

ASX ANNOUNCEMENT

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23 JULY 2024

ARENA REIT ACQUISITIONS, EQUITY RAISING & FY2025 GUIDANCE

Key Highlights

Arena REIT Group ("**Arena**") today announces:

- It has exchanged contracts, entered heads of agreement or is in exclusive due diligence¹ to acquire and develop additional social infrastructure properties with a total investment of \$92 million (the "Acquisitions"), including:
 - six Early Learning Centre ("ELC") properties for a total investment of \$58 million
 - four ELC developments with total anticipated project investment of \$34 million
- It is undertaking a fully underwritten \$120 million institutional placement ("**Institutional Placement**") at an issue price of \$3.78 per new Stapled Security ("**Security**") to provide capacity to pursue further social infrastructure property investments.
- It will also offer a non-underwritten Security Purchase Plan ("**SPP**") to eligible securityholders to raise up to \$20 million²
- It is issuing FY2025 distribution guidance of 18.25 cents per security³ representing growth of +4.9% on FY2024

Strategic Rationale

The Acquisitions exhibit the following attractive investment characteristics:

- Well located assets with strategic importance to the operations of the tenant
- Supported by strong social and macroeconomic drivers
- High quality tenants with a strong track record in the operation of early childcare education and care
- Positive financial impact
- Predictable income underpinned by attractive net lease structures with annual rent reviews at the higher of CPI or an agreed fixed amount

¹ Some or all of these opportunities may not proceed.

² Eligible securityholders as at 7:00pm (AEST) on 22 July 2024 with a registered address in Australia or New Zealand. The Arena Board may (in its absolute discretion), where the total applications under the SPP exceed \$20 million, determine to increase the amount raised to reduce or eliminate the need to scale-back.

³ FY2025 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, it includes the impact of the Institutional Placement and SPP.



Portfolio Impact of Operating acquisitions

Metric	30 June 2024 excluding Acquisitions	Operating acquisitions	30 June 2024 pro-forma including operating acquisitions
Number of Properties	276	6	282
Unaudited Portfolio Value	\$1,579 million	\$58 million	\$1,637 million
Weighted Average Forecast Yield (%)	5.4%	6.0% ⁴	5.4%
Weighted Average Lease Expiry	18.5 years	10.9 years	18.2 years

Institutional Placement

Arena is undertaking a fully underwritten \$120 million Institutional Placement at an issue price of \$3.78 per Placement Security to fund the Acquisitions, maintain balance sheet capacity to accommodate pipeline growth and execute future opportunities. The Institutional Placement will be exclusively underwritten and managed by Macquarie Capital (Australia) Limited (ABN 79 123 199 548) and Jefferies (Australia) Pty Ltd (ABN 76 623 059 898)" (the "**Joint Lead Managers**"). Denison Partners Pty Limited (ABN 63 672 557 283) is acting as adviser to the transaction.

The issue price represents a 4.5% discount to the last closing price of \$3.96 on 22 July 2024; and 5.1% discount to the five-day Volume Weighted Average Price of \$3.9844 to 22 July 2024.

It is intended that eligible institutional securityholders who bid for up to their 'pro rata' share of new securities under the Institutional Placement will be allocated their full bid, on a best endeavours basis^{5,6}.

The Securities issued under the Institutional Placement are expected to be allotted and commence trading on 29 July 2024. From the date of issue, securities issued under the Institutional Placement will rank equally with existing securities on issue.

⁴ Weighted average forecast net initial yield on purchase price, weighted average forecast yield on total cost is 5.7%.

⁵ For this purpose, an eligible institutional securityholder's 'pro-rata' share will be estimated by reference to Arena's beneficial register on 12 July 2024, but without undertaking any reconciliation and ignoring securities that may be issued under the SPP. Accordingly, unlike in a rights issue, this may not truly reflect the participating securityholder's actual pro-rata share. Nothing in this announcement gives a securityholder a right or entitlement to participate in the Placement and Arena has no obligation to reconcile assumed holdings (e.g. for recent trading or swap positions) when determining a securityholder's 'pro-rata' share. Institutional securityholders who do not reside in Australia or other eligible jurisdictions will not be able to participate in the Placement. Refer to the equity raising Presentation Appendix for the eligible jurisdictions and selling restrictions relevant to these jurisdictions. Arena and the Joint Lead Managers disclaim any duty or liability (including for negligence) in respect of the determination of a securityholder's 'pro-rata' share.

⁶ Eligible institutional securityholders who bid in excess of their 'pro-rata' share as determined by Arena and the Joint Lead Managers are expected to be allocated a minimum of their 'pro-rata' share on a best endeavors basis as set out in footnote 5 above, and any excess may be subject to scale back.

SPP

Following the completion of the Institutional Placement, Arena will offer eligible securityholders resident in Australia and New Zealand on Arena's register as at 7:00pm (AEST) on Monday 22 July 2024, the opportunity to participate in a non-underwritten SPP to raise up to \$20 million⁷. Eligible securityholders in Australia and New Zealand will be invited to subscribe for up to \$30,000 of additional new securities per securityholder, free of transaction and brokerage costs.

The issue date of the SPP Securities will be 27 August 2024 and the issue price will be equal to the issue price of the Institutional Placement.

Further information in relation to the SPP will be dispatched to eligible securityholders on or around 1 August 2024.

Financial Impact of Transaction

The FY2025 financial impact of the Acquisitions and the Institutional Placement is:

- Accretive to Earnings per Security⁸
- Accretive to Net Asset Value per Security
- Provides for pro forma 30 June 2024 gearing of 19.9%⁹

Commenting on Arena's financial position, Chief Financial Officer Mr Gareth Winter said "Arena has maintained capital management discipline through the cycle with consistent hedging programs, extension of facility term and sustained capacity to deploy capital into growth opportunities consistent with strategy."

Outlook and FY2025 Guidance

Arena is issuing FY2025 distribution guidance of 18.25 cents per security¹⁰ representing growth of +4.9% on FY2024.

Commenting in respect of today's announcement, Arena's Managing Director Mr Rob de Vos said "Strong macroeconomic drivers continue to support growth in the demand for essential community services across Australia. These themes, combined with Arena's disciplined origination, capital management and asset management expertise have positioned the business well to sustainably deliver on its purpose and investment objective of delivering predictable distributions to securityholders with the prospect for growth."

⁷ Eligible securityholders as at 7:00pm (AEST) on 22 July 2024 with a registered address in Australia or New Zealand. The Arena Board may (in its absolute discretion), where the total applications under the SPP exceed \$20 million, determine to increase the amount raised to reduce or eliminate the need to scale-back.

⁸ Earnings per security is calculated as net operating profit over weighted average number of securities on issue.

⁹ Gearing calculated as a ratio of net borrowings over total assets less cash; includes the impact of the Institutional Placement but does not include any impact attributable to the SPP.

¹⁰ FY2025 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, it includes the impact of the Institutional Placement and SPP.

Indicative Transaction Timetable

Event	Date
Trading halt and announcement of Equity Raising	Tuesday, 23 July 2024
Institutional Placement	
Institutional Placement bookbuild	Tuesday, 23 July 2024
Announcement of outcome of Institutional Placement	Wednesday, 24 July 2024
Trading halt lifted	Wednesday, 24 July 2024
Settlement of Placement Securities under the Institutional Placement	Friday, 26 July 2024
Allotment and trading of Placement Securities issued under the Institutional Placement	Monday, 29 July 2024
SPP	
Record date for SPP	Monday, 22 July 2024
SPP offer period	9am Thursday 1 August to 5pm Thursday 22 August 2024
Allotment of Securities issued under the SPP	Tuesday 27 August 2024
Securities issued under the SPP commence trading on ASX	Wednesday 28 August 2024
Holding statement dispatch date	Wednesday 28 August 2024

Important Information

Additional information about the Equity Raising (including key risks) are contained in the presentation released to the ASX today.

This announcement is authorised to be given to the ASX by Gareth Winter, Company Secretary.

– ENDS –

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About Arena REIT

Arena REIT is an ASX200 listed property group that develops, owns and manages social infrastructure properties across Australia. Our current portfolio of social infrastructure properties is leased to a diversified tenant base in the growing early learning and healthcare sectors. To find out more, visit www.arena.com.au.

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