



ARENA REIT (ASX CODE: ARF)

ASX ANNOUNCEMENT

23 MARCH 2020

MARKET UPDATE, DEFERRAL OF MARCH QUARTERLY DISTRIBUTION & WITHDRAWAL OF FY20 DISTRIBUTION GUIDANCE

As at 31 December 2019, Arena REIT's (Arena's) portfolio was comprised of 15% healthcare properties and 85% Early Learning Centre (ELC) properties (by value), had a 14.1 year WALE with less than 3.5% of portfolio income subject to expiry prior to FY2029.

As at 31 December 2019, Arena had undrawn debt capacity of \$123 million which is in excess of Arena's outstanding development capital expenditure requirements of \$80 million and has no debt expiry falling due until March 2023. Arena's debt covenants are a maximum loan to valuation (LVR) ratio of 50% (compared with gearing of 23.2% at 31 December 2019) and minimum interest cost ratio (ICR) of 2 times (compared with 6.4 times at 31 December 2019).

COVID-19 RESPONSE

Tenant partners are currently compliant with rent obligations

The healthcare and early learning sectors provide essential services for the wider Australian community; both are supported by strong macro-economic and demographic factors and have solid bipartisan Government support.

Arena is committed to work in partnership with our tenants to ensure the continuity of providing essential healthcare and early learning services for Australian communities and support attractive and predictable distributions to investors over the medium to long term.

All of Arena's tenants are currently compliant with their rent obligations.

Arena's Managing Director Rob de Vos said "We have implemented appropriate measures across the business to support the safety and wellbeing of our team and remain actively engaged with our tenant partners and other stakeholders in this quickly changing and challenging environment."

DEFERRAL OF MARCH QUARTERLY DISTRIBUTION

The Australian and State Governments yesterday announced their intention to adopt further social isolation measures, which may result in a material reduction in attendance of children in ELC's. It has been reported that the Federal Government is currently considering financial support to families and ELC operators to assist in this environment.

Our tenant partners are currently working through the implications of the current environment, and in this context Arena is deferring the declaration of its usual distribution for the quarter ending 31 March 2020, notwithstanding that all tenants are presently compliant with their leases and all tenant income in respect of the March quarter has been received.

Arena REIT Limited (ACN 602 365 186)

Arena REIT Management Limited (ACN 600 069 761 AFSL No. 465754) 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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Arena believes it is prudent to defer the declaration of the March quarterly distribution until Arena has greater clarity on the funding of the ELC industry and importantly, the impact of COVID-19 on the businesses of our tenant partners.

As previously noted, Arena is:

- in full compliance with its debt covenants;
- has committed bank facilities in excess of its obligations; and
- holds cash in excess of the normal quarterly distribution amount.

Arena's Managing Director Rob de Vos said "We are aware of the impact that deferring the declaration of the quarterly distribution may have on our security holders. We are closely monitoring the situation in conjunction with our tenant partners and will communicate with security holders in respect to the distribution when we have greater clarity."

WITHDRAWAL OF FY20 DISTRIBUTION GUIDANCE

On 13 February 2020 Arena issued HY20 results and reaffirmed distribution guidance for FY20 of 14.3 cents per stapled security.

Given the escalation of COVID-19 and associated uncertainty, Arena has determined it is prudent to withdraw FY20 distribution guidance at this time.

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 owns, manages and develops 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.