

2 FEBRUARY 2023

ASX:COF

# Centuria Office REIT

HY23 RESULTS

Centuria



NISHI, 2 PHILLIP LAW STREET, CANBERRA ACT





## ACKNOWLEDGEMENT OF COUNTRY

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

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

101 MORAY STREET, SOUTH MELBOURNE VIC





A PORTFOLIO WITHOUT SINGLE  
MARKET CONCENTRATION

# Overview

SECTION ONE

Centuria

8 CENTRAL AVENUE, SOUTH EVELEIGH NSW

# Key metrics

A high-quality, geographically diversified portfolio

## Financial



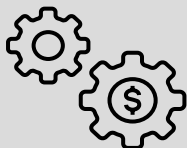
**15.8cpu**

FY23 FFO Guidance



**8.8%**

FY23 DPU Yield<sup>1</sup>  
FY23 DPU Guidance 14.1cpu



**35.6%**

Gearing<sup>2</sup>



**\$2.40**

Net tangible assets  
per unit<sup>3</sup>

## Portfolio



**\$2.3bn**

Portfolio book value  
across 23 assets



**96.4%**

Portfolio occupancy<sup>4,6</sup>



**4.2 yrs**

Portfolio WALE<sup>4</sup>



**4.8**

NABERS SPI  
energy rating<sup>5</sup>

1. Based on COF closing unit price of \$1.60 on Tuesday, 31 January 2023

2. Gearing defined as total borrowings less cash divided by total assets less cash

3. NTA per unit is calculated as net tangible assets divided by number of units on issue

4. By gross income

5. Excluding non-rated assets

6. Includes Heads of Agreement

# HY23 summary

## Strong leasing outcomes improve portfolio occupancy

### Total occupancy increased 1.7% to 96.4%<sup>2</sup>

1

- 15,084 sqm of leases executed, representing 5.0% of the portfolio's NLA
- Signed Heads of Agreement received for a further 15,336 sqm, representing 5.0% of portfolio's NLA, including:
  - 818 Bourke Street, Docklands: 7,151 sqm, increasing occupancy to 93%
  - 203 Pacific Highway, St Leonards: 2,427 sqm, increasing occupancy to 90%
- Over 24,000 sqm of total leasing related to previously vacant space
- Portfolio occupancy increased to 96.4%<sup>1,2</sup>, WALE of 4.2<sup>1</sup> years
- Wyatt Street pre-commitment increased to 76% of NLA

### Portfolio & fund metrics

2

- Average building age of 17 years<sup>3</sup>, 90% A-grade assets in COF portfolio
- NABERS SPI energy rating of 4.8 stars<sup>4</sup>
- \$2.40 net tangible assets per unit
- Weighted average capitalisation rate of 5.75%
- HY23 rent collections of 97%
- Substantial undrawn debt \$101.5m<sup>5</sup>, ample debt covenant headroom, and no debt expiry until FY25

### FY23 guidance reiterated

3

- FY23 FFO guidance<sup>6</sup> of 15.8cpu, FY23 distribution guidance<sup>6</sup> of 14.1cpu
- FY23 forecast FFO yield of 9.9%<sup>7</sup>
- FY23 forecast distribution yield of 8.8%<sup>7</sup>

1. By gross income

2. Includes Heads of Agreement

3. By value

4. Excluding non-rated assets

5. Headroom reflects undrawn debt (including a \$1.5m bank guarantee held as security over the 46 Colin Street, West Perth WA ground lease)

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

7. Based on COF closing unit price of \$1.60 on Tuesday, 31 January 2023

818 BOURKE STREET, DOCKLANDS VIC





# COF: Vision, strategy and objectives

## 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 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

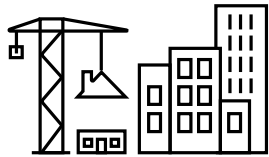
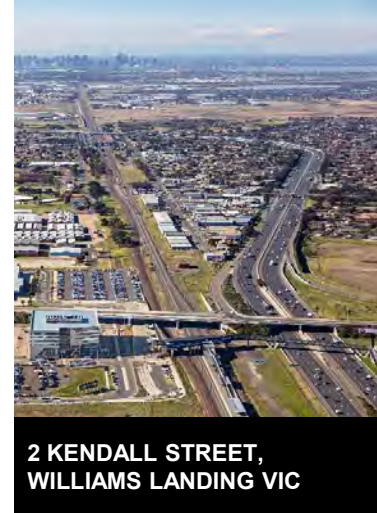
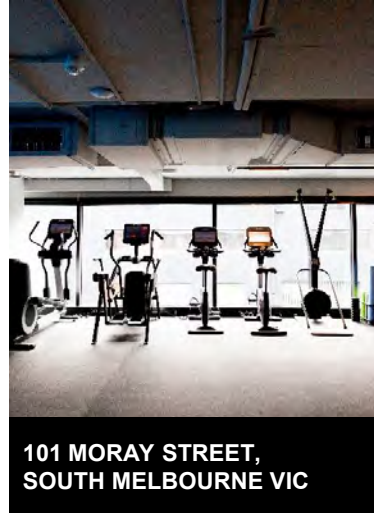
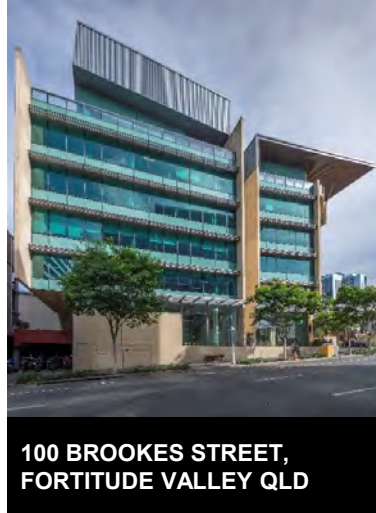
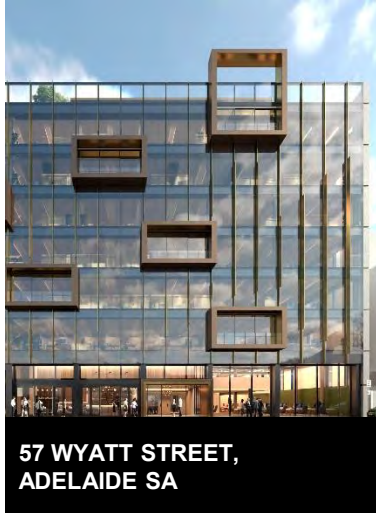
A robust and diversified capital structure, with appropriate gearing.

### Unlock opportunities to create further value

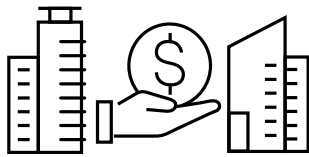
Continue to enhance the portfolio and upgrade asset quality.

# COF provides quality, highly connected and affordable office space

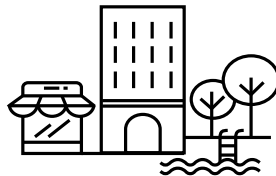
Included in the S&P/ASX 300 Index and FTSE/EPRA Nareit Global Developed Index



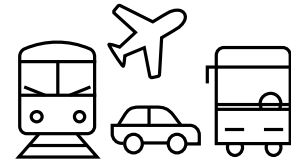
Portfolio of young assets



COF exposed market rents average a significant discount to Sydney CBD



COF assets provide access to wellbeing amenity, retail and hospitality



Connectivity with key transport nodes and reduced commute times

## COF portfolio strategic metrics

**17yrs**

Average asset age<sup>1</sup>

**90%**

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

**4.8stars**

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

**c. \$550psqm**

Avg. net rents

**1,750 sqm**

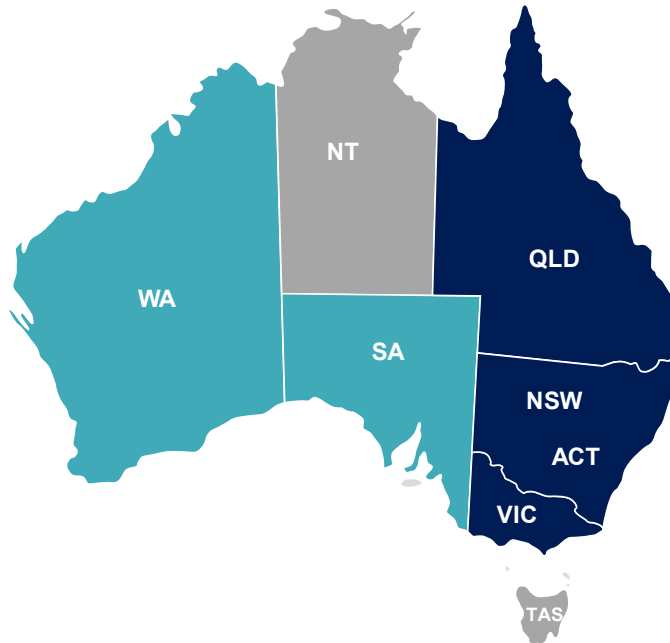
Avg. floorplate size

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

# COF is a geographically diversified portfolio

Exposed to outperforming office markets, enabling strong leasing outcomes

- Over 150,000 sqm of leasing completed since first impact of COVID in 2020, representing c.51% of portfolio NLA
- Many COF exposed markets have recorded solid 6 month and 12 month net absorption
- COF exposed markets generally have higher office occupancy rates



## COF National portfolio

**96.4% occupancy<sup>1,2</sup>**

**4.2 yrs WALE<sup>1</sup>**

**>150,000 sqm leased since 2020**

## Australian office physical occupancy rates<sup>3</sup>

Market	Average	Peak
Adelaide	74%	77%
Brisbane	67%	73%
Canberra	52%	67%
Melbourne	57%	75%
Perth	80%	88%
Sydney	59%	74%

## WA

**12% total COF portfolio**  
**99.8% occupancy<sup>1,2</sup>**  
**4.5yrs WALE<sup>1</sup>**  
**19,322sqm leased since 2020**

## SA

**3% total COF portfolio**  
**100.0% occupancy<sup>1,2</sup>**  
**4.9yrs WALE<sup>1</sup>**  
**15,209sqm leased since 2020**

## QLD

**21% total COF portfolio**  
**96.4% occupancy<sup>1,2</sup>**  
**3.1yrs WALE<sup>1</sup>**  
**51,272sqm leased since 2020**

## ACT

**15% total COF portfolio**  
**97.9% occupancy<sup>1,2</sup>**  
**5.2yrs WALE<sup>1</sup>**  
**19,164sqm leased since 2020**

## NSW

**25% total COF portfolio**  
**91.8% occupancy<sup>1,2</sup>**  
**4.5yrs WALE<sup>1</sup>**  
**36,515sqm leased since 2020**

## VIC

**24% total COF portfolio**  
**96.9% occupancy<sup>1,2</sup>**  
**4.2yrs WALE<sup>1</sup>**  
**14,675sqm leased since 2020**

1. By gross income

2. Includes Heads of Agreement

3. PCA November 2022 occupancy survey



# 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

**\$21.2bn**  
Group AUM<sup>1</sup>

**\$20.4bn**  
Real estate AUM

**\$6.5bn**  
Listed real estate

**\$13.9bn**  
Unlisted real estate

**\$0.8bn**  
Investment bonds

**\$3.9bn**  
Centuria  
Industrial REIT  
ASX:CIP

**\$2.4bn**  
Centuria  
Office REIT  
ASX:COF

**\$0.2bn**  
Asset Plus  
Limited  
NZX:APL

**\$8.5bn**  
Single  
asset  
funds

**\$2.8bn**  
Multi-asset  
closed ended  
funds

**\$2.6bn**  
Multi-asset  
open ended  
funds

Centuria Life  
Centuria  
Investment Bonds  
Guardian Friendly  
Society

Note: AUM as at 31 December 2022. All figures above are in Australian dollars (currency exchange ratio of AU\$1.000:NZ\$1.0711 as at 31 December 2022).  
Numbers presented may not add up precisely to the totals provided due to rounding  
1. Includes asset exchanged to be settled, cash and other assets

# Cirque by Centuria demonstrates CNI's commitment to office

A truly flexible work solution



- **cirque** is Centuria's national network of flexible workspace sites, initially located at 9 Help Street, Chatswood and 154 Melbourne Street, South Brisbane
- Strong focus on technology, state of the art work hubs, with best in class amenities
- Servicing precincts with limited comparable flexible space competition.







CONNECTIVITY WITH KEY  
TRANSPORT NODES AND  
REDUCED COMMUTE TIMES

# Financial results

## SECTION TWO

Centuria



# Funds from operations (FFO)

REVENUE		HY23	HY22	VARIANCE
Gross property income	\$m	92.0	90.8	1.2
<b>Total revenue</b>	<b>\$m</b>	<b>92.0</b>	<b>90.8</b>	<b>1.2</b>
EXPENSES				
Direct property expenses	\$m	(19.9)	(18.1)	(1.8)
Responsible entity fees	\$m	(6.6)	(6.1)	(0.5)
Finance costs	\$m	(15.7)	(9.4)	(6.3)
Management and other administrative expenses	\$m	(1.2)	(1.1)	(0.1)
Expected credit loss and rental waiver expense	\$m	(0.1)	(1.3)	1.2
<b>Total expenses</b>	<b>\$m</b>	<b>(43.4)</b>	<b>(36.1)</b>	<b>(7.3)</b>
<b>Funds from operations (FFO)<sup>1</sup></b>	<b>\$m</b>	<b>48.6</b>	<b>54.7</b>	<b>(6.1)</b>
Weighted average units on issue	m	597.3	597.3	0.0
Funds from operation per unit <sup>1</sup>	cpu	8.1	9.2	(1.1)
Distributions	\$m	42.1	49.4	(7.3)
Distribution per unit	cpu	7.05	8.30	(1.3)
Net tangible assets per unit <sup>2</sup>	\$	2.4	2.5	(0.1)
Return on equity <sup>3</sup>	%	2.2	3.7	(1.5)
Payout ratio (% of FFO) <sup>4</sup>	%	86.7	90.7	(4.0)

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. Return on Equity is calculated as closing NTA minus opening NTA plus distributions divided by opening NTA per unit
4. Payout ratio equal to distributions per unit divided by FFO per unit for the period



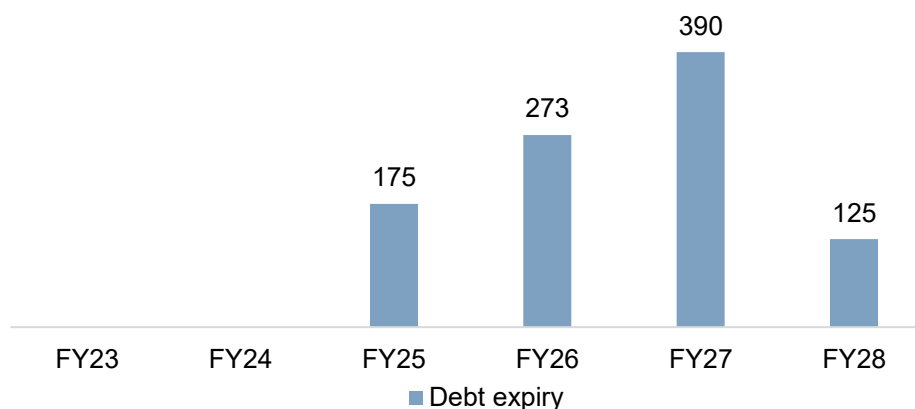


# Capital management overview

Substantial undrawn debt, ample debt covenant headroom, and no debt expiry until FY25

- No debt tranche expiring until FY25
- Significant covenant headroom ICR **4.9x** (covenant 2.0x) and LVR **37.1%** (covenant 50%)
- All in cost of debt forecast to increase further due to increased interest rates
- \$210m of hedging executed in HY23

Debt maturity profile (\$m)



KEY DEBT METRICS		HY23	FY22 <sup>4</sup>
Facility limit	\$m	962.5	962.5
Drawn amount	\$m	861.0	832.0
Headroom <sup>1</sup>	\$m	101.5	130.5
Weighted average debt expiry	years	3.4	3.7
Proportion hedged	%	58.1	55.9
Weighted average hedge maturity	years	1.0	0.9
All in cost of debt <sup>2</sup>	%	3.4	2.2
Gearing <sup>3</sup>	%	35.6	33.8
Interest cover ratio	times	4.9	6.3
Loan to value ratio	%	37.1	35.8

6

Quality debt lenders

**\$101.5m**

Facility headroom<sup>1</sup>

**35.6%**

Gearing<sup>3</sup>

**58.1%**

Hedging

1. Headroom reflects undrawn debt (including a \$1.5m bank guarantee held as security over the 46 Colin Street, West Perth WA ground lease)  
 2. Average effective interest rate for the FY22 and HY23 (annualised) periods. Includes floating rate, all-in margin (base and line fees) and fixed interest costs under existing swaps (excludes capitalised borrowing costs)  
 3. Gearing is defined as total borrowings less cash divided by total assets less cash  
 4. FY22 reflects metrics post refinancing which was completed subsequent to 30 June 2022



A YOUNG PORTFOLIO OF  
QUALITY ASSETS

# Portfolio

SECTION THREE



57 WYATT STREET, ADELAIDE SA

# Centuria



# Portfolio overview

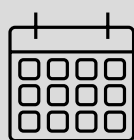
High quality portfolio underpinned by excellent tenant covenants

PORTFOLIO SNAPSHOT		HY23	FY22
Number of assets	#	23	23
Book value	\$m	2,310.0	2,335.2
WACR	%	5.75	5.58
NLA	sqm	303,336	303,138
Occupancy <sup>1</sup>	%	96.4	94.7
WALE <sup>1</sup>	yrs	4.2	4.2
NABERS SPI Energy rating <sup>2</sup>	Stars	4.8	4.8
NABERS SPI Water rating <sup>2</sup>	Stars	3.9	3.9
Buildings generating solar power	no.	7	6
Average building age (by value)	Yrs	17	16



## 4.8 Stars

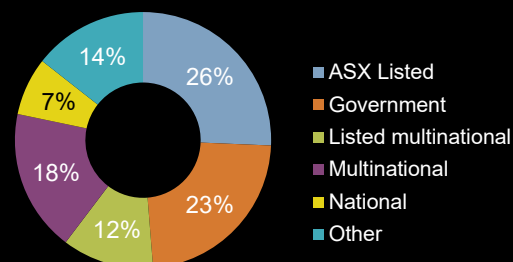
NABERS SPI  
Energy rating<sup>2</sup>  
HY23



## 17 years

Average building age  
(by value)  
HY23

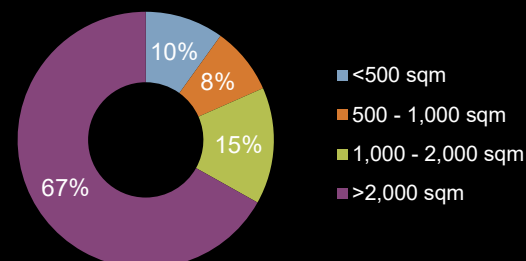
Tenant mix (income)



## 79%

of income derived from government, ASX listed and multinational tenants

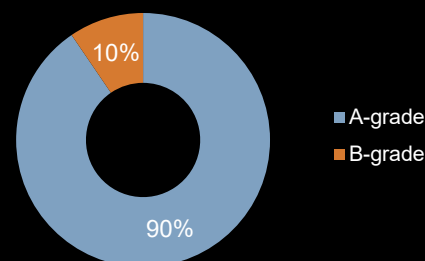
Tenant profile by size (area)



## 67%

of tenants >2,000 sqm, indicating the COF portfolio is dominated by large corporate and government occupiers

PCA grade (value)



## 90%

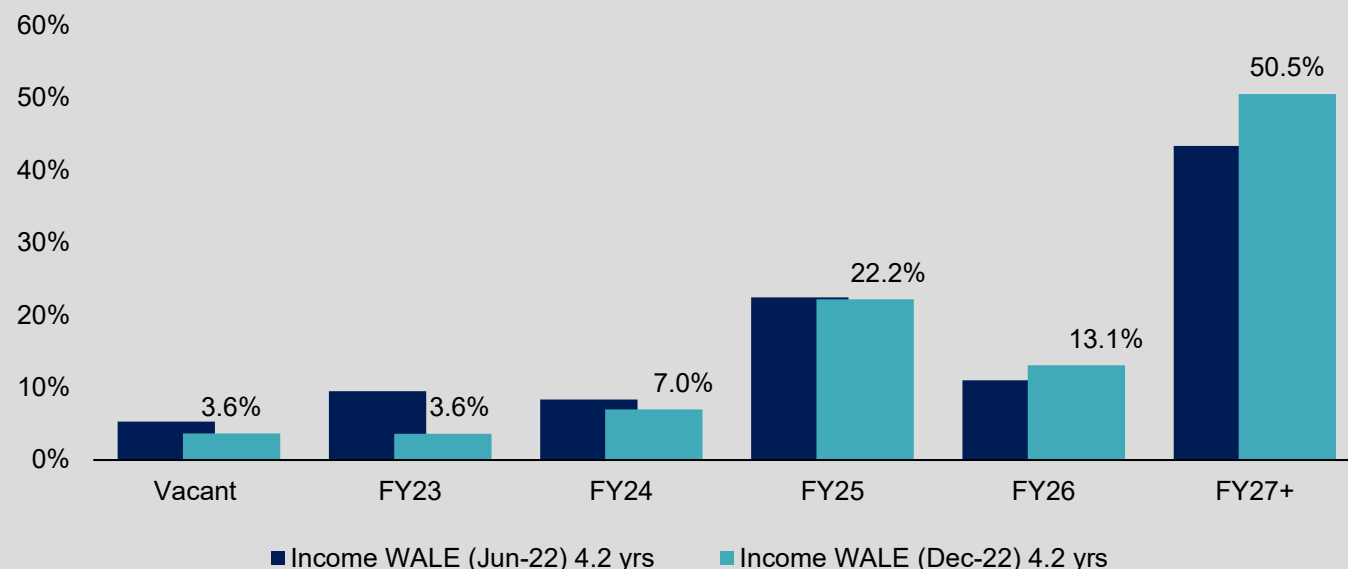
COF's portfolio comprises A-grade assets<sup>3</sup>

1. By gross income  
2. Excluding non-rated assets  
3. Management interpretation of PCA guidelines

# Staggered lease expiry: 86% of leases expiring at or beyond FY25

HY23 was a strong leasing period increasing occupancy to 96.4%<sup>1,3</sup>

## Weighted average lease expiry



CURRENT VACANCY (>1,500 SQM)	NLA (SQM)
201 Pacific Highway, St Leonards (50% ownership)	3,326
154 Melbourne Street, South Brisbane	2,578
818 Bourke Street, Docklands	2,185
Other	5,154
<b>Total</b>	<b>13,243</b>
<b>% of total NLA<sup>2</sup></b>	<b>4.3%</b>
Clough <sup>4</sup> , 825 Ann Street, Fortitude Valley	3,296

FY23 EXPIRIES (>1,500 SQM)	NLA (SQM)
201 Pacific Highway, St Leonards (50% ownership)	2,882
825 Ann Street, Fortitude Valley	1,617
Other	3,378
<b>Total</b>	<b>7,877</b>
<b>% of total NLA<sup>2</sup></b>	<b>2.6%</b>

FY24 EXPIRIES (>1,500 SQM)	NLA (SQM)
818 Bourke Street, Docklands	7,504
35 Robina Town Centre Drive, Robina	3,261
Other	7,532
<b>Total</b>	<b>18,297</b>
<b>% of total NLA<sup>2</sup></b>	<b>6.0%</b>

**10%**  
portfolio NLA  
leased in  
HY23<sup>2,3</sup>

**30,420sqm**  
portfolio NLA  
leased in HY23<sup>2,3</sup>

**24,285sqm**  
24 new leases  
in HY23<sup>2,3</sup>

**6,135sqm**  
11 renewals  
in HY23<sup>2,3</sup>

**Only c.14% of  
portfolio  
expiries before  
FY25**

1. Occupancy by gross income

2. By area

3. Includes Heads of Agreement (HOA)

4. Clough is currently in voluntary administration with an outcome still to be determined



# Valuation summary

Reduced transaction volumes demonstrate investor bifurcation based on quality and leasing risk



**12 of 23**  
assets externally  
revalued in  
December 2022



NTA<sup>1</sup> per unit at  
**\$2.40**



Significant recent  
executed HOAs were  
not included in HY23  
valuation cycle

## Portfolio valuation summary<sup>2,3</sup>

	HY23 VALUATION (\$M)	FY22 VALUATION (\$M)	VALUATION MOVEMENT <sup>2,3</sup> (\$M)	HY23 WACR <sup>4</sup> (%)	FY22 WACR <sup>4</sup> (%)	MOVEMENT WACR <sup>4</sup> (bps)
Portfolio/ weighted average	2,310.0	2,335.3	(25.3)	5.75	5.58	17



Reduced transaction  
volumes through  
HY23, investor  
inactivity due to  
interest rate  
uncertainty



Like for like portfolio  
valuation reduced by  
\$45m<sup>5</sup>.



COF \$8,346 average  
rate per sqm  
compares favourably  
to replacement cost

1. NTA per unit is calculated as net tangible assets divided by number of units on issue

2. Past performance is not a reliable indicator of future performance

3. Reflects gross increase. Excludes capital expenditure incurred

4. Weighted average capitalisation rate

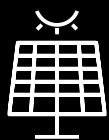
5. The difference between the like for like valuation movement and the portfolio valuation movement is amounts capitalised to the properties, predominantly funding the 57 Wyatt Street development

# Sustainability at Centuria Capital Group

## Developing a flexible and relevant sustainability framework

### HY23 SELECT INITIATIVES

#### Conscious of climate change Environment



**Green Building Membership**  
Members of both the Australian and New Zealand Green Building Council



**5 Star Green Star development pipeline**  
COF is targeting a minimum 5 Star **Green Star** Rating



**GRESB pilot rating**  
COF undertook a pilot **GRESB** assessment, with a focus on future participation



**Climate Action**  
Ongoing solar installation across our office and industrial assets in partnership with tenants



**COF 4.8<sup>1</sup> Star NABERS**  
Energy Sustainability Portfolio Index Rating, up from 4.7 the previous year

#### Valued stakeholders Social



**Member of the Diversity Council of Australia<sup>2</sup>**

**45%**

**Women<sup>3</sup> in the workplace**  
Centuria is committed to a diverse and inclusive workplace

**94%**

**Employee engagement**  
94% of employees<sup>4</sup> are proud to work at Centuria



**A new flexible working space offering**

**T.E.N**

**Customer focused**  
Launched a digital tenant portal to better tenant relations and communication

#### Responsible business principles Governance



**Climate focused investment**  
Centuria has published its second TCFD aligned disclosure as part of our Sustainability Report



**Third Modern Slavery Statement published**



**Supplier engagement**  
Centuria's Supplier Code of Conduct has been published.

Learn more about Centuria's ESG initiatives in our second Sustainability Report.



Centuria Office REIT benefits from Centuria Capital Group's (ASX: CNI) sustainability approach. CPFL is the responsible entity for COF and a wholly owned subsidiary of Centuria Capital Group. By the REIT's nature, COF has no staff and is solely a portfolio of assets. Centuria's approach to sustainability prioritises three areas of focus, conscious of Climate Change (Environment), Valued Stakeholders (Social) and Responsible Business Principles (Governance)

1. Centuria Office REIT has improved its NABERS SPI rating consistently for three years
2. Centuria Capital Group is a member of the Diversity Council of Australia
3. COF is externally managed by Centuria Capital Group. Diversity numbers are for Centuria Capital Group as at 31/12/2022
4. Centuria undertake regular employee engagement surveys. The figure reported is from the Group's FY22 survey





CLOSE PROXIMITY  
TO KEY AMENITY

# Market outlook and guidance

SECTION FOUR

Centuria

# Key themes for COF markets



## Increased leasing activity

- Tenants demonstrating flight to quality / experience / young assets
- Tenants recognise the importance a central workplace for company culture and productivity
- Tenants generally seeking to accommodate peak rather than average occupancy
- Impacts of increased employee flexibility on office footprints have been overstated

**COF has leased over 150,000 sqm of NLA since the COVID-19 outbreak**



## Robust tenant demand for metropolitan locations

- Demonstrated tenant demand for fringe and metropolitan office markets
- Melbourne fringe had the strongest 12-month prime net absorption<sup>1</sup>, followed by Canberra, Brisbane and Perth
- 80% of leasing deals move within their existing markets<sup>2</sup>
- Office accommodation with lifestyle amenity driving demand

**53% of ASX 200 companies are headquartered in metropolitan or regional office markets**



## Inflation impacts

- Increased fitout costs direct tenant demand to existing fitouts or renewals
- Rising construction costs and interest rates will cause increases in economic rents for new developments and tempering supply
- Higher interest rates are impacting investment demand

**Increased construction and funding costs suggest many existing buildings are valued well below replacement cost**



## Strong employment growth

- 469,700 new jobs created in the 12 months to December 2022<sup>3</sup>
- Current unemployment rate of 3.5%<sup>3</sup>
- Constraints on visa approval process are dissipating
- Employment and population growth are a strong tailwinds for office demand

**Tenants generally require a period of employment growth before committing to increased space**

1. Source: JLL December 2022  
2. Source: Colliers September 2022  
3. Source: ABS January 2023



# Strong net absorption in COF exposed office markets

Many Australian office markets have demonstrated robust tenant demand through 2022

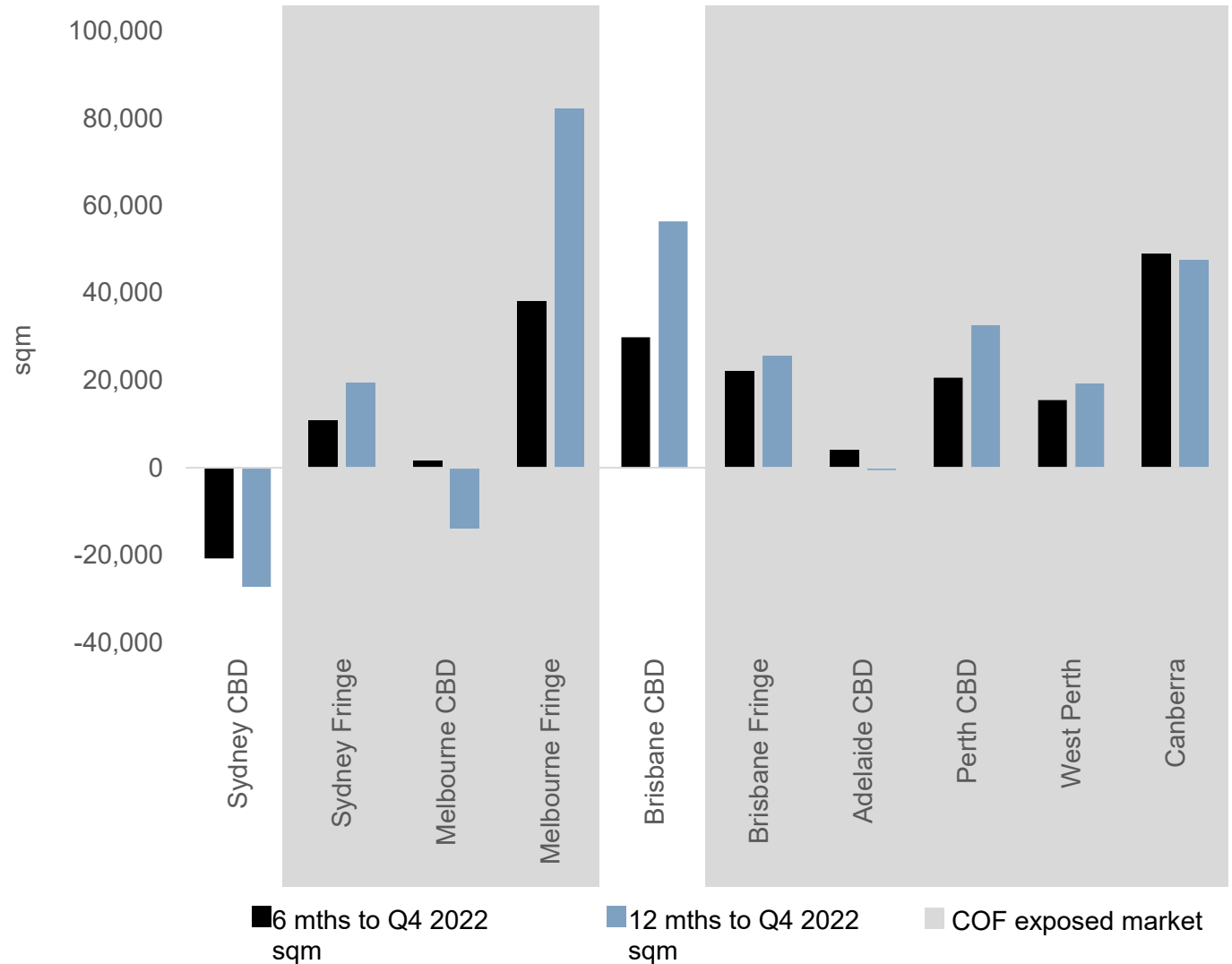
Negative absorption concentrated in Sydney and Melbourne CBD, markets COF has limited or no exposure to

Pending and future office supply materially skewed to CBD office markets

After remuneration, commute time is the second most important parameter for potential employees in job selection<sup>1</sup>

Flight to quality driving face rental growth for some highly desirable buildings

Australian office market net absorption<sup>2</sup>



1. Source: CBRE Research December 2022

2. Source: JLL December 2022

# FY23 guidance

Distribution per unit<sup>1</sup>

**14.1c**

Forecast FY23 distribution yield

**8.8%**<sup>1,2</sup>

FFO per unit<sup>1</sup>

**15.8c**

Distributions paid in equal  
quarterly instalments

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

2. Based on COF closing unit price of \$1.60 on Tuesday, 31 January 2023

203 PACIFIC HIGHWAY, ST LEONARDS NSW







A PORTFOLIO PROVIDING  
AFFORDABLE ACCOMODATION  
SOLUTIONS

# Appendices

## SECTION FIVE

- Appendix A: Australian office market metrics
- Appendix B: COF leasing history
- Appendix C: Income statement
- Appendix D: FFO reconciliation
- Appendix E: Balance sheet
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# Centuria



# Appendix A: Australian office market metrics



154 MELBOURNE STREET, SOUTH BRISBANE QLD

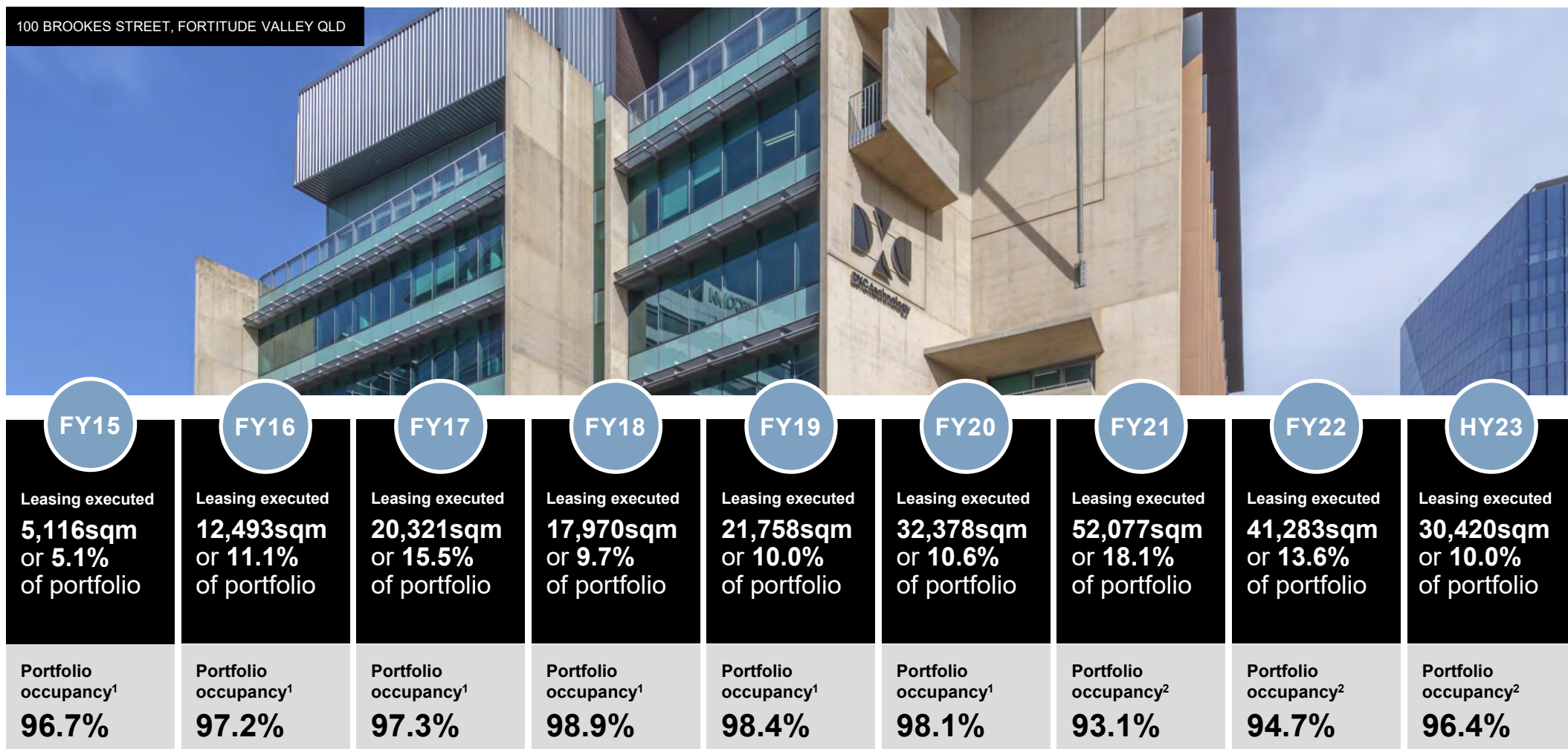
MARKET <sup>1</sup>	VACANCY (%)	6 MTH NET ABSORPTION (SQM)	12 MTHS NET ABSORPTION (SQM)	RENTAL DISCOUNT TO SYDNEY CBD (%)	UPCOMING SUPPLY (SQM)
Adelaide	16.5	4,121	(544)	63.1	126,998
Melbourne CBD	15.4	1,653	(13,789)	46.9	249,453
Melbourne fringe	14.4	38,147	82,299	58.2	208,078
Melbourne SES	11.9	(856)	2,624	67.5	46,815
Brisbane CBD	13.9	29,898	56,399	46.5	108,923
Brisbane fringe	17.2	22,195	25,612	59.6	91,861
Canberra	7.0	48,994	47,585	67.7	43,000
North Sydney	17.6	(16,961)	(18,535)	30.5	93,767
Chatswood	16.4	(428)	(7,603)	49.3	-
Parramatta	22.6	(50,236)	(67,830)	53.8	15,354
Perth CBD	19.0	20,630	32,610	47.3	88,800
St Leonards	24.2	(11,561)	(11,901)	48.7	16,738
Sydney CBD	14.0	(20,807)	(27,266)	-	212,138
Sydney fringe	8.7	10,769	19,476	42.1	18,519
Macquarie Park	14.0	11,561	(502)	65.9	33,920
West Perth	18.3	15,455	19,272	64.9	-

1. Source: JLL (as at 31 December 2022)



# Appendix B: COF leasing history

Since the COVID-19 outbreak, COF has leased over 150,000 sqm, c. 51% of portfolio NLA



1. By area  
2. By income

# Appendix C: Income statement

\$'000	HY23	HY22
Gross property income	91,977	90,777
Interest income	-	1
<b>Total revenue</b>	<b>91,977</b>	<b>90,778</b>
Direct property expenses	(19,852)	(18,118)
Responsible entity fees	(6,648)	(6,092)
Finance costs	(15,660)	(9,433)
Management and other administrative expenses	(1,185)	(1,123)
Expected credit loss and rental waiver expense	(77)	(1,340)
<b>Total expenses</b>	<b>(43,422)</b>	<b>(36,106)</b>
<b>Funds from operations<sup>1</sup></b>	<b>48,555</b>	<b>54,672</b>
Gain/(loss) on fair value of investment properties	(51,367)	11,677
Realised/unrealised loss on fair value of derivatives	(1,540)	5,427
Straight-lining of rental income and amortisation of leasing commissions and tenant incentives	(13,027)	(8,182)
Interest and depreciation expense adjustments for AASB 16	16	36
<b>Statutory net profit</b>	<b>(17,363)</b>	<b>63,630</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



483 KINGSFORD SMITH DRIVE, HAMILTON QLD



# Appendix D: FFO reconciliation

\$'000	HY23	HY22
<b>Statutory net profit</b>	<b>(17,363)</b>	<b>63,630</b>
(Gain)/loss on fair value of investment properties	51,367	(11,677)
(Gain)/loss on fair value of derivatives	1,540	(5,427)
Straight-lining of rental income and amortisation of leasing commissions and tenant incentives	13,027	8,182
Adjustments for AASB 16	(16)	(36)
<b>Funds from operations<sup>1</sup></b>	<b>48,555</b>	<b>54,672</b>
<b>Distribution</b>	<b>42,110</b>	<b>49,408</b>
FFO per unit (cents)	8.1	9.2
Distribution per unit (cents)	7.05	8.30

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





# Appendix E: Balance sheet

\$'000	31-Dec-22	30-Jun-22
Cash	19,487	26,558
Investment properties <sup>1</sup>	2,341,401	2,366,770
Trade and other receivables	9,976	7,450
Derivative financial instruments	7,557	7,133
Other assets	12,816	9,995
<b>Total assets</b>	<b>2,383,680</b>	<b>2,410,773</b>
Interest bearing liabilities <sup>2</sup>	857,553	828,504
Trade and other liabilities	39,466	32,385
Other liabilities <sup>3</sup>	53,633	57,383
<b>Total liabilities</b>	<b>950,652</b>	<b>918,272</b>
<b>Net assets</b>	<b>1,433,028</b>	<b>1,492,501</b>
Units on issue (thousands)	597,336	597,336
Net tangible assets per unit (\$)	2.40	2.50
Gearing (%) <sup>4</sup>	35.6	33.8

1. Investment properties of \$2.3bn includes a \$31.4m leasehold asset under AASB 16
2. Drawn debt net of borrowing costs
3. Includes \$21.1m distributions payable and lease liability of \$32.6m
4. Gearing is defined as total borrowings less cash divided by total assets less cash

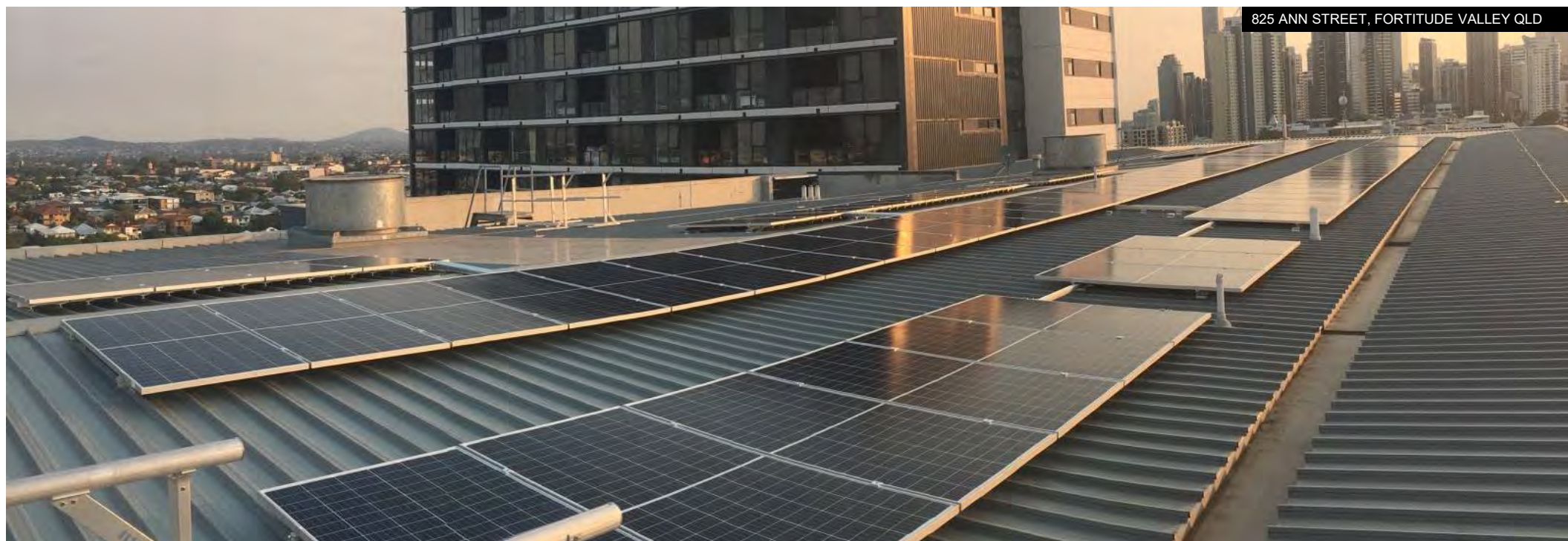
203 PACIFIC HIGHWAY, ST LEONARDS NSW





# Appendix F: Portfolio valuation summary

STATE	HY23 VALUATION <sup>1</sup> (\$M)	FY22 VALUATION <sup>1</sup> (\$M)	VALUATION MOVEMENT <sup>2</sup>		HY23 WACR <sup>1,3</sup> (%)	FY22 WACR <sup>1,3</sup> (%)	MOVEMENT WACR <sup>3</sup> (BPS)
NSW	584.5	589.6	(5.1)	(0.9)	5.53	5.37	16
QLD	490.5	501.6	(11.1)	(2.2)	6.19	5.96	23
VIC	551.0	562.2	(11.2)	(2.0)	5.27	5.11	16
ACT	338.4	341.4	(3.0)	(0.9)	5.53	5.40	13
WA	279.3	284.3	(5.0)	(1.8)	6.58	6.34	24
SA	66.3	56.2	10.1	18.0	6.09	6.23	(14)
<b>Like-for-like portfolio/weighted average</b>	<b>2,310.0</b>	<b>2,335.3</b>	<b>(25.3)</b>	<b>(1.1)</b>	<b>5.75</b>	<b>5.58</b>	<b>17</b>



1. Excludes the fair value of any ground lease
  2. Reflects gross increase, excluding capital expenditure incurred
  3. Weighted average capitalisation rate
- Past performance is not a reliable indicator of future performance



# Appendix G: Investment property portfolio

PROPERTY	STATE	OWNERSHIP (%)	BOOK VALUE (\$M)	CAPITALISATION RATE (%)	AREA (SQM)	AREA (\$/SQM)	WALE (YRS) <sup>1</sup>	OCCUPANCY (%) <sup>1</sup>
8 Central Avenue, Eveleigh	NSW	50%	205.5	5.13%	36,619	5,612	7.2	96.5%
203 Pacific Highway, St Leonards	NSW	100%	138.0	5.75%	11,736	11,759	4.1	87.7%
201 Pacific Highway, St Leonards	NSW	50%	106.5	5.63%	16,499	6,455	1.9	79.8%
9 Help Street, Chatswood	NSW	100%	97.5	5.50%	9,392	10,382	3.4	88.8%
77 Market Street, Wollongong	NSW	100%	37.0	6.75%	6,755	5,478	2.9	100.0%
2 Phillip Law Street, Canberra	ACT	100%	252.0	5.13%	27,390	9,201	6.0	100.0%
60 Marcus Clarke Street, Canberra	ACT	100%	63.0	6.63%	11,978	5,260	3.3	93.1%
54 Marcus Clarke Street, Canberra	ACT	100%	23.4	7.00%	5,200	4,500	3.0	100.0%
825 Ann Street, Fortitude Valley	QLD	100%	158.0	6.00%	19,167	8,243	2.9	99.8%
100 Brookes Street, Fortitude Valley	QLD	100%	88.5	6.00%	9,525	9,291	3.4	100.0%
154 Melbourne Street, South Brisbane	QLD	100%	82.0	6.38%	11,176	7,337	2.9	76.9%
483 Kingsford Smith Drive, Hamilton	QLD	100%	79.0	6.00%	9,182	8,604	3.8	100.0%
35 Robina Town Centre Drive, Robina	QLD	100%	42.0	7.00%	9,145	4,593	1.7	100.0%
555 Coronation Drive, Toowong	QLD	100%	41.0	6.50%	5,567	7,365	4.4	100.0%
818 Bourke Street, Docklands	VIC	100%	205.0	5.25%	23,096	8,876	3.1	90.5%
101 Moray St, South Melbourne	VIC	100%	204.0	5.00%	15,923	12,811	5.2	99.6%
2 Kendall Street, Williams Landing	VIC	100%	72.0	5.75%	12,961	5,555	5.9	100.0%
584 Swan Street, Richmond	VIC	100%	70.0	5.63%	8,261	8,474	3.7	100.0%
1 Richmond Road, Keswick	SA	100%	44.7	6.50%	8,087	5,527	3.8	100.0%
57 Wyatt Street, Adelaide <sup>2</sup>	SA	100%	21.6	5.25%	4,600	11,590	7.0	100.0%
235 William Street, Northbridge	WA	100%	168.0	6.63%	21,626	7,768	3.5	99.4%
144 Stirling Street, East Perth	WA	100%	73.3	6.50%	11,042	6,634	6.5	100.0%
42-46 Colin Street, West Perth	WA	100%	38.0	6.50%	8,411	4,518	5.4	100.0%
<b>TOTAL PORTFOLIO (DEC-22)<sup>3</sup></b>			<b>2,310</b>	<b>5.75%</b>	<b>303,336</b>	<b>8,346</b>	<b>4.2</b>	<b>96.4%</b>

1. By gross income (equity share)

2. 57 Wyatt Street, Adelaide is currently under development. The \$21.6m book value represents the cost to date of the development

3. Investment properties of \$2.3bn excludes a \$31.4m leasehold asset under AASB 16

# Appendix H: Environmental data

Environmental Data reported is for financial years 2021 and 2022. Financial year 2023 data will be reported in the Centuria 2023 Sustainability Report

Reported figures represent data for assets within the Centuria Office REIT (ASX:COF)

Environmental data is reported where Centuria is deemed to have operational control of an asset

## OPERATIONAL CONTROL

Operational Control refers to Centuria's capacity to directly manage the day-to-day activities of assets, by employing Centuria's or a nominated delegate's management policies. This definition is consistent with the principles outlined in the National Greenhouse and Energy Reporting Act 2007

## EMISSIONS

Centuria use emissions factors from each corresponding year's National Greenhouse and Energy Reporting (Measurement) Determination. Emissions are reported for material energy sources collected including electricity and natural gas

	Unit of Measure	FY22	FY21
Net lettable area	sqm	295,128	304,589
Total energy	MWh	27,671	21,280
Base building electricity	MWh	23,009	17,484
Natural gas	MWh	4,292	3,714
On-site solar generation	MWh	394	87
Renewables exported	MWh	24	-
Scope 1 emissions	tCO2-e	796	689
Scope 2 emissions	tCO2-e	17,855	13,889
Water	kL	145,928	145,634
Total waste	tonne	900	1,094
Waste disposed	tonne	659	822
Waste diverted	tonne	241	272

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



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