

PROPERTY PORTFOLIO REVALUATION AS AT 31 DECEMBER 2015 – CONTINUED STRONG VALUE INCREASES

The Directors of Arena REIT today announced the results of property revaluations for the half year ending 31 December 2015, delivering a net¹ revaluation increase of approximately \$30 million in the value of Arena's property portfolio.

The revaluation increase equates to a 7.1% increase in the value of Arena's portfolio since 30 June 2015, equivalent to approximately 10% or 13 cents in net asset value per ARF security. Arena's proforma gearing is expected to reduce to approximately 27%.

The revaluation increase followed a process of:

- Obtaining independent valuations of 35 childcare centres and 7 medical centre assets (representing approximately 34% of the portfolio by value, excluding development sites); and
- The directors undertaking an internal assessment of the remainder of the portfolio in accordance with Arena's property valuation policy.

Arena's Managing Director, Mr Bryce Mitchelson said, "Relevant sales data over the past 6 months has evidenced a continued firming in yields for secure and long leased assets across all Australian States. Our strongest revaluation increase was across our medical centres."

The revaluation movement is summarised in the following table:

Portfolio component	Net Revaluation Increase (\$m)	Valuation % Change	Change in Passing Yield	Property Passing Yield
Childcare	23	6.5%	-0.4%	7.6%
Healthcare	7	10.5%	-0.6%	7.6%
Total	\$30	7.1%	-0.4%	7.6%

In relation to the Childcare centre portfolio, the independent valuations increased on average 8.8%, whereas the director's assessments² increased on average 6.0%, resulting in an average increase of 6.5% above the book value. The healthcare portfolio was fully independently revalued showing an average net increase of 10.5% compared to the 30 June 2015 book value.

¹ Taking into account capital expenditure over the period.

² Including developments projects

The property revaluation movements reflect both increases in passing rents and a firming in capitalisation rates (-0.4%) over the period. During the period, the portfolio passing rent increased as a consequence of fixed rent reviews, leasing vacant area and completed developments.

Mr Mitchelson added “The strong revaluation result reflects the high quality of Arena’s property portfolio in context of its physical attributes and attractive lease characteristics with quality tenant covenants and security arrangements, minimum annual rent increases (typically 2.5%), long lease tenure and favourable underlying rent affordability.”

Further information in relation to the 31 December 2015 portfolio revaluation will be made available in the 1HFY16 results presentation which is scheduled to be released in February 2016.

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About Arena REIT

Arena REIT (ARF) is a leading Australian property investor and manager currently invested in childcare and medical centres with relatively long leases and secure income streams.

To find out more, please visit us at www.arena.com.au.