

Q1 FY21 Operating Update

SYDNEY (13 October 2020) - Centuria Property Funds Limited (**CPFL**), as Responsible Entity of Centuria Office REIT (**ASX: COF**), announces COF's operating update for Q1 FY21.

KEY HIGHLIGHTS

- FY21 distribution guidance of 16.5 cents per unit reiterated, representing a current yield of 8.1%¹
- Terms agreed² for c.12,550 sqm of leasing (4.1% of portfolio NLA) across 18 separate deals
- Rent collections for the period July–September averaged 94%
- COVID-19 rent relief provided during July-September³ reduced 58% compared to April-June
- Over 80% of total portfolio income is derived from government, listed or multinational corporations

PROPERTY AND PORTFOLIO LEASING

Throughout Q1 FY21, terms were agreed, or leases completed for c.12,550sqm across 18 separate deals. This leasing activity represents approximately 4.1% of portfolio NLA. Of the agreed deals, c.6,000sqm related to new tenants entering COF's portfolio across 11 separate deals. The balance related to tenant renewals.

Occupancy⁴ as at 30 September 2020 was 95.9% and the WALE⁵ was 4.5 years, with over 60% of leases expiring at or beyond FY24. Occupancy reduced 2.2% from 30 June 2020 due to Foxtel surrendering its lease at 35 Robina Town Centre Drive, Robina, QLD – as previously announced. Under this agreement, COF has received a surrender payment equivalent to the rent payable under the remaining Foxtel lease term discounted to June 2020. This space is now being actively marketed for lease, providing an opportunity to utilise Centuria's strong leasing capabilities to reposition the asset, maximising the benefit of the surrender payment received.

Fund Manager, Grant Nichols commented, "Despite the ongoing impacts from COVID-19, we continue to generate a solid amount of leasing activity, with tenants attracted to the quality, highly connected and affordable office space that the COF portfolio provides. The leasing activity also indicates that tenants continue to value office space as a central workplace, essential to maintaining productivity and culture."

"Maintaining high portfolio occupancy remains the key management focus and we are actively seeking outcomes to address the current vacancy and upcoming expiry risk, particularly at Robina and 818 Bourke Street, Melbourne."

COVID-19 UPDATE

The COVID-19 global pandemic continues to create global uncertainty with governments and businesses implementing strategies to manage the impacts caused by COVID-19. COF's taskforce continues to engage with tenants, retaining a primary and immediate focus towards their well-being.

Rent collections for Q1 FY21 remained strong, averaging c.94% across the portfolio. Rent collections for Q4 FY20 also improved to c.96%, an increase from the reported 89% announced on 2 July 2020. Included within the outstanding rent is agreed and pending rent relief claims related to the National Code of Conduct on Commercial Leases.

Provided rent relief, both waivers and deferrals, totalled c.\$1.0 million for Q1 FY21, a reduction of 58% from the rent relief provided in relation to Q4 FY20 (\$2.4m).

FY21 GUIDANCE AND SUMMARY

COF reiterates its FY21 distribution guidance of 16.5 cents per unit, which represents a current distribution yield of 8.1%¹.

Grant Nichols commented, "COF continues to generate strong portfolio metrics, particularly the quality of the underlying tenant covenants, with around 80% of portfolio income from government, listed or multinational corporations. COF remains well placed to deliver attractive income returns to unitholders, with the portfolio providing quality, highly connected and affordable office space, particularly at a time when tenants are focused on their operating costs."

"While immediate uncertainty resulting from COVID-19 remains, the medium to long-term outlook for high quality office assets remains positive, as evidenced by strong recent investment sales for comparable office buildings and the growing trend of tenants returning to office space to enhance productivity and culture."

– Ends –

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

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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 assets situated in core office markets 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). CPFL, is a wholly owned subsidiary of Centuria Capital Group (CNI). CNI is an ASX-listed specialist investment manager with \$9.5 billion⁶ in total assets under management and offers a range of investment opportunities including listed and unlisted property funds as well as tax-effective investment bonds.

www.centuria.com.au

¹ Based on COF closing price of \$2.04 on 30 September 2020

² Includes Heads of Agreement (HOA)

³ Included within the outstanding rent is agreed and pending rent relief claims related to the National Code of Conduct on Commercial Leases

⁴ By area

⁵ By income

⁶ Subject to the completion of asset acquisitions currently under exclusive due diligence in Centuria Healthcare Property Fund