

15 AUGUST 2024 | ASX:COF

# Centuria Office REIT

FY24 Results



235 WILLIAM STREET, NORTHBRIDGE WA

Centuria

# Speakers



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Centuria Capital Group



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Centuria Office REIT



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Centuria Capital Group

## Acknowledgement of Country

Our Group manages property throughout Australia and New Zealand. Centuria pays its respects to the traditional owners of the land in each country, to their unique cultures and to their Elders past and present.

## AGENDA

1. Overview
2. Financial results
3. Portfolio
4. Market overview and guidance
5. Appendices



154 MELBOURNE STREET, SOUTH BRISBANE QLD

# Centuria Capital Group: A leading Australasian real estate funds manager

CNI is the manager of COF and is included in the S&P/ASX200 Index

Group AUM<sup>1</sup>

**\$21.1bn**

Real estate

**\$20.2bn**

Centuria  
Life Limited

Listed (30%<sup>2</sup>)

**\$6.0bn**

Unlisted (70%<sup>2</sup>)

**\$14.2bn**

Investment  
bonds

**\$3.9bn**

CENTURIA  
INDUSTRIAL REIT  
ASX:CIP

**\$2.0bn**

CENTURIA  
OFFICE REIT  
ASX:COF

**\$0.2bn**

ASSET PLUS  
LIMITED  
NZX:APL

**\$8.0bn**

SINGLE  
ASSET  
FUNDS

**\$3.2bn**

MULTI-ASSET  
CLOSED END  
FUNDS

**\$3.0bn**

MULTI-ASSET  
OPEN END  
FUNDS

**\$0.9bn**

CENTURIA LIFE  
GUARDIAN  
FRIENDLY SOCIETY

Note: Assets under management (AUM) as at 30 June 2024. All figures above are in Australian dollars (currency exchange ratio of AU\$1.000:NZ\$1.0927 as at 30 June 2024).

Numbers presented may not add up precisely to the totals provided due to rounding

1. AUM includes assets exchanged to be settled, cash and other assets and the impact of revaluations during the period

2. Percentage of total real estate AUM



# Overview

## SECTION ONE

101 MORAY STREET, SOUTH MELBOURNE VIC

Centuria

# COF: Vision, strategy and objectives

## VISION

To be Australia's leading pure play office REIT

## Centuria Office REIT (COF)

Australia's largest ASX-listed pure play office REIT. Overseen by an active management team with deep real estate expertise. Strongly supported by Centuria Capital Group

## A clear and simple strategy

**Focused** on generating sustainable and quality income streams and executing initiatives to create value across a portfolio of quality Australian office assets

## Key objectives



### Portfolio construction

A portfolio of Australian office assets diversified by geography, tenants and lease expiry



### Active management

Primarily focused on maintaining occupancy and extending portfolio WALE



### Capital management

A robust and diversified capital structure, with appropriate gearing



### Unlock opportunities to create further value

Continue to enhance the portfolio and upgrade asset quality

# Overseen by a hands-on and proactive management team

## Active management initiatives since 2020

### LEASING TRACK RECORD

- No single tenant comprises more than 5% of portfolio income
- No single tenant expiry represents more than 3% of portfolio income before FY27
- Demonstrated capability repositioning assets

**211,146sqm**

Leasing terms agreed<sup>1</sup>

**77%**

of portfolio NLA, 262 leasing deals

### PROACTIVE CAPITAL MANAGEMENT

- LVR and ICR covenants renegotiated with no material change to debt margins
- Successful asset sales despite reduced market transaction volumes
- No debt expiring before FY2028
- c.\$1.3bn of hedging executed
- Further diversified lender pool through two additional financiers, totalling six

**\$1.8bn**

refinanced across an increased pool of six lenders since 2020

## OPTIMISING PORTFOLIO COMPOSITION WITH A FOCUS TOWARDS CAPITAL MANAGEMENT



2020

2021

2022

2024

+

235 William St, Northbridge  
8 Central Ave, Eveleigh (50%)  
2 Phillip Law St, Canberra

×

465 Victoria Ave, Chatswood (25%)

+

101 Moray St, South Melbourne  
203 Pacific Hwy, St Leonards  
57 Wyatt Street, Adelaide

×

131 Grenfell St, Adelaide

×

35 Robina Town Centre Dr, Robina  
1 Richmond Rd, Keswick  
555 Coronation Dr, Toowong  
54 Marcus Clarke St, Canberra

+ Acquisition

× Divestment

**\$1.2bn**

Strategic transactions

**+9%**

Improvement in A-grade exposure

**3 year**

Reduced average portfolio age

1. Includes heads of agreement and executed leases

# FY24 strategy execution

Completed strong leasing, asset recycling and proactive debt refinancing

## Active management

- Delivered **FY24 FFO of 13.8 cpu**, FY24 DPU of 12.0 cpu, in line with guidance
- **42,722 sqm of leasing terms agreed<sup>1</sup>** (15% of portfolio NLA)
- **COF's largest tenant renewed for 10 years over existing footprint** of 13,000sqm+ at 235 William St, Northbridge WA (Commonwealth Government)
- c.93% occupancy<sup>2</sup>, 4.3 year WALE<sup>3</sup>

## Proactive capital management

- **\$862m debt refinanced**, covenants renegotiated with no change to margin (LVR increased to 60%; ICR lowered to 1.75x)
- No debt expiring before FY28
- \$139m of **strategic divestments at or near book values** in FY24, proceeds used to repay debt
- \$50m of excess debt capacity cancelled, \$86m pro forma headroom
- **63% of debt hedged** as at 30 June 2024

## Portfolio quality

- 93% A-grade buildings<sup>4</sup>, 17 year average asset age
- c.20% of leases expire by FY28
- 72% rental income underpinned by ASX listed, national and multinational tenant customers
- 6.58% weighted average capitalisation rate (WACR)
- 5 star NABERS<sup>5</sup> (+0.1 on FY23)

1. Includes heads of agreement and executed leases.

2. By gross income.

3. Weighted average lease expiry by gross income.

4. Management interpretation of Property Council of Australia (PCA) guidelines

5. Excluding non-rated assets



235 WILLIAM ST, NORTHBRIDGE WA



# COF earnings and distributions

## FY24

**13.8 cpu**

FY24 FFO delivered, in line with guidance

**12.0cpu**

FY24 DPU, in line with guidance

**9.7%**

FY24 DPU Yield<sup>1</sup>

**(31.1%)**

Trading discount to NTA<sup>1,2</sup>

## FY25 guidance<sup>3</sup>

**11.8 cpu**

FY25 FFO guidance

**10.1 cpu**

FY25 DPU guidance

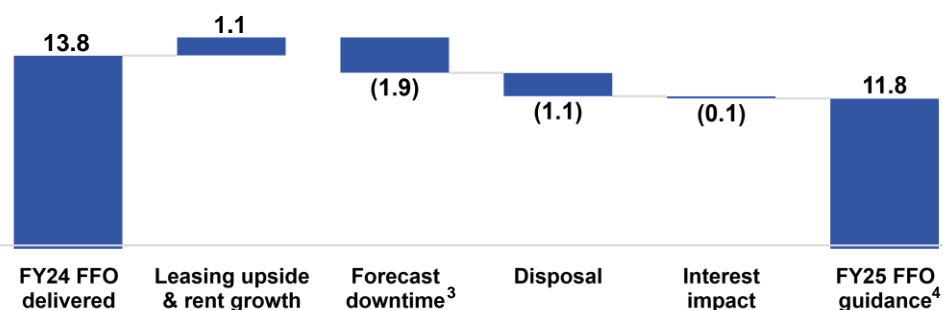
**9.5%**

FY25 FFO yield<sup>1</sup>

**8.1%**

FY25 DPU yield<sup>1</sup>

## FFO waterfall (cpu)



- **Downtime estimates** for existing and expected FY25 vacancies
- Income reduced from **divestment of four assets to repay debt and reduce interest**
- All in **cost of debt forecast to remain high** throughout FY25

1. Based on COF closing unit price of \$1.24 on 12 August 2024  
 2. NTA per unit is calculated as net tangible assets divided by number of units on issue  
 3. No FY25 income assumed for full floor vacancies at 818 Bourke St, 201 Pacific Hwy and other assets detailed on slide 19

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 4.4% over FY25  
 5. By gross income  
 6. Includes heads of agreement and executed leases  
 7. Weighted average lease expiry (WALE) by gross income

## COF PORTFOLIO



**93%**

Portfolio occupancy<sup>5,6</sup>



**15%**

Portfolio leased FY24<sup>6</sup>



**4.3 yrs**

Portfolio WALE<sup>6,7</sup>



**\$5,740**

Implied rate per sqm<sup>1</sup>



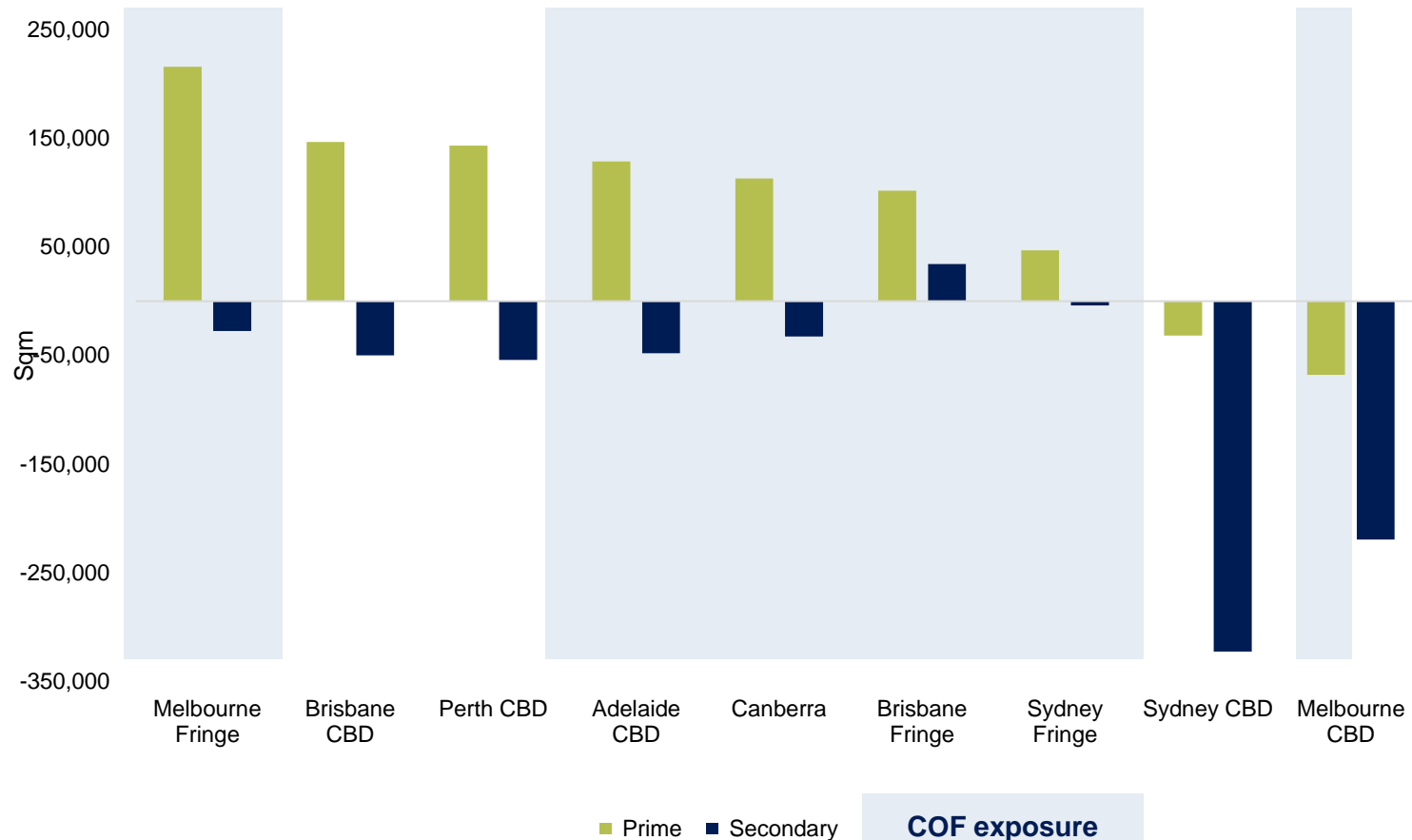
**c.8%**

Implied cap rate<sup>1</sup>

# Occupiers prefer prime grade assets

Data showing positive demand for prime grade over secondary stock

Net absorption in metro markets, 2020 to 2024



Bifurcation apparent with prime grade stock a clear preference



Most major Australian office markets have seen positive net absorption



Non-CBD markets incurred strong positive net absorption



Flight to quality has not meant flight to CBD

# COF provides quality, highly connected and affordable office space

Included in the S&P/ASX 300 Index and FTSE/EPRA NAREIT Global Developed Index



## Young portfolio

Prime assets are generating greater tenant demand.



## Accessible price point

Deeper investment demand for assets valued less than \$150m.



## Affordable rent profile

COF exposed market rents average a significant discount to Sydney CBD.



## Connectivity

With key transport nodes and reduced commute times.



## Enhanced amenity

COF assets provide access to wellbeing amenity, retail and hospitality.



## Geographically diversified

Providing exposure to Australia's better performing office markets.

## COF portfolio strategic metrics

**17 years**

Average asset age<sup>1</sup>

**93%**

A-grade assets<sup>2</sup>

**5.0 stars**

NABERS SPI energy rating<sup>3</sup>

**c. \$550sqm**

Avg. net rents

**6.58%**

Weighted average capitalisation rate (WACR)

**c.\$100m**

Avg. asset size

1. By value
2. Management interpretation of Property Council of Australia (PCA) guidelines
3. Excluding non-rated assets

# Return to office gaining momentum

*Engagement, collaboration and productivity benefits driving occupier sentiment for return to office*



*The crazy WFH experiment is over. Water coolers are the biggest winners*

**SMH 8 August 2024**



*NSW public servants ordered back into the office as Chris Minns shows leadership*

**The Australian 6 August**



*Business behind back to work call*

**The Australian 7 August 2024**



*How work from home culture could be fuelling depression*

**SMH 29 June 2024**



*Less connected, less valued in the post-Covid workplace*

**The Australian 29 February 2024**

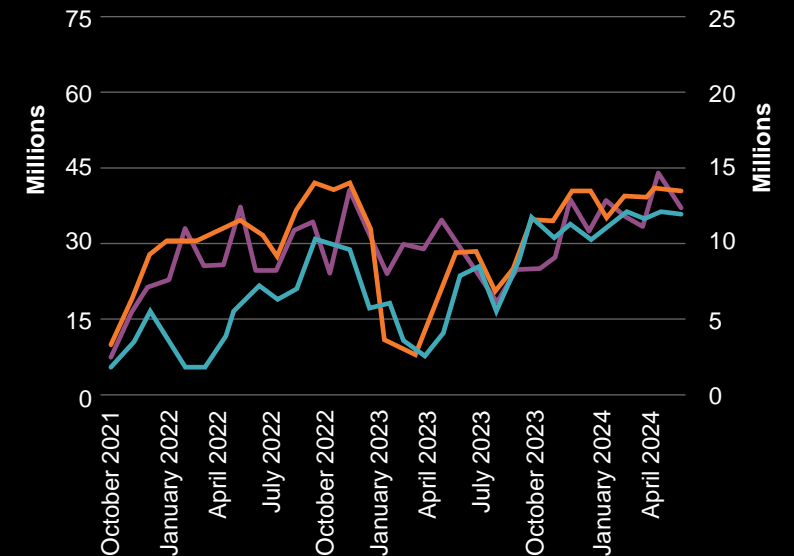


*Why WFH won't be death knell for CBD offices*

**AFR Wednesday 28 February 2024**

## Public transport trips have increased in major east coast capital cities<sup>1</sup>

— Sydney total trips (LHS)  
— Melbourne total trips (LHS)  
— Brisbane total trips (RHS)

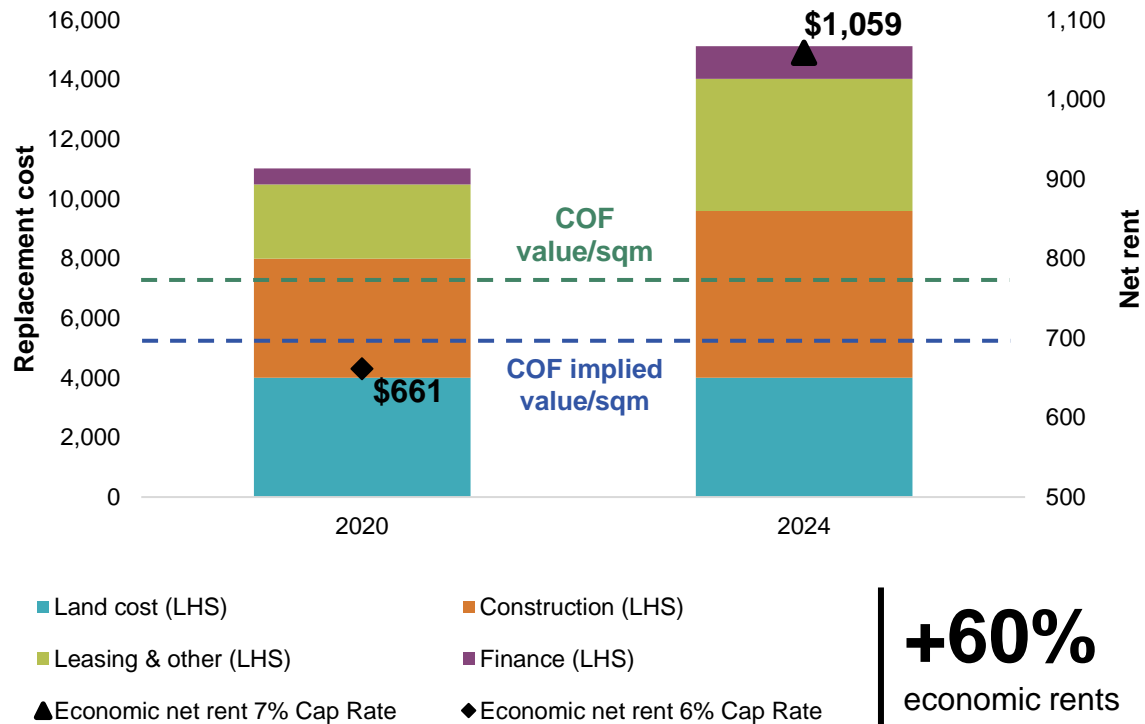


1. Source: Knight Frank Research, NSW Transport, QLD Transport

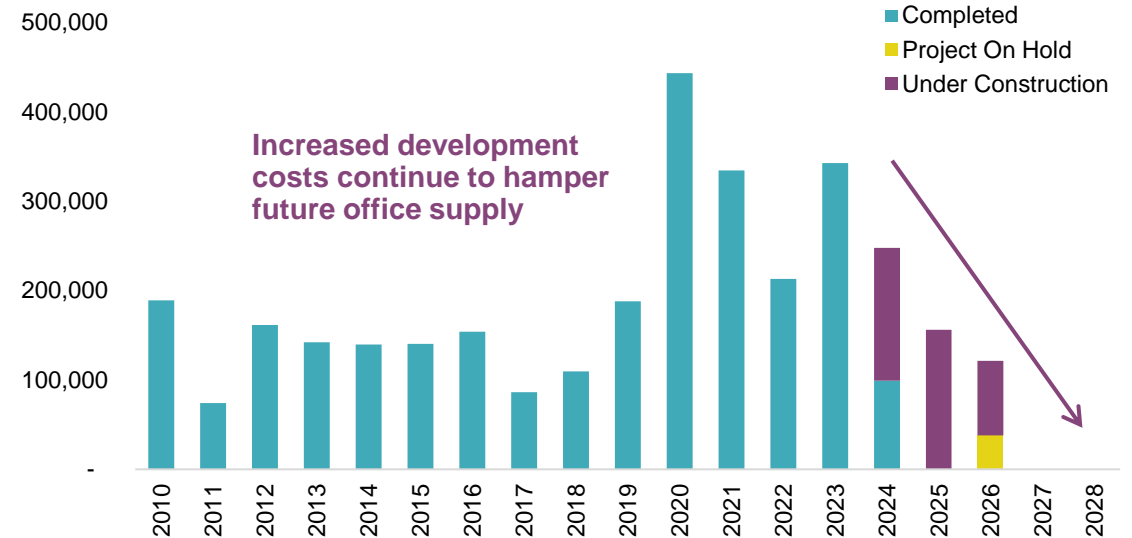
# Sector fundamentals support outlook for office markets

Office development feasibility curtailed, supply likely to reduce despite rising demand, creating potential office tailwinds

### Inflation across all development feasibility components<sup>1</sup>



### Australian metropolitan office market development pipeline<sup>2</sup>



Future office supply is expected to reduce over the medium term.

Some development feasibilities have been impaired due to rising construction costs and contractor and labour availability, increased finance costs softening capital market transactions.

Many markets have experienced a material increase in economic rents, significantly above prevailing market rents.

1. Hypothetical feasibility for an A-grade office development in metro Sydney, assuming no change to underlying land cost  
 2. JLL REIS June 2024



# Financial results

## SECTION TWO

100 BROOKES STREET, FORTITUDE VALLEY QLD

Centuria

# Funds from operations (FFO)

Revenue		FY24	FY23	Variance
Gross property income	\$m	183.2	183.1	0.1
Interest income	\$m	0.8	0.5	0.3
<b>Total revenue</b>	<b>\$m</b>	<b>184.0</b>	<b>183.6</b>	<b>0.4</b>

+3% like for like rent growth. Divestments have impacted gross property income and interest expense.

Expenses		FY24	FY23	Variance
Direct property expenses	\$m	(42.3)	(38.4)	(3.9)
Responsible entity fees	\$m	(12.0)	(13.2)	1.2
Finance costs	\$m	(45.8)	(36.8)	(9.0)
Management and other administrative expenses	\$m	(1.7)	(2.1)	0.4
<b>Total expenses</b>	<b>\$m</b>	<b>(101.8)</b>	<b>(90.6)</b>	<b>(11.2)</b>
<b>Funds From Operations (FFO)<sup>1</sup></b>	<b>\$m</b>	<b>82.2</b>	<b>93.0</b>	<b>(10.8)</b>
Weighted average units on issue	m	597.3	597.3	-
Funds from operation per unit <sup>1</sup>	cpu	13.8	15.6	(1.8)
Distributions	\$m	71.7	84.2	(12.5)
Distribution per unit	cpu	12.0	14.1	(2.1)
Net tangible assets per unit <sup>2</sup>	\$	1.8	2.2	(0.4)
Payout ratio (% of FFO) <sup>3</sup>	%	87.2	90.5	(3.3)
Maintenance capex	\$m	7.2	4.1	3.1
Capex incentives	\$m	11.5	11.2	0.3

General portfolio outgoings increased by c.10%.

Reflects increase in cost of debt to 4.9% in FY24.

Met FFO guidance of 13.8cpu for FY24.

Distributions declared in line with guidance of 12.0cpu for FY24.

1. FFO is the Trust's underlying and recurring earnings from its operations. This is calculated as the statutory net profit adjusted for certain non-cash and other items  
 2. NTA per unit is calculated as net tangible assets divided by closing units on issue  
 3. Payout ratio equal to distributions per unit divided by FFO per unit for the period

# Capital management

**\$862m**

Debt refinanced

**\$50m**

Debt facilities cancelled

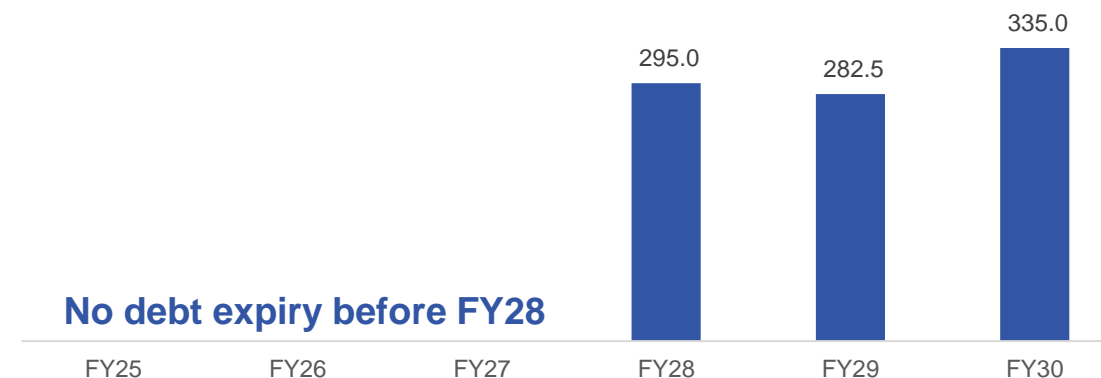
**\$139m**

FY24 disposals (near prevailing book value), proceeds used to repay debt

**\$180m**

Hedging executed in FY24

## Pro forma debt maturity profile (\$m)



**No debt expiry before FY28**

Key debt metrics		Proforma FY24 <sup>2</sup>	FY23
Facility limit	\$m	912.5	1,012.5
Drawn amount	\$m	827.0	897.0
Headroom <sup>1</sup>	\$m	85.5	115.5
Weighted average debt expiry	years	4.1	3.2
Proportion hedged	%	63.0	69.1
Weighted average hedge maturity	years	1.3	1.5
All in cost of debt <sup>3</sup>	%	4.9	4.3
Gearing <sup>4</sup>	%	41.3	38.4
Interest cover ratio (ICR)	times	2.8	3.5
Loan to value ratio (LVR)	%	43.2	39.9 <sup>5</sup>

**LVR 60%**

**ICR 1.75x**

Renegotiated debt covenants, no material change to margin

**\$85.5m**

Pro forma facility headroom<sup>1</sup>

**41.3%**

Gearing<sup>3</sup>

**63%**

Hedged as at 30 June 2024

1. Headroom reflects undrawn debt (including bank guarantees held as security)
2. FY24 proforma is reflective of \$862m of debt refinanced
3. Average effective interest includes floating rate, all-in margin (base and line fees) and fixed interest costs under existing swaps (excludes capitalised borrowing costs)
4. Gearing is defined as total borrowings less cash divided by total assets less cash
5. LVR has not been adjusted to account for the post balance date property settlement





584 SWAN STREET, RICHMOND VIC

# Portfolio


## SECTION THREE

Centuria

# Portfolio overview

High quality portfolio underpinned by excellent tenant covenants

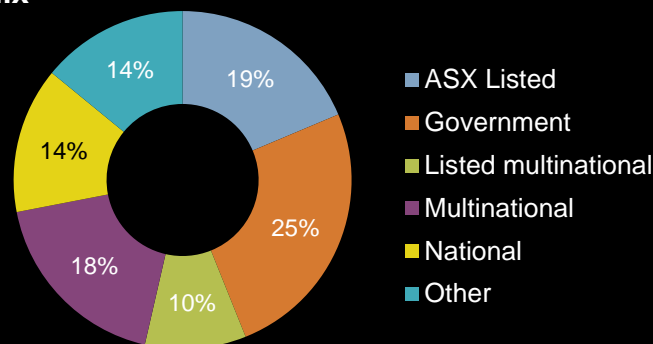
Portfolio snapshot		FY24	FY23
Number of assets	#	19	23
Book value <sup>1</sup>	\$m	1,913.1	2,237.4
WACR	%	6.58	6.00
NLA	sqm	275,003	303,305
Occupancy <sup>2</sup>	%	92.5	97.1
WALE <sup>3</sup>	yrs	4.3	4.2
NABERS SPI Energy rating	Stars	5.0	4.9
NABERS SPI Water rating	Stars	4.1	3.9
Buildings generating solar power	no.	10	7
Average building age (by value)	yrs	17	17

 **5.0 stars**  
NABERS SPI energy rating

 **17 years**  
Average building age (by value)

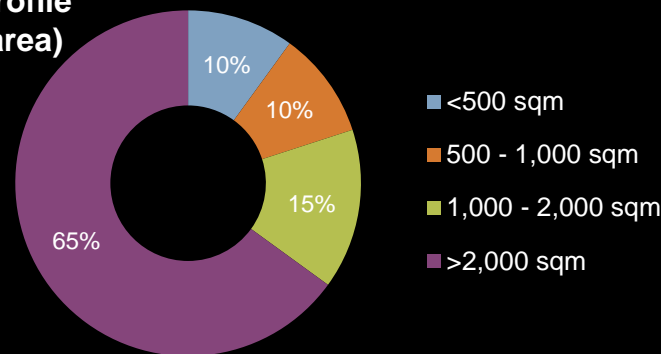
1. Investment properties of \$1.9bn excludes a \$32.5m leasehold asset under AASB 16  
2. By gross income  
3. Weighted average lease expiry (WALE) by gross income  
4. Management interpretation of PCA guidelines

## Tenant mix (income)



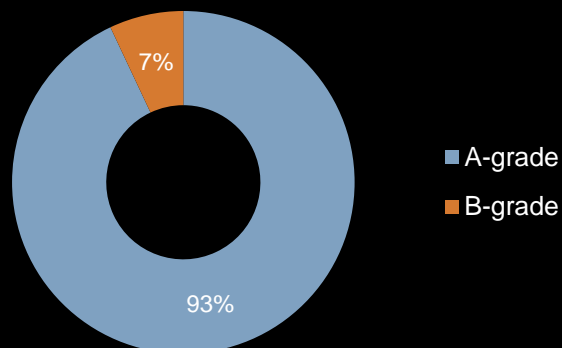
**72%**  
of income derived from government, ASX listed and multinational tenants

## Tenant profile by size (area)



**65%**  
of tenants >2,000 sqm, indicating the COF portfolio is occupied by corporate and government tenants

## PCA grade (value)

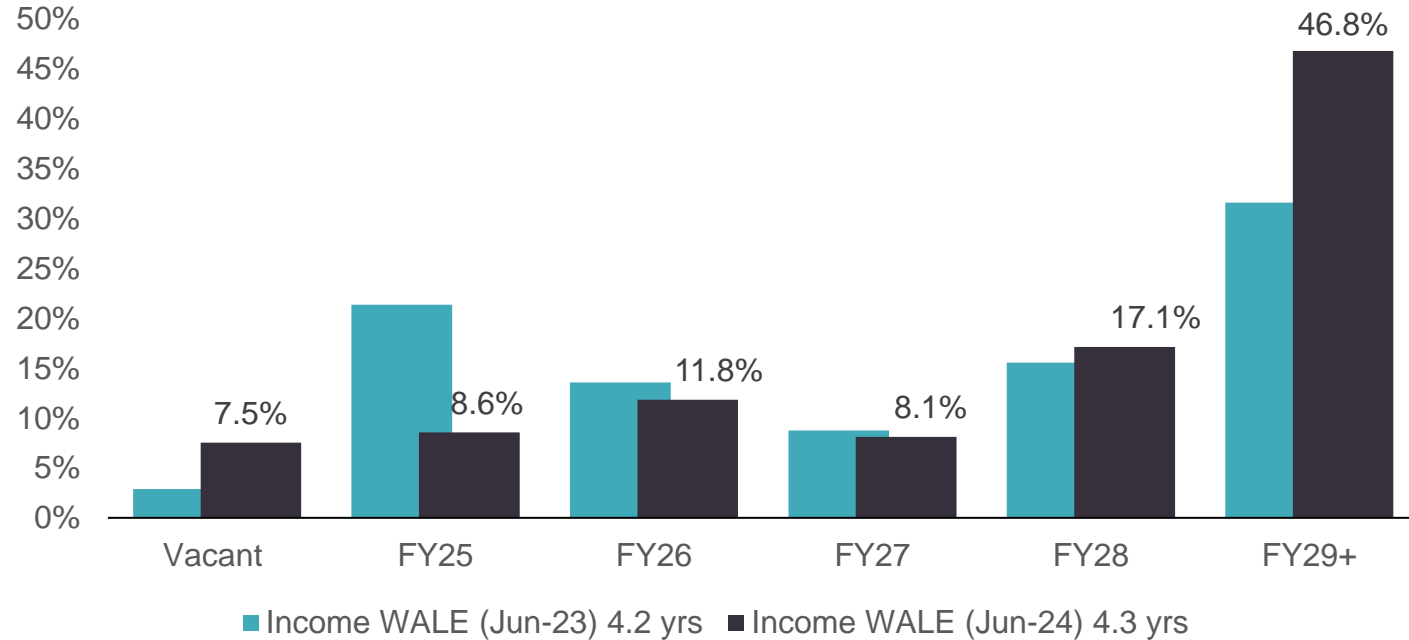


**93%**  
COF's portfolio comprises A-grade assets<sup>4</sup>

# Staggered lease expiry: c.72% of leases expire at or beyond FY27

No single tenant expiry is >3% of portfolio income

## Weighted average lease expiry<sup>1,2</sup>



Current vacancy (>1,500 sqm)	NLA (sqm)
818 Bourke Street, Docklands <sup>4</sup>	10,282
201 Pacific Highway, St Leonards (50% ownership) <sup>4</sup>	5,638
Other	4,538
<b>Total</b>	<b>20,458</b>

FY25 expiries (>1,500 sqm)	NLA (sqm)
825 Ann Street, Fortitude Valley <sup>4</sup>	4,320
201 Pacific Highway, St Leonards (50% ownership) <sup>4</sup>	4,233
2 Kendall Street, Williams Landing <sup>4</sup>	3,009
584 Swan Street, Richmond	2,205
8 Central Avenue, Eveleigh (50% ownership)	2,031
77 Market Street, Wollongong	1,593
60 Marcus Clarke Street, Canberra	1,298
203 Pacific Highway, St Leonards	1,212
Other	2,406
<b>Total</b>	<b>22,307</b>

**15.0%** portfolio NLA leased in FY24<sup>1,2</sup>      **42,722 sqm** portfolio NLA leased in FY24<sup>2,3</sup>      **Only 8.6% of portfolio expires during FY25**

1. By gross income  
 2. Includes heads of agreement and executed leases  
 3. By area  
 4. No income assumed in FY25 FFO guidance for full floor vacancies or expiries in these buildings

# COF has proven capability in active management and asset repositioning

## Value creation driven by tenant focused approach



### 825 Ann St, Fortitude Valley Qld

#### Additional amenity

- Training and townhall meeting space
- End of trip facilities


#### Environmental initiatives

- Installation of 55kW solar system
- Co-mingled waste program to track and divert waste from landfill


#### Outcomes achieved

 **100%**  
Office occupied<sup>1</sup>

 **2.7 year**  
WALE<sup>2</sup>

 **5.5 star**  
NABERS energy rating

 **2,760 sqm**  
14% of NLA leased since 1 January 2023

 **3**  
Leasing deals

 **c.6%**  
average rental growth



### 154 Melbourne St, South Brisbane Qld

#### Additional amenity

- Refurbished foyer
- Upgraded end of trip facilities
- Flex work solution, cirque by Centuria

#### Environmental initiatives

- Installation of 35.4kW solar system
- Co-mingled waste program to track and divert waste from landfill


#### Outcomes achieved

 **100%**  
Office occupied<sup>1</sup>

 **3.9 year**  
WALE<sup>2</sup>

 **5.5 star**  
NABERS energy rating

 **5,513 sqm**  
49% of NLA leased since 1 January 2023

 **12**  
Leasing deals

 **c.5%**  
average rental growth

1. By gross income  
2. Weighted average lease expiry (WALE) by gross income

# Delivering one of Australia's first enterprise AI Inferencing and ultra-high density liquid cooled data centre

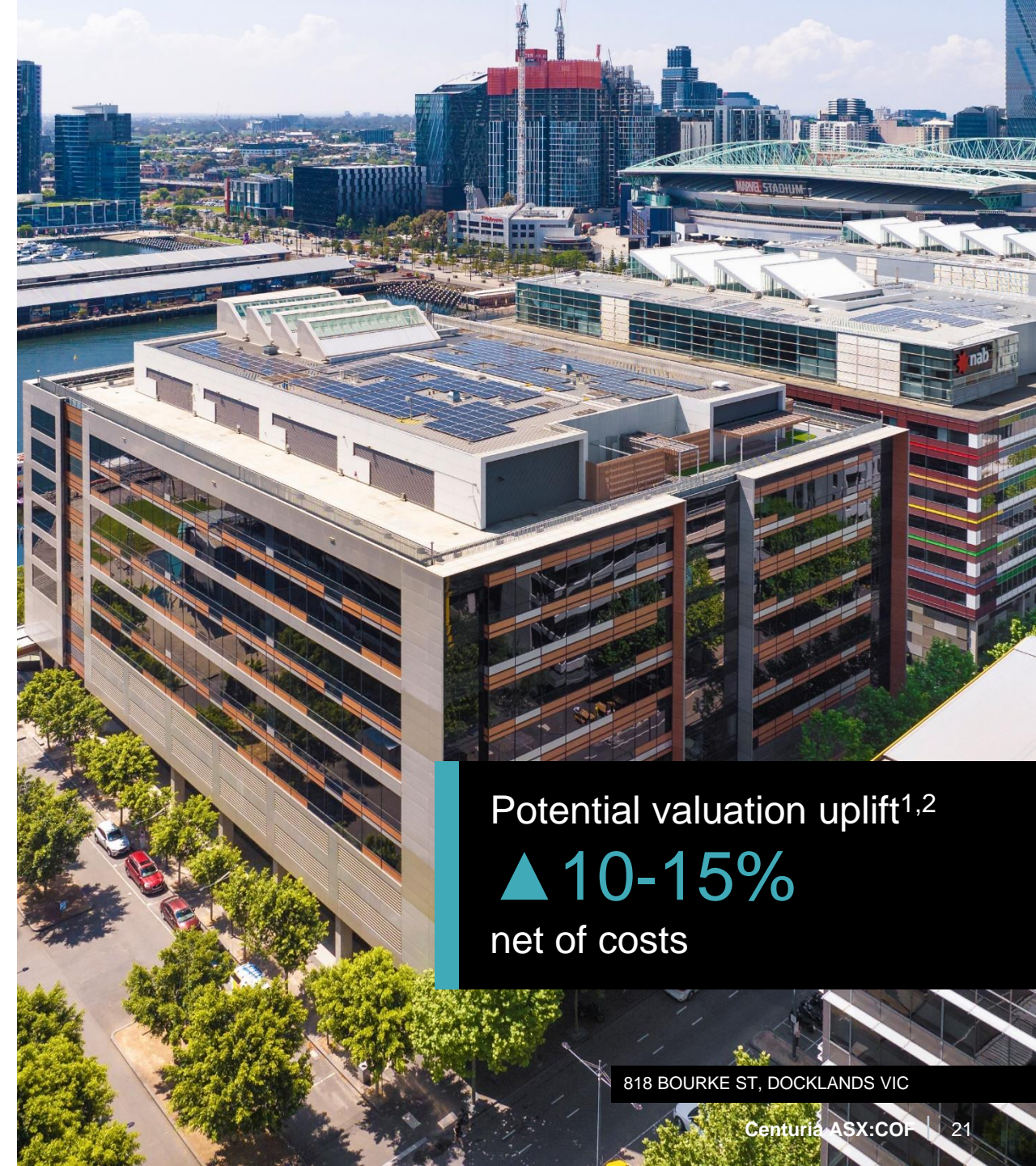
818 Bourke St, Docklands VIC<sup>1,2</sup>

- ResetData has entered a conditional 10-year lease for a data centre of up to 1.5 megawatts at 818 Bourke Street, Docklands VIC
- Repurposing existing infrastructure left by a previous tenant, with the aim of tripling the existing capacity
- Aiming to conform to Uptime Institute Tier-III levels of availability
- Efficient cooling for high density server loads
- Benefits of reducing thermal resistance between the servers and cooling medium, which allows for more effective heat transfer

## 818 Bourke Street suitability

- Existing infrastructure for critical services to build on
- Access to power
- Access to fibre in the existing infrastructure left from previous tenant
- Introduces new rental sources to the building
- Minimises leasing downtime

1. Subject to electricity provider's finalisation of gross power availability to the building and conditional on local planning approval  
2. Indicative valuation uplift based on internal assumptions for electricity availability and planning approval. The valuation of the building remains subject to unforeseen circumstances and material changes in operating and market conditions



Potential valuation uplift<sup>1,2</sup>

▲ 10-15%  
net of costs

818 BOURKE ST, DOCKLANDS VIC

# Strategic FY24 transactions

COF continued to optimise portfolio construction through divestments near prevailing book values



54 Marcus Clarke Street,  
Canberra ACT



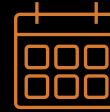
35 Robina Town Centre Drive,  
Robina Qld



1 Richmond Road,  
Keswick SA



555 Coronation Drive,  
Toowong Qld



COF's portfolio average  
asset age reduced to

**17 years**



Proceeds used to repay debt,  
**strengthening  
balance sheet**



**\$139m**

of divestments at near  
prevailing book values



**Direct market  
transactions**  
underpin NTA backing



Avg. discount

**c.2%**

To prevailing book values  
across 4 assets



COF's portfolio average  
asset value of

**c.\$100m**

provides strong liquidity

# Valuation summary

**14 of 19**

assets externally revalued in June 2024, all assets externally revalued in the last 12 months

**108bps expansion**

since 30 June 2022

NTA<sup>1</sup> per unit

**\$1.80**

**\$6,957**

COF average rate per sqm compares favourably to replacement cost

**c.8%**

Implied cap rate<sup>2</sup>

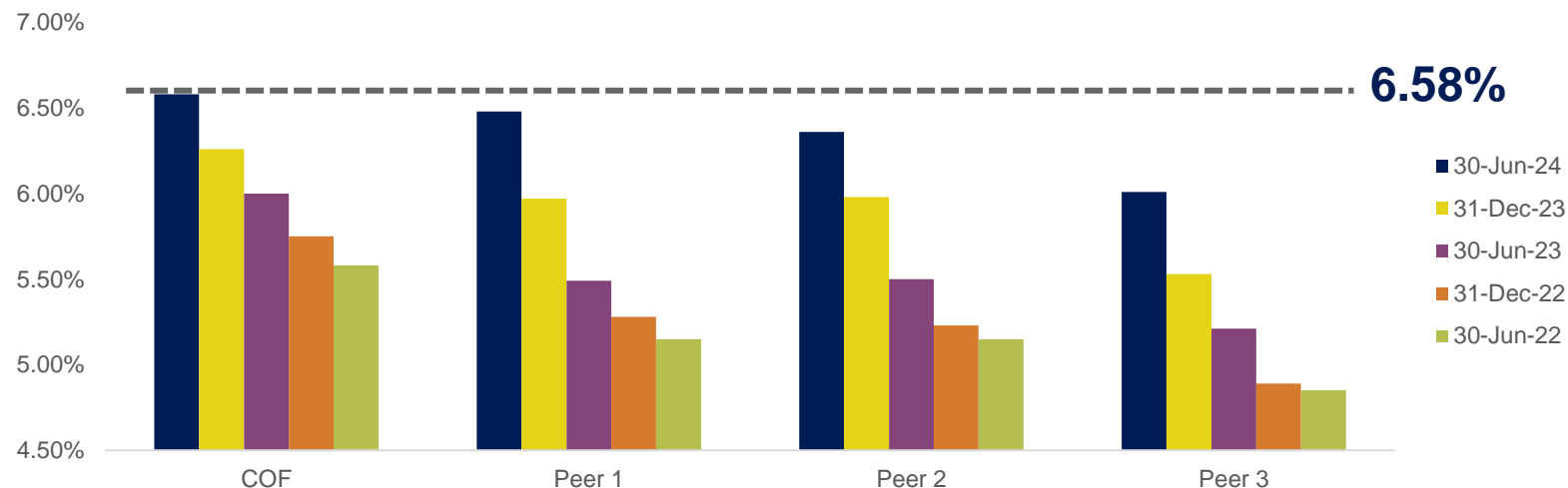
**\$5,740**

Implied rate per sqm<sup>2</sup>

## COF portfolio valuation summary

	FY24 valuation (\$'000)	FY23 valuation (\$'000)	Valuation Movement <sup>3,4</sup> (\$'000)	FY24 WACR <sup>5</sup>	FY23 WACR <sup>5</sup>	Movement WACR <sup>5</sup>
<b>Like for like portfolio/ weighted average summary<sup>6,7</sup></b>	<b>1,913</b>	<b>2,089</b>	<b>(176)</b>	<b>6.58</b>	<b>5.93</b>	<b>0.65</b>
Divestments	-	148	-	-	-	-
<b>Total portfolio/ weighted average</b>	<b>1,913</b>	<b>2,237</b>	<b>(324)</b>	<b>6.58</b>	<b>6.00</b>	<b>0.58</b>

### Listed Peer comparison: WACR (%)



1. NTA per unit is calculated as net tangible assets divided by closing units on issue
2. Based on COF closing unit price of \$1.24 on 12 August 2024
3. Reflects gross increase. Excludes capital expenditure incurred
4. Excludes the fair value of any ground lease
5. Weighted Average Capitalisation Rate (WACR)
6. At COF ownership share of joint venture assets
7. Past performance is not a reliable indicator of future performance


# FY24 ESG highlights: COF


8 CENTRAL AVENUE, EVELEIGH NSW


## Conscious of climate change


## Valued stakeholders


## Responsible business practices


 **Market leading performance:**  
2 Phillip Law St (Nishi) achieved a 6 star NABERS energy rating (previously 5.5 stars)


 452 hours volunteered in Australia and New Zealand and over \$112,000 raised for community groups<sup>5</sup>


 Over 9,000 training courses completed by all Centuria employees across cybersecurity, compliance competencies, risk and safety

 **Targeting zero scope 2 GHG emissions by 2028<sup>1</sup>:**  
c. 260kW of solar installed during FY24 across two COF assets<sup>2</sup>, increasing total installed capacity for COF to c.1,400kW<sup>3</sup>


 89% of Centurians surveyed recommend Centuria as a great place to work


 FY24 Centuria sustainability report expected to be released by November 2024

 5 star NABERS Energy Sustainable Portfolio Index rating for COF (increased from 4.9 Stars in FY23)

 Mental health, medical and safety support platform implemented for all AU & NZ staff and their families

 Strong GRESB 4-star rating

 **Targeting no gas and diesel in operations where practicable by 2035<sup>4</sup>:**  
Commenced electrification across 50,000m<sup>2</sup> of NLA (2 assets)

 Commenced seeking Green Star Performance portfolio ESG rating for all COF assets

## Our memberships and industry participation



Member of the Diversity Council of Australia<sup>6</sup>



Member of the Green Building Council of Australia<sup>6</sup>

1. COF will account for Zero Scope 2 emissions by being powered by the equivalent of 100% renewable electricity through a combination of on-site solar and large-scale generation certificate deals which match our consumption  
2. Solar installed at 46 Collins St, West Perth WA and 45 Francis St, Northbridge WA  
3. Approximately 1,400 kW of solar is installed across COF assets, excluding solar installations by our tenants and solar installed on assets divested in FY24  
4. COF will focus on the elimination of gas and diesel where practicable from equipment owned and operated by COF. Gas and diesel equipment operated by our tenants is excluded from COF's sustainability target  
5. Corporate donations and employee fundraising from Australian and New Zealand activities, including Centuria Bass  
6. Centuria Capital Group memberships





# Market overview and guidance

## SECTION FOUR

203 PACIFIC HIGHWAY, ST LEONARDS NSW

Centuria

# Growth drivers for Australian office real estate

## Key themes contributing to potential sector tailwinds



### Current development feasibilities will restrict future supply

- It is **costing more** and **taking longer** to complete a development
- **+40% construction costs** and softening cap rates contributing to **+60% increase in economic rents**, far exceeding prevailing market rents
- Housing shortage and already committed infrastructure projects are driving a shortage of trades



### Work from office gaining momentum

- Recruiter sentiment survey<sup>2</sup> indicating employers are increasingly in favour of staff returning to office
- 39% of surveyed companies<sup>2</sup> have mandated full time office attendance (+20% from 2023)
- NSW Government returning to office 3 days a week
- Only 13% of Centuria tenants<sup>4</sup> allow fully flexible working arrangements (-5% from 2023)



### Continued bifurcation of Prime and Secondary markets

- Positive net absorption data suggests occupiers are leaving secondary space for prime grade office stock
- Occupiers upgrading premises in nearly three quarters of office relocations<sup>1</sup> at same or higher market rents
- Tenants are focused on reconfiguring the workplace to attract employees, be closer to customers and to align with broader ESG targets



### Benefits of enhanced transport infrastructure still to be realised

- The completion of Sydney Metro and Brisbane's Cross River Rail opens up fringe, metropolitan and near city office markets to an easier commute for a wider worker pool
- Across the COF portfolio, Chatswood, St Leonards, Eveleigh, Fortitude Valley and South Brisbane are expected to benefit



### Population growth = white collar employment growth

- Australia is the country with the 2<sup>nd</sup> highest population growth forecast by 2033 (+15% growth)<sup>1,5</sup>
- CBRE<sup>1</sup> projected 2 million sqm of office space demand by the end of FY25 to meet migration-related population growth
- 27% of workers are office workers<sup>1</sup>
- c.1sqm of Australian office space required per capita

1. CBRE Research 2024

2. Robert Half 2024 survey of 1,000 companies

3. Macquarie Research

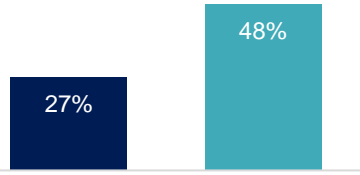
4. 2024 Centuria tenant engagement survey, results based on over 200 respondents across the Centuria office platform including COF

5. 2023 Population Statement, Deloitte Access Economics, OECD

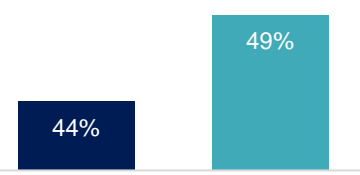
# New metro network precincts

■ Bordering suburbs ■ Metro-line suburbs

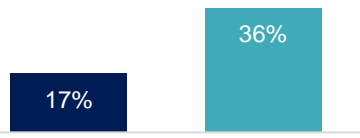
 **Densification**



 **10-year capital value growth**




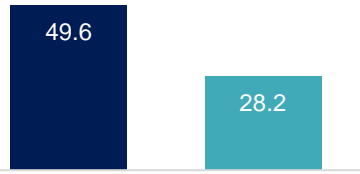
 **Coffee and hospitality**



 **Population growth**



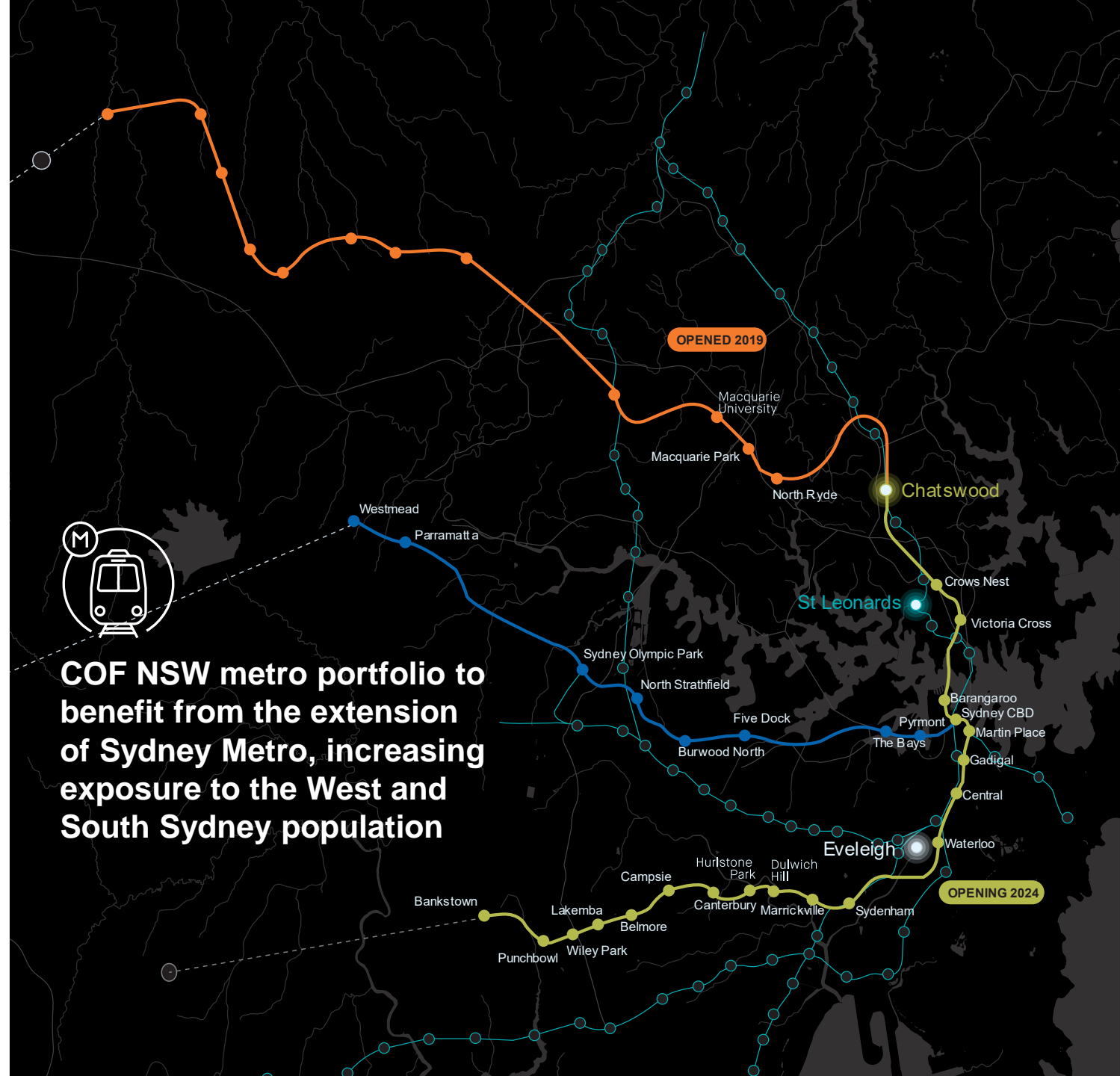
 **Commute time (mins)**



 **Gen Z and Y**



Source: CBRE Research, REA Group PropTrack, Australian Bureau of Statistics, NSW Government



# FY25 strategy and priorities

## 1. Maintain high occupancy

- Continue delivering occupancy above national average
- Maintain or improve portfolio WALE
- Capture rental growth in available markets

## 2. High portfolio quality

- Assess asset allocation to improve portfolio quality
- Lease to enhance tenant quality
- Improve sustainability performance
- Assess higher and better use opportunities

## 3. Proactive capital management

- Preserve diverse lender pool and expiry profile
- Proactively maintain liquidity and debt covenant headroom
- Manage interest rate volatility

**211,146 sqm**

leasing terms agreed since 2020<sup>1</sup>

**72%**

of income derived from government, ASX listed and multinational tenants

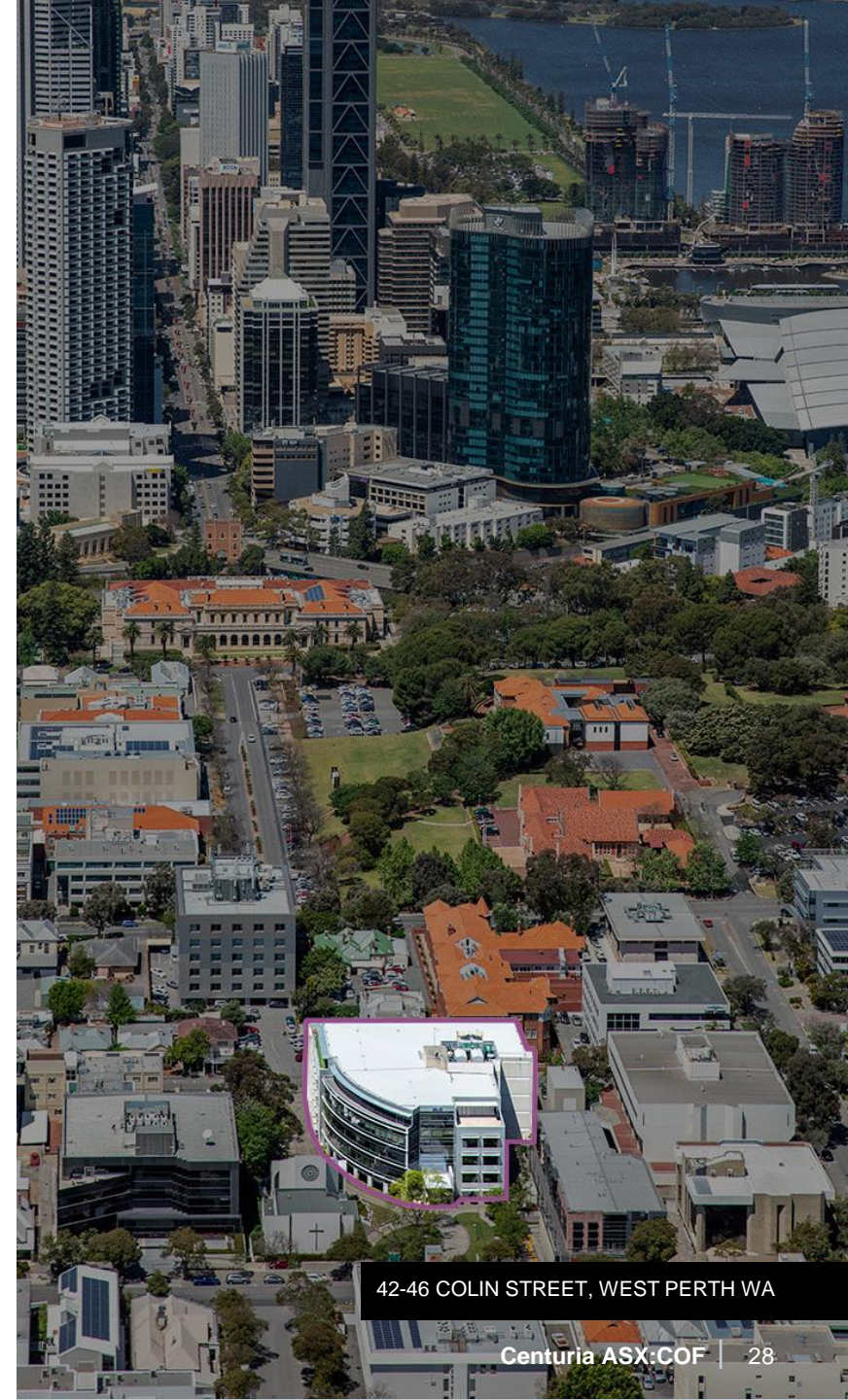
## How COF's strategy has improved the portfolio

		At IPO (Dec-14)	FY24
Average building age	years	29	17
NABERs ratings <sup>2</sup>	stars	Not rated	5
Proportion A-grade <sup>3</sup>	%	25	93
Lenders	no.	1	6
Portfolio Value	\$m	183	1,913

1. Includes heads of agreement and executed leases

2. Excluding non-rated assets

3. Management interpretation of Property Council of Australia (PCA) guidelines



42-46 COLIN STREET, WEST PERTH WA

# FY25 guidance<sup>1</sup>

FFO per unit<sup>1</sup>

**11.8c**

Distribution per unit<sup>1</sup>

**10.1c**

Forecast FY25 distribution yield<sup>1,2</sup>

**8.1%**

Distributions expected to be paid  
in quarterly instalments

1. 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 4.4% over FY25  
2. Based on COF closing unit price of \$1.24 on 12 August 2024



825 ANN STREET, FORTITUDE VALLEY QLD



8 CENTRAL AVENUE, EVELEIGH NSW

# Appendices

## SECTION FIVE

- Appendix A: Income statement
- Appendix B: FFO reconciliation
- Appendix C: Balance sheet
- Appendix D: Australian office market metrics
- Appendix E: COF leasing history
- Appendix F: Geographic breakdown
- Appendix G: Like for like portfolio valuation summary
- Appendix H: Investment property portfolio

**Centuria**

# Appendix A: Income statement

\$'000	FY24	FY23
<b>Revenue</b>		
Gross property income	183,206	183,128
Interest Income	779	459
<b>Total revenue</b>	<b>183,985</b>	<b>183,587</b>
<b>Expenses</b>		
Direct property expenses	(42,282)	(38,429)
Responsible entity fees	(12,031)	(13,189)
Finance costs	(45,811)	(36,828)
Management and other administrative expenses	(1,682)	(2,113)
<b>Total expenses</b>	<b>(101,806)</b>	<b>(90,559)</b>
<b>Funds From Operations<sup>1</sup></b>	<b>82,179</b>	<b>93,028</b>
Gain/(loss) on fair value of investment properties	(211,282)	(162,157)
Gain/(loss) on fair value of derivatives	9,047	(2,769)
Straight-lining of rental income and amortisation of leasing commissions and tenant incentives	30,659	25,620
Adjustments for AASB 16 Leases	(64)	(49)
<b>Statutory net profit</b>	<b>(168,745)</b>	<b>(91,931)</b>

1. FFO is the Trust's underlying and recurring earnings from its operations. This is calculated as the statutory net profit adjusted for certain non-cash and other items



485-517 KINGSFORD SMITH DRIVE, HAMILTON QLD

# Appendix B: FFO reconciliation

\$'000	FY24	FY23
<b>Statutory net profit</b>	<b>(168,745)</b>	<b>(91,931)</b>
(Gain)/loss on fair value of investment properties	211,282	162,157
(Gain)/loss on fair value of derivatives	9,047	(2,769)
Straight-lining of rental income and amortisation of leasing commissions and tenant incentives	30,659	25,620
Adjustments for AASB 16	(64)	(49)
<b>Funds from operations<sup>1</sup></b>	<b>82,179</b>	<b>93,028</b>
<b>Distribution</b>	<b>71,680</b>	<b>84,226</b>
FFO per unit (cents)	13.8	15.6
Distribution per unit (cents)	12.0	14.1

1. FFO is the Trust's underlying and recurring earnings from its operations. This is calculated as the statutory net profit adjusted for certain non-cash and other items



57 WYATT STREET, ADELAIDE SA



# Appendix C: Balance sheet

\$'000	FY24	FY23
Cash	17,495	17,287
Investment properties <sup>1</sup>	1,945,584	2,268,554
Trade and other receivables	7,302	9,000
Derivative financial instruments	4,288	13,336
Other assets	3,177	2,840
<b>Total assets</b>	<b>1,977,846</b>	<b>2,311,017</b>
Interest bearing liabilities <sup>2</sup>	824,551	893,576
Trade and other liabilities	26,972	47,493
Other liabilities <sup>3</sup>	50,404	53,604
<b>Total liabilities</b>	<b>901,927</b>	<b>994,673</b>
<b>Net assets</b>	<b>1,075,919</b>	<b>1,316,344</b>
Units on issue (thousands)	597,336	597,336
Net tangible assets per unit (\$)	1.80	2.20
Gearing (%) <sup>4</sup>	41.3	38.4

1. Investment properties of \$1.9bn includes a \$32.5m leasehold asset under AASB 16
2. Drawn debt net of borrowing costs
3. Includes \$17.9m distributions payable and lease liability of \$32.5m
4. Gearing is defined as total borrowings less cash divided by total assets less cash



101 MORAY STREET, SOUTH MELBOURNE VIC

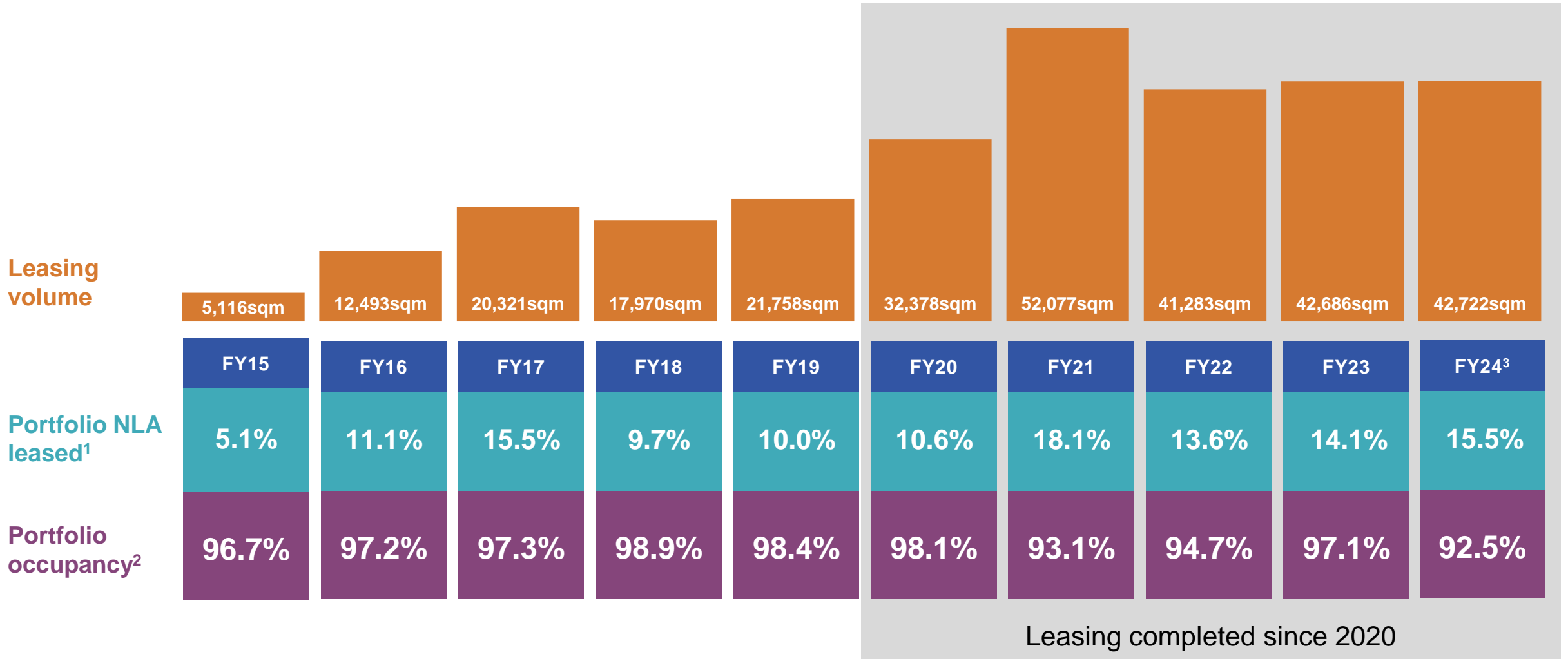
## Appendix D: Australian office market metrics

Market	Vacancy (%)	12 month net absorption (SQM)	12 month face rental growth (%)	Rental discount to Sydney CBD (%)	Proportion of market under construction (%)
Adelaide	16.0	54,798	5.7	(63.1)	3.4
Melbourne CBD	16.2	(96,548)	3.2	(48.2)	3.8
Melbourne fringe	15.2	41,925	4.8	(59.2)	5.5
Melbourne SES	11.6	9,520	2.5	(68.9)	3.4
Brisbane CBD	12.6	18,071	8.2	(44.0)	7.0
Brisbane fringe	14.8	68,534	7.1	(59.1)	0.1
Canberra	7.1	(23,030)	3.7	(68.8)	5.5
North Sydney	19.9	(30,819)	4.5	(31.4)	7.9
Chatswood	17.1	(17,856)	3.7	(51.0)	3.2
Parramatta	23.5	(6,141)	(0.5)	(56.6)	0.5
Perth CBD	18.5	7,188	2.5	(49.7)	1.8
St Leonards	27.8	(21,034)	4.0	(49.9)	0.9
Sydney CBD	14.4	(9,559)	4.0	-	4.2
Sydney fringe	7.7	(31,853)	1.7	(44.1)	4.4
Macquarie Park	17.6	(4,386)	4.0	(66.8)	3.6
West Perth	14.8	(1,748)	2.1	(66.2)	0.9

144 STIRLING STREET, PERTH WA

# Appendix E: COF leasing history

Centuria continued to deliver a strong track record of leasing



Past performance is not a reliable indicator of future performance

- 1. By area
- 2. By gross income
- 3. Includes heads of agreement (HOA)

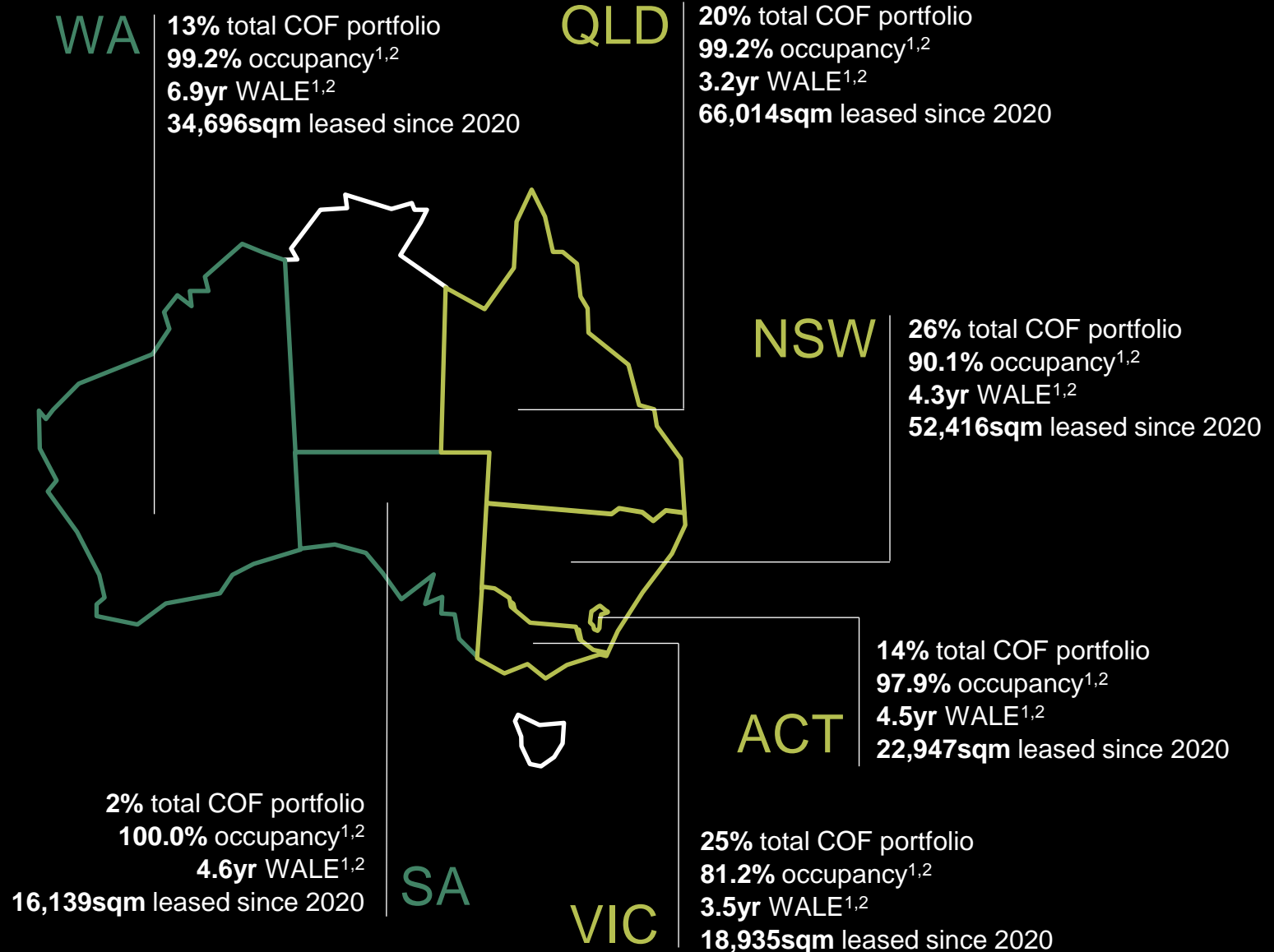
# Appendix F: Geographic breakdown

## COF's national portfolio

**93%**  
occupancy<sup>1,2</sup>

**4.3 yrs**  
WALE<sup>1,2</sup>

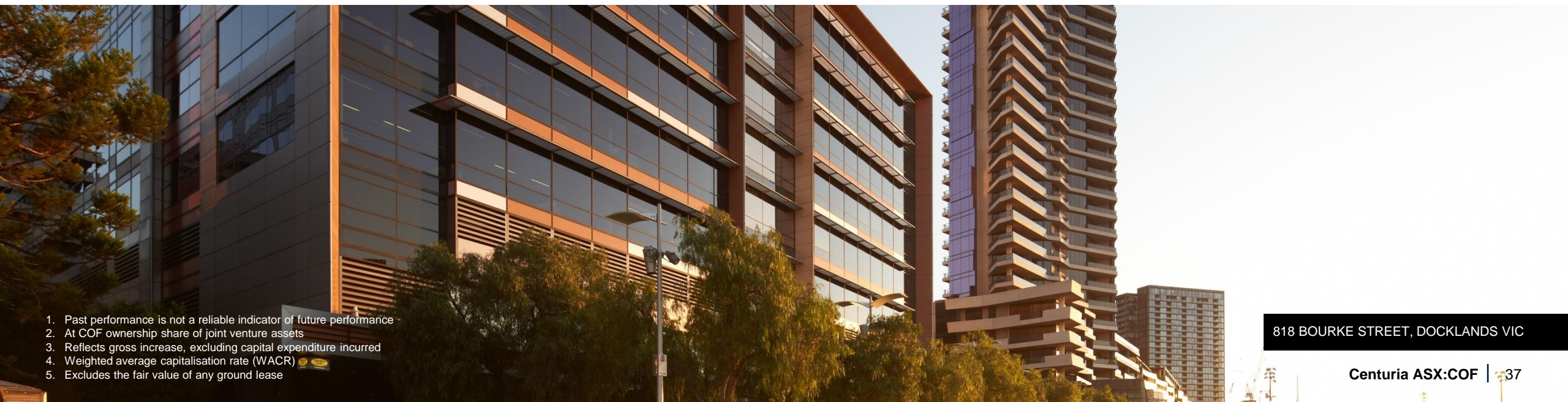
**211,146 sqm**  
Leased since 2020 (77% of NLA)



1. By gross income  
2. Includes heads of agreement and executed leases

# Appendix G: Like for like portfolio valuation summary <sup>1,2</sup>

State	FY24 valuation (\$M)	FY23 valuation (\$M)	Valuation movement <sup>3</sup>		FY24 WACR <sup>4</sup>	FY23 WACR <sup>4</sup>	Movement WACR <sup>4</sup>
			(\$M)	(%)	(%)	(%)	(BPS)
NSW	502.0	556.2	(54.2)	(9.74)	6.52	5.81	0.71
QLD	384.5	398.8	(14.3)	(3.59)	7.00	6.30	0.70
VIC	472.0	532.5	(60.5)	(11.36)	6.31	5.53	0.79
ACT	263.1	297.0	(33.9)	(11.41)	6.48	5.77	0.71
WA	256.5	266.3	(9.8)	(3.68)	6.73	6.64	0.09
SA	35.0	38.1	(3.1)	(8.14)	6.25	5.75	0.50
<b>Like-for-like portfolio/weighted average<sup>5</sup></b>	<b>1,913.1</b>	<b>2,088.9</b>	<b>(175.8)</b>	<b>(8.42)</b>	<b>6.58</b>	<b>5.93</b>	<b>0.65</b>



1. Past performance is not a reliable indicator of future performance  
 2. At COF ownership share of joint venture assets  
 3. Reflects gross increase, excluding capital expenditure incurred  
 4. Weighted average capitalisation rate (WACR)  
 5. Excludes the fair value of any ground lease

# Appendix H: Investment property portfolio

Property	State	Ownership (%)	Book value (\$M)	Capitalisation rate (%)	Area (SQM)	Area (\$/SQM)	WALE (years) <sup>1</sup>	Occupancy (%) <sup>1</sup>
8 Central Avenue, Eveleigh	NSW	50%	186.5	6.00%	36,570	10,200	6.8	100.0%
203 Pacific Highway, St Leonards	NSW	100%	117.0	6.75%	11,727	9,977	4.1	90.5%
9 Help Street, Chatswood	NSW	100%	84.5	6.75%	9,397	8,992	3.5	92.8%
201 Pacific Highway, St Leonards	NSW	50%	80.0	6.75%	16,589	9,645	2.1	70.9%
77 Market Street, Wollongong	NSW	100%	34.0	7.50%	6,597	5,154	2.3	90.0%
2 Phillip Law Street, Canberra	ACT	100%	207.1	6.20%	27,191	7,616	4.7	98.7%
60 Marcus Clarke Street, Canberra	ACT	100%	56.0	7.50%	12,051	4,647	3.7	95.4%
825 Ann Street, Fortitude Valley	QLD	100%	141.0	7.00%	19,139	7,367	2.7	100.0%
154 Melbourne Street, South Brisbane	QLD	100%	86.5	7.00%	11,217	7,712	3.9	99.7%
100 Brookes Street, Fortitude Valley	QLD	100%	82.5	7.00%	9,627	8,570	2.6	100.0%
485-517 Kingsford Smith Drive, Hamilton	QLD	100%	74.5	7.00%	9,182	8,114	4.0	100.0%
101 Moray St, South Melbourne	VIC	100%	178.0	5.75%	15,894	11,199	3.7	98.2%
818 Bourke Street, Docklands	VIC	100%	175.0	6.50%	23,072	7,585	3.5	56.0%
2 Kendall Street, Williams Landing	VIC	100%	61.5	6.88%	12,961	4,745	3.6	100.0%
584 Swan Street, Richmond	VIC	100%	57.5	6.88%	8,261	6,961	3.1	100.0%
57 Wyatt Street, Adelaide	SA	100%	35.0	6.25%	4,524	7,736	4.6	100.0%
235 William Street, Northbridge	WA	100%	151.0	6.50%	21,552	7,006	8.6	98.9%
144 Stirling Street, East Perth	WA	100%	65.0	7.25%	11,042	5,887	5.1	99.0%
42-46 Colin Street, West Perth	WA	100%	40.5	6.75%	8,412	4,815	4.8	100.0%
<b>Total portfolio (June 2024)<sup>2</sup></b>			<b>1,913.1</b>	<b>6.58%</b>	<b>275,003</b>	<b>6,957</b>	<b>4.3</b>	<b>92.5%</b>

1. By gross income (equity share)

2. Investment properties of \$1.9bn excludes a \$32.5m leasehold asset under AASB 16

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All dollar values are in Australian dollars (\$ or A\$) unless stated otherwise.

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