

ARENA REIT

Annual General Meeting

22 November 2019





AGENDA

Chair's address	3
Managing Director's report	6
Questions	11
Formal Business	12
Counting of Votes, Close	23
Important Notice	24





CHAIR'S ADDRESS

David Ross
Chair

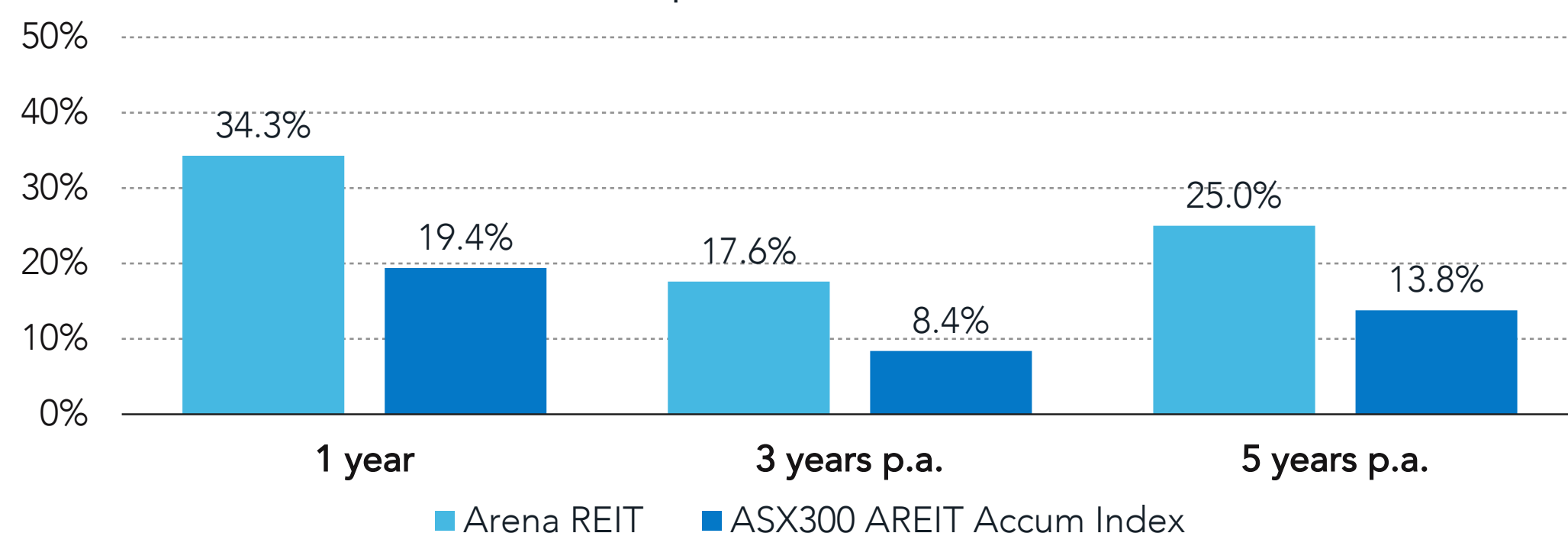


FY19 HIGHLIGHTS

Strong result and earnings growth

- Annual underlying rental income growth: average like-for-like rent reviews +3.6%¹.
- Healthcare portfolio leases with existing tenant partner Healius extended by an average of 10.6 years contributing to valuation increase and portfolio WALE of 14.1 years.
- Acquisition of operating ELC and healthcare properties, ELC development completions and new investment in ELC development projects to support future earnings growth.

ASX total return² performance to 30 June 2019



1. Excludes ten market rent reviews which had not been resolved as at 30 June 2019.
2. UBS, UBS Australian REIT month in review, June 2019.
3. EPS is calculated as net operating profit over weighted average number of securities on issue.
4. Gearing calculated as ratio of borrowing over total assets.

\$37.7m

Net operating profit

+8.7% on FY18

13.8 cents

Earnings per security (EPS)³

+5.3% on FY18

13.5 cents

Distributions per security (DPS)

+5.5% on FY18

\$72m

Acquisitions and development completions

At 6.4% initial yield

+3.6%

Average like-for-like rent increase

+100 bps on FY18

22.8%

Gearing ratio⁴

24.7% at FY18

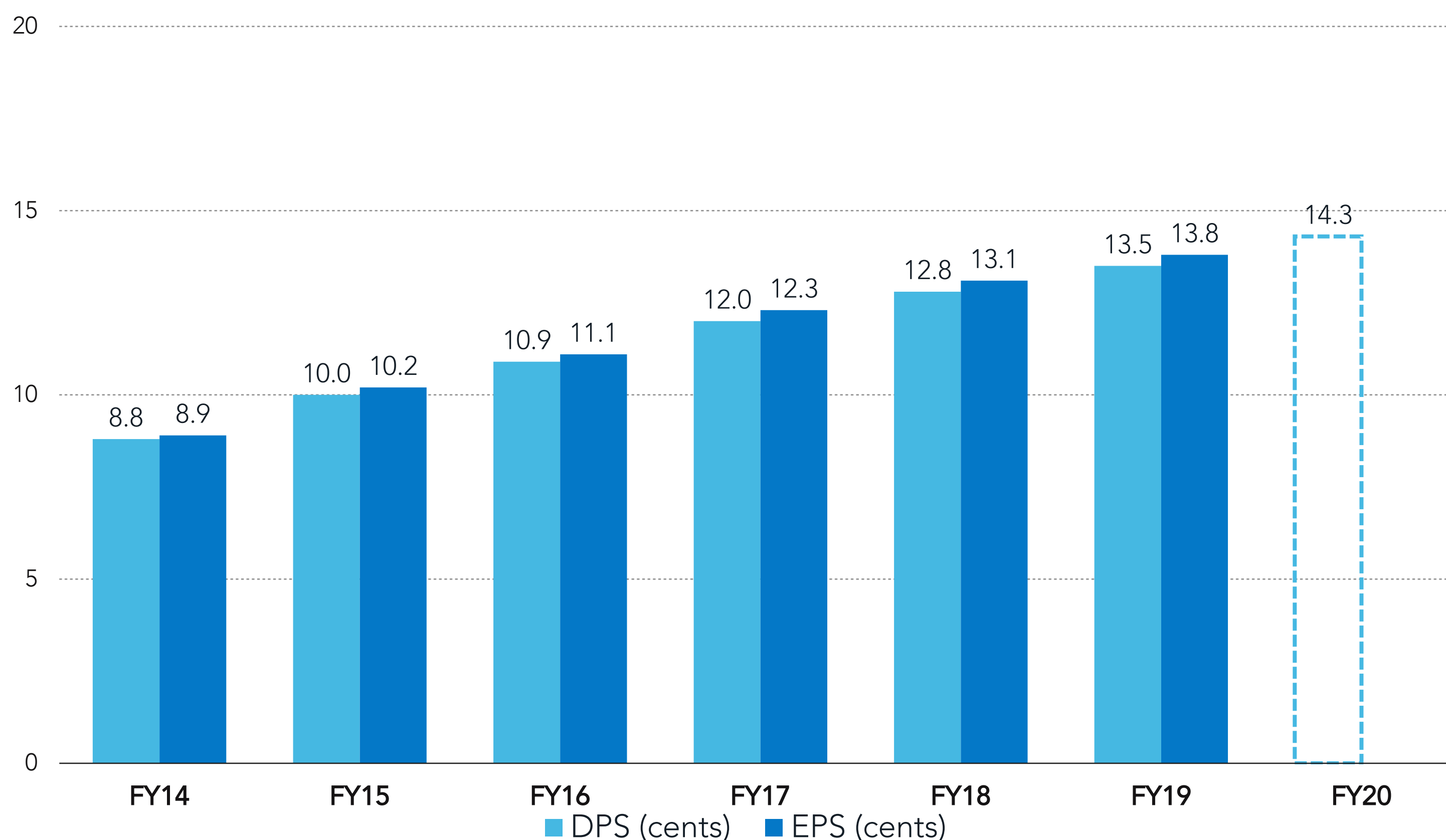
DELIVERING ON INVESTMENT OBJECTIVE

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

- FY20 DPS guidance of 14.3 CPS +5.9% on FY19¹.
- Earnings and distribution growth underpinned by core earnings drivers.

1. FY20 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, and tenants comply with their lease obligations.

Earnings and distributions per security (cents)





MANAGING DIRECTOR'S REPORT

Rob de Vos
Managing Director



PORTFOLIO PERFORMANCE

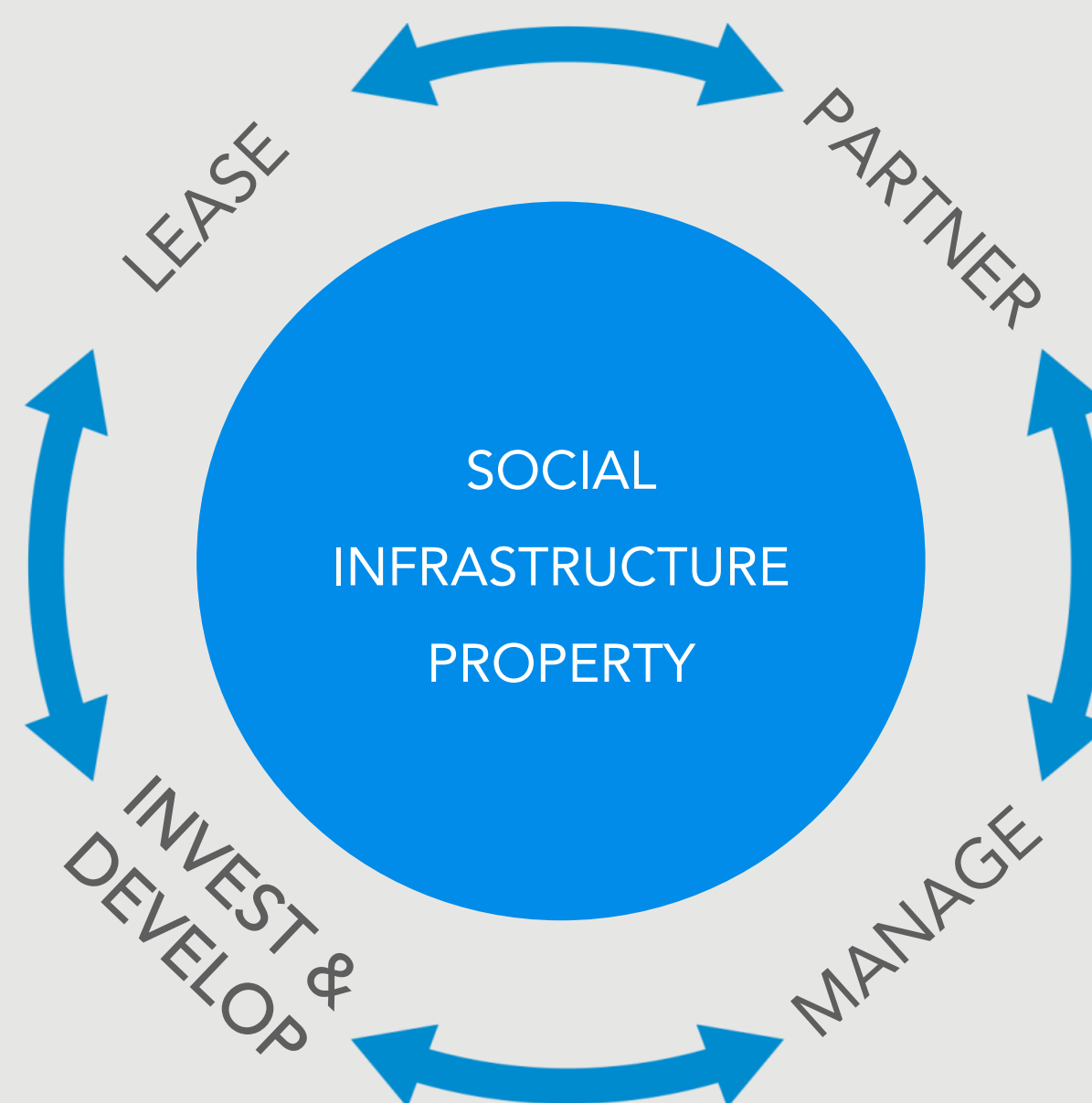
Disciplined strategy supporting positive outcomes

Lease management:

- 100% occupancy.
- Average like-for-like rent increase of +3.6%¹.
- Average market rent review increase of +9.4%¹.

Investment and developments:

- Eight operating properties acquired at a net initial yield of 6.4% with weighted average lease term (by income) of 17 years.
- Four ELC developments completed at a net initial yield on cost of 6.4% on new 20 year leases.
- Eight new ELC development projects acquired².



Working in partnership:

- Acquisition of \$24 million portfolio of specialist disability accommodation properties.
- Healthcare portfolio leases with tenant partner Healius extended by an average of 10.6 years.
- Rejuvenation of existing ELCs in partnership with three tenant groups.

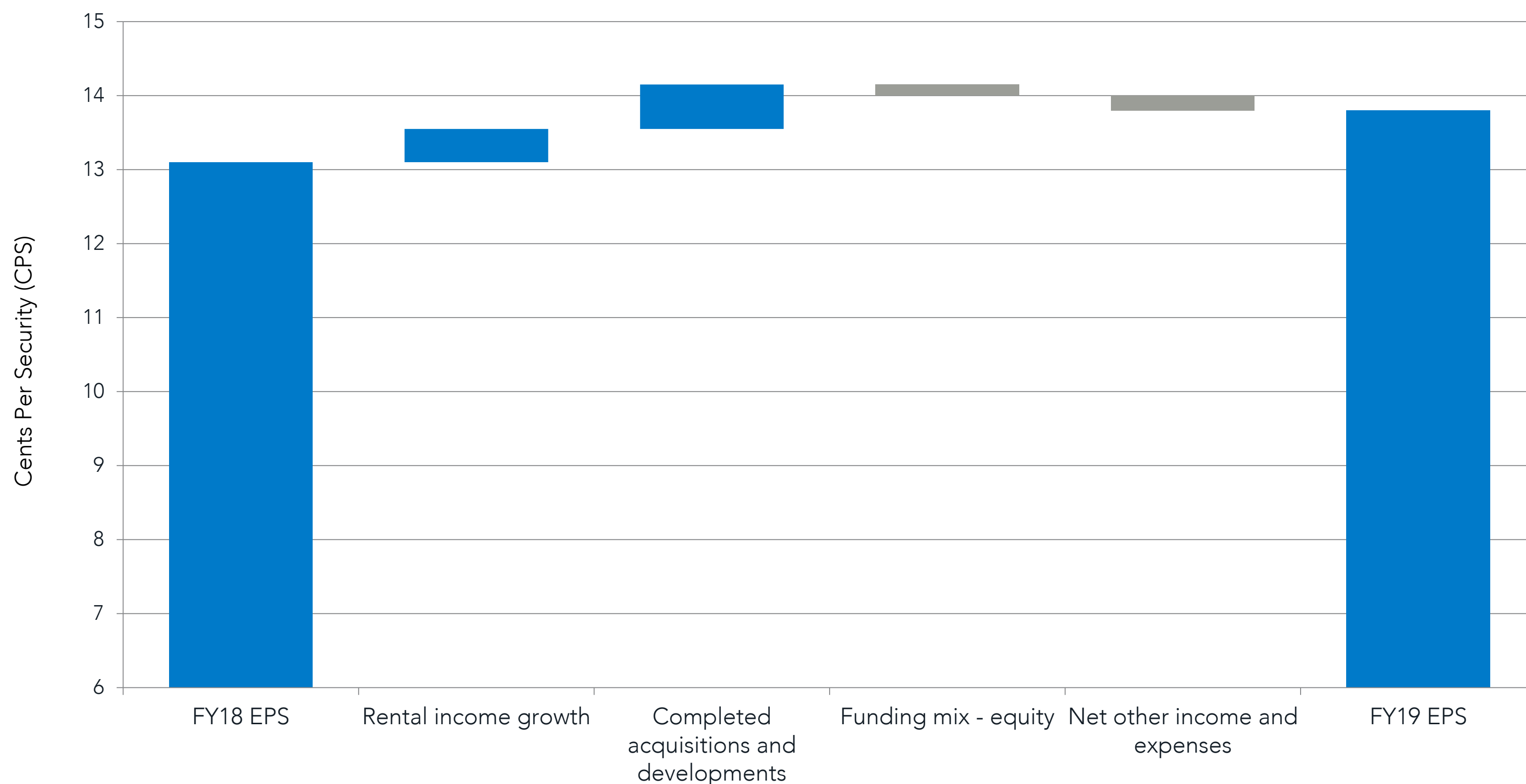
Portfolio management:

- Portfolio weighted average lease expiry (by income) increased by 1.2 years to 14.1 years.
- One ELC property sold.
- Net revaluation uplift of \$32m.
- Portfolio weighted average passing yield 6.38%.

1. Excludes ten market rent reviews which had not been resolved as at 30 June 2019.

2. Three ELC development projects were conditionally contracted prior to 30 June 2019.

FY19 CONTRIBUTORS TO EPS GROWTH

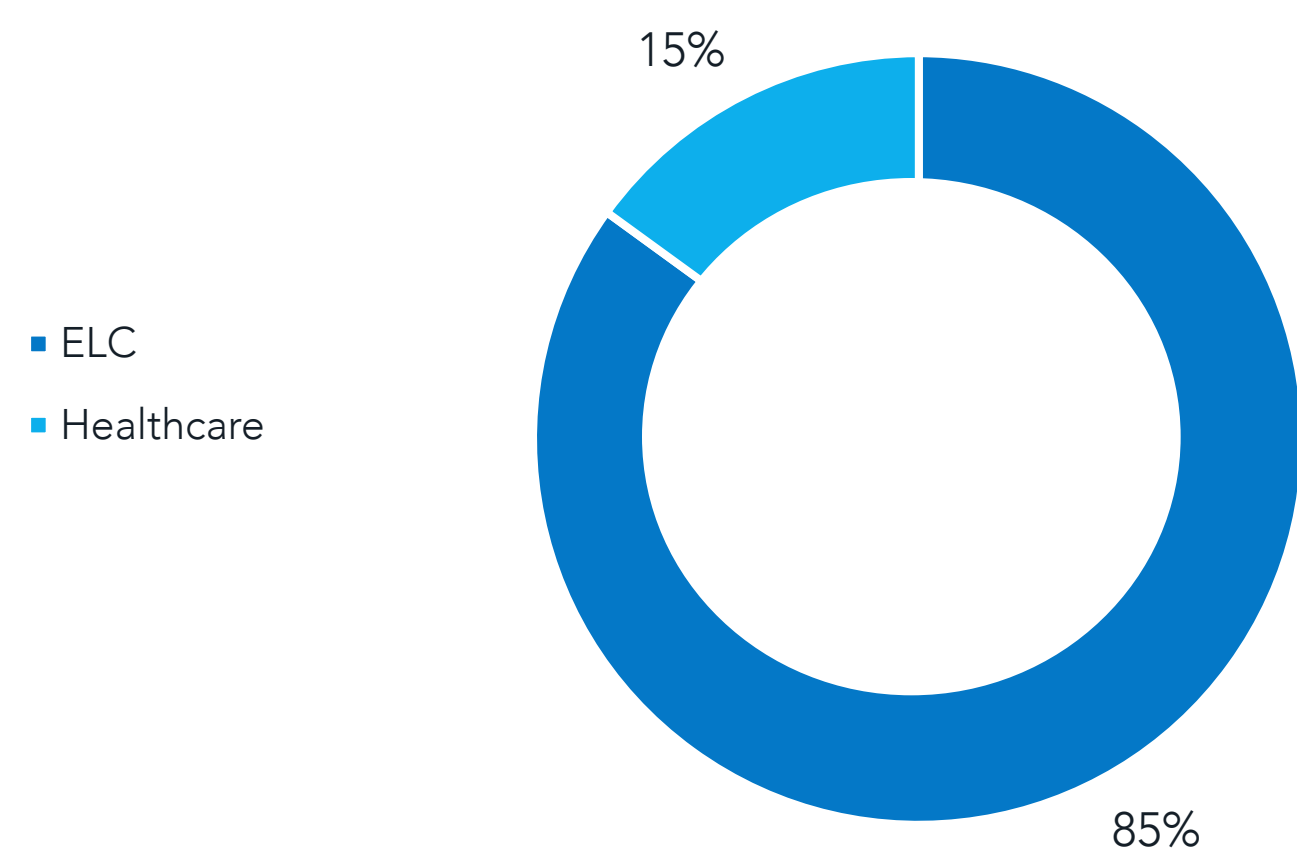


- Continued growth in property income from:
 - Annual rental growth;
 - Investment in operating healthcare and ELC properties, including a \$24 million portfolio of specialist disability accommodation properties; and
 - ELC developments completed throughout FY18 and FY19.
- Operating expenses are higher primarily due to increased registry, regulatory costs and resourcing changes.
- Finance costs have increased in line with the settlement of new investment and development completions.

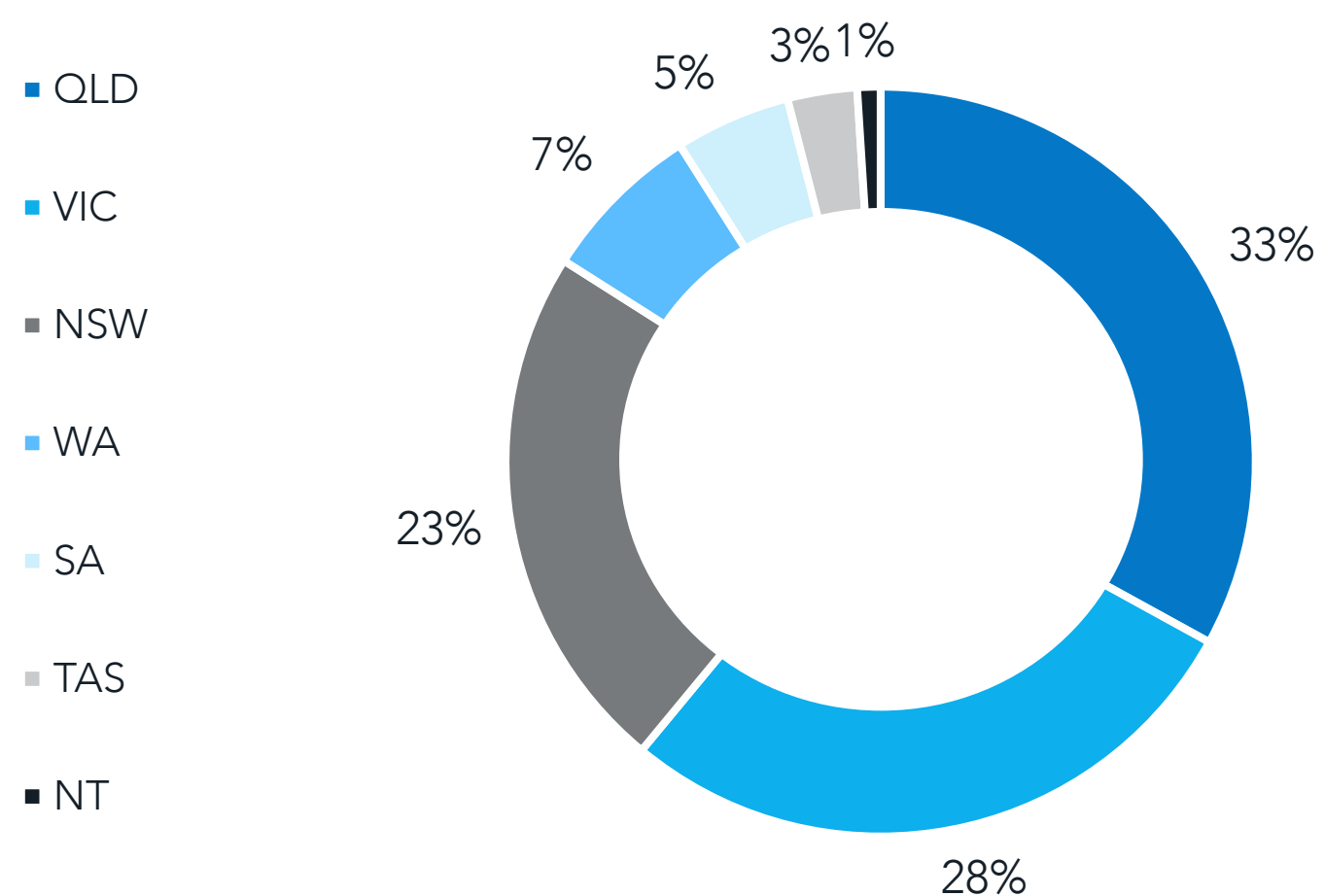
PORTFOLIO OVERVIEW

	Number of assets	30 June 2019 valuation	Net revaluation movement		30 June 2019 passing yield	Change
		\$m	\$m	%	%	bps
ELC portfolio	216	676.2	21.6	3.5	6.44	(2)
Healthcare portfolio	10	122.1	10.8	12.7	6.08	(77)
Total portfolio	226	798.3	32.4	4.6	6.38	(14)

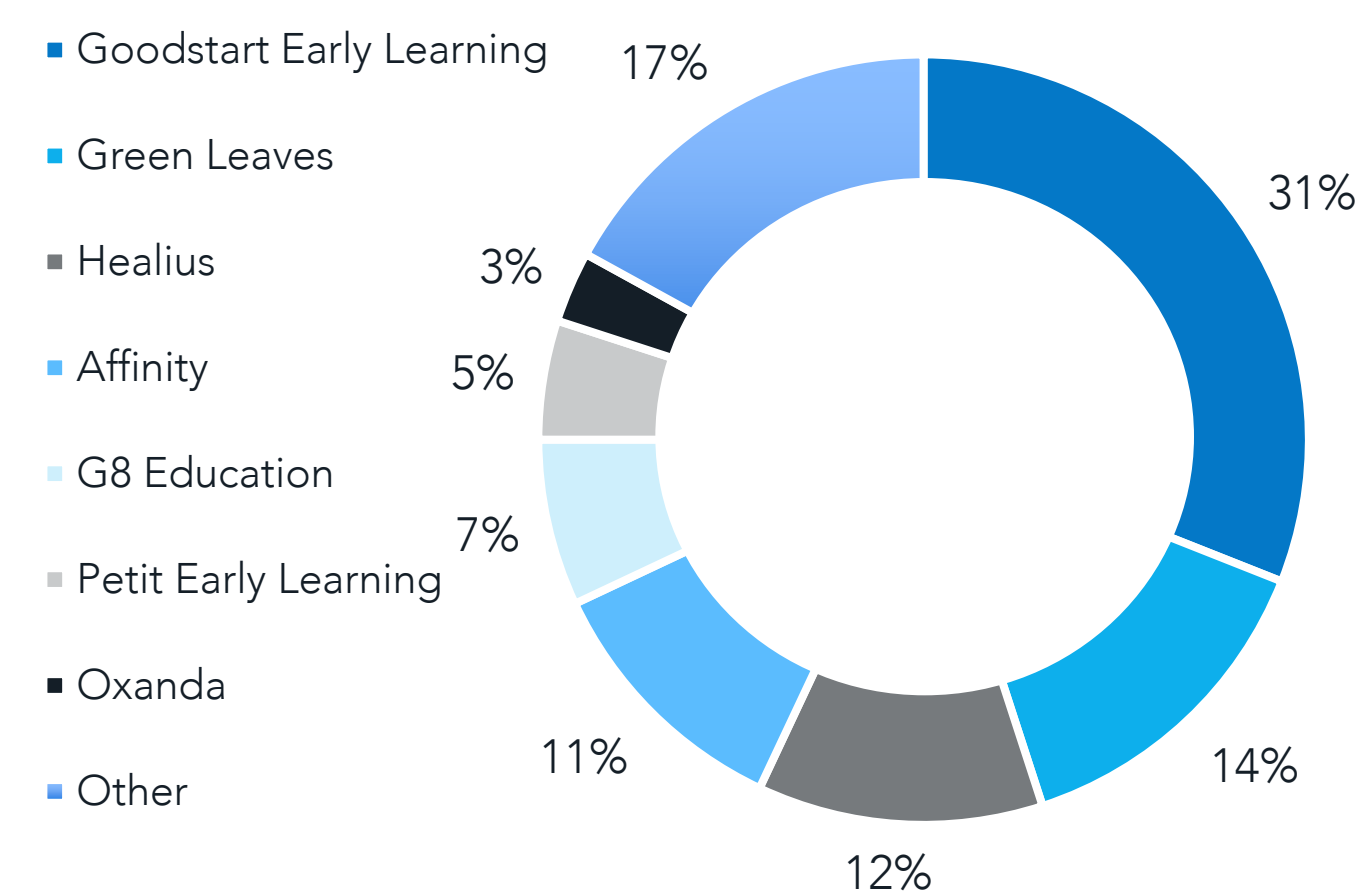
Sector diversity (by value)



Geographic diversity (by value)



Tenant diversity (by income)





OUTLOOK

Strong underlying earnings growth

INCOME GROWTH

- FY20 distribution guidance of 14.3 cents per security, an increase of 5.9%¹ on FY19.
- Annual rent increases, of which market rent reviews comprise:
 - Approximately 8% of income in FY20; and
 - Approximately 9% of income in FY21.
- Full impact of FY19 and FY20 acquisitions and development completions.
- \$50 million development pipeline comprising nine ELC projects as at 30 June 2019².
- \$9 million additional acquisitions post balance date³.


NEW INVESTMENT OPPORTUNITIES

- Disciplined investment process for opportunities that meet Arena's preferred property characteristics.
- Debt capacity available at low incremental cost.
- Market conditions remain conducive to new opportunities.

1. FY20 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, and tenants comply with their lease obligations.

2. Three ELC development projects were conditionally contracted prior to 30 June 2019.

3. Contracted post balance date, includes one operating property which has settled, and one conditionally contracted development project.



Our 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

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 2019 be adopted.'



OTHER BUSINESS

Resolution 2: Election of Ms Rosemary Hartnett as a director of the Company

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

'That Ms Rosemary Hartnett, who was appointed as a director of the Board on 13 August 2019 in accordance with ASX Listing Rules 14.4 and clause 2.3(b) of the Company's constitution and whose appointment as director expires at the conclusion of the Annual General Meeting and, being eligible, offers herself for election, be elected as a director of the Company.'



OTHER BUSINESS

Resolution 3: Re-election of Dr Simon Parsons as a director of the Company

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

'That Dr Simon Parsons, 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.'



OTHER BUSINESS

Resolution 4: 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 18,726,592 Securities at an issue price of \$2.67 per Security, under a placement to institutional investors as detailed in the Explanatory Memorandum (Placement) be ratified.'



OTHER BUSINESS

Resolution 5: 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.'



OTHER BUSINESS

Resolution 6: 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.'



OTHER BUSINESS

Resolution 7: 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.'



OTHER BUSINESS

Resolution 8: 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

Resolutions 1 through 4

Proxy votes	For	Open	Against	Abstain
Proxy votes for Resolution 1 (%)	98.22%	1.29%	0.49%	
Proxy votes for Resolution 1 (quantity)	162,293,532	2,138,177	813,510	2,506,492
Proxy votes for Resolution 2 (%)	98.69%	1.16%	0.15%	
Proxy votes for Resolution 2 (quantity)	165,488,350	1,950,662	243,225	1,113,558
Proxy votes for Resolution 3 (%)	98.71%	1.21%	0.08%	
Proxy votes for Resolution 3 (quantity)	165,453,759	2,035,618	129,026	1,177,392
Proxy votes for Resolution 4 (%)	93.73%	5.49%	0.78%	
Proxy votes for Resolution 4 (quantity)	37,313,676	2,184,651	310,858	42,035,399



PROXY VOTING RESULTS

Resolutions 5 through 8

Proxy votes	For	Open	Against	Abstain
Proxy votes for Resolution 5 (%)	98.11%	1.19%	0.70%	
Proxy votes for Resolution 5 (quantity)	162,212,504	1,974,159	1,162,452	3,446,680
Proxy votes for Resolution 6 (%)	94.57%	1.21%	4.22%	
Proxy votes for Resolution 6 (quantity)	154,885,537	1,974,159	6,906,183	5,029,916
Proxy votes for Resolution 7 (%)	98.11%	1.19%	0.70%	
Proxy votes for Resolution 7 (quantity)	162,217,555	1,974,159	1,157,401	3,446,680
Proxy votes for Resolution 8 (%)	94.56%	1.21%	4.23%	
Proxy votes for Resolution 8 (quantity)	154,890,079	1,974,159	6,920,431	5,011,126



COUNTING OF VOTES, CLOSE





IMPORTANT NOTICE

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