

Arena REIT

Overview Q3. As at 31 March 2014



Bryce Mitchelson
Joint Managing Director



James Goodwin
Joint Managing Director

Dear Investor

Arena Investment Management Ltd (Arena) as the Responsible Entity of Arena REIT (ARF) is pleased to provide a brief summary in conjunction with the provision of the interim distribution statement.

Half year results

On 27 February 2014 Arena provided a half yearly update to 31 December 2013 to the market and investors; key highlights were as follows:

- **Strategy implementation** – ARF has successfully broadened the investment diversification of the trust via the addition of 6 large scale medical centres leased on a long term basis to Primary Health Care Limited.

- **Outperforming IPO distribution forecasts** – ARF is on track to deliver FY14 distributions of 8.75 cents per security (recently upgraded) being 6.7% above the 8.2 cents forecast in the June 2013 IPO documents.
- **Broadening of tenancy base** – ARF's exposure to Goodstart reduced from 67% to 48% over the 6 months through the introduction of Affinity Education, Primary Health Care and G8 Education.
- **Active portfolio management** – During the 6 months, 3 vacant properties were leased, 3 development sites were acquired and 2 properties sold.
- **Asset value growth** – Net property revaluation growth of 3.6% was recorded, driven primarily by rent reviews.

A recording and copy of the results presentation webinar is available on the Arena website. Furthermore, we have also produced a short video which summarises the key results for the half year. This can be found on the home page and within the videos section of the website.

Arena REIT half year results: at a glance

Total assets

\$331.8m

a 38% increase since 30 June 2013

Number of properties held

199*

an increase of 25 properties since 30 June 2013

Weighted average lease term to expiry

8.7 years

a 4.8% increase from 30 June 2013

Distributable income per security

4.13 cents

an increase of 7.6% on past 12 months

* Includes development sites.

Arena Investment Management Limited ACN 077 235 879 AFSL 233190 (Arena)
Responsible entity of Arena REIT stapled group comprising:
Arena REIT No. 1 ARSN 106 891 641 and Arena REIT No. 2 ARSN 101 067 878

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Refinancing

On 31 March 2014, Arena announced that ARF had successfully refinanced its debt facility, extending both the term of the facility and reducing the margin. This will improve the earnings and lower the risk profile of ARF. As at 31 March 2014, ARF's gearing remained at 32.5%, being below the long term target gearing range of 35% to 45%. ARF has fixed interest rate hedging covering 78% of drawn debt for an average term of 3.4 years.

Research coverage

There are currently 4 companies covering ARF – Morgan Stanley, Moelis & Company, NAB Capital and Property Investment Research. Further contact details for each analyst are available within the investor section of the Arena website.

Childcare industry activity

There continues to be a lot of activity in the childcare sector:

- Operator activity high – G8 Education and Affinity Education recently announced the acquisition of 91 and 51 childcare businesses respectively.
- Freehold sales sharpening yields – Burgess Rawson, a real estate agent in Melbourne, auctioned two freehold childcare centres with both achieving results at yields less than 7.5%.

- Productivity Commission Review – The Commission has received over 450 submissions from various stakeholders in the childcare sector. Debate continues in relation to many issues including the adequacy of government funding, education requirements for care providers, wage levels and whether to make childcare costs tax deductible. The draft report with recommendations is due out in July 2014.

Childcare property presentation

Arena recently held a presentation on the benefits of investing in childcare property and the strong underlying fundamentals which support the sector. This presentation has now been made available to view on the video section of the Arena website.

Social media

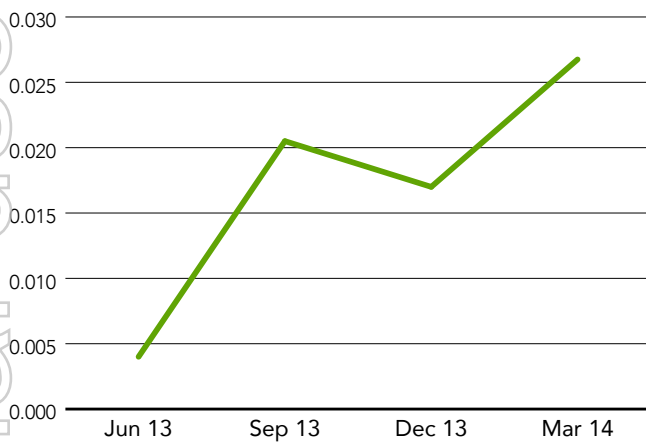
We are pleased to announce that Arena Investment Management is now actively engaging on social media, including LinkedIn, Twitter and YouTube. You can keep up to date with our news and activities at the accounts and social media sites found on the back page.



Distributions

You will have noticed that the March quarter ARF distribution was significantly higher than the previous quarter. This was due to the inclusion of an additional 21 days carried over from the December quarter and also higher underlying earnings. The current FY14 distribution guidance 8.75 cents per security is based on the Trust paying 2.325 cents in the June 2014 quarter, reflecting an FY14 annualised distribution rate of 9.3 cents per security. Distribution guidance for FY15 is expected to be advised in conjunction with ARF's FY14 annual results presentation.

Distribution payments since IPO (\$ per unit)



Notes:

1. The June 2013 quarter distribution is a pro-rata amount for the period 13 June - 30 June 2013.
2. The December 2013 distribution is a pro-rata amount for the period 1 October - 10 December 2013.
3. The March 2014 quarter distribution is a pro-rata amount for the period 11 December 2013 - 31 March 2014.

Yours faithfully

Bryce Mitchelson
Joint Managing Director

James Goodwin
Joint Managing Director

MARCH QUARTER
DISTRIBUTION

2.675¢
PER SECURITY

JUNE 14 QTR
GUIDANCE

2.325¢
PER SECURITY



Stay up to date with arenainvest.com.au

The Arena corporate website (www.arenainvest.com.au) provides a wealth of information on the Fund and its activities.

Information available on the site includes full and interim year financial reports, presentations and webinars as well as Arena tax statement guides.

Social media

Arena is now active on different social media channels so you can keep up to date with our news and activities. Connect with us through the following:



@arenainvest



arenainvestmentmanagement



Arena Investment Management

Managing your investments

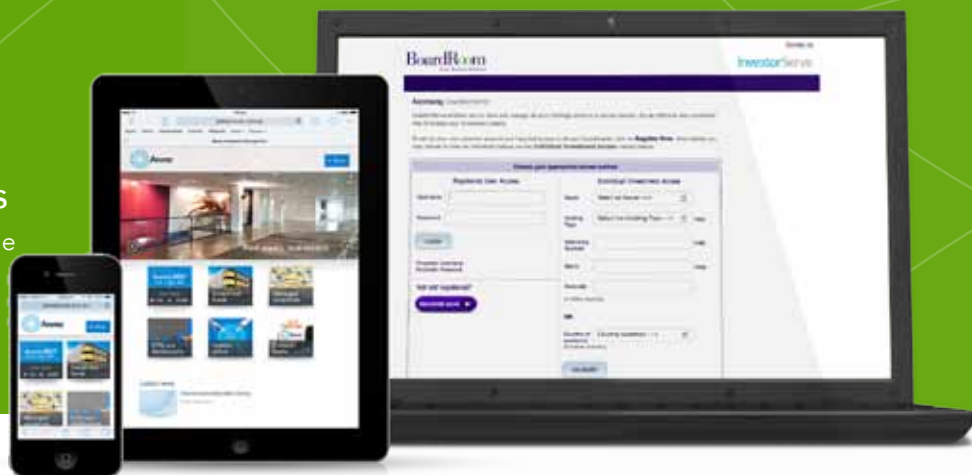
Arena's registry, Boardroom is responsible for maintaining the register of members. Investors with queries relating to their holding should contact Boardroom directly using the contact details below.

InvestorServe

Investors are able to manage their investments through InvestorServe, accessible via the Investor Centre section of Arena's website. This allows investors to view holding balances, transaction history and distribution payments, along with other useful functions.

To register with InvestorServe:

1. Call 1800 008 494 and request a password for InvestorServe.
2. Once received, visit Arena's website and click on the InvestorServe link shown on the Investor Centre page. Once there, simply select Register Now.
3. Enter the required information and follow the prompts to verify your identity and create your own account.
4. You should now be able to access and manage your investments online.



Contact information

For any further information or if you have any queries please contact one of the following:

Relating to your holding:

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Relating to Fund performance:

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Important notice

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