



Centuria Office REIT

MARKET UPDATE

ASX:COF | 13 OCT 2021

Centuria



A QUALITY PORTFOLIO OF
HIGHLY CONNECTED AND
AFFORDABLE OFFICE SPACE
WITHOUT SINGLE MARKET
CONCENTRATION

COF: NISHI, 2 PHILIP LAW STREET, CANBERRA, ACT

COF: 54 MARCUS CLARKE STREET, CANBERRA, ACT

COF: 60 MARCUS CLARKE STREET, CANBERRA, ACT

Agenda

1. Vision, Strategy and Objectives
2. Overview
3. Financial Results
4. Portfolio Metrics
5. Market Overview & Guidance
6. Appendices

A leading Australasian real estate funds manager

Centuria

CPFL is the responsible entity for COF and a wholly owned subsidiary of Centuria Capital Group (CNI)

\$18.1bn GROUP AUM

\$17.2bn REAL ESTATE AUM¹

\$6.1bn
LISTED REAL ESTATE

\$11.1bn
UNLISTED REAL ESTATE

\$0.9bn
INVESTMENT BONDS

\$3.5bn
CENTURIA
INDUSTRIAL REIT
ASX:CIP

\$2.3bn
CENTURIA
OFFICE REIT
ASX:COF

\$0.3bn
ASSET PLUS
LIMITED
NZX:APL

\$7.8bn
SINGLE
ASSET
FUNDS

\$1.5bn
MULTI ASSET
CLOSED ENDED
FUNDS

\$1.8bn
MULTI ASSET
OPEN ENDED
FUNDS

CENTURIA LIFE
CENTURIA
INVESTMENT BONDS
GUARDIAN FRIENDLY
SOCIETY



VISION

To be Australia's leading pure play 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 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

Executing COF's strategy – A strong start to FY22

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Portfolio Construction

1

- Portfolio expanded to 23 high quality office assets and \$2.3bn¹ portfolio value with an average building age of **15.7 years**¹
- Over 90% of assets are A-Grade, demonstrating the level of underlying quality²
- Highly sustainable portfolio, average NABERS Energy rating of **4.7 Stars**
- Portfolio diversification with no single market exposure greater than 15%³

Active management

2

- Strong tenant covenants with Australian Federal and State Governments representing c.**25%** of gross income
- Diversified lease expiry profile, c.**67%** of leases expiry at or beyond FY25⁴
- 94.0% portfolio occupancy⁴ and WALE⁴ of 4.3 years

Capital management

3

- Gearing⁵ of 33.7%
- Additional \$100m debt tranche added
- Weighted Average Debt Maturity extended to 4.3 years, Weighted Average Cost of Debt remains a competitive 2.4%, sixth bank added to diversified lender pool

Earnings and distribution guidance

4

- FY22 FFO⁶ guidance of no less than 18.0 cents per unit
- FY22 distribution guidance of 16.6 cents per unit, reflecting an 6.8% distribution yield⁷
- Included in the S&P/ASX300 Index and FTSE EPRA Nareit Global Developed Index

1. Assuming the acquisition of the remaining 50% interest in 203 Pacific Highway, St Leonards proceeds
2. Based on valuer's assessment of PCA guidelines
3. Based on value (30 June 2021), including 101 Moray Street, South Melbourne VIC and the proposed acquisition of the remaining 50% interest in 203 Pacific Highway, St Leonards
4. By gross income, as at 30 September 2021

5. Gearing is defined as total borrowings less cash divided by total assets less cash and goodwill. As at 30 June 2021 adjusted for the impact of the Acquisitions and Equity Raising. If the acquisition of 203 Pacific Highway does not proceed, COF expects pro forma gearing to be 31.5%
6. Assumes the acquisition of 203 Pacific Highway proceeds. If the acquisition does not proceed, COF expects FY22 FFO to be 17.6 cpu
7. Based on COF closing price of \$2.44 per unit on 8, October 2021



203 PACIFIC HIGHWAY, ST LEONARDS, NSW

COF provides quality, highly connected and affordable office space

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With exposure to Australia's better performing office markets



Balanced geographic diversification **without single market concentration**



Portfolio of young assets



Access to recreational amenity, **essential retail & hospitality**



Connectivity with **key transport nodes & reduced commute time**



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

✓ COF's largest single market exposure is c.15%

✓ Average asset age c.15.7 years

✓ All assets within close proximity to a mix of retail and hospitality amenity

✓ All assets serviced by public transport links
✓ c.80% of assets within close proximity of heavy rail

✓ Avg. portfolio rents of less than \$500psm net



42-46 COLINS STREET, WEST PERTH, WA



235 WILLIAM STREET, NORTHBRIDGE, WA



2 KENDALL STREET, WILLIAMS LANDING, VIC



201-203 PACIFIC HIGHWAY, ST LEONARDS, NSW

A high-quality geographically diversified portfolio

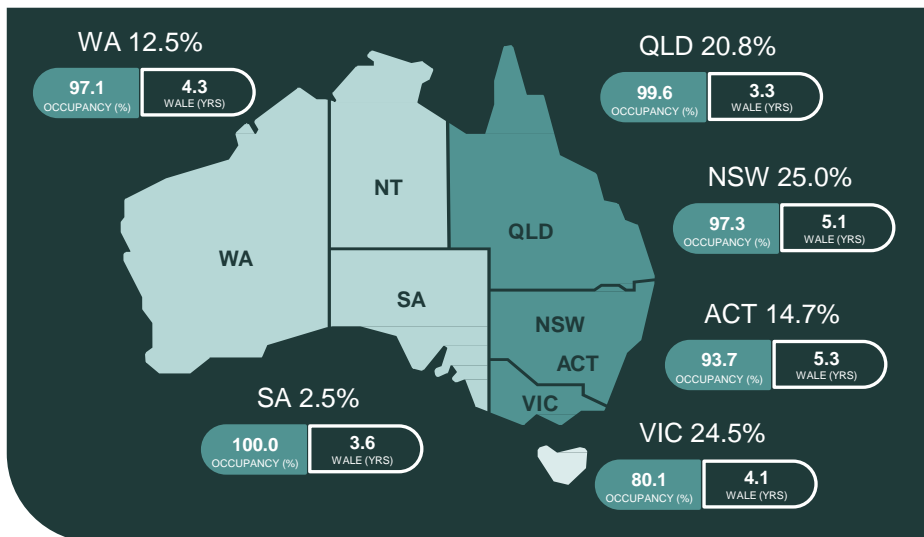
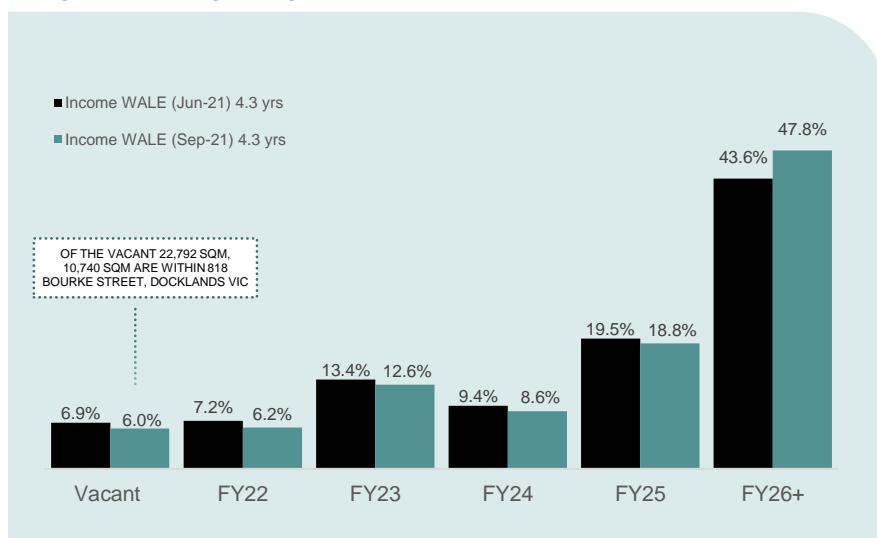
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Over 45,000sqm of completed leasing over the past 12 months, representing 15% of COF's portfolio

PORTFOLIO SNAPSHOT

		Q1 FY22	FY21
Number of assets	#	23 ⁶	22
Book value ¹	\$m	2,287	2,014.3
WACR ¹	%	5.73	5.81
NLA	sqm	302,680	287,007
Occupancy ²	%	94.0	93.1
WALE ²	yrs	4.3	4.3
Average NABERS Energy rating (by value)	Stars	4.7	4.7
Average NABERS Water rating (by value) ⁵	Stars	3.2	3.2
Buildings generating solar power	no.	6	6
Average building age (by value)	Yrs	15.7	16.8

WEIGHTED AVERAGE LEASE EXPIRY



4,937sqm

PORTFOLIO NLA LEASED IN Q1 FY22^{3,4}

45,146sqm

PORTFOLIO NLA LEASED IN PAST 12 MONTHS^{3,4}

3,022sqm

8 NEW TENANTS IN Q1 FY22^{3,4}

25,878sqm

36 NEW TENANTS IN PAST 12 MONTHS^{3,4}

1. As at 30 June 2021

2. By gross income, as at 30 September 2021

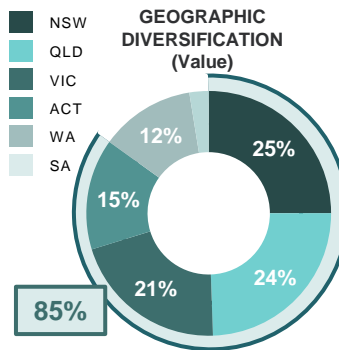
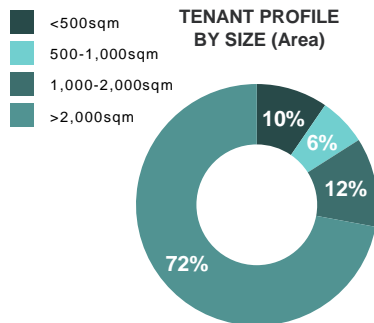
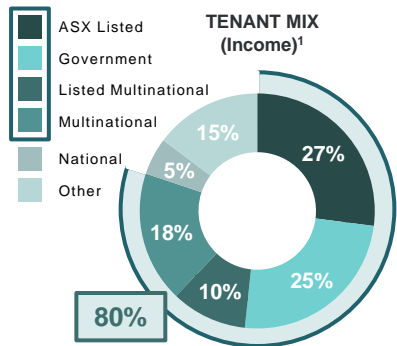
3. By area

4. Includes Heads of Agreement

5. Insufficient data for FY20






6. Increases by one asset given existing 50% interest in 203 Pac Hwy

Portfolio income underpinned by diverse, quality tenants



80% of portfolio income derived from federal and state government, ASX listed and multinational tenants

TOTAL GOVERNMENT EXPOSURE 24.6%

COMMONWEALTH	WA	QLD	NSW	SA
33,136sqm four properties 14.1% of income	14,288sqm two properties 4.4% of income	7,626sqm two properties 2.9% of income	8,555sqm two properties 2.1% of income	2,860sqm one property 0.9% of income
 Australian Government	 GOVERNMENT OF WESTERN AUSTRALIA	 Queensland Government	 NSW GOVERNMENT	 Government of South Australia

- **COF** has no single market concentration with no state having greater than a **25%** allocation
- Approximately **80% of income** derived from government, listed or multinational tenants
 - **25%** of income derived from government tenants
- **Average tenant size of 980sqm** across the portfolio
 - **72%²** of tenants are at least 2,000sqm
- **The Australian Federal Government** is the only tenant making up more than **5%** of COF's income

1. By income
2. By area

101 Moray Street, South Melbourne VIC

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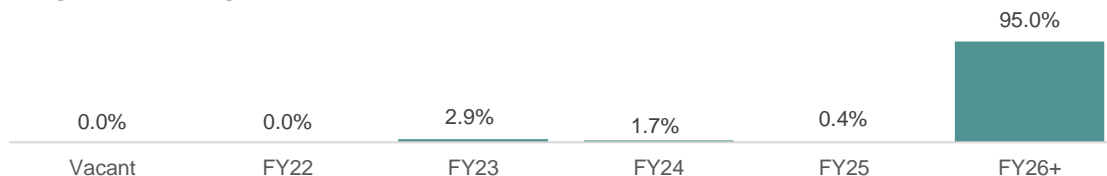
New asset completed in 2020 that was entirely leased through COVID-19



DESCRIPTION

- Prime A-Grade office asset completed in 2020, 100% occupancy and 6.3 year WALE (by income)
- The Property comprises meeting rooms, collaborative workspaces, cafes, restaurants, 6 upper levels with flexible floorplates, secure basement parking for 240 cars and high end amenities including:
 - End of trip facilities, basketball court and gym with access to personal trainers, secure cloud-based platform for connectivity, concierge services and a state of the art air filtration system
- No major tenant expiry until year 5 and no single tenant occupying more than 30% of NLA
- 4.5 star NABERs Energy rating and 4.0 star Green Star Rating

LEASE EXPIRY PROFILE ⁵



ASSET SUMMARY

Ownership	100% ³
Purchase Price ¹	\$205.1m
Net Lettable Area ²	15,908 sqm
Site Area	4,058 sqm
NABERs Energy Rating	4.5 star ⁴
Levels	8
Building Constructed	2020
Car Spaces	240
Occupancy (by income)	100%
WALE (by income)	6.3 years

MAJOR TENANTS

Tenant	NLA (sqm)	Gross Income	% of Income	Rent Review	Lease Expiry
Central House	4,742	\$3.4m	29%	3.00%	Jan-26
SCA	2,869	\$2.1m	17%	3.25%	Jul-32
Ooh! Media	2,039	\$1.5m	13%	3.50%	Jun-30

1. COF's interest
2. On 100% basis
3. Freehold interest

4. Target rating
5. By gross income

203 Pacific Highway, St Leonards NSW

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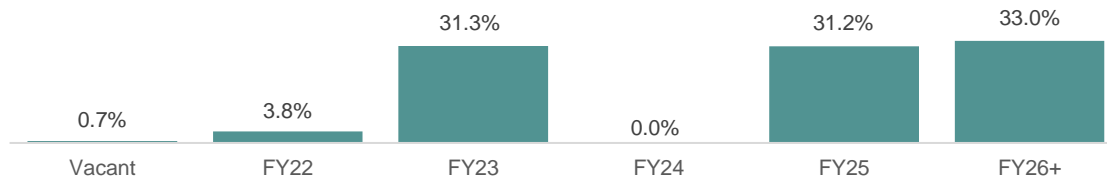
Consolidation of existing interest in the St Leonards business precinct



DESCRIPTION

- Modern A-Grade office asset, completed in 2000, 99.3% occupancy and 3.9 year WALE (by income)
- The Property comprises a modern 11 level commercial office building with seven retail tenancies on the ground floor and secure basement parking for 151 cars
- The Property has a diversified tenancy mix including Healius, Verizon Australia and Cardno
- Centuria has a proactive leasing plan in place relating to the upcoming Healius expiry
- 5.0 star NABERs Energy rating, 4.0 star NABERs Water rating
- The purchase will increase COF's interest¹ from 50% to 100%

LEASE EXPIRY PROFILE ²



ASSET SUMMARY

Ownership	100% ¹
Purchase Price	\$68.0m
Net Lettable Area	11,735 sqm
Site Area	4,690 sqm
NABERs Energy Rating	5.0 star
Levels	11
Building Constructed	2000
Car Spaces	151
Occupancy (by income)	99.3%
WALE (by income)	3.9 years

MAJOR TENANTS

Tenant	NLA (sqm)	Gross Income	% of Income	Rent Review	Lease Expiry
Healius	4,162	\$3.1m	30%	3.75%	Sep-22 ³
Verizon Australia	3,528	\$3.1m	30%	4.00%	Jun-25
Cardno	3,503	\$3.1m	30%	4.00%	Mar-29

1. Leasehold interest increase from 50% to 100%

2. By gross income

3. CPFL understands the tenant will not be renewing this lease

Sustainability at Centuria Capital

Developing a flexible and relevant sustainability framework

Centuria Office REIT is externally managed by Centuria Capital (ASX:CNI) and benefits from Centuria Capital's sustainability approach.

Centuria Capital will be releasing its first Sustainability Report later this year. Highlights relating to Centuria Office REIT to be featured in this report are summarised here.

ENVIRONMENTAL



ESG Reporting

Centuria Capital to release its first Sustainability Report



Climate Action

Supports the recommendations of the TCFD



Environmental data

Energy, emission (scope 1 & 2), and water data collected for assets within COF



CENTURIA OFFICE REIT

NABERS Sustainability Portfolio Index Ratings
4.7 Energy | 3.2 Water

SOCIAL



Member of the Diversity Council of Australia

91%

Tenant engagement¹
91% of surveyed tenants would recommend Centuria as an asset manager

\$1.0bn

Specialised healthcare real estate under management
Completed \$72.2m of social and affordable housing

94%

Employee engagement²
94% of employees enjoy working at Centuria

GOVERNANCE

BOARD DIVERSIFICATION

Appointment of 4 independent directors to Group and RE Boards

CENTURIA CAPITAL: Kristie Brown (ASX:COF) **CPFL:** Nicole Green (ASX:CIP) **CPFL2:** Jennifer Cook, Natalie Collins



Culture & ESG Board Committee Established

Oversight of modern slavery, diversity & inclusion, climate change

First Modern Slavery Statement delivered

Over a third of Cleaning Contract by value assessed using the Property Council of Australia Informed 365 platform



GENDER DIVERSITY AT CENTURIA

62% male employees
38% female employees

Employee training

Code of Conduct
Financial Education
Cyber security

1. Centuria Capital undertake regular tenant surveys. The figure reported is from the Group's FY21 survey
2. Centuria Capital undertake regular employee engagement surveys The reported figure is from the Group's FY21 survey

COF is exposed to Australia's better performing office markets

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MARKET ¹	VACANCY (%)	6 MTH NET ABSORPTION (SQM)	12 MTHS NET ABSORPTION (SQM)	RENTAL DISCOUNT TO SYDNEY CBD (%)	UPCOMING SUPPLY (SQM)	COF EXPOSURE (%)
SYDNEY CBD	13.0	25,895	(38,402)	n.a	175,676	0.0%
SYDNEY FRINGE	8.5	13,890	11,868	(44.1)	2,053	10.4%
CHATSWOOD	15.6	1,832	6,500	(48.4)	0	4.8%
ST LEONARDS	20.0	(9,858)	(17,967)	(46.0)	20,208	12.6%
MELBOURNE CBD	15.0	30,645	(93,702)	(45.3)	108,190	11.4%
MELBOURNE FRINGE	15.5	41,769	54,349	(57.1)	213,524	14.0%
BRISBANE CBD	15.8	(3,868)	(12,887)	(47.1)	0	0.0%
BRISBANE FRINGE	18.4	7,344	(11,285)	(58.7)	88,275	0.0%
ADELAIDE	16.4	9,707	197	(63.0)	88,643	1.0%
PERTH	19.1	8,438	12,664	(44.7)	25,200	0.0%
WEST PERTH	22.3	5,687	2,987	(63.2)	0	1.8%
CANBERRA	6.4	30,727	52,938	(66.9)	84,000	17.4%

- **Positive net absorption** evident in a number of COF's markets
- Several markets demonstrated **improved tenant demand** throughout Q1 FY22
- COF exposed markets generally have **lower upcoming supply**
- **COF** exposed market rents average a **significant discount** to Sydney CBD

Strong investment demand for metropolitan office assets

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Transaction evidence underpins COF NTA

- A basket of comparable property transactions strongly support COF valuations
- Transaction evidence suggests further cap rate compression across COF's portfolio
- Increased transactional activity occurred since September 2020
- Deep capital pool from domestic and offshore investors
- Strong demand for metropolitan and regional assets
 - Reflects investment demand for assets that offer relative affordability and accessibility for occupiers

5.13%²

AVERAGE CAP RATE

5.73%²

COF AVERAGE CAP RATE

(0.60%)

DIFFERENCE CAP RATE

10,093²

AVERAGE RATE
(\$psqm)

8,454²

COF AVERAGE RATE
(\$psqm)

1,639

DIFFERENCE RATE
(\$psqm)

PROPERTY	STATE	DATE	PRICE (\$m) ¹	CAP RATE ¹	RATE ¹ (\$psqm)	OCCUPANCY ¹	WALE ¹
Pinnacle, 4 Drake Street, Macquarie Park	NSW	Sep-20	306.0	5.25%	8,777	96.4%	4.6
45 Kembla Street, Wollongong	NSW	Sep-20	57.4	5.40%	8,820	100.0%	7.1
1 Giffnock Avenue, Macquarie Park	NSW	Sep-20	167.2	5.75%	8,628	100.0%	3.0
Schneider, North Ryde	NSW	Sep-20	145.0	5.10%	9,900	74.9%	7.0
ATO, 45 Kembla Street, Wollongong	NSW	Sep-20	58.4	5.13%	8,820	100.0%	6.9
14 Stratton Street, Newstead	QLD	Oct-20	122.5	4.84%	13,478	100.0%	10.0
Aust. Naval Infra., 620 Mersey Road, Osborne	SA	Oct-20	48.7	5.03%	6,086	100.0%	9.3
60 Miller Street, North Sydney	NSW	Oct-20	273.0	5.24%	14,061	96.0%	3.0
53 Berry Street, North Sydney	NSW	Nov-20	54.0	5.07%	15,690	100.0%	2.4
1-5 Thomas Holt Drive, Macquarie Park	NSW	Feb-21	295.0	5.70%	7,528	100.0%	4.3
Quads 2 and 3, Sydney Olympic Park	NSW	Mar-21	66.1	6.40%	6,591	72.0%	1.3
3 Richardson Place, North Ryde	NSW	Mar-21	115.0	6.20%	6,691	100.0%	2.6
68 Waterloo Road, Macquarie Park	NSW	Apr-21	106.5	5.30%	7,897	100.0%	3.9
11 Murray Rose Avenue, Sydney Olympic Park	NSW	Apr-21	53.5	5.38%	9,412	97.2%	5.2
241 O'Riordan Street, Mascot	NSW	Apr-21	151.5	5.94%	7,956	97.7%	2.6
UNSW, 221-227 Anzac Parade, Kensington	NSW	Apr-21	80.2	5.10%	7,501	100.0%	10.8
545 Queen Street, Brisbane	QLD	May-21	117.5	6.02%	8,793	100.0%	4.2
395-405 Royal Parade, Parkville	VIC	May-21	138.7	4.50%	10,429	100.0%	12.3
ATO 913 Whitehorse Road, Box Hill	VIC	May-21	230.0	4.60%	11,534	100.0%	8.4
25 Cowlishaw Street, Greenway	ACT	May-21	306.0	4.38%	11,746	100.0%	10.1
Red Cross 17 O'Riordan Street, Alexandria	NSW	May-21	159.0	4.40%	12,519	100.0%	9.7
ATO 520 Smollett Street, Albury	NSW	May-21	84.5	5.50%	7,987	100.0%	6.9
38 Sydney Avenue, Barton	ACT	Jun-21	73.8	5.05%	8,286	100.0%	8.3
33 Richmond Road, Keswick	SA	Jun-21	80.0	5.00%	12,247	85.0%	11.8
25 Constitution Ave, Canberra	ACT	Jun-21	115.1	5.74%	6,901	100.0%	6.0
37 Epping Road, North Ryde	NSW	Jul-21	55.0	5.50%	6,817	100.0%	3.2
1 McNab Avenue, Footscray1	VIC	Aug-21	224.0	4.67%	11,000	100.0%	11.8
11 Wilson Street, South Yarra	VIC	Aug-21	73.5	4.77%	11,504	100.0%	7.1
34 Southgate Avenue, Cannon Hills	QLD	Aug-21	36.0	5.00%	10,227	100.0%	10.0
1 Woolworths Way, Bella Vista	NSW	Sep-21	463.3	5.16%	10,648	100.0%	10.0
9 Wentworth Street, Parramatta	NSW	Sep-21	64.0	5.36%	8,365	94.0%	2.3
25 Nile Street, Port Adelaide	SA	Sep-21	62.8	4.74%	9,815	100.0%	11.4
39-47 Regent Street, Chippendale	NSW	Sep-21	68.5	4.00%	17,820	100.0%	10.3
TRANSACTIONS²	AVERAGE (WEIGHTED)		134.9	5.13%	10,093	97.7%	6.8
PORTFOLIO	COF		99.5	5.73%	8,454	94.0%	4.3
CHANGE	DELTA		35.4	-0.60%	1,639	3.7%	2.5

1. Metrics approximate and based on market sources

2. Weighted average

Sources: m3, KF and Savills.

Key metrics – Australia’s largest ASX listed pure play office REIT

Centuria

Included in the S&P/ASX300 Index and FTSE EPRA Nareit Global Developed Index

PORTFOLIO ¹



\$2.3bn

Portfolio book value and 23 high quality assets



15.7yrs

Avg building age by value



94.0%

Portfolio occupancy ²



4.3yrs

Portfolio WALE ²

FINANCIAL ¹



18.0cpu

FY22 FFO ³



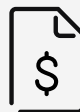
16.6cpu

FY22 DPU



6.8%

Forecast FY22 DPU yield ⁴



\$1.5bn

Market capitalisation ⁴



33.7%

Gearing ⁵



\$2.44

Net tangible assets ⁶

1. Assuming the acquisition of 203 Pacific Highway proceeds

2. By gross income, as at 30 September 2021

3. Assumes the acquisition of 203 Pacific Highway proceeds. If the acquisition does not proceed, COF expects FY22 FFO to be 17.6 cpu

4. Based on the unit price at 8 October 2021 of \$2.44

5. Gearing is defined as total borrowings less cash divided by total assets less cash and goodwill; As at 30 June 2021

adjusted for the impact of the Acquisitions and Equity Raising. If the acquisition of 203 Pacific Highway does not proceed, COF expects pro forma gearing to be 31.5%

6. As at 30 June 2021 adjusted for the impact of the Acquisitions and Equity Raising. If the acquisition of 203 Pacific Highway does not proceed, COF expects pro forma NTA per unit to be \$2.45

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