

Arena REIT

Quarter 2 update to 31 December 2014



Bryce Mitchelson
Managing Director

Dear Investor

Arena REIT Management Limited (**Arena**) as the Responsible Entity of Arena REIT (**ASX code: ARF**) is pleased to provide this update to investors for the quarter ended 31 December 2014.

Quarterly distribution

Enclosed is a copy of your distribution statement for the quarter ended 31 December 2014. A distribution of 2.4625 cents per stapled security was paid on 12 February 2015 for the quarter to 31 December 2014. This is in line with the FY15 distribution guidance of 10.0 cents¹ per stapled security post implementation of the internalisation proposal on 12 December 2014.

Dividend and Distribution Reinvestment Plan

Arena recently opened a Dividend and Distribution Reinvestment Plan (DRP), to assist with the funding of its childcare centre development pipeline. Holders of 22,031,783 securities (representing 10.4% of the securities on issue as at the Record Date) elected to participate. As a result, 344,080 new securities have been issued which rank equally with existing securities. The issue price under the DRP for the quarter ended 31 December 2014 is \$1.5748 per security. This issue price has been determined in accordance with the DRP policy which calculates the issue price by reference to the arithmetic average of the daily volume weighted average price over the period 5 January 2015 to 23 January 2015, less a pricing discount of 1.5%.

Internalisation of Arena REIT - creating enhanced alignment and competitive advantages

At the meeting of investors held on 5 December 2014, the proposal to internalise the management of Arena REIT (Internalisation) was approved by investors, with over 99% voting in favour of all resolutions. The Internalisation was implemented on 12 December 2014. Effective from this date, Arena REIT Management Limited became the Responsible Entity for Arena REIT, taking over from Arena Investment Management Limited (AIML). Key people from the existing AIML team including myself (as Managing Director), independent directors and other management staff remain responsible for managing Arena REIT. On behalf of the team, we look forward to continuing to provide management services to you.

New website - www.arena.com.au

To reflect the change in management structure, a new website (www.arena.com.au) was launched on 12 December 2014. We encourage you to visit the website to keep up to date on the latest developments and to easily access information regarding your investment in Arena REIT. The existing AIML website (www.arenainvest.com.au) continues to operate and provides information about the liquidity process for AIML funds.

Half year results presentation

Half year results for the six months ended 31 December are scheduled to be released to the ASX on 25 February 2015. An online webinar presentation by management will be held at 11.30am on the same day. If you wish to listen to the live presentation, please register your interest by going to the Arena website (www.arena.com.au) and completing the registration form. During the presentation we will update you on Arena REIT's operating results and progress.

In the meantime, if you have any questions or require further information please contact us on 1800 008 494 or info@arena.com.au.

Yours faithfully

Bryce Mitchelson
Managing Director

1. On a status quo basis assuming no new acquisitions and developments in progress are completed in line with budget assumptions, and tenants comply with all their lease obligations.

Arena REIT Limited (ACN 602 365 186)

Arena REIT Management Limited ACN 600 069 761 AFSL No. 465754 as responsible entity of
Arena REIT No. 1 (ARSN 106 891 641) and Arena REIT No. 2 (ARSN 101 067 878)

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NEW dedicated Arena REIT website - www.arena.com.au

The Arena corporate website (www.arena.com.au) provides a wealth of information on Arena REIT 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.

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

You can manage your investments through InvestorServe, 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:

Registry - BoardRoom
Locked Bag 32001
Collins Street East
Melbourne VIC 8003
T +1800 008 494

Relating to Arena REIT performance:

Managing Director
Bryce Mitchelson
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All other queries:

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Important notice

This summary has been prepared by Arena in relation to publicly announced information to 9 February 2015 or as otherwise stated herein, is for information purposes only and is not personal financial product advice. Arena has not considered the investment objectives, financial circumstances or particular needs of any particular recipient. You should consider your own financial situation, objectives and needs and if necessary obtain professional advice in relation to this update. No representation or warranty, express or implied, is made as to the accuracy, completeness or correctness of this update or as to the reasonableness of any assumption, contained in this update. This document contains certain forward-looking statements which involve known and unknown risks, uncertainties and assumptions which are beyond the control of Arena and its directors, and are not guarantees of future performance. Actual results may differ materially from the anticipated results and neither Arena nor any other person gives any representation, assurance or guarantee (express or implied) that the occurrence of these results will actually occur.