

8 DECEMBER 2017

REVALUATION UPLIFT AND DEVELOPMENT UPDATE

Arena REIT (Arena) has today announced the following update on the portfolio for the six months ended 31 December 2017:

- an expected net revaluation uplift of \$22.2 million in portfolio value as at 31 December 2017 (unaudited), reflecting growth of 3.4% since 30 June 2017 and equivalent to approximately \$0.08 in Arena's Net Asset Value (NAV) per security (\$1.84 at 30 June 2017);
- the expected completion of 11 Early Learning Centre (ELC) development projects for a total cost of \$68 million at an average initial yield on cost of 6.8%; and
- an increase in the portfolio weighted average lease expiry (WALE) to 13.1 years (from 12.8 years at 30 June 2017), following the addition of completed developments with a weighted average initial lease term of 19.7 years.

Portfolio revaluation

A total of 42 ELCs have been independently valued as at 31 December 2017, with Directors' valuations undertaken for the balance of the portfolio (including seven development sites). The revaluations remain subject to review by Arena's auditors.

The expected uplift in portfolio value as at 31 December 2017 reflects both an increase in net passing rents and a further firming in valuation yields.

A summary is detailed below:

	No. of Properties	Revaluation movement (since 30 June 2017)		Weighted average passing yield 31-Dec-17	
		\$m	%	%	Change bps
ELC portfolio	207	21.8	3.9%	6.51	(22)
Healthcare portfolio	7	0.4	0.5%	6.95	3
Total Portfolio	214	22.2	3.4%	6.56	(20)

The weighted average passing yield on the ELC portfolio valuations firmed 22 basis points to 6.51%, comprising a freehold portfolio yield of 6.45% and a leasehold portfolio yield of 8.6%. The valuation of the healthcare portfolio remained relatively stable.

Commenting on the valuations, Arena's Managing Director Mr Bryce Mitchelson said "Over the past six months we have continued to see strong investor interest in ELC assets and this has contributed to a further firming in valuation yields. Our ELC portfolio valuation yield of 6.5%, in context of the quality of our assets and long triple net leases, continues to look relatively attractive."

Development update

In the six months to 31 December 2017 a total of 11 ELC development projects are expected to reach practical completion, with a total cost of \$68 million. The projects comprise a mix of both Arena originated and fund-through style investments, and are to be completed at an average initial yield on cost of 6.8%.

Arena's Head of Property, Mr Rob de Vos said "The past six months has been another active period for Arena and we remain on track to complete a record 17 high quality ELC development projects this financial year."

FY18 interim results

Further details of revaluations, portfolio performance and financial results will be provided in the FY18 interim results which are scheduled to be released to the ASX in mid-February 2018.

– ENDS –

For further information, please contact:

Bryce Mitchelson
Managing Director
+61 3 9093 9000

bryce.mitchelson@arena.com.au

Susie McPherson
Investor Relations Manager
+61 3 9093 9000

susie.mcpherson@arena.com.au

About Arena REIT

Arena REIT is an ASX300 listed property group that owns, manages and develops specialised real estate assets across Australia. Our current portfolio of social infrastructure assets is leased to a diversified tenant base in the growing early learning and healthcare sectors. To find out more, please visit www.arena.com.au