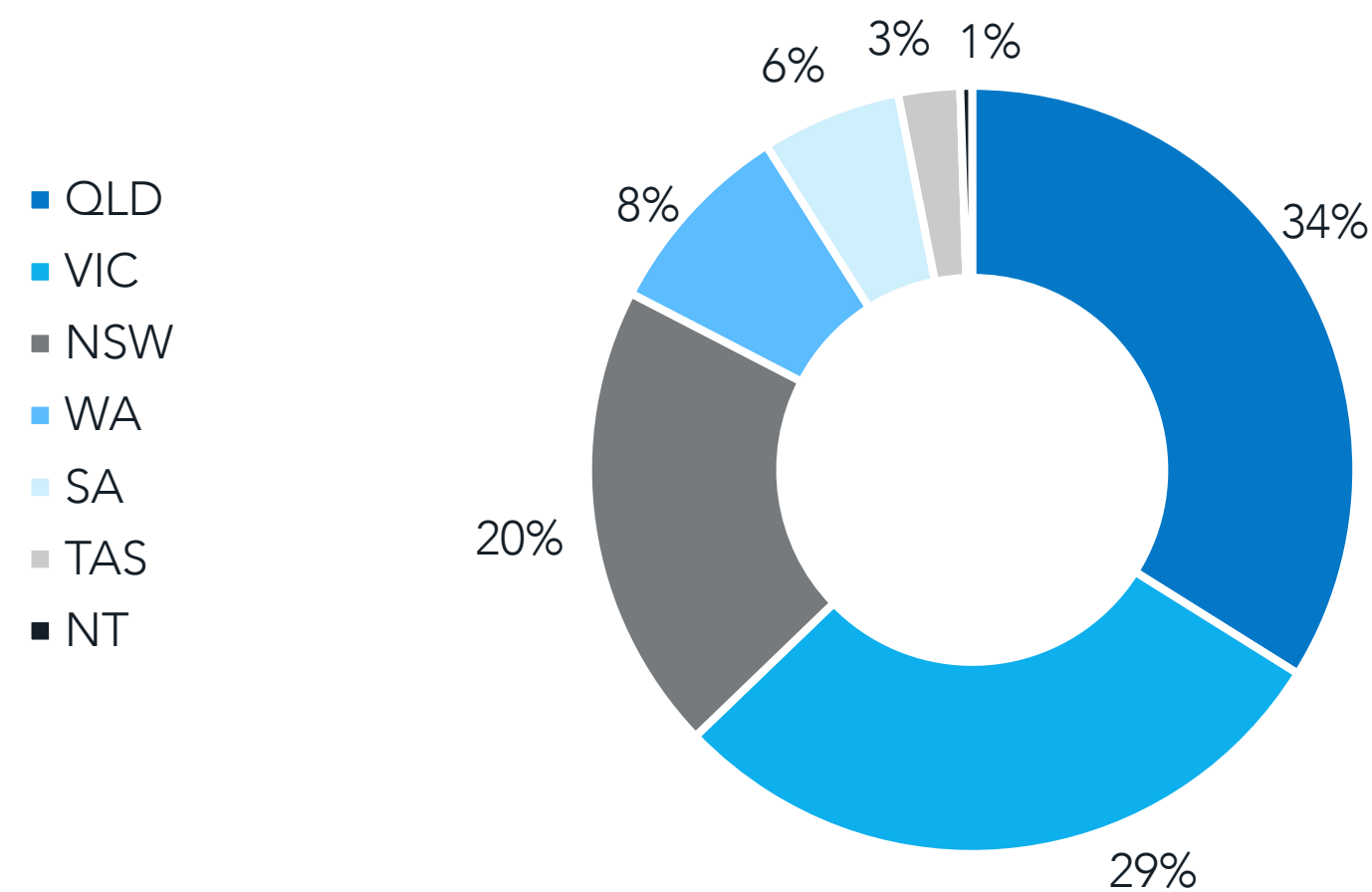
PORTFOLIO OVERVIEW

	Number of assets	30 June 2021 valuation	Net valuation movement versus 30 June 2020		30 June 2021 passing yield	Change versus 30 June 2020
		\$m	\$m	%	%	bps
ELC portfolio	238	959	+92.0	+11.8%	5.84%	(40)
Healthcare portfolio	11	153	+15.6	+11.4%	5.34%	(78)
Total portfolio	249	1,112	+107.6	+11.8%	5.77%	(45)

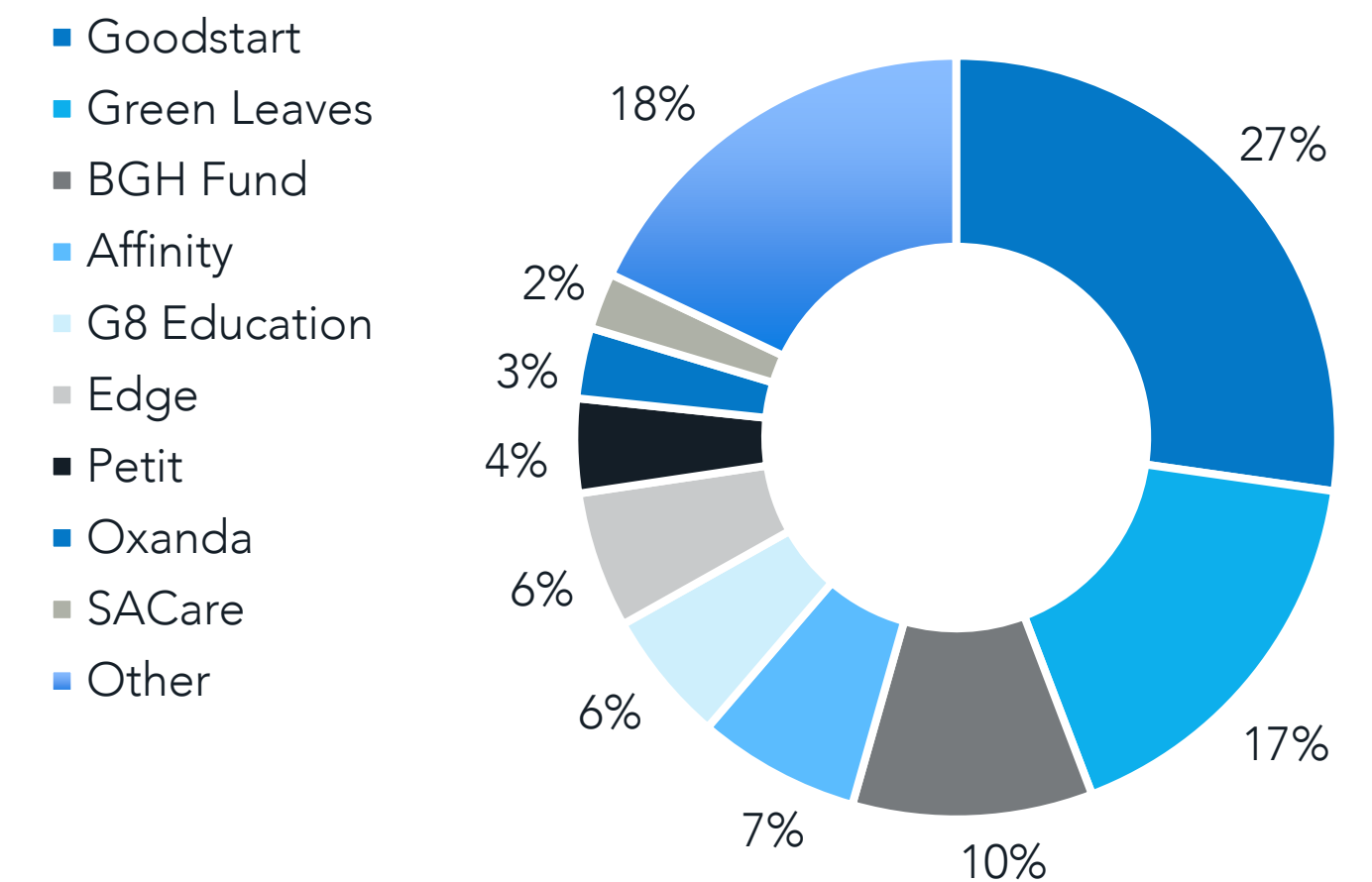
Sector diversity (by value)



Geographic diversity (descending by value)



Tenant diversity (descending by income)



Totals may not add due to rounding.



OUTLOOK

Long term income predictability with inflation protection

INCOME GROWTH

- FY22 distribution guidance of 15.8 cents per security, an increase of 6.8%¹ on FY21.
- Annual rent increases:
 - >76% of rent reviews in FY22 and FY23 will increase at the higher of an agreed fixed amount or CPI; and
 - 16% of FY24 reviews are market rent reviews.
- Full impact of FY21 and partial impact of FY22 acquisitions and development completions.
- \$91 million development pipeline comprising 15 ELC projects².

OUTLOOK

- Essential nature of early learning and healthcare reinforced through COVID-19 period.
- Gearing³ at 19.9%, no debt expiry until March 2024.
- Proven ability to secure and execute on high quality opportunities while maintaining a disciplined investment process for opportunities that meet Arena's preferred property characteristics.

1. Guidance is estimated on a status quo basis assuming no new acquisitions or disposals, all developments in progress are completed in line with forecast assumptions, tenants comply with their existing or adjusted lease obligations and is based on Arena's current assessment of the future impact of COVID-19 pandemic (which is subject to a wide range of uncertainties) and assumes ongoing government support of the early learning sector.
2. Includes two ELC projects that were conditionally contracted prior to, and one ELC project that was unconditionally contracted post, 30 June 2021.
3. Gearing calculated as ratio of net borrowings over total assets less cash.



Investment objective:

To deliver an attractive and predictable distribution to investors with earnings growth prospects over the medium to long term.



QUESTIONS





FORMAL BUSINESS





ORDINARY BUSINESS

Financial Reports

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report, each for the financial year ended 30 June 2021.



ORDINARY BUSINESS

Resolution 1: Non-binding advisory vote on the Remuneration Report

To consider and, if thought fit, pass the following as an advisory resolution of the Company:

‘That the Remuneration Report for the financial year ended 30 June 2021 be adopted.’

Proxy voting results	For	Against	Open	Abstain
Proxy votes for Resolution 1 (%)	95.67%	3.75%	0.58%	
Proxy votes for Resolution 1 (quantity)	205,318,047	8,057,425	1,234,732	8,857,467



OTHER BUSINESS

Resolution 2: Election of Mr Dennis Wildenburg as a director of the Company

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

‘That Mr Dennis Wildenburg who retires by rotation in accordance with ASX Listing Rules 14.4 and 14.5 and, being eligible, offers himself for re-election, be re-elected as a director of the Company.’

Proxy voting results	For	Against	Open	Abstain
Proxy votes for Resolution 2 (%)	96.18%	3.26%	0.56%	
Proxy votes for Resolution 2 (quantity)	208,041,562	7,051,585	1,216,294	8,943,766



OTHER BUSINESS

Resolution 3: Grant of deferred STI rights to Mr Rob de Vos

To consider and, if thought fit, pass the following as separate ordinary resolutions of the Company and each of the Trusts:

'That for the purposes of ASX Listing Rule 10.14 and for all other purposes, the grant to the Managing Director, Mr Rob de Vos, of rights as his deferred short term incentive under the Arena REIT Deferred Short Term and Long Term Incentive Plan on the terms set out in the Explanatory Memorandum to this Notice of Meeting, is approved.'

Proxy voting results	For	Against	Open	Abstain
Proxy votes for Resolution 3 (%)	99.11%	0.32%	0.57%	
Proxy votes for Resolution 3 (quantity)	212,964,126	696,379	1,221,283	9,583,640



OTHER BUSINESS

Resolution 4: Grant of LTI performance rights to Mr Rob de Vos

To consider and, if thought fit, pass the following as separate ordinary resolutions of the Company and each of the Trusts:

‘That for the purposes of ASX Listing Rule 10.14 and for all other purposes, the grant to the Managing Director, Mr Rob de Vos, of performance rights as his long term incentive under the Arena REIT Deferred Short Term and Long Term Incentive Plan on the terms set out in the Explanatory Memorandum to this Notice of Meeting, is approved.’

Proxy voting results	For	Against	Open	Abstain
Proxy votes for Resolution 4 (%)	99.06%	0.37%	0.57%	
Proxy votes for Resolution 4 (quantity)	212,869,332	792,763	1,221,283	9,582,050



OTHER BUSINESS

Resolution 5: Grant of deferred STI rights to Mr Gareth Winter

To consider and, if thought fit, pass the following as separate ordinary resolutions of the Company and each of the Trusts:

‘That for the purposes of ASX Listing Rule 10.14 and for all other purposes, the grant to the chief financial officer and an executive director of the Responsible Entity, Mr Gareth Winter, of rights as his deferred short term incentive under the Arena REIT Deferred Short Term and Long Term Incentive Plan on the terms set out in the Explanatory Memorandum to this Notice of Meeting, is approved.’

Proxy voting results	For	Against	Open	Abstain
Proxy votes for Resolution 5 (%)	99.08%	0.35%	0.57%	
Proxy votes for Resolution 5 (quantity)	212,904,489	754,159	1,221,283	9,582,050



OTHER BUSINESS

Resolution 6: Grant of LTI performance rights to Mr Gareth Winter

To consider and, if thought fit, pass the following as separate ordinary resolutions of the Company and each of the Trusts:

‘That for the purposes of ASX Listing Rule 10.14 and for all other purposes, the grant to the chief financial officer and an executive director of the Responsible Entity, Mr Gareth Winter, of performance rights as his long term incentive under the Arena REIT Deferred Short Term and Long Term Incentive Plan on the terms set out in the Explanatory Memorandum to this Notice of Meeting, is approved.’

Proxy voting results	For	Against	Open	Abstain
Proxy votes for Resolution 6 (%)	99.06%	0.37%	0.57%	
Proxy votes for Resolution 6 (quantity)	212,865,885	790,263	1,223,783	9,582,050



OTHER BUSINESS

Resolution 7: Remuneration of non-executive directors

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

‘That, in accordance with clause 2.11(a) of the Company constitution and ASX Listing Rule 10.17, the maximum total aggregate amount of fees payable to the non-executive directors be increased to \$1,000,000 per annum.’

Proxy voting results	For	Against	Open	Abstain
Proxy votes for Resolution 7 (%)	99.02%	0.32%	0.58%	
Proxy votes for Resolution 7 (quantity)	212,734,243	692,277	1,246,639	8,791,065



MEETING CLOSE





IMPORTANT NOTICE

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