

Q3 FY24 Operating Update

- 7,577sqm of lease terms¹ agreed across 13 transactions; 94.3% occupancy², 4.4-year WALE³
- c.\$38m divestment of 1 Richmond Road, Keswick SA settled on 19 April 2024
- Reaffirmed FY24 FFO guidance of 13.8cpu⁴ and distribution guidance of 12.0cpu⁴, current distribution yield 10.3%⁵

SYDNEY (Wednesday, 8 May 2024) – Centuria Office REIT (**ASX: COF**) is pleased to provide its Q3 FY24 update.

Belinda Cheung, COF Fund Manager, said “COF continued to progress its FY24 priorities during the period, attracting resilient levels of leasing enquiries across its portfolio. Throughout the remainder of FY24, we expect COF’s high-quality, young, efficient and affordable office portfolio to continue attracting and retaining high-quality tenant customers.

“Divestments settled year to date are part of a strategic focus on improving COF’s balance sheet and illustrate continued demand for metropolitan and near city office assets that provide comparative liquidity due to their smaller scale.”

PROPERTY AND PORTFOLIO LEASING

During the quarter, 7,577sqm of lease terms were agreed¹ across 13 separate transactions including 5,917sqm of renewals with the balance comprising new leases. Year to date, COF has leased 36,235sqm, representing 12.5% of its portfolio NLA.

Key leasing transactions during the quarter included:

- 818 Bourke Street, Docklands VIC – 3,270sqm agreed across three leases (two renewals and one new)
- 485 Kingsford Smith Drive, Hamilton QLD – Collins Restaurant Management renewed on a five-year term
- 154 Melbourne Street, South Brisbane QLD – 100% occupancy achieved following agreed terms over the remaining floor

COF’s portfolio occupancy² is 94.3% and it’s maintained a healthy 4.4-year WALE³ as at 31 March 2024. COF’s management remains focused on current and pending lease up requirements across its portfolio, in particular, known vacancies at 818 Bourke Street Docklands, VIC and 201 Pacific Highway, St Leonards NSW.

TRANSACTIONS

The \$38.3 million divestment of 1 Richmond Road, Keswick SA settled on 19 April 2024, reflecting a c.4% discount to its 31 December 2023 book value. Sale proceeds were used to repay debt. COF acquired the Keswick asset in 2014, with the property delivering an IRR of c.11% during the period of ownership.

During FY24, COF has settled three divestments worth \$101.3 million. These divestments were completed at an average c.4.5% discount to book values and are consistent with COF’s strategic focus on strengthening its balance sheet while improving its portfolio quality. COF will consider further divestments to enhance its balance sheet.

ESG

During the period, COF achieved an increased NABERS Sustainable Portfolio Index (SPI) energy rating of 5.0 Stars and water rating of 4.1 Stars. The NABERS SPI showcases property portfolios across Australia and is an industry benchmark for the environmental performance of Australian real estate portfolios.

Centuria announced the promotion of Belinda Cheung to the position of COF Fund Manager. Ms Cheung’s promotion from COF Assistant Fund Manager follows former COF Fund Manager, Grant Nichols’, promotion to Head of Listed Funds and CIP Fund Manager.

FY24 GUIDANCE AND SUMMARY

COF reaffirms its FY24 FFO guidance of 13.8cpu⁴ and distribution guidance of 12.0cpu⁴, to be paid in equal quarterly instalments, reflecting an annualised distribution yield of 10.3%⁵.

Centuria Office REIT (COF)

ASX Announcement

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Ms Cheung concluded, “We remain optimistic towards the medium-term outlook for Australian office markets given the nation’s ongoing population growth and the likelihood of significantly diminishing supply. However, leasing momentum remains fragmented with Perth and Brisbane continuing to outperform while Sydney and Melbourne CBDs remaining tepid.

“While increased interest rates remain elevated compared to recent past periods, they remain in-line with assumptions adopted in forming FY24 earnings forecasts. We continually monitor economic conditions to identify opportunities to undertake positive capital management initiatives, reinforcing COF’s balance sheet, while acting on leasing interest to improve portfolio quality.”

– Ends –

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

Belinda Cheung
Fund Manager – COF
Centuria Office REIT
Phone: 02 8923 8923
Email: belinda.cheung@centuria.com.au

Tim Mitchell
Group Head of Investor Relations
Centuria Capital Limited
Phone: 02 8923 8923
Email: tim.mitchell@centuria.com.au

Alexandra Koolman
General Manager – Communications
Centuria Capital Limited
Phone: 02 8923 8923
Email: alexandra.koolman@centuria.com.au

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 \$21.1 billion in total assets under management (as at 31 December 2023) and offers a range of investment opportunities including listed and unlisted property funds as well as tax-effective investment bonds.

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¹ Includes Heads of Agreement

² Occupancy by gross income and including Heads of Agreement

³ Weighted Average Lease Expiry (WALE) by gross income

⁴ Guidance remains subject to unforeseen circumstances and material changes in operating conditions, and assumes the average floating rate is based on a BBSW rate of 4.6% over FY24

⁵ Based on COF closing unit price of \$1.17 on Friday, 3 May 2024