

Arena REIT

Overview Q2. As at 31 December 2013



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 this brief update in conjunction with the provision of the interim distribution statement.

Income distributions Improving into 2HFY14

Enclosed is a copy of your distribution statement for the interim period from 1 October 2013 to 10 December 2013.

This interim distribution of 1.7 cents per stapled security is for the period from 1 October 2013 to 10 December 2013 (70 days), not the full quarter as a consequence of the record date being brought forward to facilitate the stapling with Sydney HealthCare Trust late last year. Please note that the pro-rata distribution for the remaining 21 days in December (estimated to be 0.35 cents per stapled security) is intended to be paid together with the normal March quarterly distribution.

As previously advised, the recent stapling has been accretive to ARF's underlying earnings and this increase in earnings is expected to be fully reflected in a higher March 2014 quarter distribution, in line with previous guidance announced on 6 November 2013.

Strategy implementation

We have made significant progress over the past 6 months since the ASX listing of Arena REIT in successfully implementing ARF's broadened investment strategy which was detailed in the Product Disclosure Statement dated 13 May 2013. An important part of that strategy was to continue growing the childcare portfolio and also look to potentially introduce other high quality property investments, including those in the healthcare and education sectors. Arena believes that these sectors have favourable underlying operating attributes driven by demographic and economic trends.

Affinity childcare centre acquisitions

On 6 November 2013, Arena announced that ARF had entered into agreements to acquire a portfolio of 14 childcare centres (Properties) for a total purchase price of \$23.98 million to be leased on a long term basis to Affinity



Education Group Limited. Subsequent to this, Affinity (ASX Code: AFJ) was listed on the ASX, raised capital at \$1 per share and has continued to trade strongly (closing at \$1.39 per share on 14 February 2014).

Medical centre portfolio

On 9 December 2013, ARF investors strongly supported the addition to ARF's portfolio of 6 large scale medical centres leased on a long term basis to Primary Health Care Limited. This transaction was a strong first step by Arena in executing ARF's broadened investment strategy and was accretive to ARF's underlying earnings.

In conjunction with the Affinity transaction, Arena announced an upgrade to ARF's FY14 distribution guidance from 8.2 to 8.65 cents per stapled security, reflecting annualised earnings of 9.2 cents per stapled security.

Half yearly results announcement

Arena is scheduled to announce ARF's half yearly results to the ASX on the morning of 27 February 2014. An online webinar presentation by senior management is scheduled to 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.arenainvest.com.au) and completing the registration form. We hope you can join us for this more detailed update. If you are not able to join us for this webinar, a recording of the presentation will be made available on Arena's website.

Yours faithfully

Bryce Mitchelson
Joint Managing Director

James Goodwin
Joint Managing Director

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

71 Flinders Lane
Melbourne VIC 3000

Locked bag 32002, Collins Street East
Melbourne VIC 8003

T +61 3 9093 9000
F +61 3 9093 9093

Freecall
1800 008 494

info@arenainvest.com.au
www.arenainvest.com.au



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. In the coming months Arena will be introducing a feature where you can register on the website to receive email alerts when the website has been updated with announcements and other publications.

Managing your investments

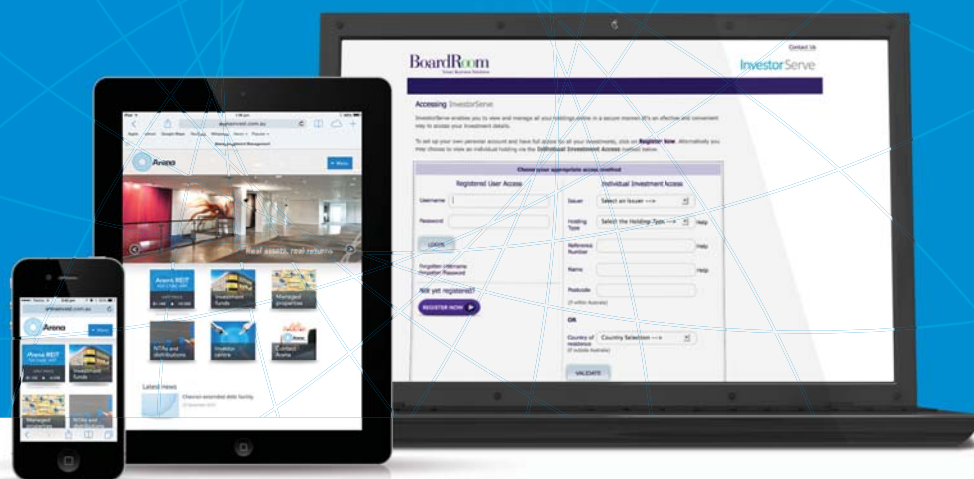
Arena's registry; Boardroom is responsible for maintaining the register of members. Investors with queries relating to their holding should contact Boardroom directly using the contact details below.

InvestorServe

Investors are now 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:

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

Relating to Fund performance:

Joint Managing Director
Bryce Mitchelson
Bryce.mitchelson@arenainvest.com.au

All other queries:

Arena Investment Management
71 Flinders Lane
Melbourne VIC 3000
T +61 3 9093 9000
F +61 3 9093 9093

Important notice

This update has been prepared by Arena as at 31 December 2013 or as otherwise stated herein, is for information purposes only and is not 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.