

ASX ANNOUNCEMENT

17 JUNE 2021

MARKET UPDATE

Portfolio revaluation uplift of \$72 million

Arena REIT's (Arena's) portfolio valuation program is expected to result in a net revaluation uplift of \$72 million for the six month period ending 30 June 2021. This represents an increase of 7% from HY21 and an increase of \$0.21 in Net Asset Value (NAV) per security.

A total of 47 ELC assets and four healthcare assets were independently valued as at 30 June 2021, with the remaining ELC and healthcare assets and ELC development projects subject to Directors' valuation.

A summary of the \$72 million portfolio revaluation uplift is detailed below:

	Valuation movement (since 31-Dec-20)		Weighted average passing yield 30-Jun-21	
				Variance
ELC portfolio	\$60m	6.8%	5.84%	(32 bps)
Healthcare portfolio	\$12m	8.4%	5.55%	(44 bps)
Total portfolio	\$72m	7.0%	5.80%	(33 bps)

ELC sector update

Strong macroeconomic drivers continue to support the Australian ELC sector. Demand for services and record female workforce participation rate have been driving increased long day care participation rates over the medium to long term^{1/2}.

The essential nature of the services provided by the ELC sector was reinforced through the various COVID-19 related funding commitments³ over the last 12 months. The Federal Government has recently committed a further investment of \$1.7 billion⁴ to the sector to:

- Support ongoing economic recovery in the short term; and
- Improve workforce participation, gender equality, women's financial security and economic activity over the medium to long term⁵.

¹ ABS Female Labour Force Participation Rate (aged 20-74 at least one dependent child of ELC age).

² Australian Government 'Early Childhood and Child Care in Summary' Reports 2012-2020.

³ <https://www.dese.gov.au/covid-19/childcare/>; <https://ministers.dese.gov.au/>.

⁴ <https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/media-releases/making-child-care-more-affordable-and-boosting>

⁵ <https://grattan.edu.au/wp-content/uploads/2020/08/Cheaper-Childcare-Grattan-Institute-Report.pdf>.

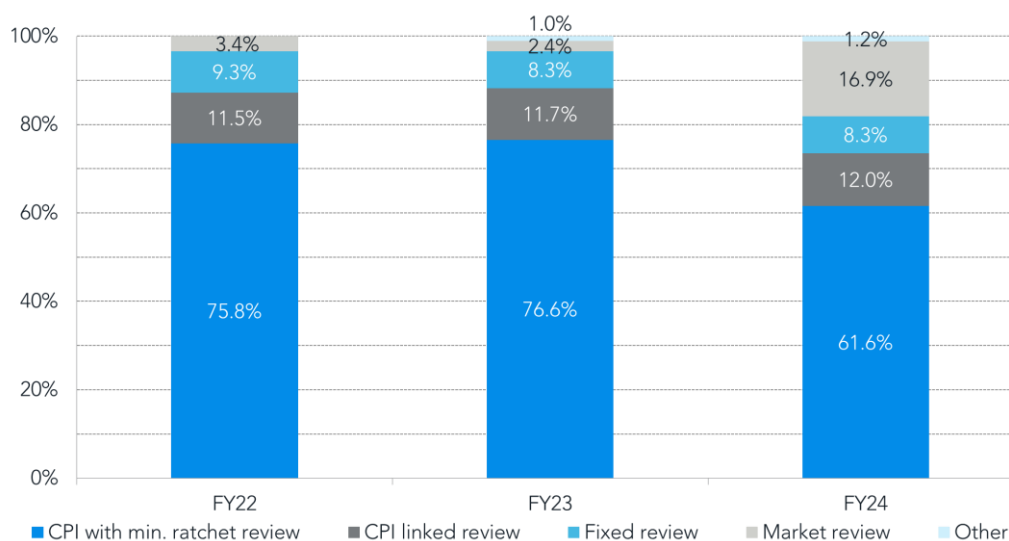


Acquisitions and development project completions

A total of seven property acquisitions and 14 development projects are expected to be completed during FY21. Nine new projects have been added to the development pipeline. Arena's development pipeline now comprises 13 projects, with an expected total capital investment of \$79 million.

Annual portfolio rent reviews remain well placed for inflation uncertainty

Arena's rent review profile is well placed with regard to inflation uncertainty with annual lease rent reviews predominantly subject to an increase of the higher of an agreed fixed increase or CPI.



June 2021 distribution

Arena has today announced a distribution for the quarter ending 30 June 2021 of 3.725 cents per stapled security bringing the FY21 full year distribution to 14.8 cents per stapled security. The distribution is in line with FY21 distribution guidance announced to the ASX on 3 December 2020.

FY21 results

Portfolio revaluations as at 30 June 2021 remain subject to review by Arena's external auditors. Further details of revaluations, portfolio performance and financial results will be provided in FY21 results which Arena intends to release to the ASX on Wednesday 11 August 2021.

This announcement is authorised to be given to the ASX by Gareth Winter, Company Secretary.

– ENDS –

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About Arena REIT

Arena REIT is an ASX300 listed property group that develop, own and manage social infrastructure properties across Australia. Our current portfolio of social infrastructure properties is leased to a diversified tenant base in the growing early learning and healthcare sectors. To find out more, visit www.arena.com.au.