



Arena REIT

ANNUAL GENERAL MEETING

23 November 2023



Arena

Chair's Address

David Ross





Arena Directors



- From left: Gareth Winter, Dennis Wildenburg, Helen Thornton, Rob de Vos, Rosemary Hartnett, David Ross.

Agenda



Arena REIT acknowledges the traditional custodians of the lands on which our business and assets operate, and recognises their ongoing connection to land, waters and community.

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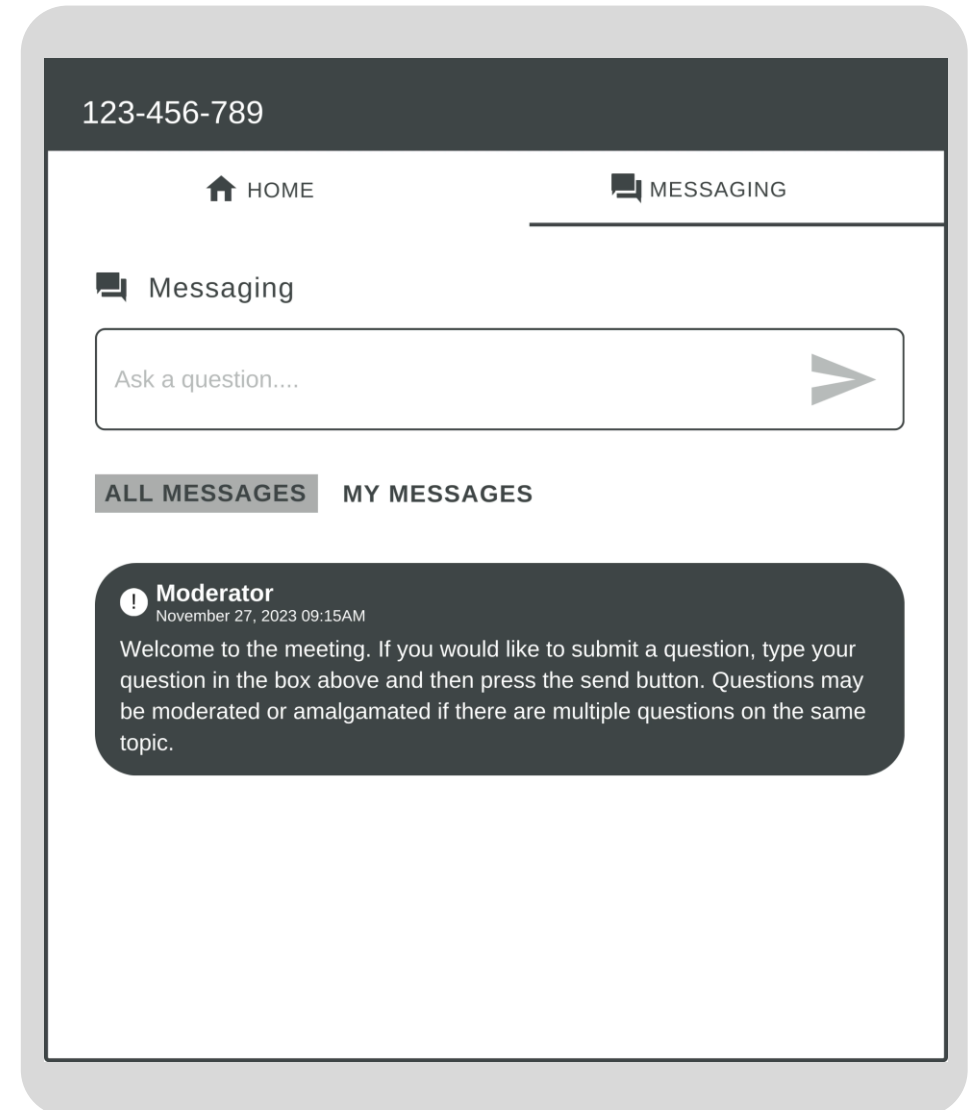
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Asking Text Questions Online

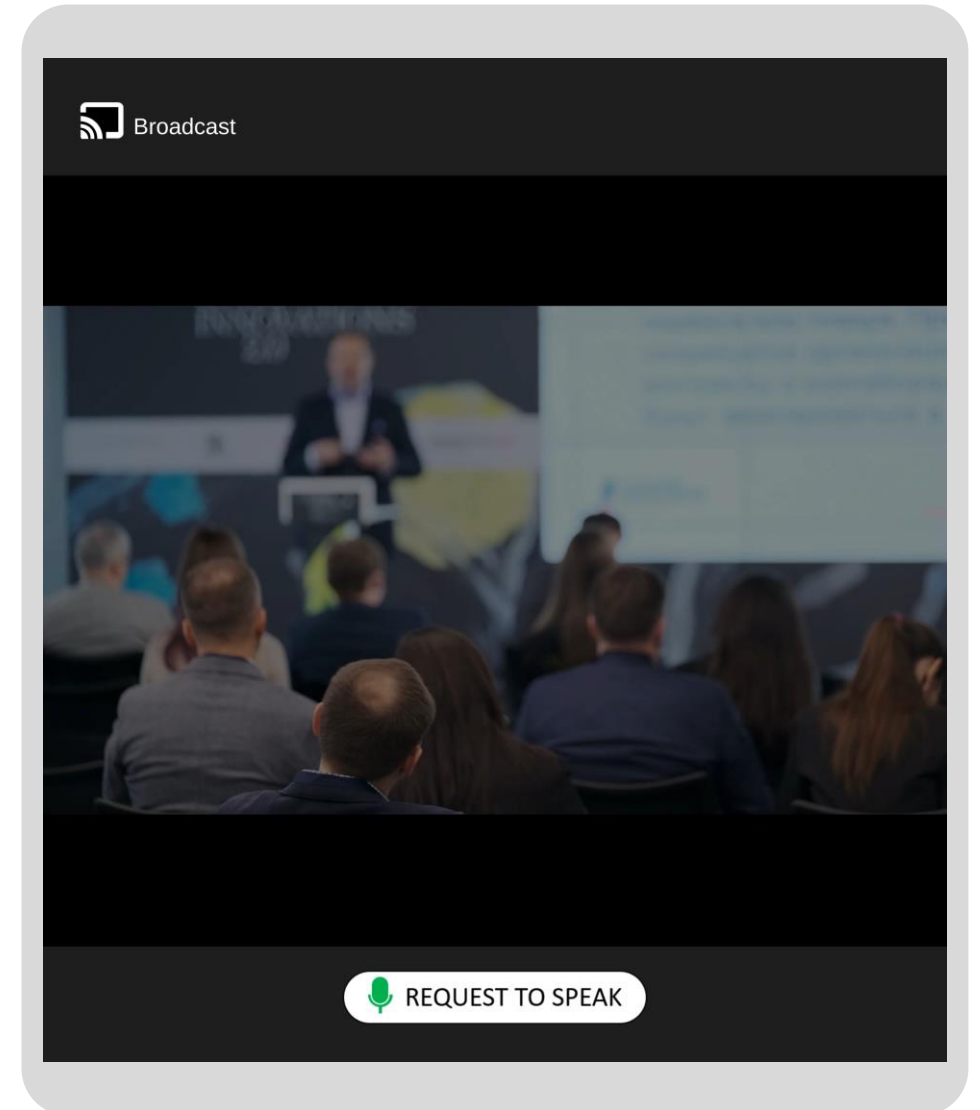
- Select the messaging tab.
- Type your question in 'Ask a question'.
- Press the arrow symbol to submit your questions.
- Select 'My messages' to view your submitted message along with any written responses.





Asking Audio Questions Online

- Click on the “Request to Speak” button at the bottom of the broadcast window.
- Enter the topic of your questions.
- Click ‘Submit Request’.
- Click ‘Join Queue’ and follow the audio prompts.





Voting Online

- Select the voting tab.
- Select your voting preference for each resolutions. Your selected option will change colour.
- You can change your vote until the poll is closed. If you wish to cancel your vote, please press cancel.
- There is no need to press a submit or send button, your selection is automatically counted.

The screenshot displays a mobile application interface for online voting. At the top, the phone number '123-456-789' is shown. Below it are three navigation tabs: 'HOME', 'MESSAGING', and 'VOTING', with 'VOTING' being the active tab. The main content area is titled 'Poll Open' and indicates 'You have voted on 1 of 2 items'. The first section is 'Resolution 1', with the status 'For - Vote Received'. It features three buttons: 'For' (which is dark grey and has a white radio button selected), 'Against' (white with a grey radio button), and 'Abstain' (white with a grey radio button). Below these is a 'CANCEL' button. The second section is 'Resolution 2', with the instruction 'Select a choice.'. It features three buttons: 'For' (white with a grey radio button), 'Against' (white with a grey radio button), and 'Abstain' (white with a grey radio button). Below these is another 'CANCEL' button.



Highlights for Full Year 2023

Facilitating access to essential services which deliver strong community benefits

- Growth in net operating profit driven by like-for-like contracted rental increases, acquisitions and development completions.
- NAV per security stable as an increase in portfolio capitalisation rate has been offset by passing and market rent increases.
- Weighted average lease expiry (WALE) of 19.3 years.
- Two healthcare properties divested, two operating ELCs acquired and continued expansion of development pipeline.
- Ten ELC development projects completed.
- 13% reduction in emission intensity of Arena's assets under management¹.
- Solar renewable energy installed on 83% of property portfolio.
- \$500 million Sustainability Linked Loan (SLL) issued over existing debt facility.
- Reaffirming FY24 distribution guidance of 17.4 cents per security (cps), an increase of 3.6% on FY23 DPS².

Statutory net profit

\$74 million

-78% on FY2022

Net operating profit

\$60 million

+6% on FY2022

Earnings per security (EPS)

17.1 cents

+5% on FY2022

Net asset value (NAV) per security

\$3.42

+1% on FY2022

Average like-for-like rent increase

+6.8%

+270bps on FY2022

Gearing ratio³

21%

+80bps on FY2022

1. For FY2022 (Scope 3, Category 15) by indoor floor area measured in kgCO₂e/m² in line with supplemental guidance for the financial sector by the TCFD as compared with equivalent restated FY2021 baseline.
2. FY24 distribution guidance is estimated on a status quo basis assuming no new acquisitions or disposals and no material change in current market or operating conditions.
3. Gearing calculated as ratio of net borrowings over total assets less cash.

Sustainability

Investment proposition and approach drives sustainable and commercial outcomes

- Sustainability is integral to Arena's investment approach and best positions Arena to achieve positive long term commercial and community outcomes.
- Sustainability outcomes delivered during FY2023 include:
 - Zero organisational scope 1 and 2 emissions.
 - 5.5-star rating for organisational NABERS energy co-assessment.
 - Certified carbon neutral by Climate Active for business operations in 2021-2022.
 - Achieved gender balance for the Arena board using the 40:40:20 model.
 - Ongoing active collaboration with tenant partners on sustainability initiatives.
 - Solar renewable energy systems installed on 83% of Arena's property portfolio.
 - 13% reduction in emissions intensity of Arena's assets under management¹.
 - Measured inventory of Arena's FY2022 (year one) embodied emissions.
 - Completed inaugural Physical Climate Risk Assessment.
 - Completed first year of Arena's Modern Slavery roadmap.
- More detailed information provided in [Arena's FY2023 Sustainability Report](#).

1. For FY2022 (Scope 3, Category 15) by indoor floor area measured in kgCO₂e/m² in line with supplemental guidance for the financial sector by the TCFD as compared with equivalent restated FY2021 baseline.



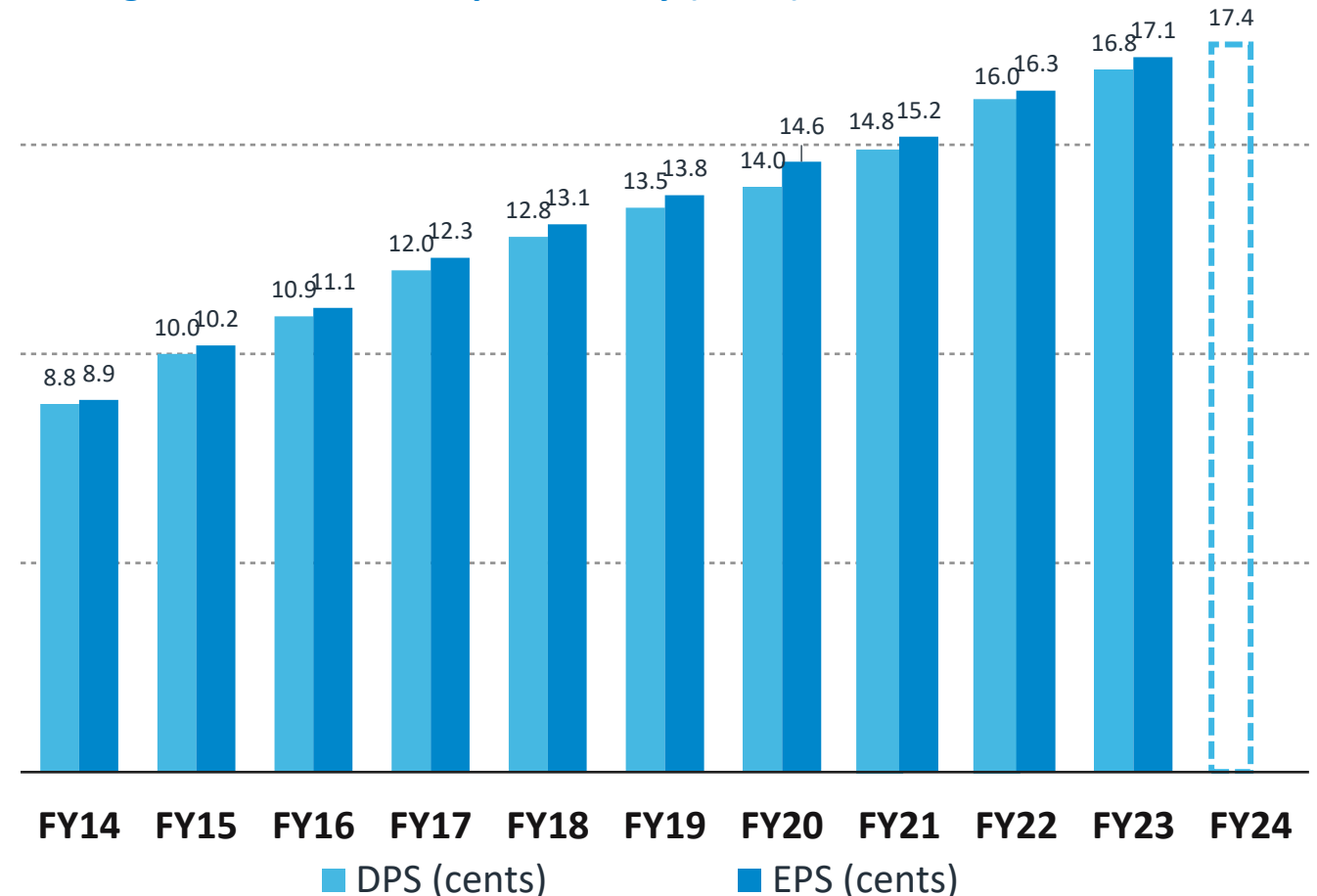


Delivering on Investment Objective

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

- Reaffirm FY24 DPS guidance of 17.4 CPS +3.6% on FY23¹.
- Earnings and distribution growth underpinned by core earnings drivers.

Earnings and distributions per security (cents)



1. FY24 distribution guidance is estimated on a status quo basis assuming no new acquisitions or disposals and no material change in current market or operating conditions.

Managing Director's Report

Rob de Vos





Delivering on Strategy

Ongoing strategy discipline and partnership approach

Portfolio management¹

Two healthcare properties divested at an average premium of 2.4% to 30 June 2022 book value.

Long term WALE (by income) of 19.3 years.

Portfolio weighted average passing yield of 5.16%.

Lease management¹

99.7% portfolio occupancy.

Average like-for-like rent increase of +6.8%.



Working in partnership¹

Continue to progress solar renewable energy program; currently installed on 83% of Arena's property portfolio.

Investment and development¹

Two operating properties acquired at a net initial yield of 6% on total cost with initial average lease term of 25 years.

Ten ELC developments completed at an average net initial yield of 5.8% on total cost with initial average term of 20 years.

Nine² new ELC development projects acquired.

1. During FY2023 or as at 30 June 2023.

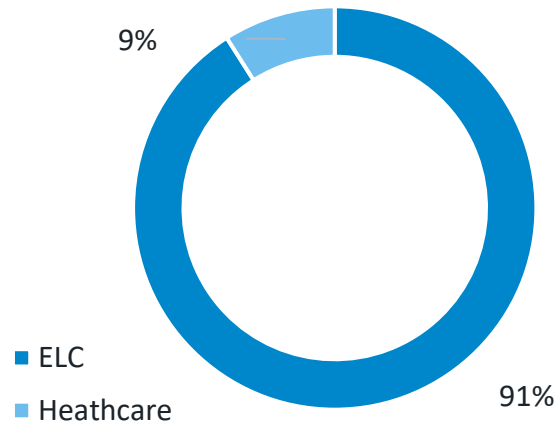
2. Excludes two ELC development projects which were conditionally contracted at 30 June 2023.



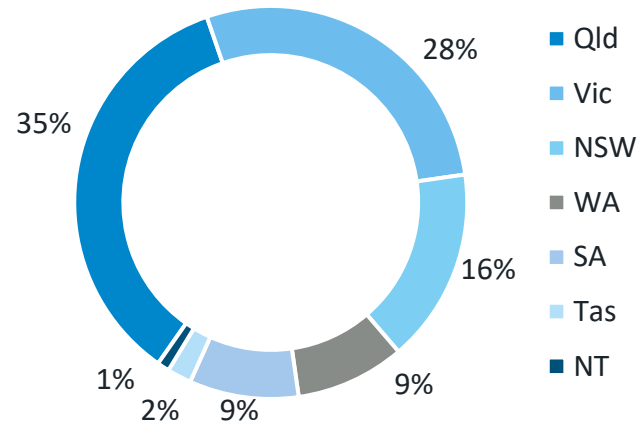
Portfolio Overview

	Number of assets ¹	30 June 2023 valuation \$m	Net valuation movement versus 30 June 2022		30 June 2023 passing yield %	Change versus 30 June 2022 bps
			\$m	%	%	
Early learning portfolio	263	1,377	21	+1.6	5.13	+23
Healthcare portfolio	9	139	-4	-2.1	5.37	+35
Total portfolio	272	1,516	17	+1.2	5.16	+25

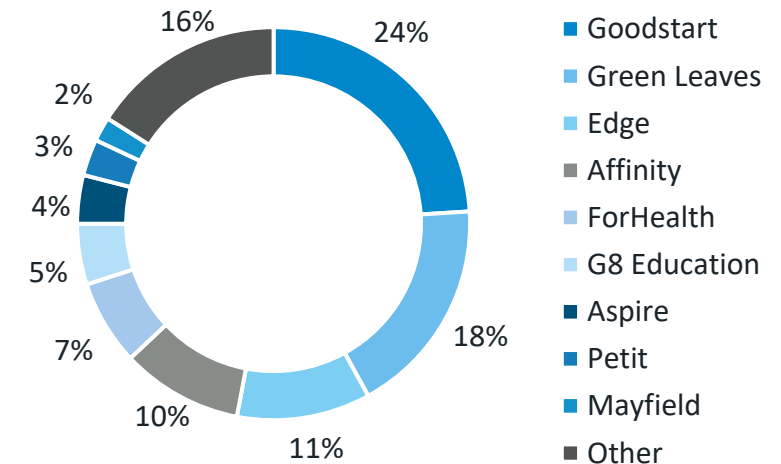
Sector diversity (by value)



Geographical diversity (descending)



Tenant diversity (descending)



1. Excludes two ELC development projects which were conditionally contracted at 30 June 2023.

Outlook

Long term inflation protected income

INCOME GROWTH

- FY24 distribution guidance of 17.4 cents per security, an increase of 3.6%¹ on FY23.
- Attractive rent review structure with embedded income growth and inflation protection: ~95% of FY24, FY25, FY26 and FY27 rent reviews contracted at CPI, the higher of CPI or an 'agreed fixed amount', or market rent reviews.
- Full impact of FY23 acquisitions and development completions and partial impact of FY24 development completions.
- \$112 million development pipeline comprising 16² ELC projects with \$66 million of capital expenditure outstanding as at 30 June 2023.

OUTLOOK

- Strong social and macroeconomic drivers continue to support the early learning and healthcare sectors.
- Higher interest rates substantially offset by ongoing hedging discipline.
- Expanded liquidity and substantial capacity with gearing³ at 21% as at 30 June 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. FY24 distribution guidance is estimated on a status quo basis assuming no new acquisitions or disposals and no material change in current market or operating conditions.
2. Includes two ELC development projects which were conditionally contracted at 30 June 2023.
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 2023.



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 2023 be adopted.'

Proxy Voting Results	For	Against	Open	Abstain
Proxy votes for Resolution 1 (%)	97.87%	1.68%	0.45%	
Proxy votes for Resolution 1 (quantity)	226,398,559	3,885,888	1,047,253	12,293,760



Ordinary Business

Resolution 2: Election of Ms Helen Thornton as a director of the Company

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

'That Ms Helen Thornton, who was appointed as a director by the Board on 15 December 2022 in accordance with ASX Listing Rule 14.4 and clause 2.3(b) of the Company's constitution and whose appointment as a 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.'

Proxy Voting Results	For	Against	Open	Abstain
Proxy votes for Resolution 2 (%)	98.50%	0.29%	1.21%	
Proxy votes for Resolution 2 (quantity)	232,143,628	679,651	2,848,035	12,299,990



Ordinary Business

Resolution 3: Re-election of Mr David Ross as a director of the Company

To consider and if thought fit, 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 elected as a director of the Company.'

Proxy Voting Results	For	Against	Open	Abstain
Proxy votes for Resolution 3 (%)	93.60%	5.20%	1.20%	
Proxy votes for Resolution 3 (quantity)	219,437,701	12,197,814	2,820,716	13,515,073



Ordinary Business

Resolution 4: Grant of Deferred STI Rights to Mr Rob de Vos

To consider and if thought fit, pass the following resolution 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 4 (%)	98.28%	1.28%	0.44%	
Proxy votes for Resolution 4 (quantity)	229,322,490	2,986,693	1,036,864	12,248,759



Ordinary Business

Resolution 5: Grant of Deferred LTI Performance Rights to Mr Rob de Vos

To consider and if thought fit, pass the following resolution 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 5 (%)	98.03%	1.53%	0.44%	
Proxy votes for Resolution 5 (quantity)	228,730,202	3,577,945	1,037,900	12,248,759



Ordinary Business

Resolution 6: Grant of Deferred STI Rights to Mr Gareth Winter

To consider and if thought fit, pass the following resolution 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 6 (%)	98.26%	1.29%	0.45%	
Proxy votes for Resolution 6 (quantity)	229,322,490	3,013,868	1,039,913	12,218,535



Ordinary Business

Resolution 7: Grant of Deferred LTI Performance Rights to Mr Gareth Winter

To consider and if thought fit, pass the following resolution 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 7 (%)	98.04%	1.55%	0.41%	
Proxy votes for Resolution 7 (quantity)	228,807,342	3,608,169	960,760	12,218,535



Meeting Close





Important Notice

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