

Q1 FY22 OPERATING UPDATE AND GUIDANCE

- Two high-quality office acquisitions¹ worth \$273.1m, consolidates COF as Australia's largest listed pure play office REIT with a \$2.3bn portfolio
- Secured new \$100m debt facility, increased weighted average debt maturity to 4.3 years² and maintained average debt cost at 2.4%, while increasing lender pool to six debt providers
- Leasing terms agreed³ for c.5,000 sqm across 10 separate deals, (1.6% of portfolio NLA)
- Rent collections⁴ averaged 97.1% during Q1 FY22
- FTSE EPRA Nareit Global Developed Index inclusion
- Q1 FY22 distribution of 4.15 cpm declared, representing 6.8%⁵ annualised distribution yield

SYDNEY (Wednesday, 13 October 2021) - Centuria Office REIT (**ASX: COF**) is pleased to provide COF's operating update for Q1 FY22.

Grant Nichols, COF Fund Manager and Centuria Head of Office, said, "During the first quarter of FY22, COF achieved positive leasing outcomes for numerous assets located in various markets throughout Australia. This demonstrates Centuria's strong leasing capability and as the benefits of owning a geographically diversified portfolio of quality Australian office assets.

"Significantly, the REIT acquired more than \$273million worth of both A-Grade assets across near-city markets in Sydney and Melbourne. These assets are well leased to a diverse range of quality corporate tenants. The assets are positioned near key transport infrastructure and surrounded by substantial retail amenity, which means they are likely to continue attracting strong ongoing tenant demand.

"With a new \$100 million debt facility, COF continues to be well placed with a robust capital structure providing sufficient undrawn debt, a very competitive all-in cost of debt, significant debt covenant headroom, and a diversified debt maturity profile with six quality lenders and no debt expiring until June 2024.

"We believe the lockdowns are directing more tenant interest toward decentralised office markets, particularly the metropolitan and near city markets where COF is predominantly invested. The quality, highly connected and affordable office space that COF provides is clearly resonating with tenants."

PROPERTY AND PORTFOLIO LEASING

Throughout Q1 FY22, terms were agreed³ or leases completed for c.5,000 sqm across 10 separate deals (1.6% of portfolio NLA), comprising c. 3,000 sqm of new leases. As a result of this leasing, the portfolio WALE as at 30 September 2021 was 4.3 years⁶, with a portfolio occupancy of 94.0%⁷ (portfolio occupancy was 93.1% as at 30 June 2021).

ACQUISITIONS AND EQUITY RAISING

On 6 September 2021, COF announced it had entered into a contract to acquire 101 Moray Street, South Melbourne VIC for \$205.1 million and accepted a pre-emptive notice to acquire the remaining 50% of 203 Pacific Highway, St Leonards NSW for \$68.0 million. These acquisitions were supported by a \$201 million equity raise.

The South Melbourne acquisition has settled, and COF has entered into a contract to acquire the remaining 50% of the St Leonards asset. As the Vendor of the St Leonards asset is a related party, the acquisition remains subject to COF unitholders' approval by an ordinary resolution. A separate Notice of Meeting and Explanatory Memorandum relating to the St Leonards acquisition will be sent to COF unitholders shortly.

The acquisitions geographically re-weight the portfolio, with COF's exposure to Australia's East Coast now accounting for about 85% of the portfolio. The acquisitions also further reduce COF's average building age to approximately 15.7 years, reinforcing COF's position as having one of Australia's youngest office portfolios.

Centuria Office REIT (COF)

ASX Announcement

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DEBT REFINANCING

COF has added \$100 million to its debt facilities. This additional financing increased the REIT's weighted average debt maturity from 4.2 years to 4.3 years². Despite the increased tenure, COF maintains a competitive all-in debt cost of 2.4%⁸. COF has also increased its diversified pool of lenders from five to six.

COVID-19 UPDATE

Rent collections during Q1 FY22 remained strong, averaging 97.1%⁴ across the portfolio. Included within the outstanding rent is agreed and pending rent relief claims.

Grant Nichols said, "As vaccination rates rise across Australia, we expect there will be a strong return to the office as organisations and individuals alike seek to end the isolation of lockdowns and working from home. Our discussions with tenants indicate that many organisations recognise productivity that results from in-person collaboration cannot be replicated virtually, and employee isolation has a detrimental impact on an organisation's culture and staff wellbeing."

FTSE EPRA NAREIT GLOBAL DEVELOPED INDEX INCLUSION

COF was included in the Financial Times Stock Exchange (FTSE) European Public Real Estate (EPRA) National Association of Real Estate Investment Trusts (Nareit) Global Developed Index on Monday, 20 September 2021.

The FTSE EPRA Nareit Global Developed Index is a global real estate index that tracks listed REITs' performance based on liquidity, size and revenue, and offers domestic and international investors with another transparent and efficient means for comparing COF to global real estate peers.

FY22 GUIDANCE AND SUMMARY

COF reiterates its FY22 FFO guidance⁹ of 18.0 cents per unit (cpu) and distribution guidance of 16.6cpu, which represents a current distribution yield⁵ of 6.8%.

Grant Nichols concluded, "COF is well placed to benefit from a projected increase in tenant demand in the second half of FY22 as organisations return to the office and Australia experiences economic recovery. While COF has continued to generate decent levels of tenant demand through COVID-19 impacted trading periods, ongoing lockdowns have had an adverse impact on tenants' ability to contemplate and assess their office accommodation requirements. As a result, we believe a level of pent-up tenant demand will be released once the threat of ongoing lockdowns dissipate.

"From an investment perspective, there is solid demand for quality Australian office real estate with investors attracted to the long-term fundamentals. Recent sales transactions continue to strongly support COF valuations and net tangible assets."

– Ends –

For more information or to arrange an interview, please contact:

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Authorised for release by Anna Kovarik, Company Secretary.

About Centuria Office REIT

COF is Australia's largest ASX listed pure play office REIT and is included in the S&P/ASX300 Index. COF owns a portfolio of high quality office assets situated in core submarkets throughout Australia. COF is overseen by a hands-on, active manager and provides investors with income and the opportunity for capital growth from a pure play portfolio of high-quality Australian office assets.

Centuria Property Funds Limited (CPFL) is the Responsible Entity for the ASX listed Centuria Office REIT (COF) (ARSN 124 364 718). CPFL is a wholly owned subsidiary of Centuria Capital Group (CNI). CNI is an ASX-listed specialist investment manager with more than \$18billion in total assets under management and offers a range of investment opportunities including listed and unlisted property funds as well as tax-effective investment bonds.

www.centuria.com.au

Centuria Office REIT (COF) ASX Announcement

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¹ The acquisition of 203 Pacific Highway, St Leonards remains subject to unitholder vote

² As at 30 September 2021

³ Including Heads of Agreement (HoA)

⁴ Included within the outstanding rent is agreed and pending rent relief claims

⁵ Based off a unit price of \$2.44 as at 8 October 2021

⁶ Portfolio WALE (by income) as at 30 September 2021

⁷ Portfolio occupancy (by income) as at 30 September 2021

⁸ Effective interest rate as at 30 September 2021 includes floating rate, all-in margin (base and line fees) and fixed interest costs under existing swaps (excludes capitalised borrowing costs)

⁹ Guidance remains subject to unforeseen circumstances and material changes in operating conditions

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