



Bryce Mitchelson
Managing Director

Dear Investor

We are pleased to provide this update for the quarter ended 31 March 2015.

Quarterly distribution increased

A distribution of 2.55 cents per stapled security has been paid for the quarter to 31 March 2015, being an increase of 3.6% over the previous quarter and reflecting our previous FY15 distribution guidance of 10.0 cents. Enclosed is a copy of your distribution statement for the quarter ended 31 March 2015.

Dividend and Distribution Reinvestment Plan (DRP) Open

For the quarter, 20.08% of the securities on issue participated in the DRP at an issue price of \$1.6245 per security. As a result 715,915 new securities have been issued with entitlements effective from 1 April 2015. The issue price was based on the average daily volume weighted average price (VWAP) over the period 2 April 2015 to 24 April 2015, less a pricing discount of 1.5%.

1HFY15 results released, with a 24% growth in distributable income

On 25 February, Arena announced Arena REIT's half yearly operating and financial results for the period ended 31 December 2014 (1HFY15), with a management presentation made the same day (available at www.arena.com.au).

Key highlights included:

- Statutory net profit of \$21.5 million, up 70% on prior corresponding period (PCP)
- Distributable income of \$10.5 million (up 24% on PCP)
- Net revaluation gain of \$13.7 million, increasing net asset value to \$1.18 per Security, up \$0.05 per Security or 4.4% from 30 June 2014
- Distributions paid of 4.9 cents per Security, up 30.7% from 3.75 cents on PCP
- On track to deliver FY15 distribution guidance of 10.0 cents per Security (14.3% annual increase from FY14).

We also announced that four childcare development projects were completed during 1HFY15 for a total cost of \$9.5 million, all pre-leased for 15 years generating an average initial income yield on cost of 9.1%:

1. Maddingley (Vic) leased to Affinity Education Group
2. Port Douglas (Qld) leased to Petit Early Learning Journey
3. Augustine Heights (Qld) leased to Affinity Education Group
4. Griffin (Qld) leased to Green Leaves.

Importantly, Arena also announced that post 31 December 2015, it had successfully extended leases on an additional 20 properties for 5 years and concluded 45 market rent reviews with an average increase of 6%.

Developments on track for second half of FY15

Arena remains on track to complete an additional three purpose built childcare centre projects this second half. Seaford Meadows (SA) was completed in February for a total cost of \$2.4 million generating an initial income yield on cost of 9.3%. The other two other projects (Caloundra and Marian) are on track for completion in June. All three properties have been preleased for 15 years. Arena continues to progress planning and development plans on a further eight sites with Oceanside scheduled to commence construction this month.

Completion of \$25 million institutional placement

In late February 2015, Arena also successfully completed an institutional placement of 15.6 million new stapled securities at a price of \$1.60 per stapled security raising \$25 million to assist with funding the development pipeline and reduce debt. At the same time, Arena's largest investor sold down its 12.7% stake. Over 140 investors participated in the placement and sell down process.

Coming up - FY15 Annual Results and Annual General Meeting

Arena will be releasing its full year 2015 financial results and operating update in late August 2015, with an Annual General Meeting to be held in November 2015. Further details will be provided to investors closer to this time and made available on our website www.arena.com.au.

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

Thank you for investing in Arena REIT.

Yours faithfully



Bryce Mitchelson
Managing Director



Visit us online

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

Manage your investments online - InvestorServe

You can manage your investments through InvestorServe, via 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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Important notice

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