

ASX ANNOUNCEMENT

18 DECEMBER 2025

MARKET UPDATE

Portfolio valuation uplift of \$61.0 million

Arena REIT's (Arena's) first half FY2026 portfolio valuation program is expected to result in a net revaluation increase of approximately \$61.0 million for the six months ending 31 December 2025. This reflects a valuation increase of 3.3% from 30 June 2025 and is expected to result in an increase of \$0.15 in Net Asset Value (NAV) per security.

A total of 56 Early Learning Centre (ELC) assets and two healthcare assets were independently valued as at 31 December 2025, with the remaining ELC and healthcare assets and ELC development projects subject to Directors' valuation. The portfolio revaluation remains subject to review by Arena's external auditors.

The operating portfolio's weighted average passing yield compressed by eight basis points to 5.39% from 30 June 2025. The weighted average passing yield on the ELC portfolio compressed by nine basis points and the healthcare portfolio marginally softened by three basis points. A summary of the portfolio revaluation movement and weighted average passing yield is detailed below:

	Valuation movement (since 30-Jun-2025)		Portfolio weighted average passing yield	
			31-Dec-2025	Variance
ELC portfolio ¹	+\$60.5m	+3.6%	5.32%	-9 bps
Healthcare portfolio	+\$0.5m	+0.3%	6.12%	3 bps
Total portfolio	+\$61.0m	+3.3%	5.39%	-8 bps

Commenting on the valuation outcome Arena's Managing Director and CEO Justin Bailey said: "The firming in portfolio yields for Arena's ELC portfolio reflects strong underlying investor demand for high quality well located ELC properties, with evidence of increased transaction volumes and a tightening in transaction yields in the market during the first half of FY2026."

Portfolio

Arena's property portfolio has a Weighted Average Lease Expiry (WALE) of 17.9 years and is 100% occupied.

¹ Includes four properties held for sale as at 31 December 2025



HY2026 rent reviews

Rent reviews during the first half of FY2026 resulted in an average like-for-like rent increase of 3.6%. This includes the completion of 12 market rent reviews for the period for an average increase of 7.6%.

HY2026 transactions and development project completions

In the first half of FY2026 Arena's management team has actively managed the portfolio with a focus on enhancing portfolio quality. Activity completed during the period includes:

- Three operating ELC properties with an initial weighted average lease expiry of 20 years were acquired or conditionally contracted during the period. The purchase price of these properties is \$19.6 million, reflecting a weighted average net initial yield of 6.1%²;
- Six operating ELC properties were divested during the period for \$33.9 million, at a 10.4% premium to 30 June 2025 book value; and
- Seven ELC development projects were completed for a total cost of \$55.2 million at an average net initial yield on total cost of 6.0%, with an initial weighted average lease expiry of 20 years.

ELC development pipeline update

Following the seven development completions in the period, a further seven new development projects have been added to the development pipeline in the first half of FY2026, bringing the total pipeline at 31 December 2025 to 29 projects³. These 29 projects have a forecast total cost of \$225 million, with approximately \$159 million of capital expenditure outstanding. The forecast weighted average initial yield on cost for the development pipeline is 6.0%.

ELC sector and portfolio update

Arena's ELC tenant partners reported the following underlying business operating data at 30 September 2025⁴:

- Average daily fee of \$159.31, up 6.2% from September 2024;
- Operator occupancy remains robust, with a modest easing from the prior 12 months; and
- Overall net rent to revenue ratio has reduced to 9.7%.

Throughout the period Federal and state governments have continued to roll out new regulations focussed on improving quality and safety outcomes in the ELC sector.

From 5 January 2026 the Federal Government is removing the Child Care Subsidy (CCS) activity test to guarantee an entitlement to at least three days of subsidised early childhood education and care each week. This means that all CCS eligible families can get three days' subsidised care a week (72 hours per fortnight) for each child. The Department of Education estimates that in the first full financial year following this change over 100,000 families will be entitled to additional hours of subsidised care.⁵

² Weighted average initial yield on total cost including transaction costs is 5.8%.

³ Includes ten development properties conditionally contracted at 31 December 2025.

⁴ Arena analysis based on operating data provided by Arena's tenant partners.

⁵ [Fact Sheet - 3 Day Guarantee – Early Education - Department of Education, Australian Government;](https://startingblocks.gov.au/resources/what-to-expect/3-day-guarantee-changes-to-child-care-subsidy-ccs)
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FY2026 distribution guidance of 19.25 cents per security reaffirmed⁶

Arena reaffirms FY2026 distribution guidance of 19.25⁵ cents per security, an increase of 5.5% over FY2025.

HY2026 results

Further details of revaluations, portfolio performance and financial results will be provided in the HY2026 results which Arena intends to release to the ASX on Wednesday 11 February 2026.

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

– ENDS –

For further information, please contact:

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About Arena REIT

Arena REIT is an ASX200 listed property group that develops, owns and manages 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.

⁶ FY2026 distribution guidance is estimated on a status quo basis assuming no new acquisitions or disposals and no material change in current market or operating conditions.