

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Arena REIT

ABN / ARBN:

Arena REIT Limited ABN 89 602 365 186  
Arena REIT No. 1 ARSN 106 891 641  
Arena REIT No.2 ARSN 101 067 878

Financial year ended:

30 June 2015

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- These pages of our annual report:
- This URL on our website: [www.arena.com.au/about/governance](http://www.arena.com.au/about/governance)

The Corporate Governance Statement is accurate and up to date as at 25 August 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 25 August 2015

Name of Director or Secretary authorising  
lodgement: Gareth Winter  
Company Secretary

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> at <a href="http://www.arena.com.au/about/governance">www.arena.com.au/about/governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.arena.gov.au/about/governance">www.arena.gov.au/about/governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.arena.com.au/about/governance">www.arena.com.au/about/governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.arena.com.au/about/governance">www.arena.com.au/about/governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at <a href="http://www.arena.com.au/about">www.arena.com.au/about</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



	Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):]  ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]  ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



## FY15 Corporate Governance Statement

This is the corporate governance statement for the Arena REIT stapled group (**ARF**) for the financial year ended 30 June 2015. This statement sets out the extent to which ARF followed the Corporate Governance Principles and Recommendations (3rd edition) set by the ASX Corporate Governance Council (**Recommendations**) during the period from 1 July 2014 to 30 June 2015 (**Reporting Period**).

### Overview of corporate structure

ARF is a triple stapled entity comprising Arena REIT No. 1 (ARSN 106 891 641) (**ARF1**), Arena REIT No. 2 (ARSN 101 067 878) (**ARF2**) and Arena REIT Limited ACN 602 365 186 (**ARL**). ARL became stapled to ARF1 and ARF2 and was admitted to the official list as part of ARF on 8 December 2014. On 12 December 2014, Arena Investment Management Limited ACN 077 235 879 (**AIML**) retired as the responsible entity of ARF1 and ARF2, and Arena REIT Management Limited ACN 600 069 761 (**ARML**) was appointed as the new responsible entity of ARF1 and ARF2. ARL is the ultimate holding company of ARML and its other wholly owned subsidiaries. Following the change of responsible entity, ARF became an internalised vehicle (**Internalisation Date**).

ARL and ARML have separate boards of directors (**Boards**). A co-ordinated approach is undertaken by ARL and ARML to the corporate governance of ARF.

ARF applies the same corporate governance framework to the wholly owned subsidiaries of ARL and its employees.

ARF is listed on the Australian Securities Exchange under the code 'ARF'. This statement applies to and is issued by the Boards and was approved by the Boards on 25 August 2015.

This statement reflects ARF's corporate governance practices as at 30 June 2015 and the extent of its compliance with the Recommendations.

ARF is substantially compliant with the Recommendations. Unless otherwise noted, this statement reflects ARF's position in respect of each of the Recommendations during the Reporting Period regardless of whether AIML or ARML was the responsible entity of ARF1 and ARF2 (and in respect of ARL, being the period that ARL was admitted to the ASX official list).

## 1 Lay solid foundations for management and oversight

### Recommendation 1.1 - Compliant

ARL and ARML have adopted a Board Charter which provides the framework for the operation of the Boards and sets out the functions and responsibilities of the Boards, those matters expressly reserved to the Boards and those matters that are delegated to management. A copy of these Charters is available on the ARF website at [www.arena.com.au/about/governance](http://www.arena.com.au/about/governance).

The Boards have delegated certain audit responsibilities to an Audit Committee comprised of the independent non-executive directors of ARL and ARML. The scope of those responsibilities is specified in the Audit Committee Charter.

The Boards have delegated certain responsibilities related to remuneration and nomination to a Remuneration and Nomination Committee (since the Internalisation Date) comprised of the independent non-executive directors of ARL and ARML. The scope of those responsibilities is specified in the Remuneration and Nomination Committee Charter.

A copy of these Charters is available on the ARF website at [www.arena.com.au/about/governance](http://www.arena.com.au/about/governance).

### Recommendation 1.2 - Compliant

The directors of ARL were appointed to the Board prior to admission to the official list of ASX. Appropriate checks were undertaken in respect of the directors appointed to the ARL Board.

This was also undertaken in respect of the appointment of the directors onto the ARML Board.

ARL and ARML will undertake appropriate checks before appointing a person, or putting forward to stapled securityholders a candidate for election as a director.

ARL and ARML will also provide stapled securityholders with all material information in its possession relevant to a decision whether or not to elect or re-elect a director.

### Recommendation 1.3 - Compliant

ARL and ARML each has a written agreement with each director and senior executive setting out the terms of their appointment. These agreements include the matters set out in Recommendation 1.3.

### Recommendation 1.4 - Compliant

The Company Secretary of ARL and ARML is accountable directly to the Boards, through the Chairman, on all matters to do with the proper functioning of the Boards. This is set out in the Board Charters.

### Recommendation 1.5 – Partly compliant

The ARL Board and ARML Board acknowledge the importance of diversity in contributing to growth, innovative thinking and overall success and are committed to fostering and maintaining an inclusive workplace that respects individuals. The ARL Board and ARML Board have adopted a diversity policy which describes ARL and

ARML's approach to diversity. Whilst the Diversity Policy sets out ARL and ARML's diversity objectives, it does not include measurable objectives for achieving gender diversity as the Boards consider that the small scale of ARF make it impracticable for ARF to commit to measurable change based on diversity.

The Diversity Policy is available at [www.arena.com.au/about/governance](http://www.arena.com.au/about/governance).

#### Recommendation 1.6 - Compliant

The performance of the Boards, their committees and the individual directors is subject to periodic review. The process for review of the performance of the Boards and individual directors is determined by the relevant Boards, with the assistance of the Remuneration and Nomination Committee (since the Internalisation Date)<sup>1</sup>, and is disclosed to stapled securityholders. The Boards' committees undertake self-evaluation in accordance with their Charters.

During the Reporting Period, the Boards and their committees determined that the appropriate time for completion of performance evaluations for FY15 was after the lodgement of the ARF Annual Financial Statements for FY15 and prior to the AGM.

#### Recommendation 1.7 - Compliant

The performance of senior executives is reviewed annually. Since the Internalisation Date, the process for this review is determined by the Remuneration and Nomination Committee and disclosed to stapled securityholders.

The performance evaluation of senior staff of ARF for FY15 was conducted following the end of the Reporting Period.

## 2 Structure the board to add value

#### Recommendation 2.1 - Compliant

Since the Internalisation Date, the Boards established a Remuneration and Nomination Committee which reports to the Boards and its Charter extends to the remuneration and nomination activities, controls and procedures of ARF.<sup>1</sup>

The committee has 3 members, all of whom are non-executive, independent directors. The committee is chaired by David Ross, who is also the non-executive, independent chairman of both Boards.

The number of meetings held and attendance by directors during the Reporting Period is disclosed in the Directors Report included in the ARF Annual Financial Statements for FY15.

The Remuneration and Nomination Committee Charter is available at [www.arena.com.au/about/governance](http://www.arena.com.au/about/governance).

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<sup>1</sup> Prior to the Internalisation Date, the Recommendations regarding the remuneration and nomination of directors and senior executives (Recommendations 2.1, 2.2, 8.1, 8.2 and 8.3) were not applicable to ARF as ARF was an externally managed entity. Prior to the Internalisation Date, ARF1 and ARF2 did not engage any employees or the directors in connection with the management of the listed entity. The remuneration and selection of employees involved in the management of ARF1 and ARF2 was determined by AIML's parent company.

### Recommendation 2.2 - Compliant

Since the Internalisation Date, the Remuneration and Nomination Committee assists and advises the Boards on director selection and appointment practices, board composition and succession planning for the Boards and senior executives to ensure that the Boards are of a size and composition conducive to making appropriate decisions, with the benefit of a variety of perspectives and skills and in the best interests of ARF as a whole.

The following is a skills matrix setting out the mix of skills and diversity that each Board currently has.

Skill	ARL	ARML
Leadership	✓	✓
Experience as a director and senior executive	✓	✓
Strategic thinking	✓	✓
Risk, compliance and governance	✓	✓
Financial analysis and accounting	✓	✓
Real estate	✓	✓
Financial services, particularly funds management	✓	✓
Stakeholder engagement	✓	✓

### Recommendation 2.3 - Compliant

The Boards consider David Ross (Chairman), Dennis Wildenburg and Simon Parsons to be independent directors in respect of each Board. They do not have an interest, position, association or relationship of the type described in Box 2.3 of the Recommendations.

The directors of ARL have been directors since its establishment on 16 October 2014.

Bryce Mitchelson has been a director of ARML since 12 June 2014. David Ross, Dennis Wildenburg and Simon Parsons have been directors of ARML since 8 October 2014. Gareth Winter has been a director of ARML since 12 December 2014.

### Recommendation 2.4 - Compliant

The majority of the directors of ARL and ARML are independent non-executive directors.

### Recommendation 2.5 - Compliant

The chair of the Boards of ARL and ARML is David Ross, who is a non-executive, independent director and is not the chief executive officer.

### Recommendation 2.6 - Compliant

New directors are taken through an induction process and are given a comprehensive board pack which includes details on ARF, governance requirements and policies.

Directors are expected to be adequately informed in respect of relevant industry and regulatory issues and changes. To assist the directors in this regard, each director will be invited to participate in internal and external training sessions and conferences organised from time to time with respect to such matters. Directors may raise other training requirements with the company secretary as they consider necessary or desirable.

### 3 Act ethically and responsibly

#### Recommendation 3.1 - Compliant

ARF has a code of conduct for its directors, senior executives and employees. The Code of Conduct is made available to all those expected to adhere to it at the time they join ARF and is permanently available on ARF's website at [www.arena.com.au/about/governance](http://www.arena.com.au/about/governance).

### 4 Safeguard integrity in financial reporting

#### Recommendation 4.1 - Compliant

The Boards have established an Audit Committee, comprising the three non-executive independent directors. The chair of the Audit Committee is Dennis Wildenburg, who is not the chair of either Board.

The Audit Committee Charter is available at [www.arena.com.au/about/governance](http://www.arena.com.au/about/governance).

The relevant qualifications and experience of the members of the Audit Committee are described on Arena's website, at [www.arena.com.au/about/board](http://www.arena.com.au/about/board).

The number of meetings held and attendance by directors during the Reporting Period is disclosed in the Directors Report included in the ARF Annual Financial Statements for FY15.

#### Recommendation 4.2 - Compliant

Before approving the ARF financial statements, the Boards received from the Chief Financial Officer and the Managing Director a declaration that, in their opinions, the financial records of ARF were properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of ARF and those opinions were formed on the basis of a sound system of risk management and internal control which operates effectively.

#### Recommendation 4.3 - Compliant

ARF's external auditor will be invited to attend its AGM and ARF will request that the auditor be available to answer questions from stapled securityholders relevant to the audit.

### 5 Make timely and balanced disclosure

#### Recommendation 5.1

ARF has adopted a formal Continuous Disclosure Policy for complying with ARF's obligations under the Listing Rules. A copy of the policy is available on the ARF website [www.arena.com.au/about/governance](http://www.arena.com.au/about/governance).

### 6 Respect the rights of securityholders

#### Recommendation 6.1 - Compliant

ARF has established a website which includes detailed information in relation to ARF and its governance arrangements.

Information about ARF, including all of the information suggested in Recommendation 6.1, can be found at [www.arena.com.au](http://www.arena.com.au). Information about ARF's



governance arrangements including the Boards and senior management can be found at [www.arena.com.au/about/governance](http://www.arena.com.au/about/governance)..

#### Recommendation 6.2 - Compliant

ARF has designed and implemented an investor relations program that facilitates effective two-way communication with investors. The program currently includes the following:

- Update letters sent to investors on a regular basis providing a summary of ARF's recent activities.
- Half-yearly conference calls to which all investors and interested parties will be invited, and are able to participate by submitting questions to management. Publication of release of ASX announcements directly to subscribing stapled securityholders and advisers via email.
- Detailed information provided on ARF's website, including the latest available security price (typically delayed by 20 minutes), overview of the stapled group, portfolio summary, investment objectives, ASX announcements, key dates and contact form for questions, feedback or complaints.
- Investor Centre on ARF's website, including a secure area for stapled securityholders' holding information, price history, reports, forms and frequently asked questions.
- ARF has adopted a formal communications policy and is committed to providing all stakeholders with accessible, accurate, clear and timely information on all matters that are relevant or material to the financial performance and activities of ARF. The Communications Policy can be found at [www.arena.com.au/about/governance](http://www.arena.com.au/about/governance).

#### Recommendation 6.3 – Not applicable

Recommendation 6.3 is not applicable to ARF because it has not yet held an annual general meeting (AGM) and is not scheduled to hold an AGM until November 2015. ARF recognises that meetings of stapled securityholders represent an excellent opportunity for ARF to provide information to its stapled securityholders and will encourage attendance and participation at general meetings.

#### Recommendation 6.4 - Compliant

ARF gives all investors the option to receive communications from, and send communications to, ARF and the registry electronically. ARF has established an online portal called InvestorServe for investors to manage all aspects of their investment online. Investors can register for InvestorServe by calling 1800 008 494 to request a password.

## 7 Recognise and manage risk

#### Recommendation 7.1 - Compliant

ARF has adopted a written Risk Management Policy and Framework. Because of the small size of the Boards, ARF does not have a dedicated risk management committee. The Boards have ultimate responsibility for overseeing the Risk Management Policy and Framework and for approving and monitoring compliance with the framework.

Risk management has been integrated into ARF's business processes through implementation of the framework, which incorporates the guidelines described in the Australian/New Zealand Standard on Risk Management (AS/NZS ISO 31000:2009).

The Managing Director has responsibility for day-to-day management of the risks facing ARF, and is supported by the management team. Management identifies and prioritises material business risks and develops mitigation strategies. The Boards receive a quarterly risk report on all critical and high assessed risks.

A summary of the Risk Management Policy and Framework is available on ARF's website at [www.arena.com.au/about/governance](http://www.arena.com.au/about/governance).

#### Recommendation 7.2 - Compliant

The Risk Management Policy and Framework is reviewed annually and was reviewed by the Boards during the Reporting Period.

#### Recommendation 7.3 - Compliant

ARF does not have a dedicated internal audit function due to the relatively small number of staff and the nature and scale of operations. The Head of Risk and Compliance conducts risk-based compliance reviews on the operations of ARF.

The Head of Risk and Compliance report to the Boards on a quarterly basis and makes recommendations to the Boards for changes to ARF's processes and systems for legal and regulatory requirements.

#### Recommendation 7.4 - Compliant

ARF does not have any material exposure to economic, environmental and social sustainability risks.

## 8 Remunerate fairly and responsibly

#### Recommendation 8.1 - Compliant

Since the Internalisation Date, the Boards have established a Remuneration and Nomination Committee, comprising the three non-executive independent directors.<sup>1</sup> The chair of the Remuneration and Nomination Committee is David Ross, who is an independent, non-executive director (and Chairman of the Boards).

The number of meetings held and attendance by directors during the Reporting Period is disclosed in the Directors Report included in the ARF Annual Financial Statements for FY15.

#### Recommendation 8.2 - Compliant

Since the Internalisation Date, the Boards have adopted a remuneration policy that recognises the need to motivate, attract and retain employees to deliver sustainable and superior business performance.<sup>1</sup> The remuneration policy is underpinned by the following principles:

- Remuneration is externally competitive in terms of quantum, mix and design to support the attraction and retention of employees and takes into account the relative size and nature of the ARF business and its ability to pay and the role and experience of employees.
- The remuneration framework supports the delivery of ARF's business strategy.

- Remuneration is made up of fixed and variable reward.
- Variable reward will be used to recognise performance in both the short and longer term.

Executive and employee reward comprises fixed remuneration, and for eligible employees at the discretion of the Boards, variable short-term incentive payments and, for eligible employees at the discretion of the Boards, a long-term incentive.

The Remuneration and Nomination Committee reviews this policy on an annual basis, or more frequently as required, to ensure the remuneration arrangements are driving business performance and are aligned with the long-term strategy of ARF.

The Remuneration and Nomination Committee is able, as required, to appoint external remuneration advisers to review and advise on aspects of the policy and associated frameworks.

Further details of the remuneration of ARF senior executives are included in the Remuneration Report which forms part of the Directors' Report of the ARF Annual Financial Statements for FY15.

#### Recommendation 8.3 - Compliant

Since the Internalisation Date, the Boards have adopted a remuneration policy which includes equity based remuneration. Under the terms of the Arena REIT Securities Trading Policy, which forms part of ARF's remuneration governance framework, employees are prohibited from trading in ARF securities where such trading:

- amounts to 'short selling';
- is directed at limiting the economic or financial risk associated with that employee's holding of securities (including options over securities); or
- would otherwise enable that employee to profit from or limit the economic or financial risk of a decrease in the market price of the securities.

These restrictions prohibit participants in the equity based remuneration scheme from entering into arrangements which operate to limit the economic risk of exposure to ARF securities and accordingly the economic risk of participating in the scheme.

The Arena REIT Securities Trading Policy is available at [www.arena.com.au/about/governance](http://www.arena.com.au/about/governance).

## Contact

Arena REIT Limited ACN 602 365 186  
Arena REIT Management Limited ACN 600 069 761  
71 Flinders Lane  
Melbourne Victoria 3000

Any questions may be directed to:  
Free call: 1800 008 494  
Fax: 03 9093 9093

Postal address:  
Locked Bag 32002  
Collins Street East  
Melbourne Victoria 8003

[www.arena.com.au](http://www.arena.com.au)