

ARENA REIT

**ASX
CEO Connect**

2 March 2021





ABOUT ARENA REIT

Delivering positive portfolio, investment and community outcomes

- Arena REIT (Arena) owns, develops and manages social infrastructure properties.
- Arena's \$1 billion property portfolio is leased to a diverse tenant base in the growing early learning and healthcare sectors.
- Tenant partners provide essential community services with strong underlying macroeconomic drivers and bi-partisan government support.
- Internalised management model ensures no strategy conflict or fee leakage to external fund manager.
- 100% portfolio occupancy over the past five years.
- 14.7 year weighted average lease expiry with predominantly triple net leases and sustainable underlying rents.
- Only 2% of portfolio income subject to expiry prior to FY2029.
- FY21 distribution guidance of 14.8¹ cents per security, +5.7% on FY20 and representing current yield of 5%².

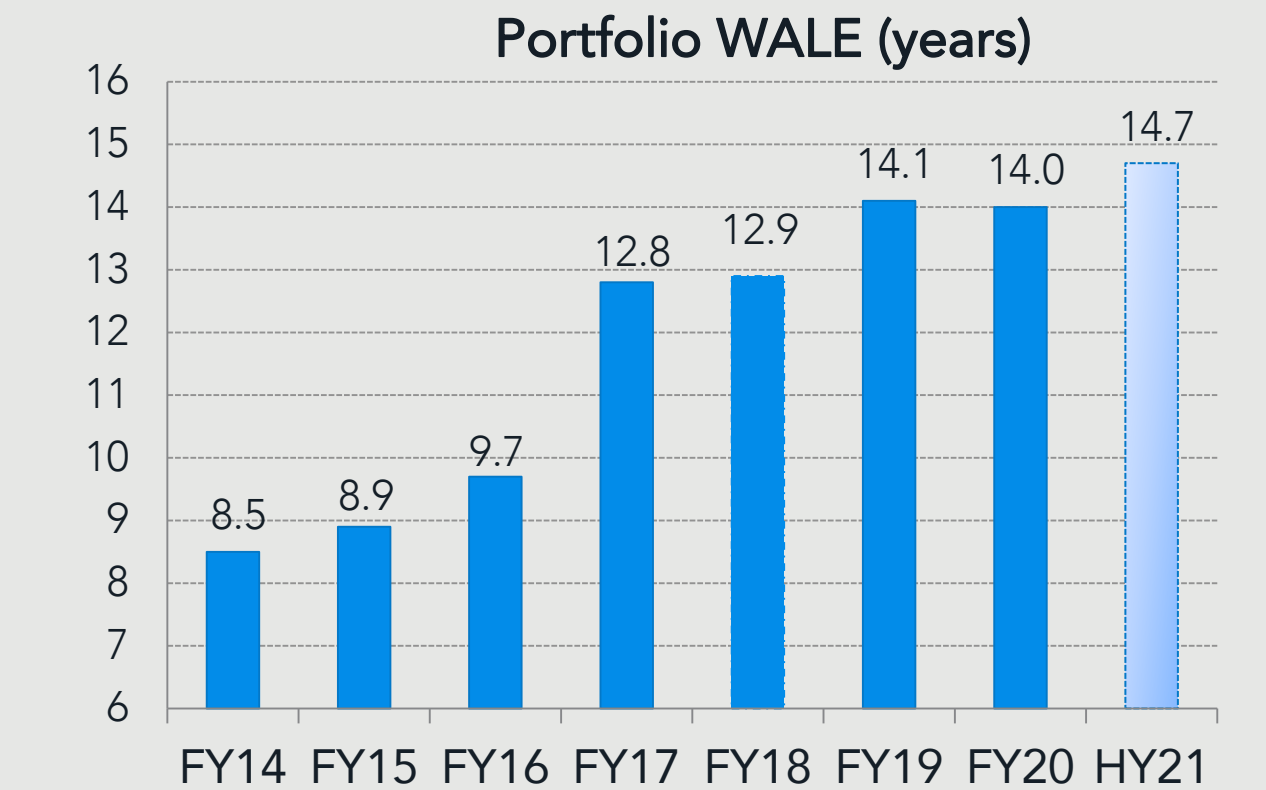
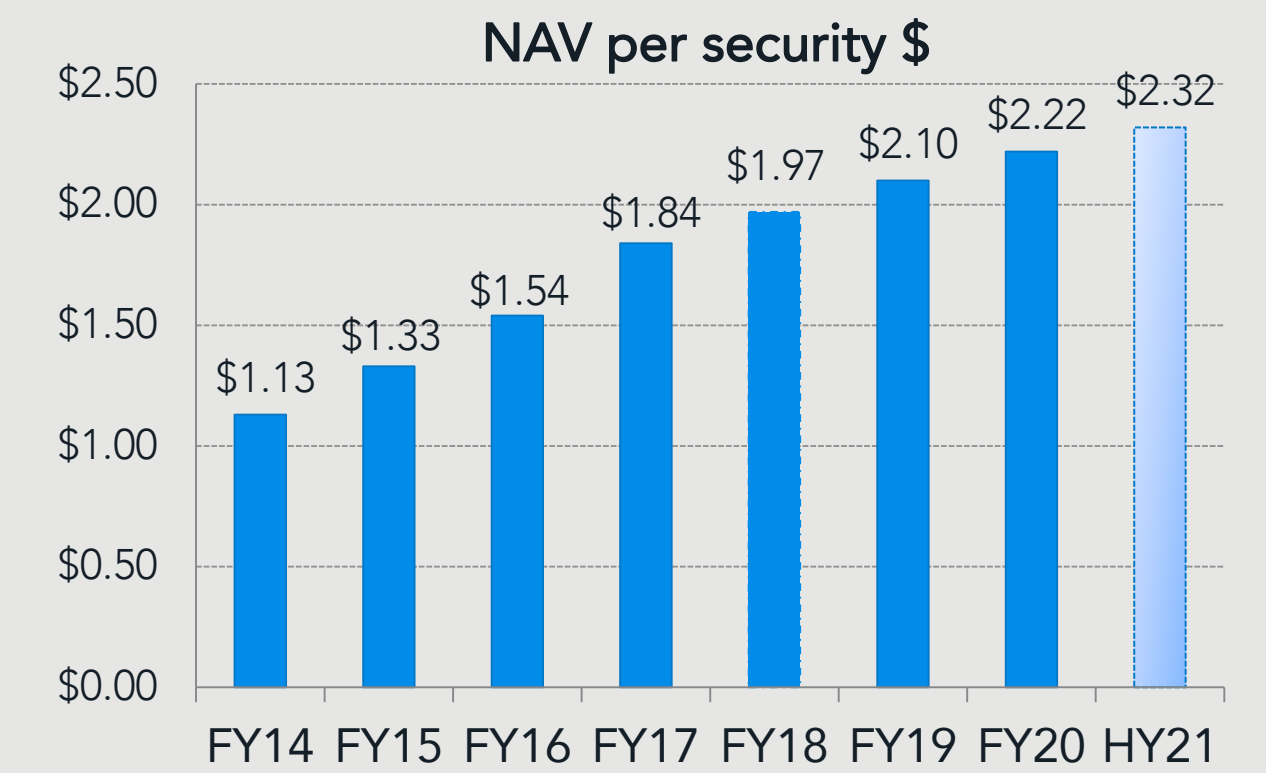
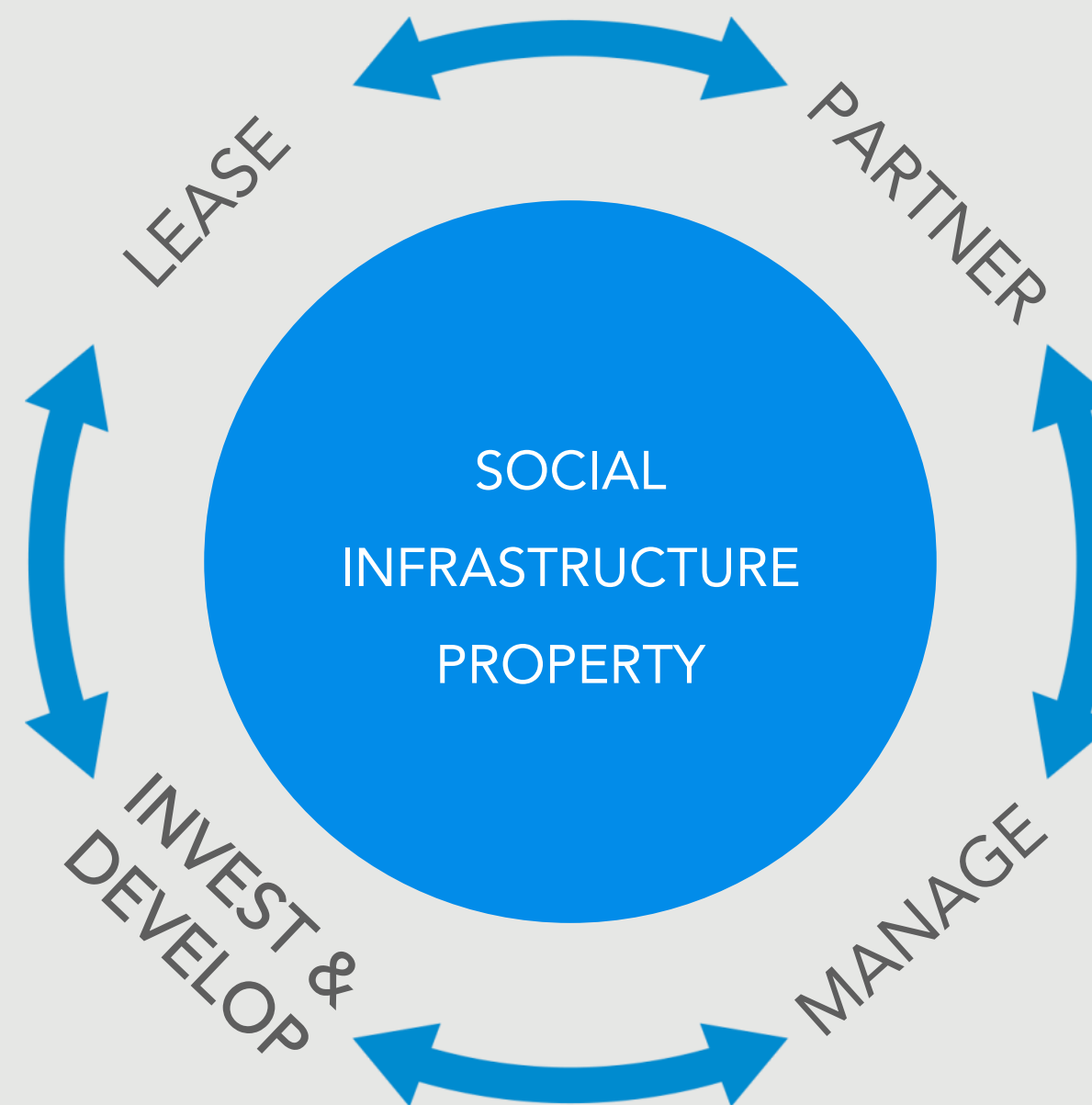
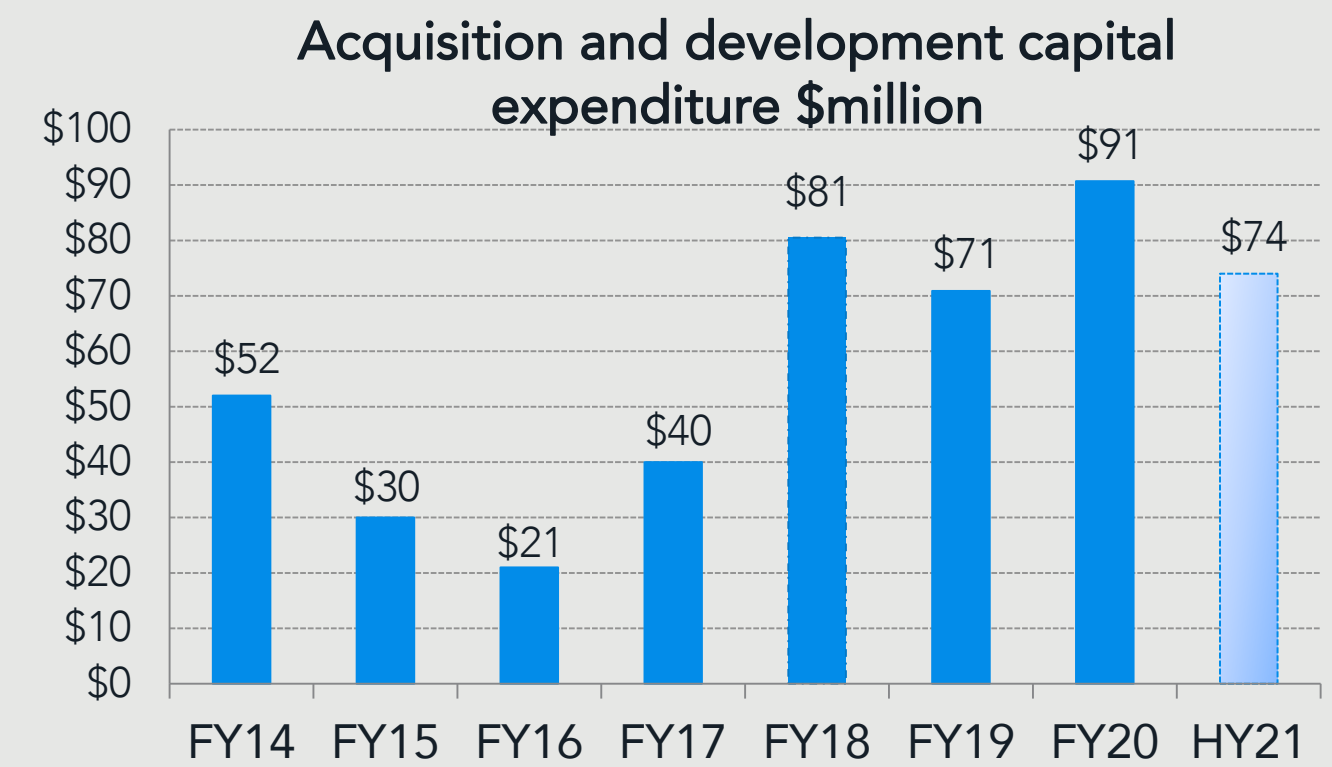
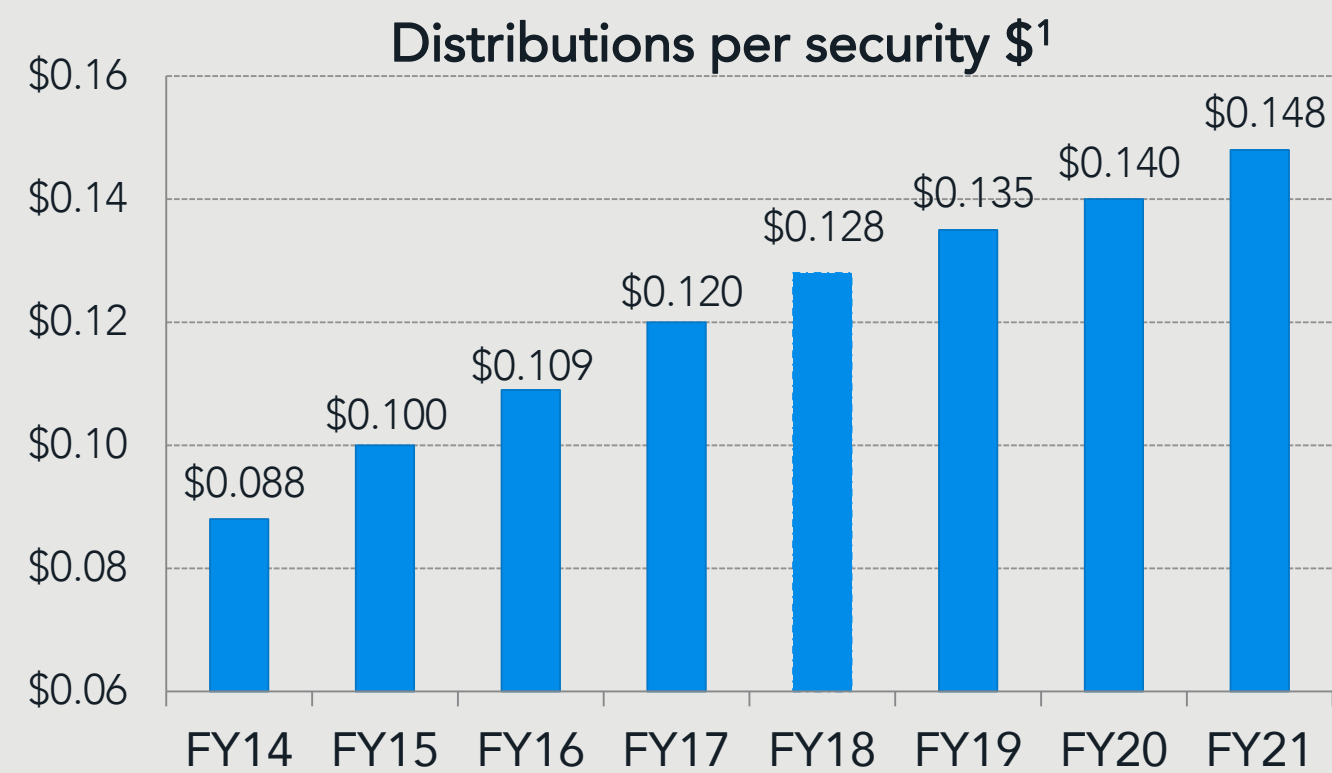
1. FY21 distribution guidance of 14.8 cents per security is estimated on a status quo basis assuming no new acquisitions or disposals, all developments in progress are completed in line with forecast assumptions, tenants comply with their existing or adjusted lease obligations and is based on Arena's 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. Based on Arena share price of \$3.00 adjusted for accrued distribution.



DELIVERING ON STRATEGY

Providing long-term, predictable distributions to our security holders

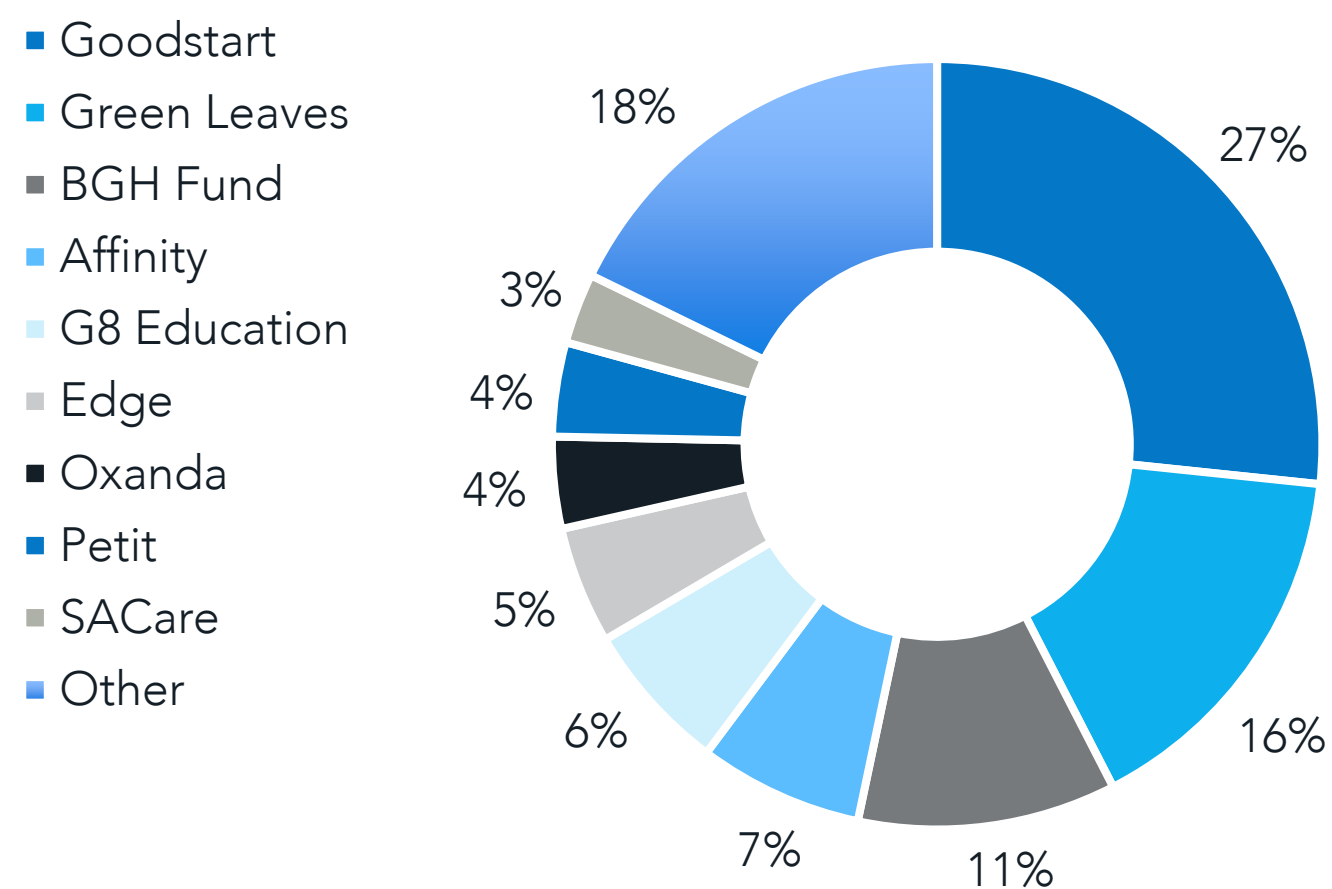


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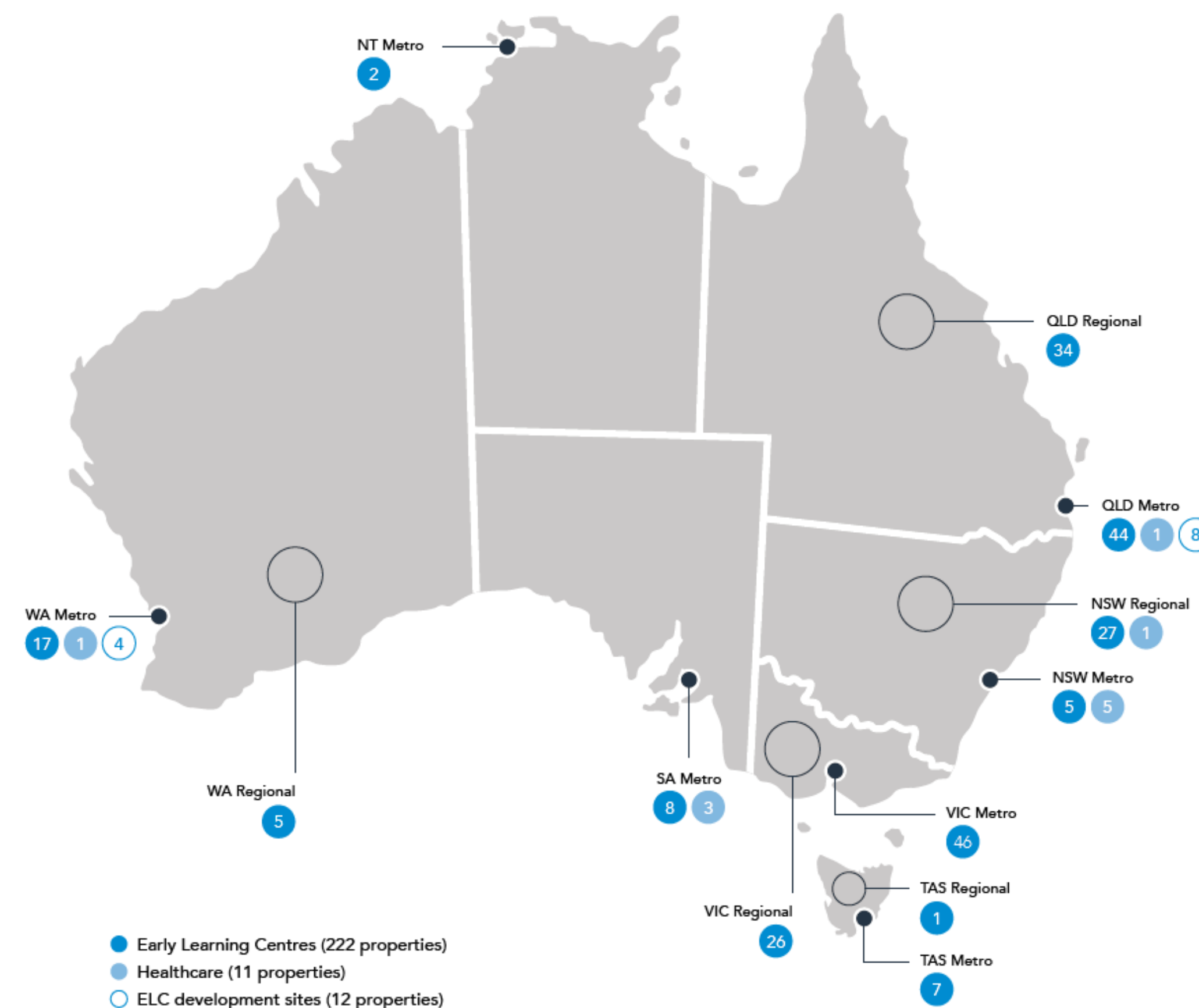
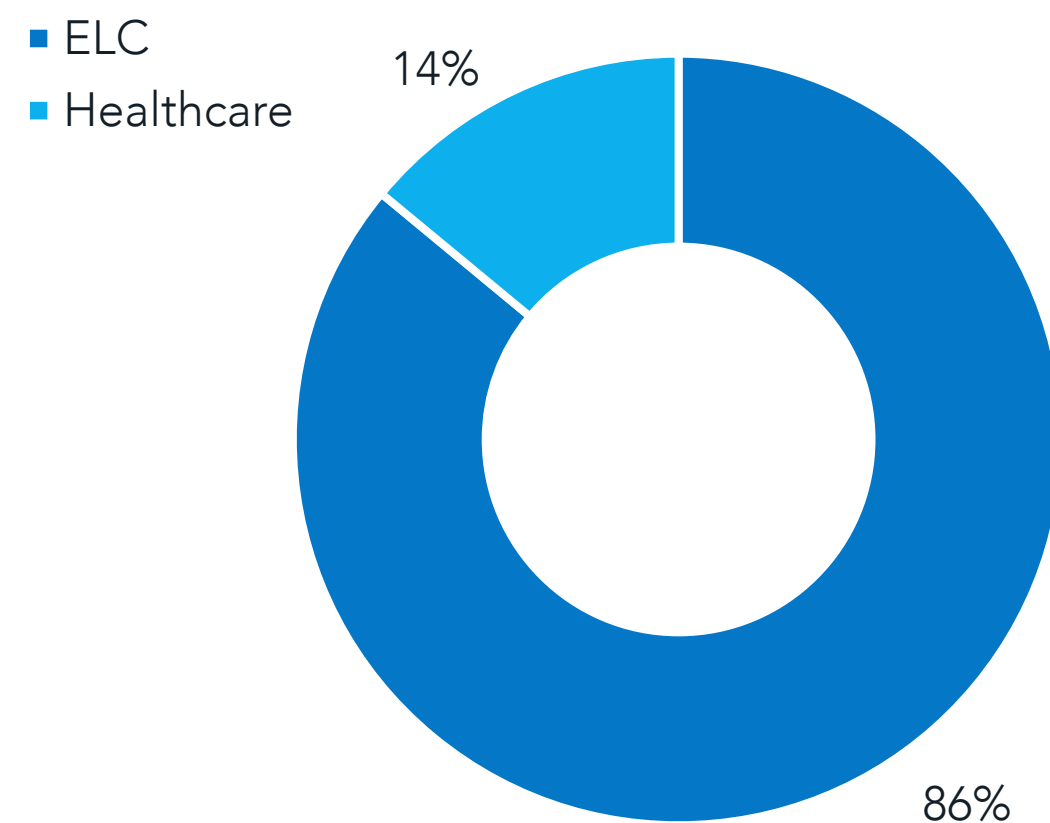
ARENA'S PORTFOLIO OVERVIEW

	Number of assets	31 Dec 2020 valuation
Early Learning Centre (ELC) portfolio	234	\$876.4m
Healthcare portfolio	11	\$140.8m
Total portfolio	245	\$1,017.2m

Tenant diversity (descending by income)



Sector diversity (by value)



1. Totals may not add due to rounding.

ELC OPERATING ENVIRONMENT

Strong macroeconomic drivers continue to support Australian ELC sector

- Strong rebound in ELC occupancy post easing of COVID-19 lockdown restrictions.
- Strong bipartisan government support of ELC sector as it is integral to:
 - Supporting the economic recovery from COVID-19 in the short term; and
 - Improving workforce participation, gender equality, women's financial security and economic activity over the medium to long term¹.
- Strong structural demand for services and record female workforce participation rate have been driving increased long day care (LDC) participation rates over the medium to long term^{2,3}.
- Net new ELC supply moderated⁴ to end December 2020.
- Government support improved by the introduction of Childcare Subsidy (CCS) in July 2018 and strongly reinforced through various COVID-19 related funding commitments⁵.

1. <https://grattan.edu.au/wp-content/uploads/2020/08/Cheaper-Childcare-Grattan-Institute-Report.pdf>.

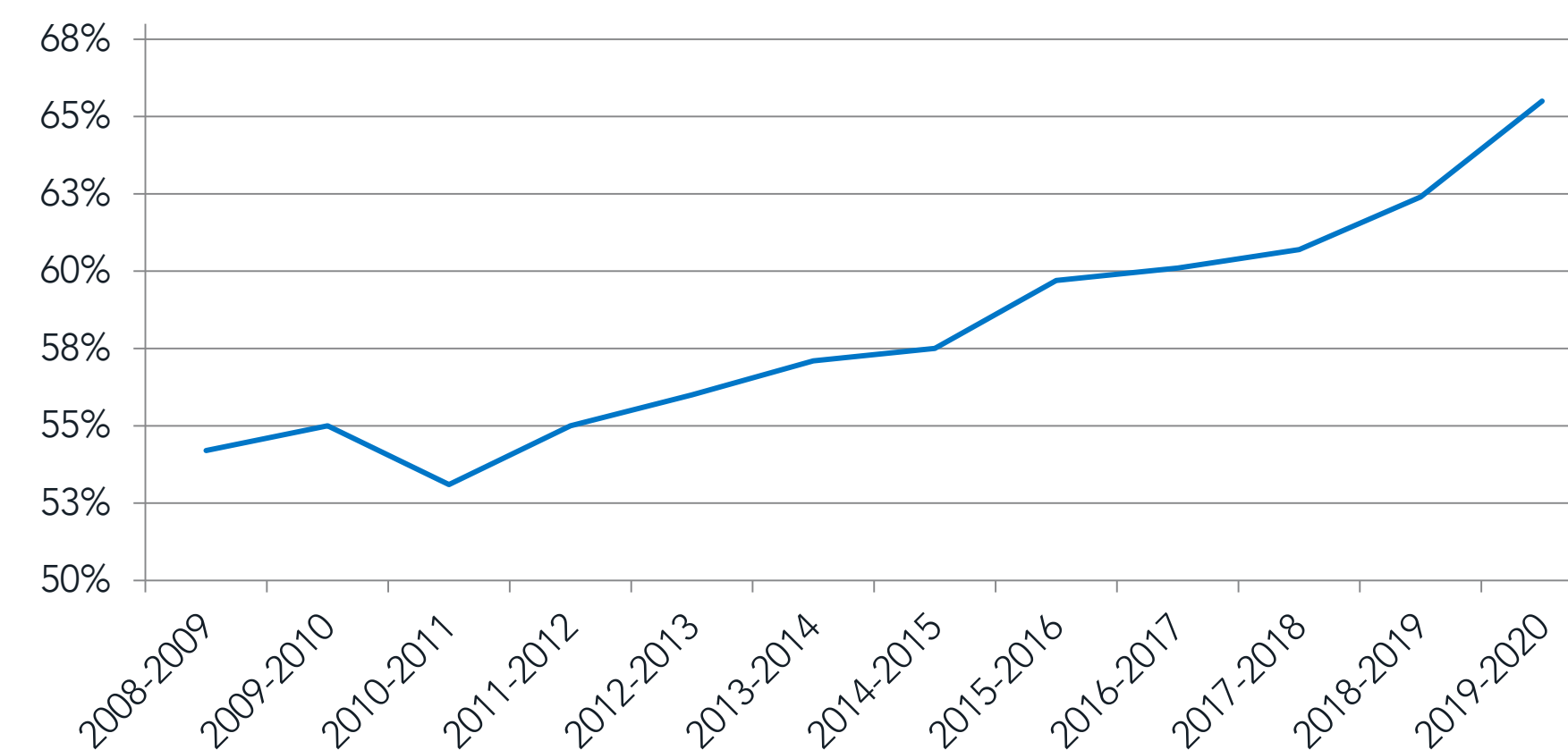
2. ABS Female Labour Force Participation Rate (aged 20-74 at least one dependent child of ELC age).

3. Australian Government 'Early Childhood and Child Care in Summary' Reports 2012-2020.

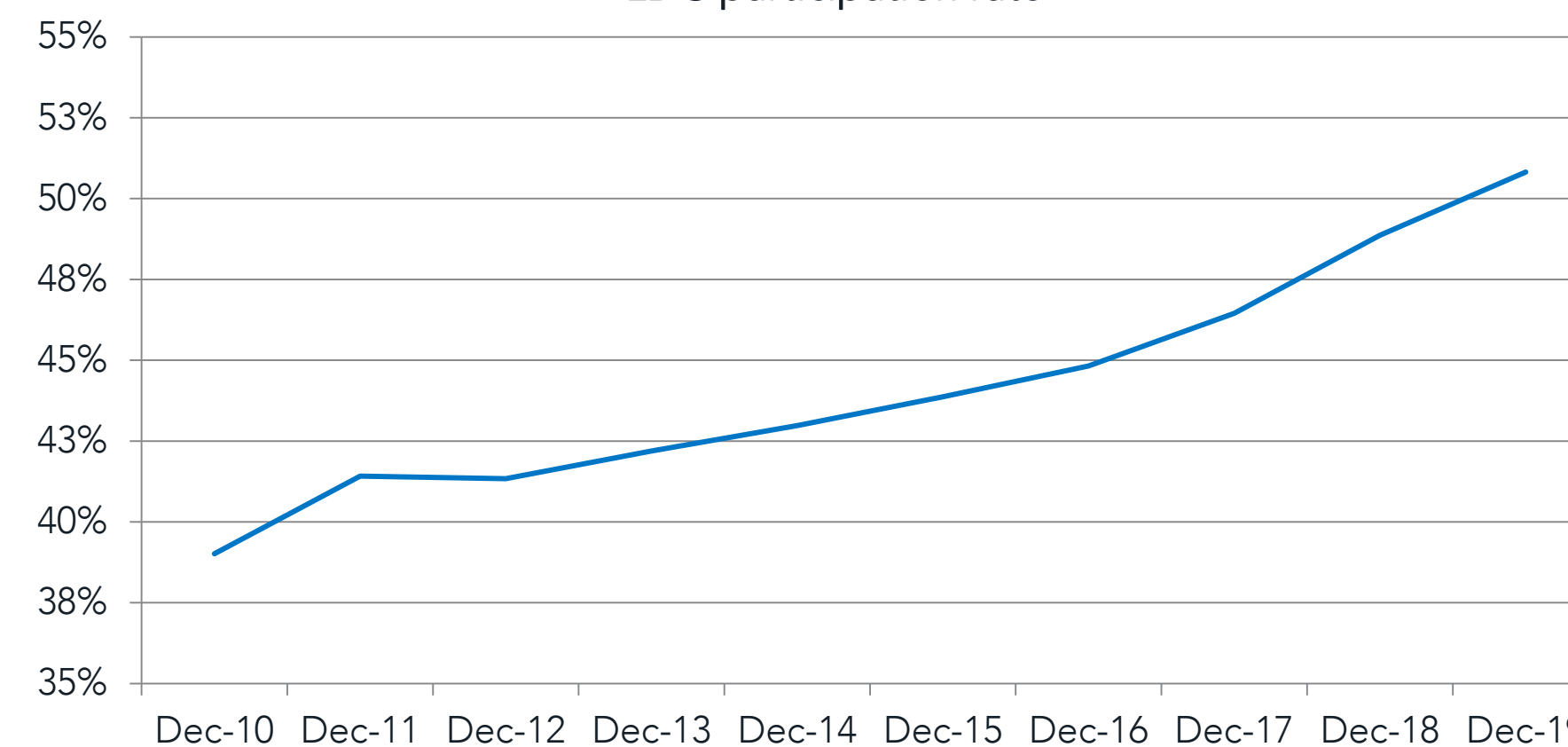
4. <https://www.acecqa.gov.au/resources/national-registers>

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

Female Workforce Participation Rate²



LDC participation rate³



ARENA'S ELC PORTFOLIO

Portfolio strength underpinned by asset quality

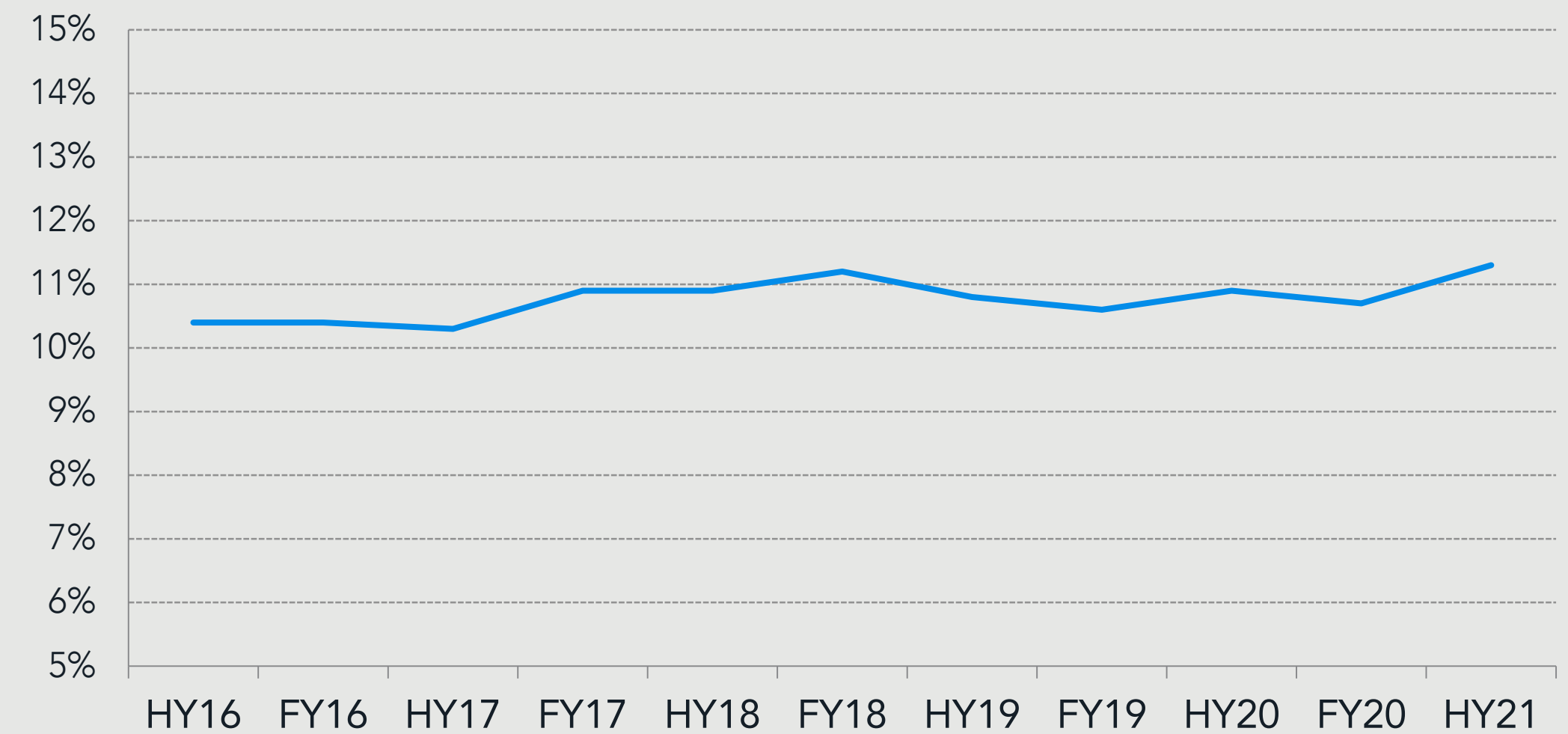
100% portfolio occupancy as at 31 December 2020.

Arena's ELC portfolio operating data¹ to 30 September 2020:

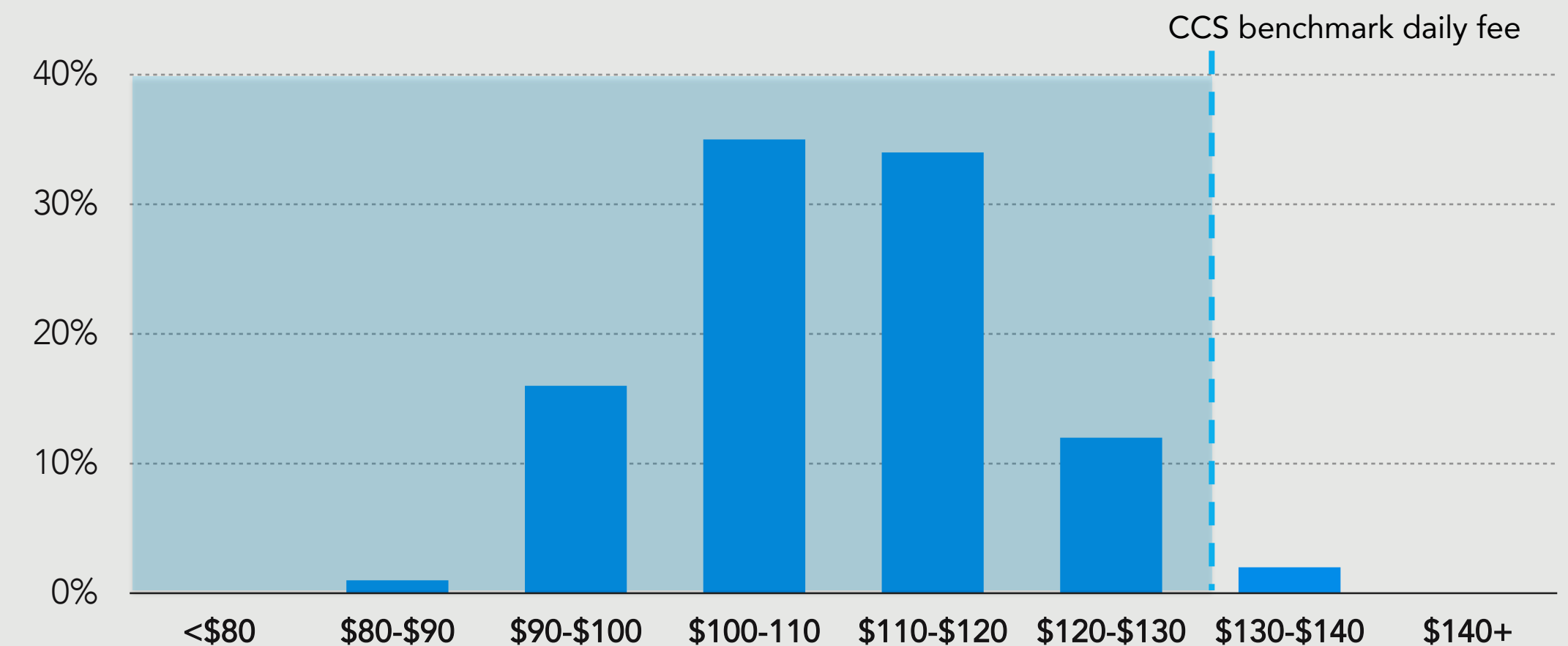
- Strong rebound in ELC occupancy post easing of COVID-19 lockdown restrictions.
- Average centre occupancy stable year on year.
- Average daily fee of \$109.07²:
 - +1.42% from 30 September 2019²; and
 - +2.75% from 31 December 2019².
- Net rent to revenue ratio of 11.3%².

1. Arena analysis based on operating data provided by Arena's tenant partners as at 30 September 2020.
 2. COVID-19 related impacts to ELC operator revenues, government subsidies and attendances may diminish the like-for-like accuracy of these measures during the period.
 3. Assumes CCS fully covers a daily fee of approximately \$134 based on CCS capped hourly fee of \$12.20 per hour over an 11 hour day.

Arena ELC portfolio – net rent to gross operator revenue^{1,2}



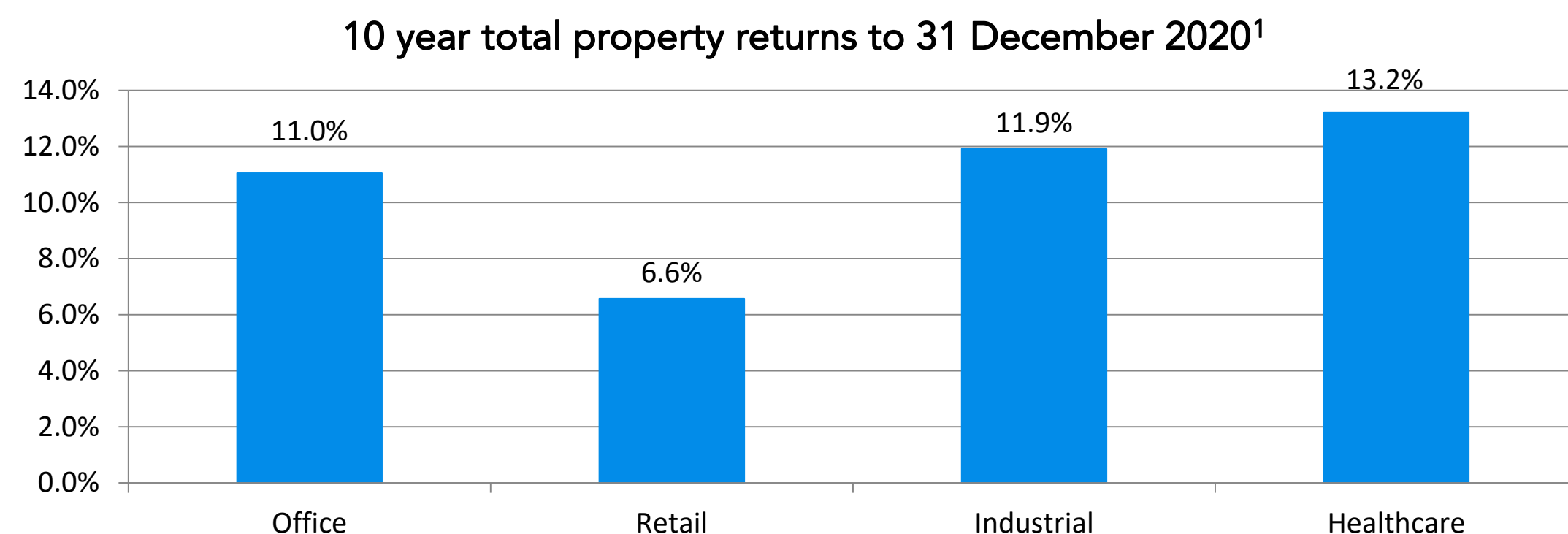
Arena ELC portfolio - average daily fee per place^{1,2,3}



HEALTHCARE SECTOR & ARENA'S PORTFOLIO

Strongly sought after asset class

- Strong structural macro-economic drivers continue to support Australian healthcare accommodation including growing and ageing population and increased prevalence of chronic health conditions.
- Ongoing investor interest in healthcare property and increasing interest in social infrastructure property more generally.



1. MSCI data as at 31 December 2020.





OUTLOOK

Well positioned for future opportunities and challenges

INCOME GROWTH

- FY21 distribution guidance of 14.8 cent per security, an increase of 5.7%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 and partial impact of FY21 acquisitions and development completions.
- \$74 million development pipeline comprising 13 ELC projects².

OUTLOOK

- Early learning and healthcare remain integral to economic recovery.
- Gearing³ at 19.9%, no debt expiry 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 three ELC projects that were conditionally contracted prior to 31 December 2020.
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.



QUESTIONS



CORPORATE DIRECTORY

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ROB DE VOS

Managing Director



GARETH WINTER

Chief Financial Officer



SAM RIST

Head of Investor Relations



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