

# Q2 Quarterly Update

Arena REIT (ASX Code: ARF)



9 February 2017

Dear Investor

We are pleased to provide this update on Arena REIT (Arena) for the quarter ended 31 December 2016 and enclose a copy of your distribution statement for the period.

## Quarterly distribution of 2.925 cents per security

Arena has today paid a distribution of 2.925 cents per stapled security for the quarter ended 31 December 2016. This distribution is in line with the FY17 annual distribution guidance of 11.7 cents per security issued on 25 August 2016. This guidance represents an increase of 7.4% on the previous annual distribution.

Approximately 19% of securities on issue participated in the Dividend and Distribution Reinvestment Plan (DRP) for the quarter. The DRP issue price of \$1.866 per security was calculated based on the average daily volume weighted average price (VWAP) over the period 4 to 24 January 2017, less a discount of 1.5%.

If you wish to participate in the DRP for future distributions, please go online at [www.arena.com.au/investor-centre/dividend-and-distribution-reinvestment-plan](http://www.arena.com.au/investor-centre/dividend-and-distribution-reinvestment-plan) to view the DRP Rules and download an application form.

## Arena quarterly ASX total return

The A-REIT sector continued to be negatively impacted by increasing long-term bond rates and market volatility during the December 2016 quarter. Arena's ASX total return for the quarter was -3.6%<sup>1</sup>, underperforming the S&P/ASX 300 A-REIT Accumulation Index return of -0.7%<sup>1</sup> for the same period. Over a three year period, Arena's ASX total return was 24.1%<sup>1</sup> per annum, outperforming the S&P/ASX 300 A-REIT Accumulation Index return of 18.0%<sup>1</sup> per annum.

## AGM results

Thank you to all investors who attended and/or voted by proxy at Arena's Annual General Meeting (AGM) in November 2016. All four resolutions were passed by an overwhelming majority, and we thank you for your continued support of our Board, management team and strategy.

## Portfolio revaluation uplift of \$43.1 million

Arena has announced a net revaluation uplift of \$43.1 million in the value of its property portfolio as at 31 December 2016. This increase reflects growth of 8.8% since the 30 June 2016 valuation and is equivalent to approximately \$0.18 in Net Asset Value per security.

The increase in valuations is attributed to the following key factors:

- growth in passing rents from fixed and market reviews, supported by continuing strong underlying early learning centre (ELC) tenant operating results; and
- a firming in the portfolio passing yield by 40 basis points to 6.9% as a result of tightening market yields for childcare and healthcare property assets, as well as portfolio management initiatives and lease renewals that have increased the portfolio's remaining lease term.

1. Source: UBS Monthly A-REIT Report to 31 December 2016.

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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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## Development update

The first six months of FY17 has seen the practical completion of seven projects. Five of the seven completed developments are adjacent to new Victorian primary schools, and have been developed in conjunction with the State of Victoria's New Schools PPP project. All of these properties are leased to YMCA on 26 year lease terms.

## FY17 interim results – 20 February 2017

Arena's FY17 interim results are scheduled to be released to the ASX on 20 February 2017.

Following the announcement, Arena's management team will host an investor teleconference to discuss performance for the first half of the financial year and outlook for the remainder of FY17.

If you would like to participate in the teleconference, please register your interest at [www.arena.com.au](http://www.arena.com.au). A copy of the presentation and recording of the teleconference will also be available at [www.arena.com.au/investor-centre/presentations](http://www.arena.com.au/investor-centre/presentations).

## Electing to receive ARF communications via email

Electing to receive communications via email is a quick, efficient and environmentally friendly way to access information on your Arena investment. If you are currently receiving your quarterly distribution statements via mail and would prefer to receive them via an email link, please go online and update your preferences at [www.arena.com.au/investor-centre](http://www.arena.com.au/investor-centre).

You can also go online to provide your bank account details to receive future distribution payments electronically on the date the distribution is paid.

## Investor enquiries

If you require further information or have any questions regarding this update or your Arena investment please contact us on 1800 008 494 or at [info@arena.com.au](mailto:info@arena.com.au)

Yours faithfully



Bryce Mitchelson  
Managing Director

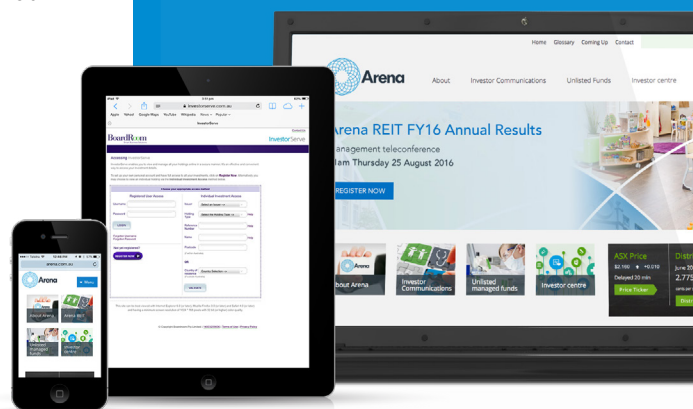
## Visit us at [www.arena.com.au](http://www.arena.com.au)

The Arena website provides access to the latest ASX announcements, financial reports, presentations and teleconferences released by Arena. It also provides information on Arena's Board and management team, as well as access to information on your investment through the Investor Centre.

## Manage your investment online

You can manage your holding online by registering at the Investor Centre on the Arena website.

To register, please call **1800 008 494** and request an online password. Once received, go to the Investor Centre at [www.arena.com.au/investor-centre](http://www.arena.com.au/investor-centre) and click on 'Investor Login' to register.



**Important notice:** This summary has been prepared by Arena in relation to publicly announced information to 9 February 2017 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.