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ARENA REIT

Annual General Meeting

19 November 2020





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ARENA DIRECTORS



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



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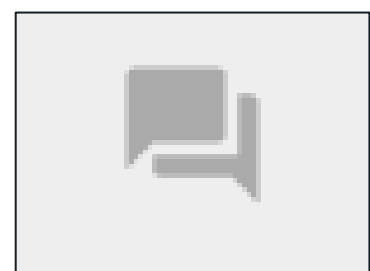
AGENDA

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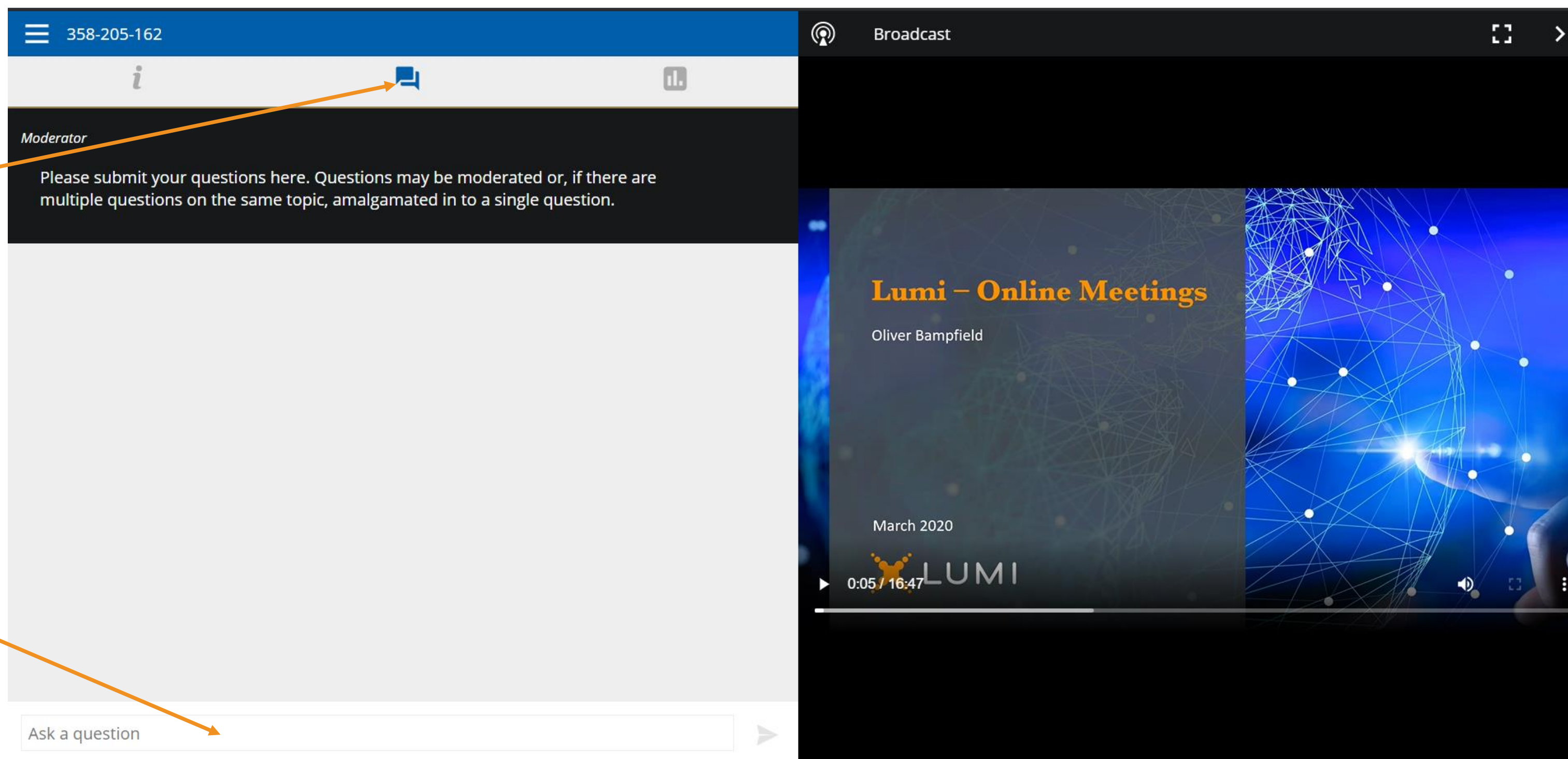
ASKING QUESTIONS VIRTUALLY VIA LUMI

- When the Question function is available, the Q&A icon will appear at the top of the app.



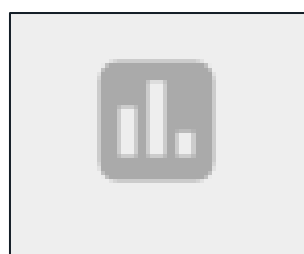
- To send in a question, simply click in the 'Ask a question' box, type your question and then press the send arrow.

- Your question will be sent immediately for review.



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 selected option will change colour.
- There is no submit or send button, your selection is automatically recorded.

358-205-162

You have voted on 3 of 5 items

ITEM 2 - Adoption of Remuneration Report
For - Vote received

For	Against	Withheld
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CANCEL

ITEM 3.1 - Elect Mr Trent Patterson as a director
For - Vote received

For	Against	Withheld
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CANCEL

ITEM 3.2 - Re-elect Ms Caroline Edwards as a Director
Withheld - Vote received

For	Against	Withheld
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CANCEL

ITEM 3.3 - Re-Elect Mr Ravi Shah as a Director

Broadcast

Shareholder Comms

Updates to voting procedures

ONLINE SHAREHOLDERS' MEETING GUIDE 2020

Remote entry to the Annual Shareholders' Meeting will open at XXXXX:XX:XXXXX 2020.

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CHAIR'S ADDRESS

David Ross
Chair



FY20 HIGHLIGHTS

Result demonstrates portfolio resilience in a challenging environment

- 5% growth in EPS¹ driven by contracted rental growth, acquisitions and development completions.
- Decisive response to the impacts of COVID-19, including working with tenant partners to finalise all rent relief agreements where justified.
- Long WALE maintained at 14 years.
- Acquisition of three ELC properties and one healthcare property, divestment of five ELC properties.
- Three development projects delivered, acquisition of 17 new projects² taking development pipeline to 20 projects² with forecast total cost of \$112 million with \$57 million capital expenditure outstanding.
- 6% growth in NAV highlights resilience of ELC portfolio valuations.
- Debt maturity extended and capacity increased.
- Completed \$60 million institutional placement and post balance date \$25 million Security Purchase Plan (SPP).
- Commenced renewable energy program.

1. EPS is calculated as net operating profit over weighted average number of securities on issue.
2. Includes four projects that have not yet settled; including one subject to an unconditional contract and three which are awaiting satisfaction of subdivision or planning approval.
3. Includes SPP securities which were issued on 1 July 2020 while settlement proceeds were received on 30 June 2020.
4. Includes ten FY19 uncapped market rent reviews which were resolved during FY20, excludes 26 unresolved FY20 market rent reviews which are all subject to a 0% collar and 7.5% cap.
5. Gearing calculated as ratio of net borrowing over total assets less cash.

\$76.6 million

Statutory net
profit

+29% on FY19

14.55 cents

Earnings per security
(EPS)¹

+5% on FY19

14.0 cents

Distributions per
security (DPS)

+4% on FY19

\$2.22

Net Asset Value
(NAV)³

+6% on FY19

+3.4%

Average like-for-like
rent increase⁴

14.8%

Gearing ratio⁵

-730bps on FY19



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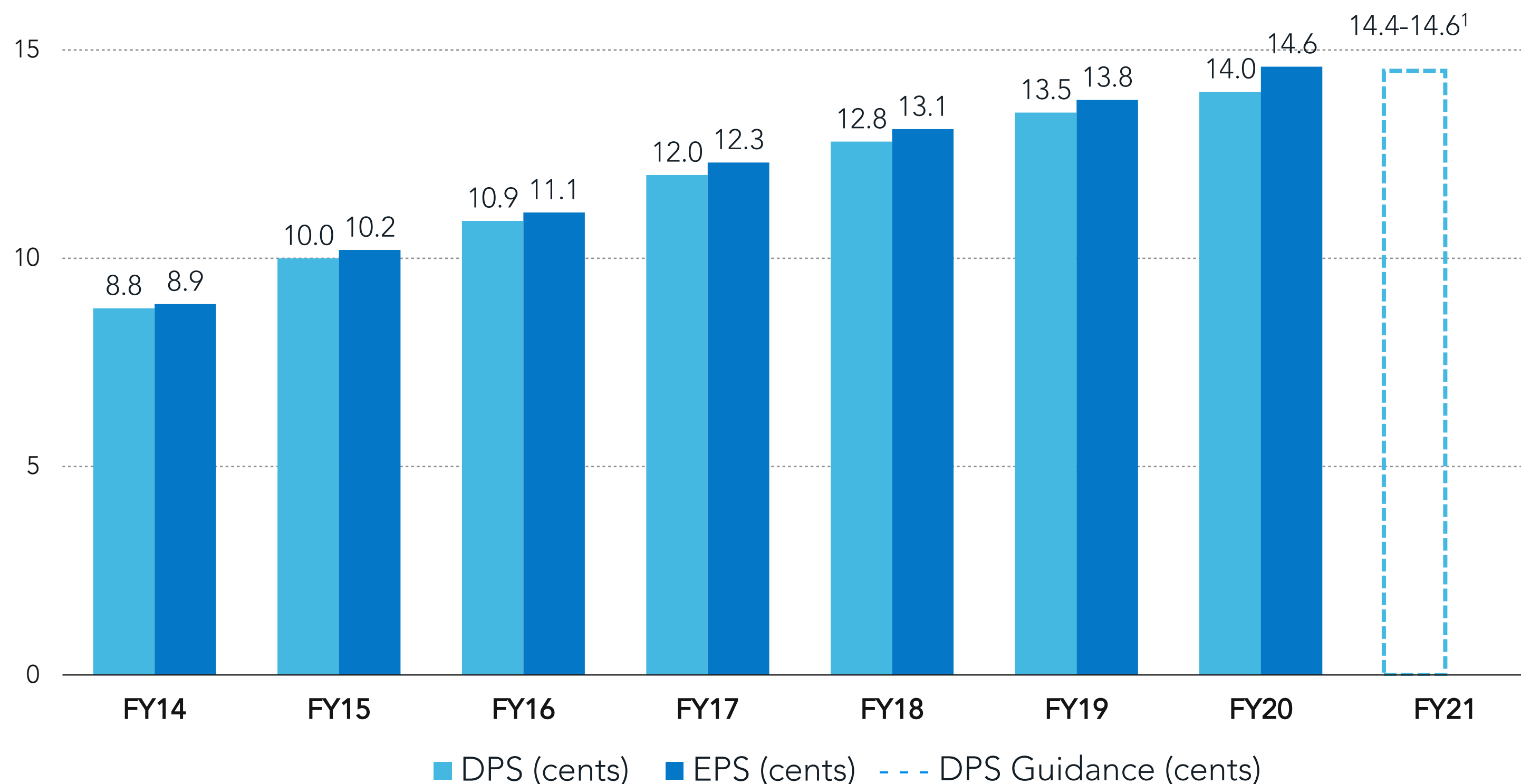
DELIVERING ON INVESTMENT OBJECTIVE

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

- FY21 DPS guidance of 14.4-14.6 CPS +3-4% on FY20¹.
- Earnings and distribution growth underpinned by core earnings drivers.

1. FY21 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)





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MANAGING DIRECTOR'S REPORT

Rob de Vos
Managing Director





COVID-19 UPDATE

Decisive response, uncertainties remain

Impact

- All of Arena's properties remain open and in operation.
- Lockdowns in response to COVID-19 significantly impacted ELC attendances however there has been a strong rebound post easing of lockdown restrictions.
- Strong Government response to COVID-19 via the Early Childhood Education and Care Relief Package, JobKeeper package, ELC transition payment and top-ups for lockdown affected areas, Recovery Package, relaxation of the activity test, waiver of gap fees and additional absence days for COVID-19 related reasons¹.
- Medical centre visitation, imaging and pathology services reduced up to May 2020 but have improved in-line with the broader economy opening up.
- SDA portfolio unaffected outside the introduction of increased sanitation, resident security and well-being programs.
- Progress on ELC development program largely unaffected to date.

Arena's response

- Implemented measures to support the safety and wellbeing of the Arena team.
- Increased engagement with tenant partners and Arena's stakeholders.
- Capital management initiatives undertaken to provide capacity to pursue future social infrastructure property investments consistent with strategy while also improving liquidity and reducing gearing.
- All rent relief agreements with our tenant partners reached where justified².

Impact of COVID-19 on property income for the period 1 July 2019 to 30 June 2020

- 96% of contracted rent receipted;
- 3.5% of contracted rent deferred, of which 71% is scheduled to be received in FY21, all tenants partners are currently compliant with rent relief agreements; and
- 0.5% of contracted rent has been abated.

1. <https://www.dese.gov.au/covid-19/childcare/>; <https://ministers.dese.gov.au/>

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



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DELIVERING ON STRATEGY

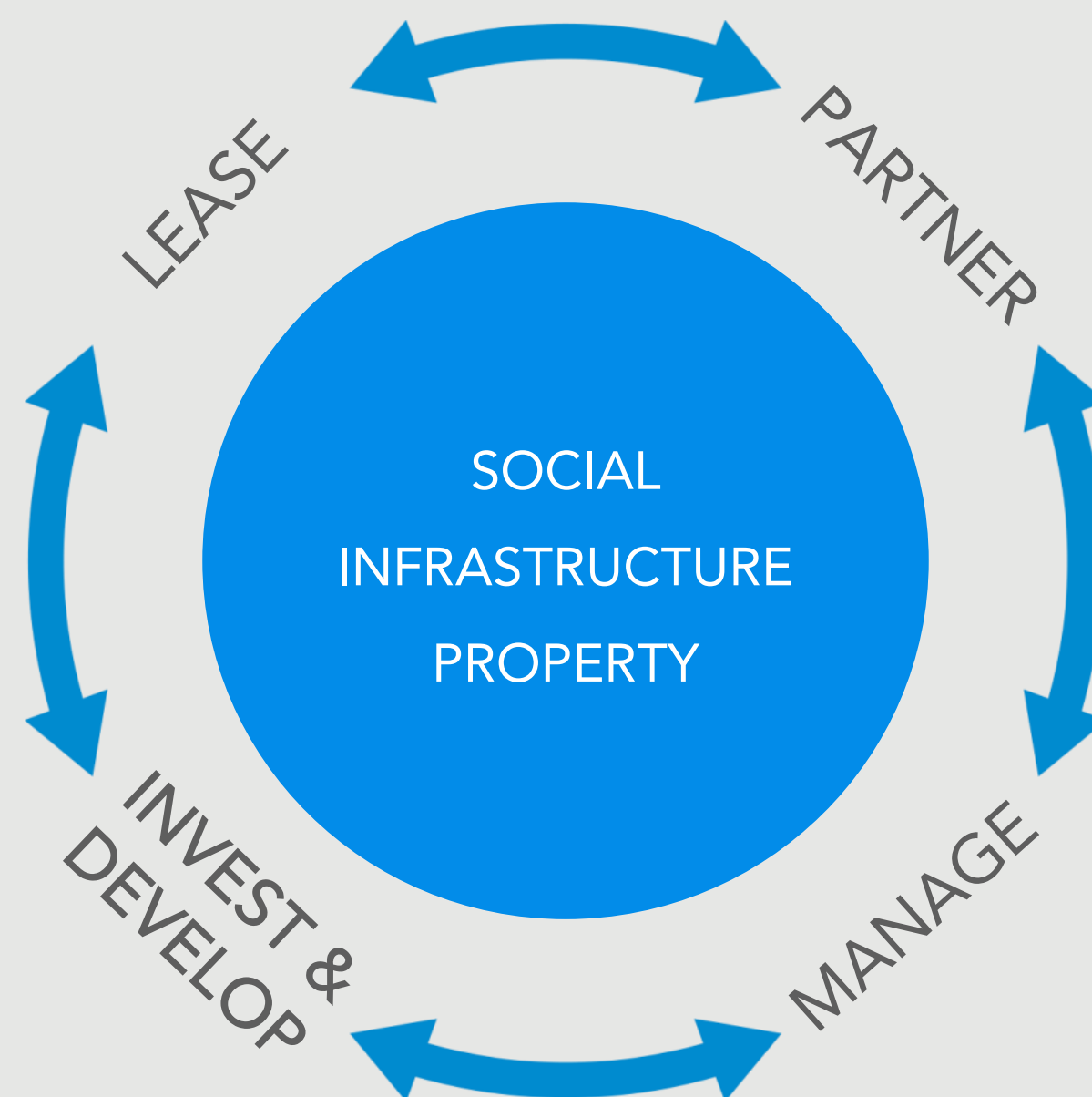
Consistent approach delivering positive portfolio and capital management outcomes

Lease management:

- 100% occupancy.
- Average FY20 like-for-like rent increase of +3.4%¹.

Investment and developments:

- Four operating properties acquired at a net initial yield of 6.3% with initial weighted average lease expiry of 16 years.
- Three ELC developments completed at a net initial yield on cost of 6.7% with initial weighted average lease expiry of 22 years.
- 17 new ELC development projects acquired with forecast total cost of \$83 million².



Working in partnership:

- Commenced renewable energy program.
- Completed rejuvenation of existing ELCs in partnership with four tenant groups.
- All rent relief agreements reached to date where justified³.

Portfolio management:

- Portfolio weighted average lease expiry (by income) maintained at 14 years.
- Five ELC properties sold at average premium of 11.6% to book value.
- Net valuation uplift of \$36.9 million.
- Portfolio weighted average passing yield 6.22%.

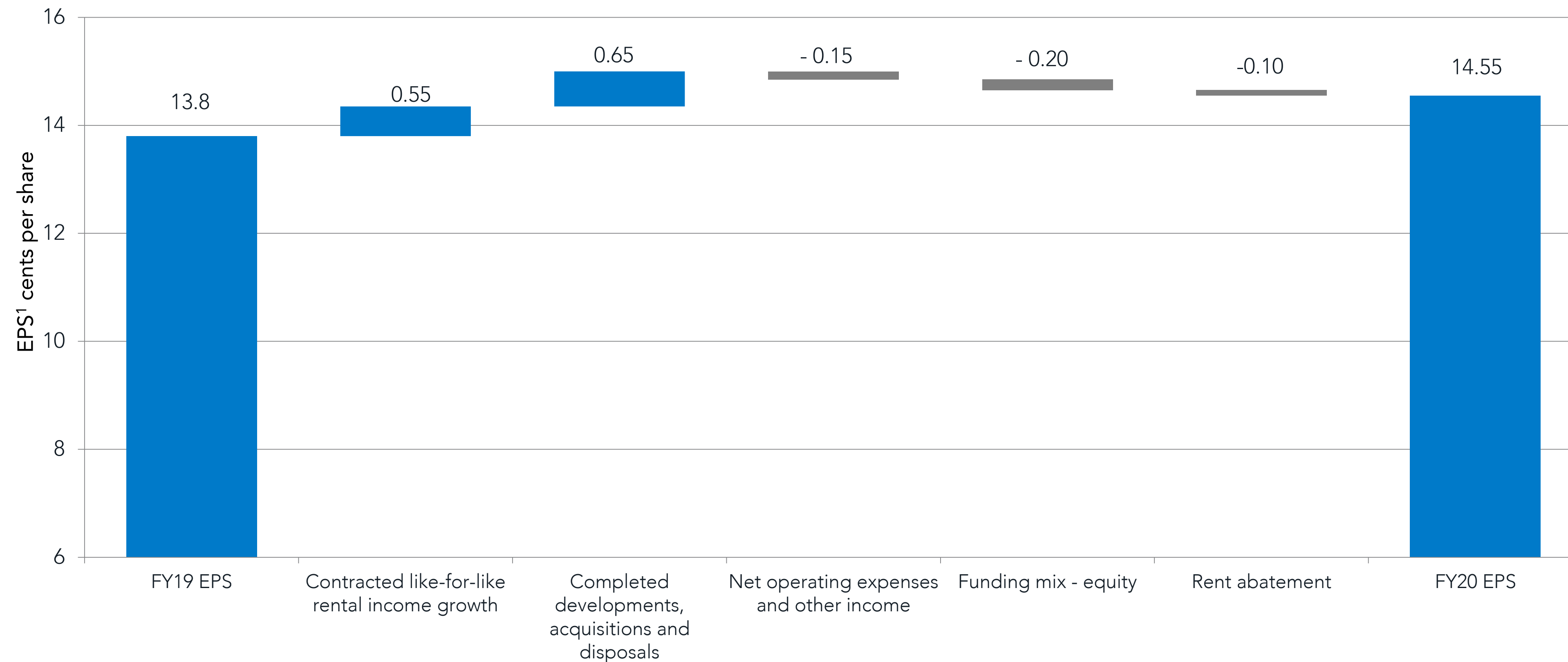
1. Includes ten FY19 uncapped market rent reviews which were resolved during FY20, excludes 26 unresolved FY20 market rent reviews which are all subject to a 0% collar and 7.5% cap.
 2. Includes four projects that have not yet settled; including one subject to an unconditional contract and three which are awaiting satisfaction of subdivision or planning approval.
 3. 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.



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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.

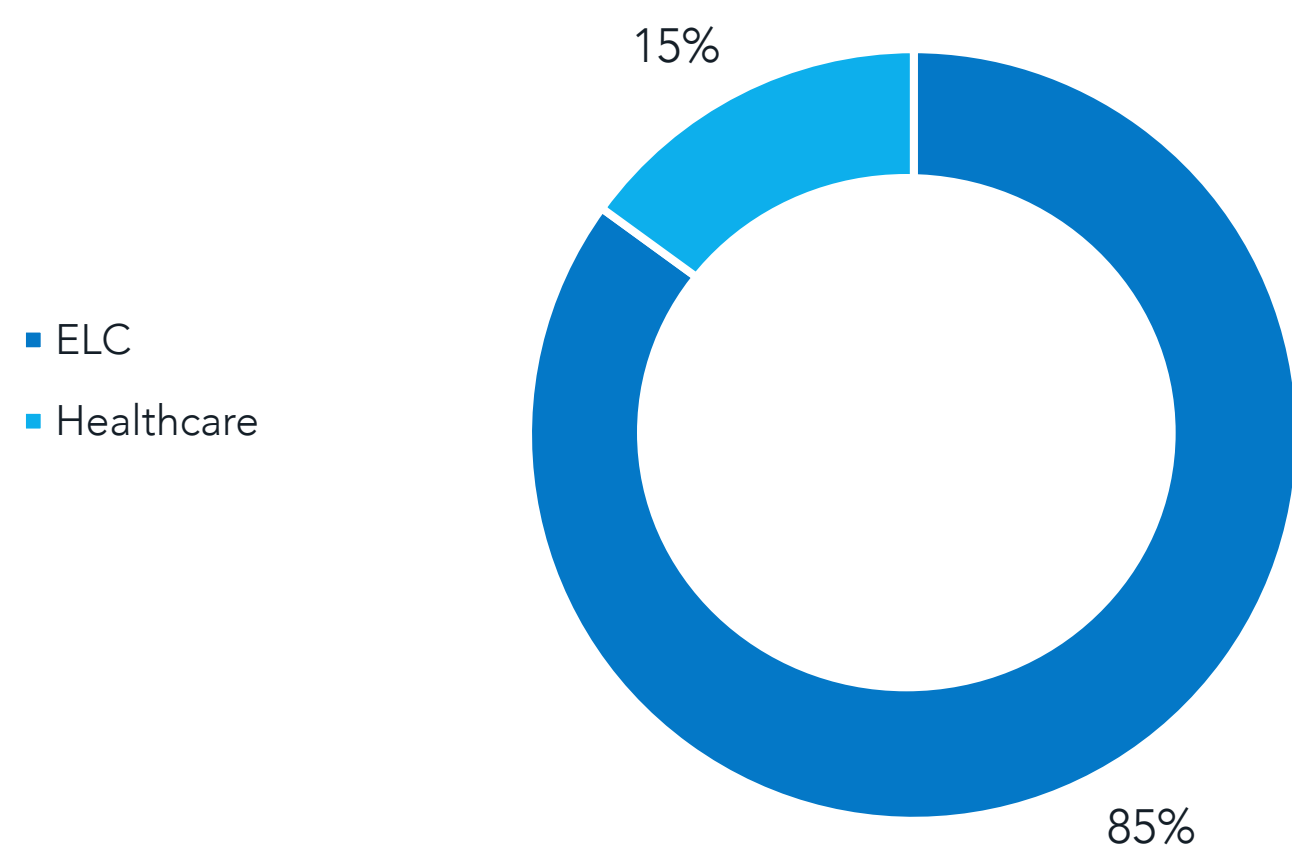


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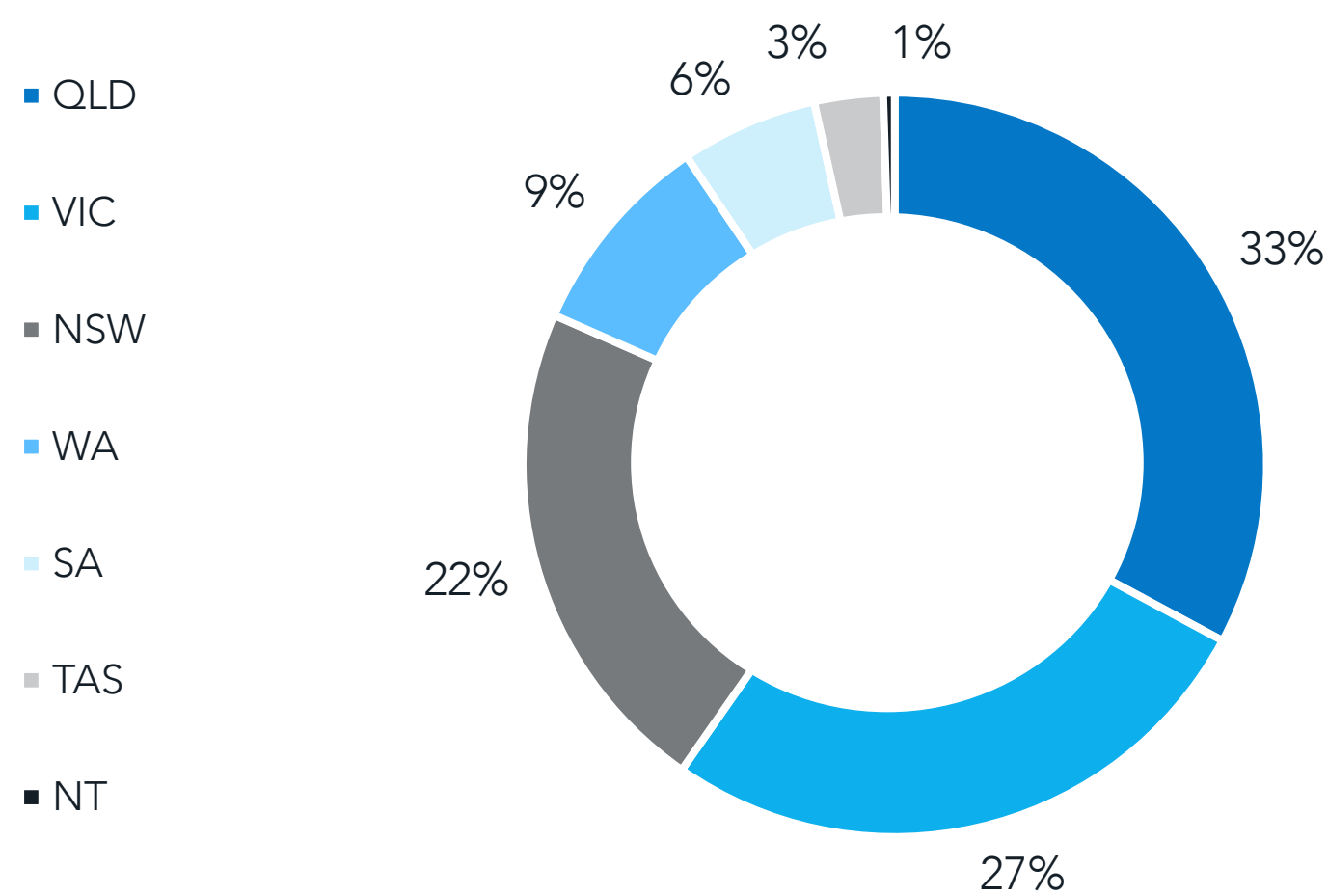
PORTFOLIO OVERVIEW

	Number of assets ¹	30 June 2020 valuation	Net valuation movement versus 30 June 2019		30 June 2020 passing yield	Change versus 30 June 2019
		\$m	\$m	%	%	bps
ELC portfolio	228	777.4	+34.7	+5.1%	6.24%	(21)
Healthcare portfolio	11	136.6	+2.2	+1.8%	6.12%	4
Total portfolio	239	914.0	+36.9	+4.6%	6.22%	(16)

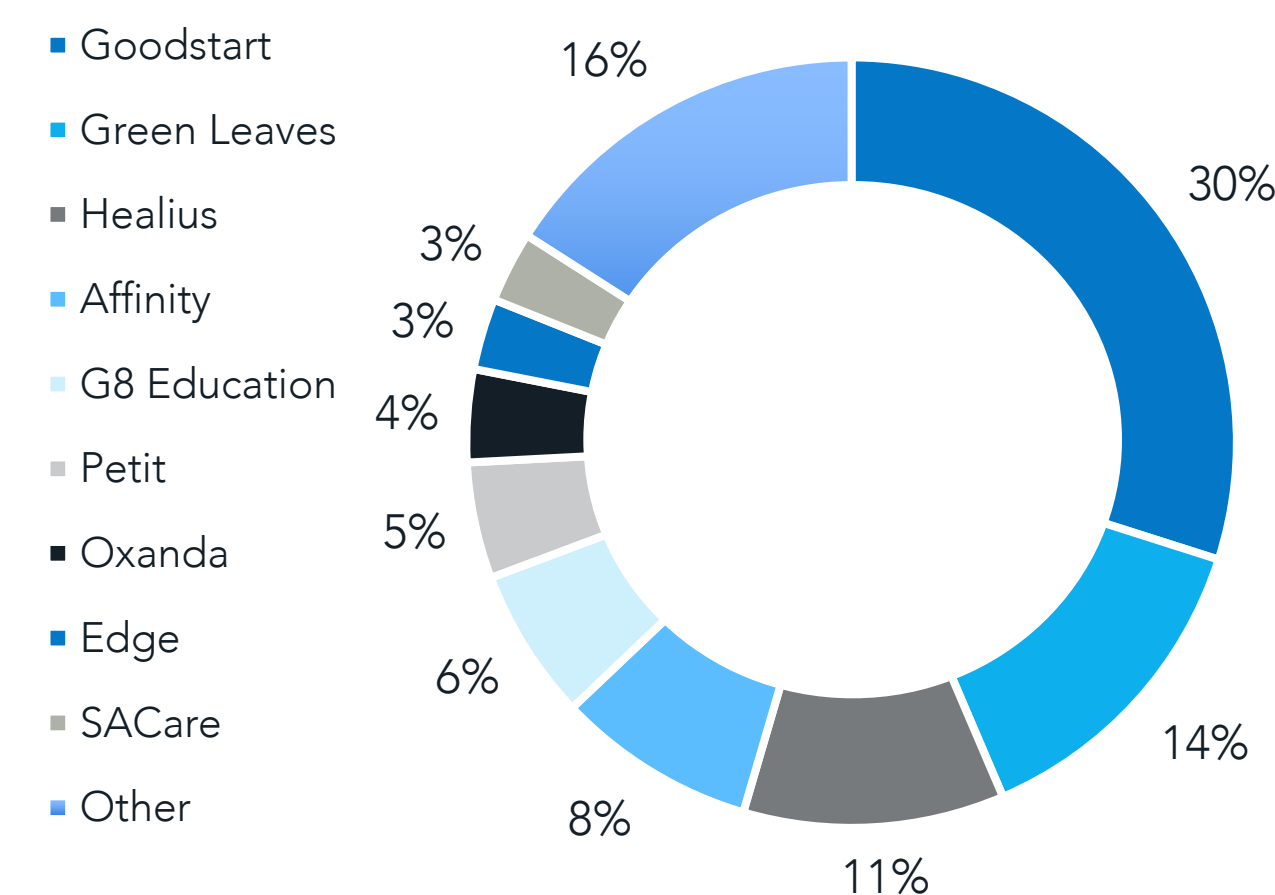
Sector diversity (by value)



Geographic diversity (descending by value)



Tenant diversity (descending by income)



1. Includes one project which is subject to an unconditional contract and excludes three projects which are awaiting satisfaction of subdivision or planning approval.
 2. Totals may not add due to rounding.

OUTLOOK

Well positioned despite ongoing uncertainty

INCOME GROWTH

- FY21 distribution guidance of 14.4-14.6 cents per security, an increase of 3-4%¹ on FY20.
- Annual rent increases, including market rent reviews:
 - Approximately 8% of FY20 income unresolved; and
 - Approximately 9% of FY21 income.
- Full impact of FY20 acquisitions and development completions.
- \$112 million development pipeline comprising 20 ELC projects².

OUTLOOK

- Early learning and healthcare are integral to economic recovery.
- Gearing³ reduced to 14.8%, no debt expiry falling due until March 2023.
- 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. FY21 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.
2. Includes four projects that have not yet settled; including one subject to an unconditional contract and three which are awaiting satisfaction of subdivision or planning approval.
3. Gearing calculated as ratio of net borrowing 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.





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QUESTIONS





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FORMAL BUSINESS





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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 2020.



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ORDINARY BUSINESS

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

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

'That the Remuneration Report for the financial year ended 30 June 2020 be adopted.'

Proxy voting results	For	Open	Against	Abstain
Proxy votes for Resolution 1 (%)	83.05%	0.52%	16.43%	
Proxy votes for Resolution 1 (quantity)	173,399,713	1,077,071	34,305,207	1,848,729

OTHER BUSINESS

Resolution 2: Election of Mr David Ross as a director of the Company

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

'That Mr David Ross 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	Open	Against	Abstain
Proxy votes for Resolution 2 (%)	97.26%	0.64%	2.10%	
Proxy votes for Resolution 2 (quantity)	204,831,111	1,356,488	4,426,034	1,923,774

OTHER BUSINESS

Resolution 3: Ratification of Placement

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

'That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the previous issue of 26,315,790 Securities at an issue price of \$2.28 per Security, under a placement to institutional investors as detailed in the Explanatory Memorandum (Placement) be ratified.'

Proxy voting results	For	Open	Against	Abstain
Proxy votes for Resolution 3 (%)	99.21%	0.66%	0.13%	
Proxy votes for Resolution 3 (quantity)	164,415,562	1,101,389	214,610	44,034,206

OTHER BUSINESS

Resolution 4: Grant of deferred STI rights to Mr Rob de Vos

To consider and, if thought fit, to 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	Open	Against	Abstain
Proxy votes for Resolution 4 (%)	99.03%	0.66%	0.31%	
Proxy votes for Resolution 4 (quantity)	205,455,514	1,374,593	651,406	4,479,352

OTHER BUSINESS

Resolution 5: Grant of LTI performance rights to Mr Rob de Vos

To consider and, if thought fit, to 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	Open	Against	Abstain
Proxy votes for Resolution 5 (%)	97.51%	0.66%	1.83%	
Proxy votes for Resolution 5 (quantity)	204,281,195	1,373,733	3,830,944	2,474,993

OTHER BUSINESS

Resolution 6: Grant of deferred STI rights to Mr Gareth Winter

To consider and, if thought fit, to 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	Open	Against	Abstain
Proxy votes for Resolution 6 (%)	99.03%	0.66%	0.31%	
Proxy votes for Resolution 6 (quantity)	205,456,374	1,373,733	651,406	4,479,352

OTHER BUSINESS

Resolution 7: Grant of LTI performance rights to Mr Gareth Winter

To consider and, if thought fit, to 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	Open	Against	Abstain
Proxy votes for Resolution 7 (%)	97.51%	0.66%	1.83%	
Proxy votes for Resolution 7 (quantity)	204,280,335	1,373,733	3,831,804	2,474,993

OTHER BUSINESS

Resolution 8: Amendment of Constitutions

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

'That, in accordance with sections 136 and 601GC of the Corporations Act 2001 (Cth), each Constitution be amended, in the manner set out in the Explanatory Memorandum, with effect from the time that such amendments are lodged with the Australian Investments and Securities Commission.'

Proxy voting results	For	Open	Against	Abstain
Proxy votes for Resolution 8 (%)	69.73%	0.67%	29.60%	
Proxy votes for Resolution 8 (quantity)	147,482,151	1,410,796	62,590,145	1,054,315



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MEETING CLOSE





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