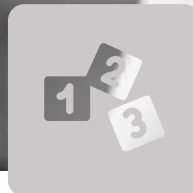


Arena REIT

Overview Q1. As at 30 September 2014



Bryce Mitchelson
Joint Managing Director

Dear Investor

Arena Investment Management Ltd (**Arena** or **AIML**) as the Responsible Entity of Arena REIT (**ARF**) is pleased to provide this update to investors for the quarter ended 30 September 2014.

FY14 Annual Results Webinar Presentation

An online investor webinar and conference call presentation was held on 25 August 2014 detailing ARF's activities and performance over the financial year ended 30 June 2014. A recording of the session and presentation is available to investors on the Arena website - please visit www.arenainvest.com.au/media/webinars.

Quarterly distribution

Enclosed is a copy of your distribution statement for the September quarter ended 30 September 2014. A distribution of 2.4375 cents per security was paid on 14 November 2014 for the period 1 July 2014 to 30 September 2014. This is in line with the FY15 distribution guidance of 9.75 cents per security provided to investors at the annual results presentation on 25 August 2014¹.

Distribution Reinvestment Plan

Arena recently opened its Distribution Reinvestment Plan (DRP) to assist with the funding of its childcare centre development pipeline. The DRP reinvestment price for the quarter has been determined at \$1.4079 per security reflecting a 1.5% discount to the volume weighted trading price during the Pricing Period. The DRP will continue to remain open for the December 2014 quarter. Should you wish to participate in the DRP, you will need to complete the DRP election form on the Arena website and forward to the registry prior to 2 January 2015.

Internalisation Proposal and upcoming General Meeting of Investors

You will have recently received a Meeting Booklet in relation to the proposal for Arena REIT to internalise its corporate governance and management functions and to assume the management of two unlisted wholesale syndicates, being PHC Darlinghurst Syndicate and Trust and BSH Joint Venture (known as the Internalisation Proposal).

If approved, the Internalisation Proposal will mean that Arena REIT will no longer pay management and transaction fees to AIML and will employ its own resources (including certain members of AIML's board and management team who currently manage Arena REIT) to directly manage its investment portfolio. It also means that Arena REIT will be required to hold an Annual General Meeting each year.

The Independent Directors of AIML believe the internalisation of management will enhance alignment of management and Investors' interests and better position Arena REIT to create future value for Investors. If the proposal is approved, the FY15 distribution guidance has been upgraded to 10.0 cents per security, reflecting a 14.3% increase over the FY14 distribution of 8.75 cents per security². The Internalisation Proposal is subject to several conditions outlined in the Meeting Booklet, including Investor approval.

The Investor Meeting to consider and vote on the proposal is scheduled to be held on 11am (AEDT) Friday 5 December 2014, Sofitel Hotel (West Tower Suite, Level 35, 25 Collins Street, Melbourne).

I look forward to seeing you there if you are able to attend.

Yours faithfully

Bryce Mitchelson, **Joint 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.
2. Assuming the Internalisation Proposal is implemented, no new acquisitions and developments in progress are completed in line with budget assumptions, and tenants comply with all their lease obligations.

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 Trust 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

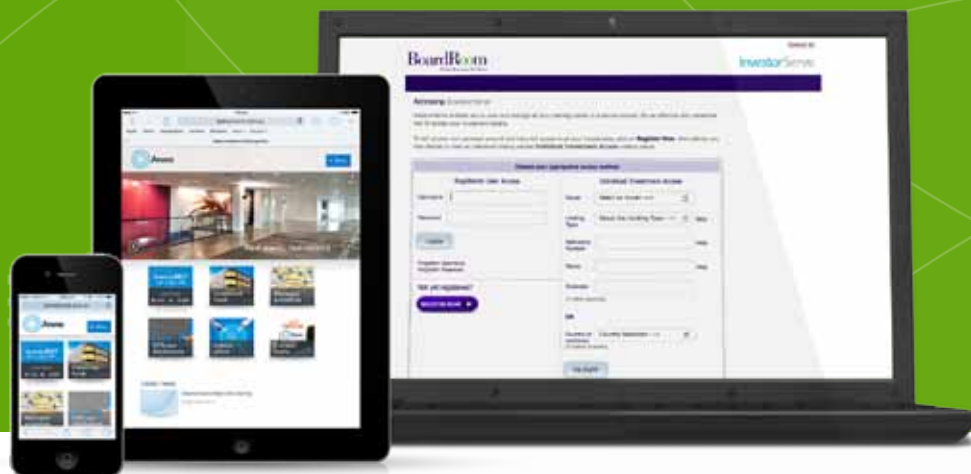
Arena's registry; Boardroom is responsible for maintaining the register of members. Investors with queries relating to their holding should contact Boardroom directly using the contact details below.

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:

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

Relating to Trust 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 summary has been prepared by Arena in relation to publicly announced information to 30 September 2014 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.