ASX ANNOUNCEMENT

21 AUGUST 2026

2026 FULL YEAR RESULTS

FY2026 FINANCIAL HIGHLIGHTS

- Net operating profit (distributable income) of $79.1 million, up 8% on FY2025
- Statutory net profit $132 million, up 62% on FY2025
- Operating Earnings per security (EPS)[1] of 19.60 cents, up 5.7% on FY2025
- Distributions per security (DPS) of 19.25 cents, up 5.5% on FY2025
- Total Assets of $2.0 billion, up 8% on 30 June 2025
- Net Asset Value (NAV) per security of $3.60, up 4% on 30 June 2025
- Gearing[2] of 24.5%, compared with 22.8% as at 30 June 2025
- FY2027 DPS guidance of not less than 18.0 cents per security[3]

Rental growth, acquisitions and development completions underpinned FY2026 earnings growth

Arena REIT (Arena) has today announced a net operating profit of $79.1 million for the full year ended 30 June 2026, an increase of 8% on FY2025. This result equated to EPS of 19.60 cents, an increase of 5.7% on FY2025. In line with FY2026 guidance, Arena has paid DPS of 19.25 cents for the full year, an increase of 5.5% on FY2025. Key contributors to the FY2026 result were income growth from contracted annual and market rent reviews and acquisitions and development projects completed in FY2025 and FY2026.

Arena finished the year with a strong balance sheet, with total assets of $2 billion and relatively low gearing of 24.5%[2]. NAV per security was $3.60 at 30 June 2026. This was 4% higher than at 30 June 2025 and reflected a positive net revaluation movement of 2.7% across the property portfolio.

Commenting on Arena's FY2026 result, Managing Director Justin Bailey said "FY2026 delivered strong growth in earnings, distributions and net assets, underpinned by contracted rental growth, development completions and active portfolio management. Throughout the year we continued to improve portfolio quality through disciplined capital allocation, development activity and targeted divestments."

EDGE EARLY LEARNING (EDGE) UPDATE

Edge leases 31 Arena owned properties that represent 14% of Arena's annual rental income. Rent due from Edge has been fully paid up to 31 July 2026 and Arena holds approximately $4 million of bank guarantees and security deposits from Edge supporting its lease obligations.

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[1] Operating Earnings per security (EPS) is calculated as net operating profit over weighted average number of securities.
[2] Gearing calculated as ratio of net borrowings over total assets less cash.
[3] FY2027 distribution guidance is estimated on a status quo basis assuming no new acquisitions or disposals, no material change in current market or operating conditions, and no assumed income received on the Edge Early Learning Portfolio (Edge Portfolio) from 1 August 2026 until the end of the financial year, net of the $4 million in liquid security which is assumed to be applied to outstanding rent.

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Following non-payment of August rent Arena issued notices of default to Edge and its lender, who have a period of up to 21 days from issue to remedy the default.

Arena has this week taken control of two newly developed centres leased to Edge (one in QLD and one in SA) that are completed and yet to open. Arena has signed term sheets in place for new 20-year leases to a leading national operator for both centres at equivalent rents over the initial term of the lease.

Arena continues to engage with Edge in relation to its lease obligations and potential pathways forward in relation to the balance of the portfolio. All of Arena's legal rights remain in place, including the security and cross default protection under the pooled bank guarantee arrangements.

CAPITAL MANAGEMENT UPDATE

As at 30 June 2026, Arena had total borrowings of $511 million and gearing of 24.5%[4]. In February 2026 the borrowing facility was increased to $700 million and each tranche extended. The weighted average remaining facility term is currently 4.0 years and the weighted average cost of debt is 4.2%.

Arena has current committed capital expenditure of $121 million across its development pipeline which is fully funded within its existing borrowing facility. As at 30 June 2026 Arena's hedge cover ratio was 100%, the weighted average hedge rate was 2.82% and the weighted average hedge term was 2.2 years.[5]

PORTFOLIO HIGHLIGHTS[6]

- National portfolio of 307 properties valued at $2.0 billion
- Weighted average lease expiry (WALE) of 17.5 years
- 100% portfolio occupancy
- Average like-for-like rent increase of 4.0%. Includes 36 market rent reviews completed for an average increase of 7.6%
- Portfolio weighted average passing yield of 5.56%

TRANSACTION AND DEVELOPMENT ACTIVITY UPDATE

Enhancing portfolio quality through active management

Arena divested eleven ELC properties during FY2026, redeploying the capital into new high-quality purpose-built operating properties and ELC development projects. Highlights include:

- Eleven ELC properties divested for $53.5 million at an 8% premium to book value;
- Three ELC operating properties acquired for a total cost of $19.6 million and a weighted average initial yield on purchase price of 6.2%[7];
- Eleven ELC development projects completed for a total cost of $87 million at a weighted average net initial yield on total cost of 6.0%; and
- ELC development pipeline comprising 29 projects[8] with a forecast total cost of $228 million and a weighted average net initial yield on total cost of 6.0%.

[4] Gearing calculated as ratio of net borrowings over total assets less cash.
[5] Hedge ratio, weighted average hedge rate and weighted average hedge term do not include forward start dated hedges.
[6] Data as at 30 June 2026. Excludes property contracted for sale.
[7] Weighted average initial yield on total cost including transaction costs of 5.8%.
[8] Includes six ELC development projects conditionally contracted as at 30 June 2026.

PORTFOLIO VALUATIONS

As at 30 June 2026 Arena's total portfolio was valued at $1,964 million, recording an annual valuation uplift of $47.4 million (+2.7%) for the year. This net revaluation movement includes the outcome of an independent revaluation of the 31 properties in the Edge portfolio, which resulted in a $24.4 million (-10%) reduction in value when compared to its initial 30 June 2026 valuation.[9]

Across the ELC portfolio, the weighted average passing yield expanded by nine basis points to 5.51%, as passing rental growth exceeded valuation growth during the period.

	30-Jun-26 Valuation	Annual net revaluation movement		Weighted average passing yield 30-Jun-26	30-Jun-25
	$m	$m	%	%	bps
ELC portfolio	1,674.5	43.2	2.7%	5.51%	5.41%
ELC development projects	118.0				
Healthcare portfolio	171.6	4.2	2.5%	6.11%	6.09%
Total Portfolio	**1,964.0**	**47.4**	**2.7%**	**5.56%**	**5.47%**

EARLY LEARNING SECTOR AND PORTFOLIO UPDATE

The early learning sector is underpinned by strong demographic, social and economic drivers, with well-established benefits for children, families and the economy. At 31 March 2026 there were 833,580 children enrolled in long day care, with over 9,700 services in operation and a workforce of over 167,000 people.[10,11]

The sector has positive long-term tailwinds, including projected population growth in children aged 0-5 years of 14% over the next 10 years[12] and high ongoing levels of parent workforce participation. The Federal Government 2026-2027 Budget forecasts an average annual increase of children in approved care of 3.6% and an average annual increase in the Child Care Subsidy of 8% over the next four years.[13,14]

Government reforms continue to support the quality, accessibility and affordability of the early learning sector. Following serious incidents of harm involving children in 2025, governments and regulators have introduced a range of reforms designed to strengthen safety, quality and oversight across the early learning sector. Operators are adjusting to these additional requirements and greater regulatory oversight.

Alongside these reforms funding has been provided by the Federal Government to support the introduction of the Three Day Guarantee in January 2026 and the roll-out of the Building Early Education Fund, and a further $3.6 billion has been announced to extend the Worker Retention Payment to June 2028.[15,16,17]

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9 Edge portfolio revalued as at 30 June 2026 post request for rent relief and issuance of default notices for non-payment of rent.
10 Department of Education, ECEC Quarterly Data Tables, 2026.
11 2024 Early Childhood Education and Care National Workforce Census National Report
12 Centre for Population 2026, Population Statement: Population Projections, 2024-25 to 2035-36 and 2065-66, the Australian Government, Canberra.
13 Commonwealth of Australia, Senate Education and Employment Legislation Committee, Budget Estimates Hansard, 4 June 2026.
14 Australian Government, 2026 Education Portfolio Budget Statements, Table 2.1.1.
15 A year of action to strengthen child safety in early childhood education and care - Department of Education, Australian Government
16 5 Fact Sheet - 3 Day Guarantee – Early Education - Department of Education, Australian Government
17 Worker retention payment - Department of Education, Australian Government

Market dynamics

The number of children in long day care was 1.5% lower in the 12 months to 31 March 2026 when compared to the prior year[18], with some operators indicating potential impacts from parent concerns regarding safety and cost of living pressures.

The market has responded to this lower level of demand, with 210 centres exiting the market in FY2026, up from the preceding five-year average of 120 centres per annum, contributing to an overall slowing in net new supply[19]. The supply response for newly developed centres is likely to have a 12-18 month lag as centres already committed and under construction are completed.

Portfolio and tenant metrics

Arena's operating metrics continue to demonstrate affordable rents and resilient centre economics.

Under Arena leases tenants provide centre level operating data that includes monthly occupancy, revenue and expense information.[20] Arena uses this information to inform views on centre and operator performance and to help make portfolio management decisions.

Arena’s ELC tenants reported the following underlying business operating data for Arena’s stabilised portfolio as at 31 March 2026[21]:

- Average daily fee of $164.13;
- Average centre occupancy of 76.7%;
- Average rent per place of $3,212;
- Net rent to gross revenue ratio of 10.0%; and
- An EBITDAR/Rent coverage ratio of 3.05x.

Whilst reported centre level occupancy has softened over the period, the net rent to gross revenue ratio and EBITDAR/Rent coverage ratio have remained stable and are in line with, or better than, five-year averages.

Healthcare portfolio update

Arena’s portfolio of 10 healthcare assets is 100% occupied by specialised tenants and has a remaining WALE of 9.9 years. The portfolio is valued at $172 million and had a weighted average passing yield at 30 June 2026 of 6.11%. All properties are performing in line with expectations, and we continue to monitor the sector closely.

SUSTAINABILITY HIGHLIGHTS

Sustainability is integral to Arena’s investment approach. Key sustainability outcomes reported in FY2026 include:

- Achieved zero organisational and services scope 1 and 2 emissions for FY2025
- Carbon neutral for business operations and services for FY2025

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[18] Calculated on a 12-month rolling quarterly average basis. Department of Education, ECEC Quarterly Data Tables, 2024-2026.
[19] Arena analysis of ACECQA NQAITS Quarterly data splits, 2013-2026.
[20] This information is confidential to tenants and is provided to Arena 60 days after each quarter end.
[21] Arena analysis based on operating data provided by Arena’s tenant partners as at 31 March 2026 and reported on a weighted average basis. The stabilised portfolio comprises all properties that have been operating for 18 months or more in the Arena portfolio. It excludes any properties sold or contracted for sale during the 12-month period.

- Delivered a 41% absolute reduction and 53% reduction in the intensity of Arena's Scope 3 (Category 13), Downstream Leased Assets Emissions to end FY2025[22]
- On track to achieve interim 2030 target of a 60-70% reduction in intensity
- 93% of portfolio has solar energy installed
- Completed external Double Materiality Assessment to refresh our sustainability framework
- First Reflect RAP formally endorsed by Reconciliation Australia
- Achieved 100% of FY2025 Sustainability Linked Loan margin discount.

OUTLOOK

Early Learning Sector Outlook

Long-term demand for early education and care remains supported by strong demographic, social and economic drivers. Expanding access to affordable, high-quality early education and care remains a key government priority with multiple reforms underway to build community confidence and provide a safe and sustainable early learning sector.

In the shorter term, the market is responding to softer occupancy levels, with a higher number of centre closures in FY2026 and the potential slowing in supply of new centres in the next ~12-18 months. In this environment, Arena's operatic metrics have continued to demonstrate affordable rents and resilient centre economics. Against this backdrop, as the focus on quality and efficiency increases, we expect well-located, modern purpose-built centres will become more important to tenants and families.

Arena's FY2027 objectives

- Working to resolve the Edge Portfolio to preserve long-term value for securityholders and minimise loss of rental income;
- Actively managing the portfolio through current market conditions, with close monitoring of portfolio and tenant operating performance and the ongoing divestment of centres with lower opportunity for long-term rental growth;
- Progressing the 29 projects[23] in the development pipeline to completion;
- Continuing a highly disciplined approach to assessing future growth opportunities; and
- Maintaining a strong balance sheet with low gearing and a high level of hedging.

FY2027 GUIDANCE

Arena today announces FY2027 DPS guidance of not less than 18.0 cents per security. This guidance is based on a status quo basis (assuming no further acquisitions or disposals); no material change in current market or operating conditions; and no assumed income received on the Edge Early Learning Portfolio (Edge Portfolio) from 1 August 2026 until the end of the financial year, net of the $4 million in liquid security which is assumed to be applied to outstanding rent.

The approach to FY2027 distribution guidance is considered prudent due to the range of potential outcomes relating to the Edge Portfolio which at this point are uncertain. Distribution guidance will be updated as further information on rental income on the Edge Portfolio becomes available during the course of FY2027.

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[22] Scope 3 (Category 13), Downstream Leased Assets Emissions are reported on an intensity basis (kgCO2e/m2 of indoor floor area), in accordance with supplemental guidance of the GHG Protocol Corporate Value Chain (Scope 3) Standard.
[23] Incudes six ELC development projects conditionally contracted as at 30 June 2026.

Commenting on Arena's outlook, Mr Bailey said: "In working to resolve the Edge matter, our focus remains on protecting rental income, preserving asset value and acting in the best interests of Arena securityholders. Our FY2027 guidance reflects a prudent approach and assumes no income from the Edge Portfolio from 1 August beyond the application of the existing $4 million security pool.

"We continue to believe the long-term fundamentals supporting our portfolio remain positive, with high-quality assets, resilient centre economics and a conservatively positioned balance sheet providing a strong foundation for the future."

WEBCAST AND TELECONFERENCE

An investor webcast and teleconference will be held to provide an overview of the operating activities and financial results for the full year to 30 June 2026. Details are as follows:

Date: 10.00am (AEST), Friday 21 August 2026

Webcast: To access the webcast presentation click here

Teleconference dial-in: To register to listen to the call and participate in the live Q&A click here. Upon registration, investors will be emailed the teleconference dial-in number, the conference passcode and a unique access PIN for the call; this information will also be emailed to you as a calendar invitation.

A recording of the webcast will also be made available on the Arena website.

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

– ENDS –

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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.

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