

Q1 FY24 Operating Update

- 5,397sqm of lease terms agreed across seven transactions; 96.7% occupancy¹, 4.1-year WALE²
- \$40m divestment of 35 Robina Town Centre Drive, Robina QLD settled on 31 August 2023
- 4-star GRESB rating achieved, demonstrating COF's commitment to sustainability
- Reaffirmed FY24 FFO guidance of 13.8cpu³ and distribution guidance of 12.0cpu³, current distribution yield 10.7%⁴

SYDNEY (Monday, 23 October 2023) - Centuria Office REIT (**ASX: COF**) is pleased to provide its Q1 FY24 update.

Grant Nichols, COF Fund Manager and Centuria Head of Office, said, "COF's geographically diversified Australian office portfolio continued to benefit from the increased leasing activity evident in many domestic office markets throughout Q1 FY24. In particular, the Brisbane and Perth markets, which continue to achieve strong leasing demand, demonstrated through positive net absorption.

"In fact, research throughout the past 12 months shows office occupier demand remains strongest in markets where COF's portfolio has significant exposure. Additionally, the bifurcation between prime office assets and secondary across the nation continues as the *flight to quality* trend becomes more pronounced. This benefits COF as 90% of its portfolio comprises A-Grade assets with an average young age of 17 years and a high 4.9-star NABERS SPI energy rating."

PROPERTY AND PORTFOLIO LEASING

Throughout Q1 FY24, terms were agreed⁵ or leases completed for 5,397sqm across seven separate transactions, mostly comprising lease renewals. COF's portfolio maintained 96.7% occupancy¹ and a 4.1-year WALE² as at 30 September 2023.

COF continues to attract good levels of leasing enquiry across its portfolio and we expect that the leasing momentum generated over the past two years will remain throughout FY24 as COF's high-quality, young, efficient and affordable office portfolio attracts and retains tenants.

TRANSACTIONS

The \$40million divestment of 35 Robina Down Centre Drive, Robina QLD settled on 31 August 2023. Sale proceeds were used to repay debt. The divestment reflected a c.5% discount to its 31 December 2022 book value. Details of the divestment were announced on 25 July 2023.

Additionally, the \$23million divestment 54 Marcus Clarke Street, Canberra is scheduled to settle in January 2024. The divestment reflects a c.1.7% discount to the 31 December 2022 book value of \$23.4 million.

SUSTAINABILITY

COF demonstrated its continuing commitment to Environmental, Social, and Governance (ESG) initiatives and improved sustainability performance by participating in the 2023 Real Estate GRESB⁶ Assessment. COF is pleased to disclose, for the first time, a strong 4-star GRESB rating.

COF also recently announced its new sustainability targets. COF is targeting Zero Scope 2 emissions⁷ with 100% of its portfolio's scope 2 electricity sourced from the equivalent of 100% renewable electricity by 2028. Additionally, the REIT aims to eliminate gas and diesel⁸ use from its operations, where possible, by 2035. COF continues to assess sustainability impacts on proposed transactions as part of its ESG Investment Approach, including physical climate risk assessments on all future acquisitions.

MARKET OVERVIEW

JLL's national office net absorption data for the 12 months to 30 September 2023 shows continued tenant demand for COF exposed markets: Brisbane Fringe (including Fortitude Valley and South Brisbane), Perth, Melbourne Fringe, Adelaide, and West Perth. Contrary to speculation that working from home will have an ongoing adverse impact on tenant demand, these markets have shown strong net absorption during the period. In addition, Adelaide, Brisbane, and the Sydney fringe markets experienced strong rental growth exceeding 5% throughout the past 12 months⁹.

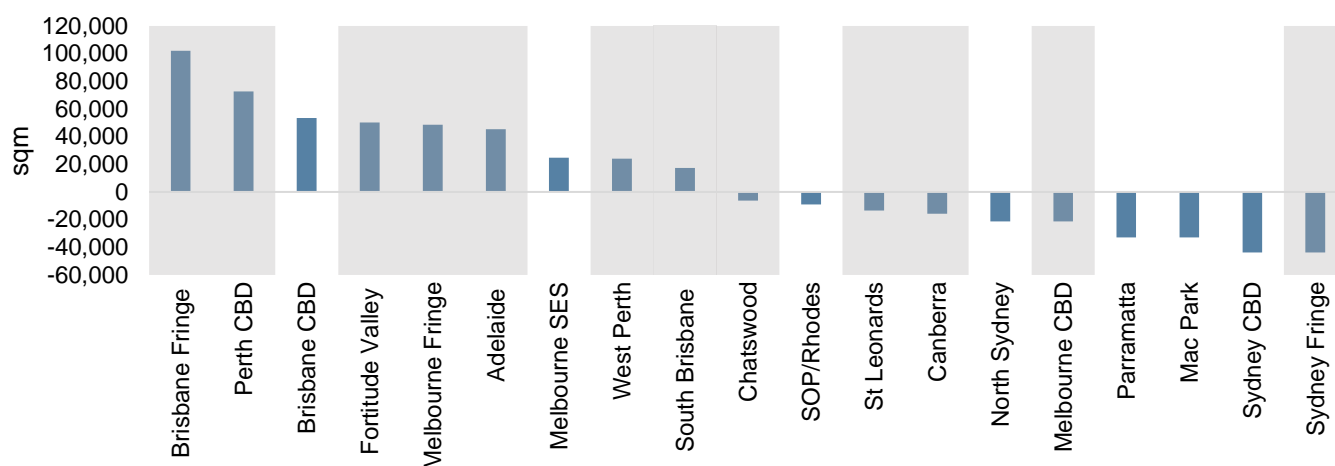
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By contrast, the weaker markets with more exposure to tech and financial services, Sydney and Melbourne CBDs, have continued to trend down in leasing activity, with negative net absorption figures reaching c.-43,000sqm and c.- 21,000sqm, respectively. These results are detailed in the following graph.

Australian office market 12-month net absorption



Source: JLL REIS National Office Summary Q3

■ 12mth absorption

■ COF exposed markets

COF's exposure to positively performing markets contributes to COF's robust leasing results, supporting the high portfolio occupancy.

FY24 GUIDANCE AND SUMMARY

COF reaffirms its FY24 FFO guidance of 13.8 cpu^3 and distribution guidance of 12.0 cpu^3 , to be paid in equal quarterly instalments, reflecting an annualised distribution yield of 10.7%⁴ based on COF's current trading price.

Mr Nichols concluded, "We remain optimistic about the future of Australian office markets given that tenant demand in a number of markets continues to outperform expectations, and we are likely to see a material reduction in future office supply due to increased construction costs and return requirements. Coupled with the continued strength of Australia's population growth and labour market, there is a positive medium term outlook for Australian office markets."

– Ends –

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

Grant Nichols

Fund Manager – COF

Centuria Office REIT

Phone: 02 8923 8923

Email: grant.nichols@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

Group Communications Manager

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 more than \$21billion in total assets under management (as at 30 June 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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Summary Information

The following disclaimer applies to this announcement and any information contained in it (the Information). The Information in this announcement is of general background and does not purport to be complete. It should be read in conjunction with COF's other periodic and continuous disclosure announcements lodged with ASX Limited, which are available at www.asx.com.au. You are advised to read this disclaimer carefully before reading or making any other use of this announcement or any Information contained in this announcement. In accepting this announcement, you agree to be bound by the following terms and conditions including any modifications to them.

Forward Looking Statements

This announcement may include forward-looking statements. These forward-looking statements are based on COF's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of COF, which could cause actual results to differ materially from such statements. COF makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of this announcement.

¹ Occupancy by gross income and including Heads of Agreement

² Weighted Average Lease Expiry (WALE) by gross income

³ 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

⁴ Based on COF closing unit price of \$1.12 on Friday, 20 October 2023

⁵ Includes Heads of Agreements and executed leases

⁶ GRESB provides standardised and validated ESG data to financial markets. It has become the leading ESG benchmark for real estate and infrastructure investments across the world, used by 150 institutional and financial investors to inform decision-making by providing insights on complex sustainability topics. For more information about GRESB, visit [GRESB.com](https://www.gresb.com)

⁷ COF will account for zero Scope 2 emissions by being powered by the equivalent of 100% renewable electricity through a combination of onsite solar and large-scale generation certificate (LGC) deals which match our consumption

⁸ COF will focus on eliminating gas and diesel where practicable, from equipment owned and operated by the Group. Gas and diesel equipment owned and operated by our tenants are excluded from COF's sustainability target.

⁹ Source: JLL REIS National Office Summary Q3 2023