Centuria Office REIT

Annual Report 2023

Contents

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 and present.

Market rents average a significant discount to Sydney CBD

Average portfolio rents of $550psm

Portfolio of young assets

Average asset age 17 years[1]

High quality assets

90% A-grade assets[2]

Close to amenities and transport to reduce commute

1. By value
2. Management interpretation of the Property Council of Australia (PCA) Guidelines

Key facts

Geographically diversified

Office portfolio: 23 assets located across Australia

78% of income derived from government, multinational corporations and listed companies

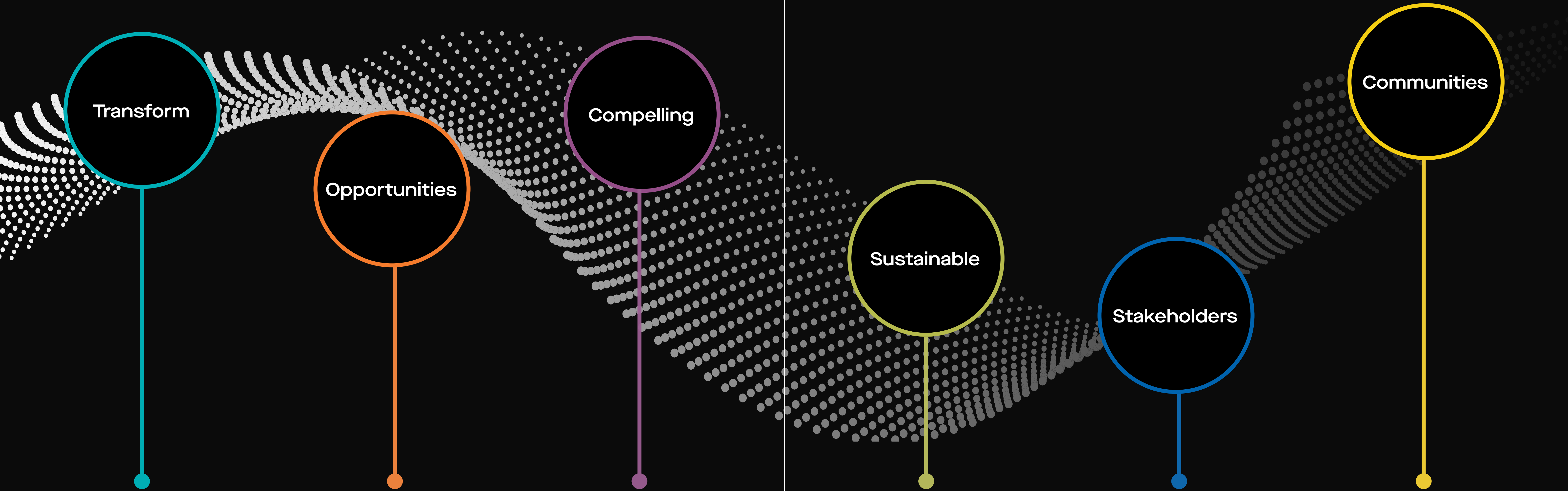
c.90% of leases expire at or beyond FY25

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

825 ANN STREET, FORTITUDE VALLEY QLD

Centuria's purpose

We **transform** real estate **opportunities** into **compelling** investments, which create **sustainable** long-term value for our **stakeholders** and the **communities** in which we operate.



Transform: Adding value to existing assets to maximise returns for our investors. This approach is executed through our proactive in-house asset management, harnessing development opportunities, and our exceptional leasing capabilities.

Opportunities: Real estate transactions across last mile industrial facilities, decentralised office buildings, healthcare centres, large format and daily needs retail outlets, agricultural properties and real estate debt facilities.

Compelling: Attractive commercial propositions that translate into intelligent investment opportunities.

Sustainable: Enduring initiatives that take into account best in class ESG considerations.

Stakeholders: Our investors, our tenant customers, our colleagues and our lending partners.

Communities: Across Australia, New Zealand and The Philippines, we are active and engaged corporate citizens.

Centuria's values and capabilities

Our core values are the essence of our identity – the principles, beliefs and philosophy of our brand.

Our values and capabilities support our vision and shape our culture to create a sense of belonging. We prioritise strong and lasting relationships within our business and with our investors, tenants and partners. Centuria mobilises to seize opportunities, we make well-informed decisions and we are transparently accountable.

Centuria values

We are honest, transparent and respectful

As Centurians, we take pride in how we develop strong and lasting relationships within our business and with our investors, tenants and partners. We do this in how we communicate with, support, and respect one another.

We work and thrive as an integrated and agile team

At Centuria, we are bigger than the individual parts. We embrace diversity and collaborate with colleagues and partners to achieve success.

We support each other to grow

We seek opportunities to encourage personal development and support collective growth. We reward and celebrate success and like to promote from within.

We do what it takes

We love challenges and finding unique ways to solve problems. We have a focus on growth and a commitment to always act ethically and in the best interests of our stakeholders.

Centuria capabilities

Transparent cooperation

Transparent cooperation means our teams are accountable and responsible, creating autonomy without politics. We are honest in our communication, we build trust and we value one-another's opinions, leading to stronger collaboration with our stakeholders.

Transactional velocity

Transactional velocity means the speed that we do business. We mobilise our people to seize opportunities and make quick decisions. What takes others months to transact, takes us only days.

Thorough process

Our processes result in thorough analysis. Our experienced team knows where the risks and opportunities lie, which leads to well-informed decision-making.

Personal interaction

At Centuria, it's personal. As a Centurian you will be well cared for. As a client, we look after your interests as if they were our own. We create a sense of belonging and build relationships through the way we treat and work with one another.

100 BROOKES STREET, FORTITUDE VALLEY QLD

About us

Centuria Office REIT (ASX: COF) is a real estate investment trust (REIT). Centuria Property Funds Limited (CPFL) is the Responsible Entity for COF and is a wholly owned subsidiary of Centuria Capital Group (ASX:CNI or Centuria). Centuria is included in the S&P/ASX 200 Index and is a specialist, external funds manager with $21 billion[1] of assets under management across Australasia.

Note: Assets under management (AUM) as at 30 June 2023. All figures above are in Australian dollars (currency exchange ratio of AU$1.000:NZ$1.0883 as at 30 June 2023). 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.

Centuria specialises in real estate sectors including decentralised office, industrial, agriculture, real estate finance, healthcare, large format retail and daily needs retail. Its suite of investment products includes listed and unlisted real estate funds across debt and equity markets. Additionally, Centuria provides investment bond options.

COF is Australia's largest listed pure-play office fund with 23 high quality office buildings worth $2.2 billion, as at 30 June 2023. COF's portfolio is predominantly positioned within near city and metropolitan markets that lend themselves to modern amenities, attractive rents and better work commutability via excellent public transport routes and arterial roads. The portfolio is also geographically disbursed with no single market concentration. COF is included in the S&P/ASX300 Index and FTSE EPRA Nareit Global Developed Index, the latter enabling the REIT to be more easily compared with international peers.

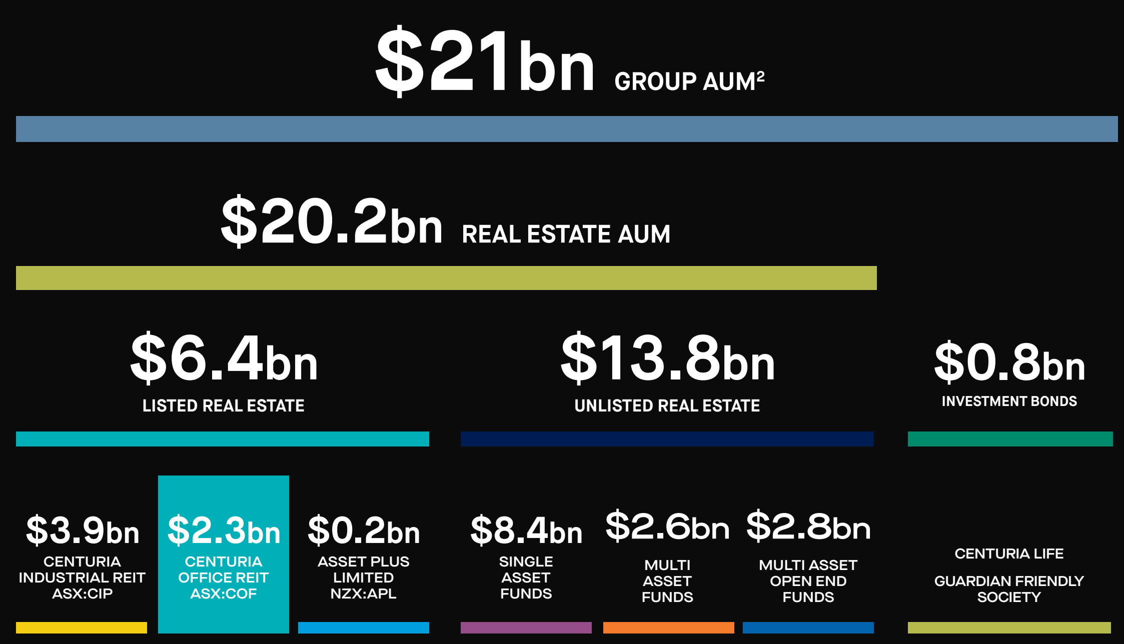
Throughout the 2023 financial year, COF delivered solid results, underpinned by a strong year of leasing activity. COF leased more than 42,600 sqm through FY23 (14.1% of portfolio net lettable area), with over 168,000 sqm of leasing completed since the beginning of the COVID-19 pandemic in 2020. Strong leasing activity increased the REIT's occupancy to 97.1% while maintaining a healthy 4.2-year weighted average lease expiry (WALE).

Capital management remained a key focus during the period, with recent divestments delivering a pro forma gearing of 36.7%[1], while refinancing resulted in no debt tranche expiring until FY26. Recent non-core divestments also improved overall portfolio quality, while the sales prices achieved were consistent with COF's Year End portfolio revaluations.

For FY23, COF delivered distributions of 14.1 cents per unit (cpu) and FFO of $93 million or 15.6 cpu.

Centuria remains COF's largest unitholder with an 18.9% co-investment as at 30 June 2023.

Centuria Capital Group (CNI) funds management platform



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1. Proforma gearing has been adjusted for asset sales which settle during FY24. All proceeds are assumed to repay debt. Gearing defined as total borrowings less cash divided by total assets less cash. Gearing as at 30 June 2023 was 38.4%.
2. AUM includes assets exchanged to be settled, cash and other assets and the impact of revaluations during the period.

VISION

To be Australia's **leading** pure play office REIT.

CENTURIA OFFICE REIT IS

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.

About us

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.

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.

Unlock opportunities to create further value

A robust and diversified capital structure, with appropriate gearing.

Capital management

Continue to enhance the portfolio and upgrade asset quality.

8 CENTRAL AVENUE, EVELEIGH NSW

Key metrics

As at 30 June 2023

Portfolio

23
high quality assets[2]

97.1%
portfolio occupancy[3]

$2.2 bn
portfolio value

4.2 yr
portfolio WALE[3]

4.9
average NABERS SPI energy rating[1]

Financial

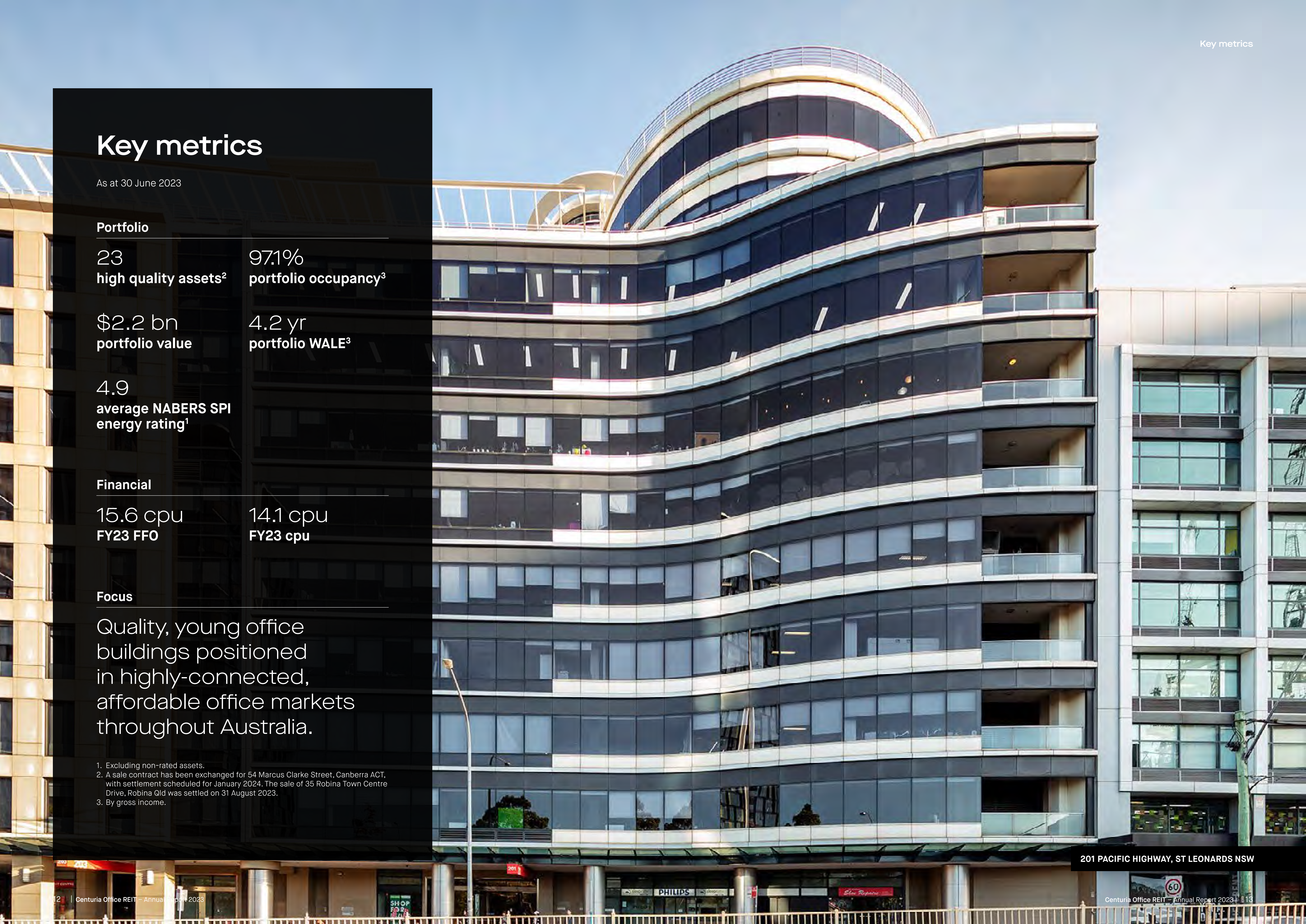
15.6 cpu
FY23 FFO

14.1 cpu
FY23 cpu

Focus

Quality, young office buildings positioned in highly-connected, affordable office markets throughout Australia.

1. Excluding non-rated assets.
2. A sale contract has been exchanged for 54 Marcus Clarke Street, Canberra ACT, with settlement scheduled for January 2024. The sale of 35 Robina Town Centre Drive, Robina Qld was settled on 31 August 2023.
3. By gross income.



201 PACIFIC HIGHWAY, ST LEONARDS NSW

Matthew Hardy

CHAIRMAN

Grant Nichols

FUND MANAGER

Letter from the Chairman and Fund Manager

Dear Unitholders,

It is our pleasure to provide Centuria Office REIT's (ASX:COF) 2023 Annual Report, which highlights the REIT's solid results. FY23 was an operationally successful year with portfolio occupancy increasing to 97.1%[1], while capital management initiatives resulted in an improved debt position, with no debt tranche expiring until FY26.

Throughout the year we incurred the impact of rising interest rates and we recognise that an increased interest rate environment creates some future uncertainty.

While acknowledging hybrid working arrangements and increased workplace flexibility are likely to become more prevalent, we remain optimistic for Australian office markets as it is becoming increasingly apparent that the office will remain an important and focal point in many operations. Changes in office utilisation may not materially alter footprints. In our view, tenant demand has been better than many predicted and the impacts of work from home have been overstated. Many Australian office markets experienced positive demand throughout FY23, particularly in Brisbane and Perth.

Looking ahead, we will continue to focus on maintaining high portfolio occupancy, improve portfolio quality, and undertake initiatives to preserve a solid balance sheet.

FY23 financial results

Distributions of 14.1cpu were delivered in line with FY23 guidance. FY23 FFO of $93 million[2] or 15.6cpu was impacted by rising interest rates during the period. Within the FFO number, Gross Property Income increased by $6.6 million to $183.1 million, reflecting strong leasing outcomes achieved during the year, while finance costs increased by $17.1 million to $36.8 million over FY23.

COF's all-in cost of debt is now elevated compared to recent past periods and is expected to be higher in FY24 than FY23. These higher expected debt costs have impacted FY24 guidance.

All portfolio assets were independently valued throughout FY23, with the weighted average capitalisation rate expanding 42 basis points to 6.00% as at 30 June 2023, delivering net tangible assets of $2.20 per unit[3].

1. Occupancy by gross income and including Heads of Agreement.
2. 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.
3. NTA per unit is calculated as net tangible assets divided by closing units on issue.

Leasing

FY23 was another strong year of leasing activity. More than 42,680sqm was leased across 62 transactions, accounting for 14.1% of net lettable area (NLA)[1]. This included 42 new leases (31,512sqm), and 20 renewals (11,174sqm). Significantly, more than 31,500sqm related to previously vacant space within the portfolio, including material vacancies: c. 8,000sqm at 154 Melbourne St, South Brisbane; 7,000sqm at 818 Bourke St, Docklands; and 3,000sqm at 203 Pacific Highway, St Leonards. Since 2020, COF has leased more than 168,000sqm of office space, representing c.56% of portfolio NLA.

Illustrative of Centuria's strong inhouse management capabilities is the strategic repositioning of 154 Melbourne Street, South Brisbane Qld. Following a significant tenant departure during the year, the building's amenity were improved with a foyer refurbishment and upgraded end of trip facilities. Additionally, cirque by Centuria, a flexible work solution, was introduced to the property. These initiatives resulted in 7,800sqm of leasing across 12 deals, improving the asset's WALE from 1.2 years to 4.0 years and occupancy increased 26% to 94.1% at 30 June 2023.

Looking at the wider leasing market, tenant demand across most Australian office markets demonstrated positive net absorption with softness quarantined to the Melbourne CBD and Sydney generally. The strongest market was the Brisbane fringe, in particular Fortitude Valley, where vacancy rates reduced 6% year on year, which benefits COF's assets at 825 Ann Street and 100 Brookes Street. A clear bifurcation in tenant demand between prime and secondary space is also becoming apparent, with prime office leasing materially stronger in FY23.

Looking forward, a material reduction in new supply over the medium term is expected due to rising construction costs, finance costs and capitalisation rates. Consequently, a number of development sites are seeking alternative uses. This will be beneficial for existing, quality office portfolios like COF.

Transactions

COF recently exchanged sales contracts to divest two non-core assets, which improves the REIT's portfolio by age and quality:

- 54 Marcus Clarke Street, Canberra ACT for $23.0 million, reflecting a c.1.7% discount to the 31 December 2022 book value of $23.4 million. Acquired in 2015 for $14.2 million, the asset generated strong income returns exceeding $7.0 million during COF's ownership, reflecting an IRR of c.11%. It was one of COF's oldest buildings. Settlement is scheduled for January 2024.
- 35 Robina Town Centre Drive, Robina QLD for $40.0 million, reflecting a c.5% discount to the 31 December 2022 book value of $42.0 million. Acquired in 2015, the asset delivered an IRR of c.7% during COF's ownership. As at 30 June 2023, the property had a 1.4-year WALE and its divestment averts near-term leasing risk. Settlement occurred on 31 August 2023.

Capital management

COF has continued to maintain liquidity, completing $225 million of debt refinancing across $175 million of existing facilities and $50 million of new facilities during FY23. This increased its weighted average debt expiry from 2.7[2] to 3.2 years and has no debt expiring until FY26. The improved debt maturity profile solidifies COF's capital position and insulates it from potential increases in debt margins that may occur in the short to medium term.

During FY23, COF executed $510 million of swaps, increasing its hedging profile to 69.1% and weighted average maturity of 1.5 years. COF now has three times the amount of non-current hedges in place compared to the same time last year. The REIT maintains a diverse pool of six lenders and substantial undrawn debt and cash on hand totalling $132.8 million[3]. Gearing as at 30 June 2023 was 38.4%. However, pro forma gearing is 36.7%[4] once adjusted for contracted sales proceeds. The REIT retains sufficient debt covenant headroom with a 3.5x Interest Coverage Ratio (ICR) (covenant 2.0x) and a Loan-to-Value Ratio (LVR) of 39.9%[5] (covenant 50%).

Governance and sustainability

COF, by its nature as a REIT, has no staff and is solely a portfolio of assets. The REIT is externally managed by Centuria Capital Group and aligns itself to Centuria's sustainability framework. COF-specific ESG initiatives implemented during the year included launching two new sustainability targets:

- Targeting zero scope 2 emissions by 2028[6]; and
- Targeting to eliminate gas and diesel equipment where practical by 2035[7].

COF continued to improve its energy efficiency with its NABERS Sustainability Portfolio Index energy rating increasing to 4.9-stars, supported by ongoing solar installation projects across the portfolio reducing our carbon footprint.

1. Includes Heads of Agreement and executed leases.
2. As at 30 June 2023.
3. Headroom reflects undrawn debt (including a $1.5m bank guarantee held as security over the 46 Colin Street, West Perth WA ground lease).
4. Proforma gearing has been adjusted for asset sales which settle during FY24. All proceeds are assumed to repay debt. Gearing defined as total borrowings less cash divided by total assets less cash. Gearing as at 30 June 2023 was 38.4%.
5. LVR is prior to settlement of assets exchanged for sale.
6. Zero Scope 2 emissions by being powered by the equivalent of 100% renewable electricity through a combination of onsite solar and largescale generation certificate deals, which match COF's consumption.
7. COF will focus on the elimination of gas and diesel where practical from equipment owned and operated by COF. Gas and diesel equipment operated by our tenants are excluded from COF's sustainability target.

Centuria's in-house development team recently completed COF's 57 Wyatt Street, SA office development, which provides a 5 star Green Star Design & As Built rating and targets a 5.5 star NABERS energy rating. During construction, 90% of building waste was diverted from landfill. The building boasts high sustainability credentials, and being fully electric for base building and common area operations, aligns with COF's commitment to eliminate gas and diesel where practical as part of its new sustainability target.

Summary and outlook

COF's strategy and priorities for FY24 and beyond are to, firstly, maintain high occupancy. COF has consistently achieved strong leasing results, supported by the internal leasing team, and continuing this momentum is a primary objective.

The second priority is to maintain high portfolio quality. Since listing in 2014, COF has materially improved the quality of its portfolio in terms of building age, building grade, environmental performance and the quality of tenant covenant. Quality is important in the current environment due to the clear bifurcation in tenant demand gravitating to prime-grade over secondary-grade office space.

The final priority is proactive capital management. Initiatives to preserve a diverse lender pool and expiry profile, while maintaining liquidity and debt covenant headroom will continue in FY24.

For FY24, COF provides FFO guidance of 13.8 cpu, with distribution guidance of 12.0 cpu[1].

We thank COF unitholders for your ongoing support and look forward to updating you further throughout FY24.

Yours sincerely,

Matthew Hardy
CHAIRMAN

Grant Nichols
FUND MANAGER

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 4.6% over FY24.

Letter from the Chairman and Fund Manager

Board of Directors

Peter Done
INDEPENDENT NON-EXECUTIVE DIRECTOR

Darren Collins
INDEPENDENT NON-EXECUTIVE DIRECTOR

Elizabeth McDonald
INDEPENDENT NON-EXECUTIVE DIRECTOR

Matthew Hardy
INDEPENDENT NON-EXECUTIVE DIRECTOR, CHAIRMAN

Senior Management

Grant Nichols
HEAD OF OFFICE & FUND MANAGER CENTURIA OFFICE REIT

Belinda Cheung
ASSISTANT FUND MANAGER CENTURIA OFFICE REIT

Tim Au-Yeung
SENIOR FINANCE MANAGER

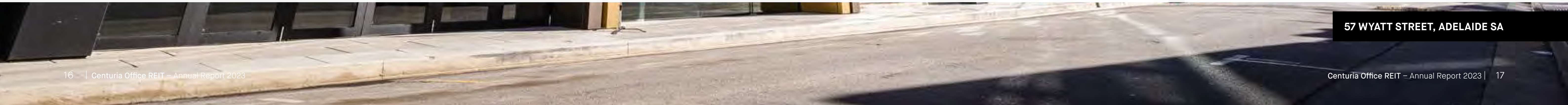
Matthew McQueen
SENIOR PORTFOLIO MANAGER

Jason Huljich
JOINT CEO

Ross Lees
HEAD OF FUNDS MANAGEMENT

Anna Kovarik
GROUP CHIEF RISK OFFICER AND COMPANY SECRETARY

Ara Galstian
DEPUTY CFO LISTED



57 WYATT STREET, ADELAIDE SA

PERTH RAILWAY STATION ADJACENT TO 235 WILLIAM STREET, NORTHBRIDGE WA

Financial snapshot

	FY23	FY22
Statutory profit/(loss) ($'000)	(91,931)	115,019
Statutory profit/(loss) per unit (cpu)	(15.4)	19.9
Funds from operations[1] ($'000)	93,028	104,907
Funds from operations per unit (cpu)	15.6	18.2
Annualised FFO yield[2] (%)	11.4	10.7
Distribution ($'000)	84,226	98,951
Distribution per unit (cpu)	14.1	16.6
Annualised distribution yield[3] (%)	10.3	9.8
Return on equity[4] (%)	(6.2)	7.4

Balance sheet metrics

	FY23	FY22
Investment properties[5] ($'000)	2,268,554	2,366,770
Total assets ($'000)	2,311,017	2,410,773
Total liabilities ($'000)	994,673	918,272
Net assets ($'000)	1,316,344	1,492,501
Units on issue (thousands)	597,336	597,336
NTA per unit[6] ($)	2.20	2.50
Gearing[7] (%)	38.4	33.8

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. Based on the COF full year FFO divided by closing price of $1.37 per unit on 30 June 2023 and closing price of $1.70 per unit on 30 June 2022.
3. Based on the COF closing unit price of $1.43 on Tuesday, 15 August 2023.
4. Return on equity calculated as closing NTA minus opening NTA plus distributions divided by opening NTA per unit.
5. Investment properties of $2.3bn includes a $31.2m leasehold asset under AASB 16.
6. NTA per unit is calculated as net tangible assets divided by closing units on issue.
7. Gearing is defined as total borrowings less cash divided by total assets less cash.

Portfolio overview

As at 30 June 2023

Portfolio snapshot

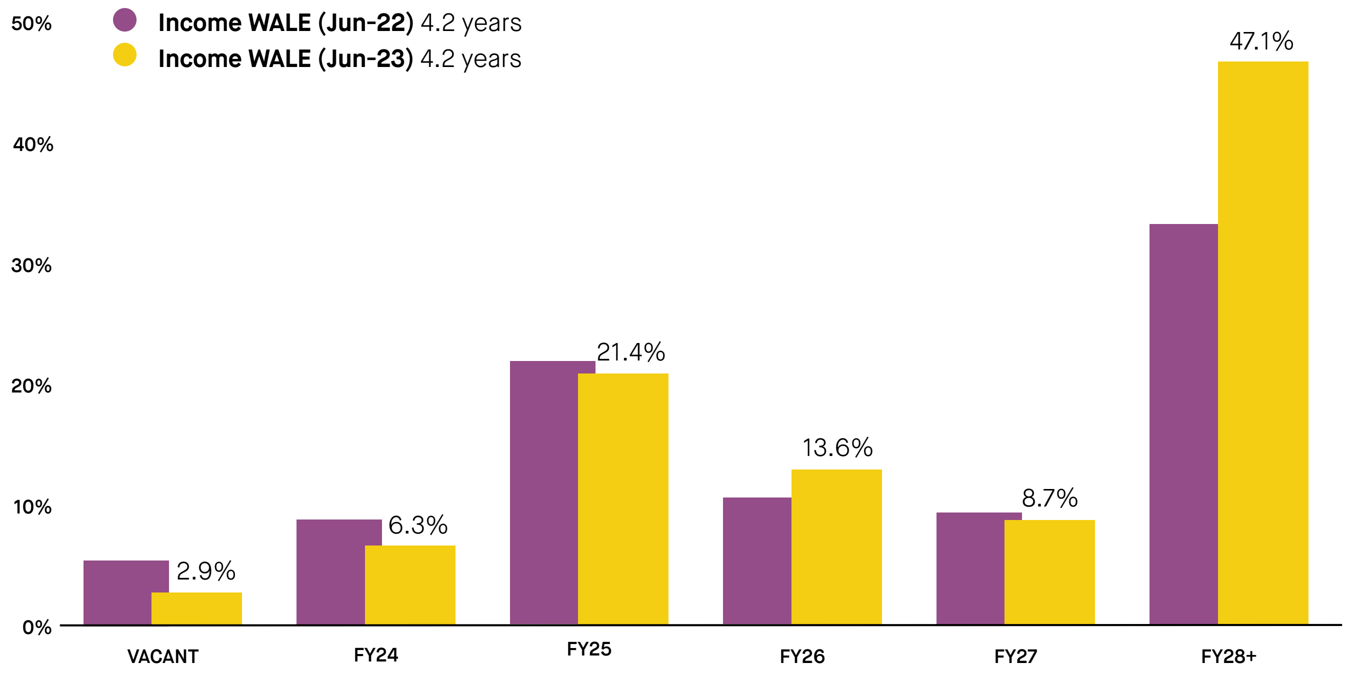
Name	FY23	FY22
Number of assets	**23[1]**	23
Book value	**$2,237.4m**	$2,335.2 m
WACR	**6.00 %**	5.58 %
NLA	**303,305 sqm**	303,138sqm
Occupancy[2]	**97.1 %**	94.7 %
WALE[2]	**4.2 years**	4.2 years
Average NABERS SPI Energy rating[3]	**4.9 stars**	4.8 stars
Average NABERS SPI Water rating[3]	**3.9 stars**	3.9 stars
Buildings generating solar power	**7**	6
Average building age (by value)	**17 years**	16 years

Portfolio weighting

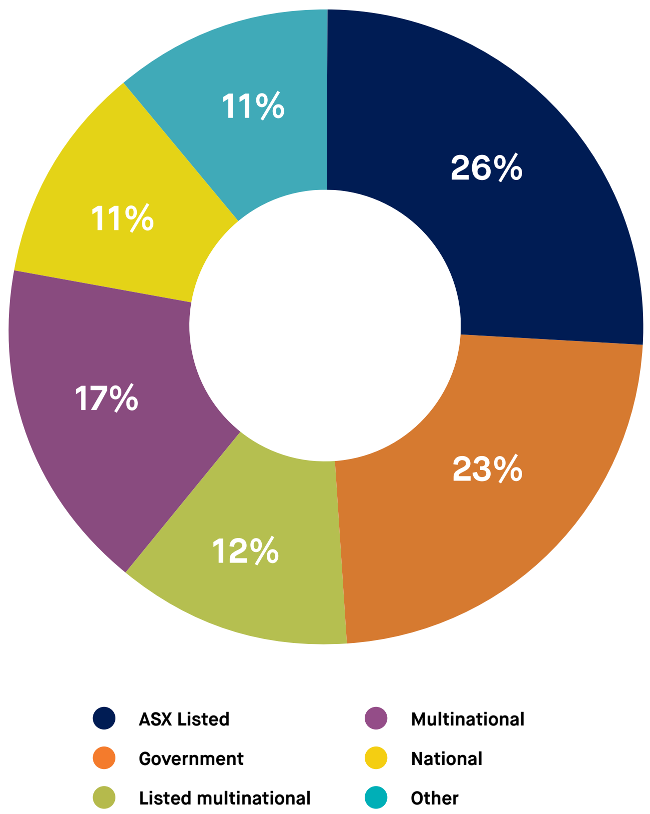
	total portfolio (%)	occupancy (%)	WALE (yrs)
SA	4.0	100	4.6
WA	12.0	99.5	4.3
Qld	21.0	98.9	3.3
NSW	25.0	93.5	4.7
ACT	14.0	97.4	4.9
Vic	24.0	96.5	3.9

1. A sale contract has been exchanged for 54 Marcus Clarke Street, Canberra ACT, with settlement scheduled for January 2024. The sale of 35 Robina Town Centre Drive, Robina Qld was settled on 31 August 2023.
2. By gross income.
3. Excluding non-rated assets.

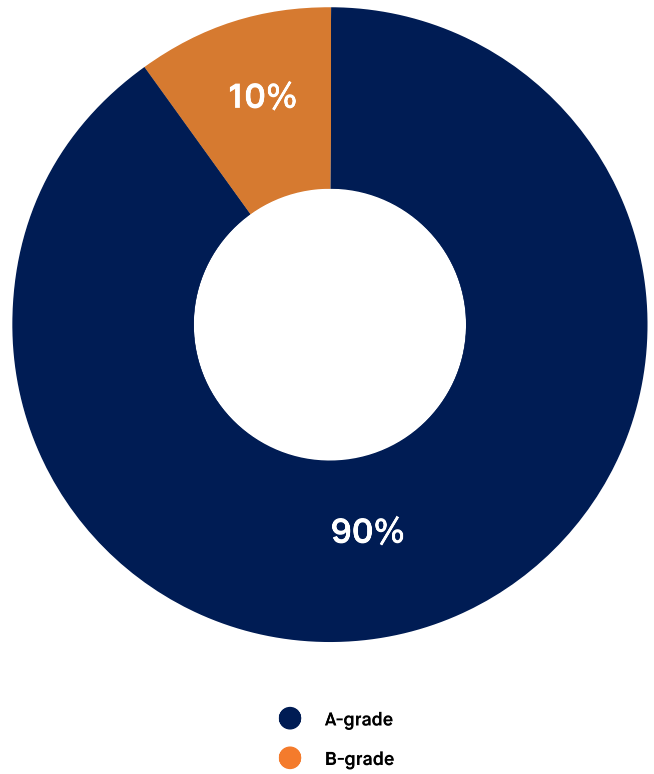
Weighted average lease expiry (% by income)



Tenant mix (income)



PCA grade (value)[1]



1. Management interpretation of PCA guidelines.

Strong leasing track record

Centuria continues to deliver a strong track record of maintaining high occupancy.

	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Leasing volume (sqm)	20,321	17.970	21,75	32,378	52,077	41,283	42,686
Portfolio NLA leased	15.5%[1]	9.7%[1]	10.0%[1]	10.6%[1]	18.1%[2]	13.6%[2]	14.1%[2]
Portfolio occupancy[2]	97.3%	98.9%	98.4%	98.1%	93.1%	94.7%	97.1%

1. By area.
2. By income.

203 PACIFIC HIGHWAY, ST LEONARDS NSW

Valuation summary

-$97.9 million[1]
valuation decline in FY23

Decreasing NTA per unit to
$2.20

WACR[1,2] of
6.00%

Portfolio valuation summary[3]

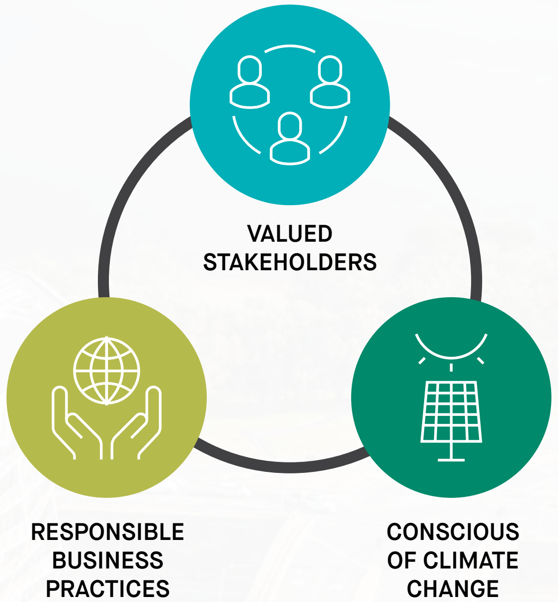
	FY23 valuation[1] ($m)	FY22 valuation[1] ($m)	Valuation movement[3,4] ($m)	Valuation movement[3,4] (%)	FY23 WACR[1,2] (%)	FY22 WACR[1,2] (%)	Movement WACR[2] (BPS)
NSW	556.2	589.6	(33.4)	(5.7)	5.81	5.37	44
Qld	479.8	501.6	(21.8)	(4.3)	6.43	5.96	47
Vic	532.5	562.2	(29.7)	(5.3)	5.53	5.11	42
ACT	320.0	341.4	(21.4)	(6.3)	5.87	5.40	47
WA	266.3	284.3	(18.0)	(6.3)	6.65	6.34	31
SA	82.6	56.2	26.4	47.0	6.29	6.23	6
Like for like portfolio/weighted average	2,237.4	2,335.3	(97.9)	(4.2)	6.00	5.58	42

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

NISHI, 2 PHILLIP LAW STREET, CANBERRA ACT

Sustainability

Developing a flexible and relevant sustainability framework.



Select initiatives

New sustainability targets:
Zero Scope 2 emissions[1] by 2028; and where practical, the elimination of gas and diesel equipment[2] by 2035.

Wyatt Street, Adelaide SA is designed to a 5-star Green Star rating with electricity only provisions.

Ongoing deployment of onsite solar across the COF portfolio.

45%[3] female representation at Centuria.

Centuria ESG Policy adoption

COF's ESG Investment Approach

COF achieved a 4.9 star NABERS Energy Sustainability Portfolio Index rating (up from 4.8 stars in FY22).

1. Zero Scope 2 emissions by being powered by the equivalent of 100% renewable electricity through a combination of onsite solar and largescale generation certificate deals, which match COF's consumption.
2. COF will focus on the elimination of gas and diesel where practical from equipment owned and operated by COF. Gas and diesel equipment operated by our tenants are excluded from COF's sustainability target.
3. Diversity numbers as at 30 June 2023 are representative of Centuria Capital Group.

Our strategic sustainability focus

COF is committed to continually improve its environmental performance.

COF is committed to developing leading green certified assets under Centuria's in-house development capability, and this year announced targets to be powered by 100% renewable electricity by 2028[1] and to eliminate gas and diesel equipment[2] where practical, by 2035.

- 5 star Green Star for all new developments
- Targeting Zero Scope 2 emissions[1] by 2028
- Targeting to eliminate gas and diesel equipment[2] where practical by 2035

57 Wyatt St, Adelaide SA

COF acquired 57 Wyatt Street, Adelaide from Centuria Capital Group's in-house development division. Wyatt Street boasts high sustainability credentials, adding to an existing portfolio of quality performing assets.

- 5 star Green Star design rating[3]
- Targeting 5.5 star NABERS Energy Rating
- Fully electrical to help achieve COF's new climate target
- c. 90% of construction waste diverted from landfill during development

Our memberships and industry participation

Member of the Diversity Council of Australia[4]

Member of the Green Building Council of Australia[5]

COF improved its NABERS SPI Energy rating to 4.9, up from 4.8 the previous year

1. Zero Scope 2 emissions by being powered by the equivalent of 100% renewable electricity through a combination of onsite solar and largescale generation certificate deals, which match COF's consumption.
2. COF will focus on the elimination of gas and diesel where practical from equipment owned and operated by COF. Gas and diesel equipment operated by our tenants are excluded from COF's sustainability target.
3. Under the version 1.3 Design Review Certified Rating Guidelines.
4. Centuria Capital Group is a member of the Diversity Council of Australia.
5. Centuria Capital Group is a member of the Green Building Council of Australia.

Meet the Board of Directors

Matthew Hardy

CHAIRMAN & INDEPENDENT NON-EXECUTIVE DIRECTOR

Matthew has been an Independent Non-Executive Director of Centuria Property Funds Limited (CPFL), the responsible entity of Centuria Office REIT (COF), since July 2013 and was appointed Chairman of the Board in June 2021. He is also a member of CPFL's Audit, Risk and Compliance Committee. He brings more than 30 years, senior-level experience across direct real estate, equities and funds management to the Board.

His career spans UK and Australian markets in direct property valuation and consultancy for global companies including Richard Ellis (now CBRE) and Jones Lang Wootton (now JLL). Previous roles include Hambros Equities' senior REIT analyst and Barclays Global Investors' Head of Property and Director of Property Investments, where he managed property securities funds as well as Listed and Wholesale property funds.

Matthew has been the Managing Director, Head of Australia for Real Asset Search and Consultancy Group Ferguson Partners since 22 February 2021. Since 2002, Matthew has been a founding Director of real estate specialist executive search and consultancy, Conari Partners, and its corporate predecessor, Thomas Hardy.

Prior to assuming his current Board positions, Matthew was General Manager to the Mirvac-managed, listed REIT, Capital Property Trust. He was also Mirvac Fund Management's Head of Investments and Developments where he drove strategy and new business development. After leaving his executive position at Mirvac, Matthew served as a Non-executive Director of Mirvac Funds Management.

He is a member of the Royal Institution of Chartered Surveyors (RICS) and the Australian Institute of Company Directors (AICD). Matthew holds a Bachelor of Science (Urban Estate Surveying) from Nottingham Trent University.

Matthew is also the Chairman of Centuria Healthcare Asset Management Limited.

Peter Done

INDEPENDENT NON-EXECUTIVE DIRECTOR

Peter joined the Centuria Capital Group Board as an Independent Non-Executive Director in November 2007. He is also Chair of Centuria Capital Group's Audit, Risk and Compliance Committee.

Peter has extensive knowledge of accounting, audit and financial management in the property development and financial services industries, corporate governance, regulatory issues and board processes through his many senior roles.

Peter hails from a 38-year career at KPMG. From 1979, he held the position of Partner until his retirement in 2006. During his 27 years as Partner, Peter was the lead audit partner for many clients, including those involved in property development, primary production and television and film production and distribution.

Peter holds a Bachelor of Commerce (Accounting) from the University of New South Wales and is a Fellow of Chartered Accountants Australia and New Zealand.

Darren Collins

INDEPENDENT NON-EXECUTIVE DIRECTOR

Darren has been an Independent Non-Executive Director of Centuria Property Funds Limited (CPFL), the responsible entity of Centuria Office REIT (COF), since March 2015. He is also the Chairman of CPFL's Audit, Risk and Compliance Committee. He brings extensive accounting, audit and financial management experience to the Board having been the lead financial executive for businesses operating in Asia, Australia and the United States of America. He has a strong background in corporate governance and regulation for listed companies.

Between 1997 and 2013, Darren was Computer Sciences Corporation (CSC)'s Vice President of Finance and Administration of several operating divisions. From 2004 to 2009, he was also a non-executive director of three IT services companies listed on the stock exchanges of Singapore, Hong Kong and Kuala Lumpur, respectively.

Darren holds a Bachelor of Commerce (Accounting) from the University of New South Wales and is an associate of Chartered Accountants Australia and New Zealand.

Elizabeth McDonald

INDEPENDENT NON-EXECUTIVE DIRECTOR

Elizabeth has been an Independent Non-Executive Director of Centuria Property Funds Limited (CPFL), the responsible entity of Centuria Office REIT (COF), since March 2022. She is also a member of CPFL's Audit, Risk and Compliance Committee. She brings more than 17 years of legal experience in a unique combination of property, clean energy and native title law.

Elizabeth currently works as a director of Chalk & Behrendt Lawyers & Consultants where she focuses on providing legal and strategic advice on best practice agreement-making between organisations and First Nations landowners particularly in relation to clean energy projects. She also advises on social licence considerations in the context of legal obligations and negotiations. Elizabeth has significant experience in advising developers, private clients, charities and First Nations organisations on strategic land-related projects, acquisitions and sales.

In 2019, Elizabeth was a recipient of an Australian Government Executive Leadership Scholarship which she used to focus on clean energy, ESG reporting and impact investing trends in the United States and implications for the development of those areas in Australia.

Elizabeth holds a Bachelor of Laws (First Class Honours) and Bachelor of Economics from the University of Newcastle. She was admitted as a solicitor to the Supreme Court of NSW in 2006.

Elizabeth is also a sessional academic at the University of Newcastle Law School and a member of the University's Law School Advisory Board.

154 MELBOURNE STREET, SOUTH BRISBANE QLD

Directors' report

For the year ended 30 June 2023

The directors of Centuria Property Funds Limited (CPFL), the Responsible Entity of Centuria Office REIT (COF) present their report, together with the consolidated financial statements of the Trust and its subsidiaries (the Trust) for the year ended 30 June 2023 and the independent auditor's report thereon.

Directors of the Responsible Entity

The directors of Centuria Property Funds Limited during or since the end of the financial year are:

Name	Appointed	Directorship of other listed companies
Peter Done	5 December 2007	Centuria Capital Limited
Matthew Hardy	4 July 2013	
Darren Collins	10 March 2015	
Elizabeth McDonald	1 March 2022	

The company secretary of Centuria Property Funds Limited during or since the end of the financial year is:

Name	Appointed
Anna Kovarik	5 Jul 2018

Refer to Note D2 of the annual financial report for directors' unitholdings in the Trust.

No director holds a right or option over interests in the Trust. No options over any issued or unissued units in the Trust have been issued to any director.

There are no contracts to which any director is a party to under which a director is entitled to a benefit and/or confers a right to call for or be delivered interests in the Trust.

Principal activities

The Trust is a registered managed investment scheme domiciled in Australia.

The principal activity of the Trust is investment in commercial office property within Australia. There have been no significant changes in the nature of the Trust's activities since the date of the Trust's establishment.

The Trust did not have any employees during the financial year.

Significant changes in the state of affairs

In the opinion of the Responsible Entity there were no significant changes in the state of affairs of the Trust that occurred during the financial year.

Review of operations

Results

The results of the operations of the Trust are disclosed in the consolidated statement of profit or loss and other comprehensive income of these financial statements. The Trust's loss from continuing operations for the year ended 30 June 2023 was $91,931,000 (30 June 2022: $115,019,000 profit).

As at 30 June 2023, the Trust's net tangible assets (NTA) was $2.20 per unit (30 June 2022: $2.50 per unit).

The funds from operations for the year ended 30 June 2023 was $93.0 million (30 June 2022: $104.9 million), representing a 11.3% decrease from prior year.

	30 June 2023 $'000	30 June 2022 $'000
Net (loss)/profit for the year	**(91,931)**	115,019
ADJUSTMENTS		
Loss/(gain) on fair value of investment properties	**162,157**	(14,697)
Rent free and abatement	**15,622**	13,859
Amortisation of incentives and leasing fees	**9,314**	9,226
Gain on fair value of derivatives	**(2,769)**	(14,144)
Straight-lining of rental income	**684**	(4,289)
Adjustments for AASB 16 Leases	**(49)**	(67)
Funds from operations	**93,028**	104,907

Investment property valuations

The total value of the Trust's portfolio including assets held for sale as at 30 June 2023 was $2,268 million (30 June 2022: $2,367 million), a decrease of 4.2% from the prior year.

On 23 June 2023, the Trust entered into a contract to sell 54 Marcus Clarke St, Canberra ACT for $23 million. Settlement is scheduled for January 2024.

The weighted average capitalisation rate for the portfolio increased 42 basis points year on year to 6.0% as at 30 June 2023 (30 June 2022: 5.58%).

The Trust engaged external valuers to prepare independent valuations for the entire portfolio of investment properties over the course of the financial year.

Leasing and occupancy

The Trust secured 62 leases across 42,686 square metres (sqm) representing 14.1% of the portfolio's net lettable area (NLA) in the year ended 30 June 2023. This comprised of 42 new leases across 31,512 sqm and 20 renewals across 11,174 sqm.

As at 30 June 2023, the Weighted Average Lease Expiry (WALE) of the portfolio was 4.2 years (30 June 2022: 4.2 years) and the occupancy rate was 97.1% (30 June 2022: 94.7%).

Capital management

As at 30 June 2023, the Trust had multi-bank debt facilities totalling $1,012.5 million (30 June 2022: $912.5 million) with a weighted average expiry of 3.2 years (30 June 2022: 3.6 years). Drawn borrowings totalled $897.0 million (30 June 2022: $832.0 million), and the all-in interest cost (made up of interest expense and line fees) for FY23 was 4.3% (30 June 2022: 2.2%) with 69% of the drawn debt hedged as at 30 June 2023 (30 June 2022: 66.3% on average). The Trust's gearing at 30 June 2023 was 38.4% (30 June 2022: 33.8%). There is no debt expiry until FY 2026.

Outlook

The Responsible Entity's strategy and ongoing focus remains unchanged. The Responsible Entity's primary focus is on actively managing the Trust's portfolio, with an emphasis on tenant retention to ensure income and occupancy are maximised. The Responsible Entity will also continue to review asset allocation and assess potential transaction opportunities that are considered complementary to the existing portfolio and the Trust's objective of delivering sustainable income returns to unitholders.

The Trust's FFO guidance for the year ending 30 June 2024 is 13.8 cpu. The 2024 financial year distribution guidance is 12.0 cpu which will be paid in equal quarterly instalments.

Distributions

Distributions paid or payable in respect of the financial year were:

	30 June 2023		30 June 2022	
	Cents per unit	$'000	Cents per unit	$'000
September quarter	**3.525**	**21,056**	4.15	24,689
December quarter	**3.525**	**21,056**	4.15	24,719
March quarter	**3.525**	**21,058**	4.15	24,753
June quarter	**3.525**	**21,056**	4.15	24,789
Total	**14.10**	**84,226**	16.60	98,951

Key dates in connection with the 30 June 2023 distribution are:

Event	Date
Ex-distribution date	29 June 2023
Record date	30 June 2023
Distribution payment date	18 August 2023

The Trust declared distributions of 14.1 cpu during the 2023 financial year which was in line with guidance provided as part of the June 2022 year end result.

Distribution reinvestment plan

The Trust did not activate the distribution reinvestment plan (DRP) during the year ended 30 June 2023.

Environmental regulation

The Trust's operations are not subject to any significant environmental regulation under Commonwealth, State or Territory legislation.

Options granted

No options were granted over unissued units in the Trust during or since the end of the financial year.

No unissued units in the Trust were under option as at the date of this report.

No units were issued in the Trust during or since the end of the financial year as a result of the exercise of an option over unissued units in the Trust.

Events subsequent to balance date

On 11 May 2023, the Trust entered into a put and call option agreement to sell 35 Robina Town Centre Drive, Robina QLD for $40 million. Subsequent to 30 June 2023, the buyer exercised the call option and the sales contract was executed on 24 July 2023. The sale was settled on 31 August 2023.

Other than the above, there are no other matters or circumstances which have arisen since the end of the period to the date of this report, in the opinion of the Responsible Entity, which significantly affect the operations of the Trust, the results of those operations, or the state of affairs of the Trust, in future financial years.

Indemnifying officers or auditors

Indemnification

Under the Trust's constitution the Responsible Entity, including its officers and employees, is indemnified out of the Trust's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Trust.

The Responsible Entity has not indemnified or agreed to indemnify any auditor or other officer of the Trust, or any related body corporate.

Insurance premiums

The Responsible Entity has paid insurance premiums in respect of directors' and officers' liability and legal expense insurance contracts, for current and former directors and officers, including senior executives of the Responsible Entity.

Trust information in the directors' report

Responsible Entity interests

The following fees were paid or payable to the Responsible Entity and related parties during the financial year:

	30 June 2023 $'000	30 June 2022 $'000
Management fees	**13,189**	12,668
Property management fees	**4,338**	3,219
Facility management fees	**2,499**	1,906
Leasing fees	**2,428**	940
Project management fees	**1,666**	746
Custodian fees	**989**	859
Administration fees	**646**	334
Due diligence transaction fees	**50**	50
	25,805	20,722

During FY22, the Trust entered into an agreement with a subsidiary of Centuria Capital Group to acquire 57 Wyatt Street, Adelaide SA, a fund through development, for a contract price of $40.2 million. As at 30 June 2023, the Trust had contributed $23.4 million towards the development, with the balance of $17.2 million payable post completion in FY24.

The Responsible Entity and/or its related parties that hold units in the Trust during the financial year are outlined in Note D2 to the financial statements.

Other Trust information

The number of units in the Trust at the end of the financial year are disclosed in Note C7 to the financial statements.

The recorded value of the Trust's assets as at the end of the financial year is disclosed in the consolidated statement of financial position as 'Total assets' and the basis of recognition and measurement is included in the notes to the financial statements.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 36.

Rounding of amounts

The Trust is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, related to the 'rounding off' of amounts in the Directors' Report and financial statements. Amounts in the Directors' Report and financial statements have been rounded off, in accordance with the instrument, to the nearest thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of Directors.

Matthew Hardy
Director

Darren Collins
Director

Sydney
17 August 2023

154 MELBOURNE STREET, SOUTH BRISBANE QLD

Lead Auditor's independence declaration

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Centuria Property Funds Limited, the Responsible Entity of Centuria Office REIT

I declare that, to the best of my knowledge and belief, in relation to the audit of Centuria Office REIT for the financial year ended 30 June 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Peter Zabaks

Partner

Sydney

17 August 2023

77 MARKET STREET, WOLLONGONG NSW

Financial statement contents

For the year ended 30 June 2023

818 BOURKE STREET, DOCKLANDS VIC

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
REVENUE			
Rent and recoverable outgoings	B2	**166,822**	167,005
Total revenue from continuing operations		**166,822**	167,005
OTHER INCOME			
Net gain on fair value of investment properties	C2	**-**	14,697
Gain on fair value of derivative financial instruments		**2,769**	14,144
Interest income		**459**	14
Total other income		**3,228**	28,855
Total revenue from continuing operations and other income		**170,050**	195,860
EXPENSES			
Rates, taxes and other property outgoings		**47,530**	45,234
Finance costs	B3	**36,828**	19,277
Net loss on fair value of investment properties	C2	**162,157**	-
Management fees	D2	**13,189**	12,668
Other expenses		**2,113**	2,214
Rental waivers expense		**164**	1,448
Total expenses		**261,981**	80,841
(Loss)/profit from continuing operations for the year		**(91,931)**	115,019
Net (loss)/profit for the year		**(91,931)**	115,019
OTHER COMPREHENSIVE INCOME			
Other comprehensive income for the year		**-**	-
Total comprehensive (loss)/ income for the year		**(91,931)**	115,019
BASIC AND DILUTED EARNINGS PER UNIT			
Basic earnings per unit (cents per unit)	B4	**(15.4)**	19.9

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	C9	**17,287**	26,558
Trade and other receivables	C1	**9,000**	7,450
Other assets		**2,840**	2,862
Derivative financial instruments	C6	**5,128**	2,251
Investment properties held for sale	C3	**63,000**	-
Total current assets		**97,255**	39,121
Non-current assets			
Investment properties	C2	**2,205,554**	2,366,770
Derivative financial instruments	C6	**8,208**	4,882
Total non-current assets		**2,213,762**	2,371,652
Total assets		**2,311,017**	2,410,773
LIABILITIES			
Current liabilities			
Trade and other payables	C4	**47,493**	32,385
Distributions payable	B1	**21,056**	24,789
Total current liabilities		**68,549**	57,174
Non-current liabilities			
Borrowings	C5	**893,576**	828,504
Lease liability	C2	**32,548**	32,594
Total non-current liabilities		**926,124**	861,098
Total liabilities		**994,673**	918,272
Net assets		**1,316,344**	1,492,501
EQUITY			
Issued capital	C7	**1,484,579**	1,484,579
(Accumulated losses)/Retained earnings		**(168,235)**	7,922
Total equity		**1,316,344**	1,492,501

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2023

	Note	Issued capital $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2021		1,283,138	(8,146)	1,274,992
Net profit for the year		-	115,019	115,019
Total comprehensive income for the year		**-**	**115,019**	**115,019**
Units issued		200,996	-	200,996
Distribution reinvestment plan ('DRP')		5,562	-	5,562
Equity raising costs		(5,117)	-	(5,117)
Distributions provided for or paid	B1	-	(98,951)	(98,951)
Balance at 30 June 2022		**1,484,579**	**7,922**	**1,492,501**
Balance at 1 July 2022		1,484,579	7,922	1,492,501
Net profit for the year		-	(91,931)	(91,931)
Total comprehensive income for the year		**-**	**(91,931)**	**(91,931)**
Distributions provided for or paid	B1	-	(84,226)	(84,226)
Balance at 30 June 2023		**1,484,579**	**(168,235)**	**1,316,344**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Financial statements

Consolidated statement of cash flows

For the year ended 30 June 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**182,040**	180,960
Payments to suppliers		**(77,153)**	(68,152)
Interest received		**459**	14
Interest paid		**(32,421)**	(16,792)
Net cash generated by operating activities	C9	**72,925**	96,030
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investment properties		**(54,529)**	(338,526)
Proceeds from sale of investment properties		**-**	20,900
Transaction cost		**-**	(267)
Net cash used in investing activities		**(54,529)**	(317,893)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution paid		**(87,959)**	(95,386)
Proceeds from borrowings		**115,000**	175,175
Repayment of borrowings		**(50,000)**	(47,500)
Payments for borrowing costs		**(1,275)**	(725)
Payments for derivative financial instruments		**(3,433)**	(228)
Proceeds from issue of units		**-**	206,558
Equity raising costs		**-**	(5,117)
Net cash (used in)/generated by financing activities		**(27,667)**	232,777
Net (decrease)/increase in cash and cash equivalents		**(9,271)**	10,914
Cash and cash equivalents at beginning of financial year		**26,558**	15,644
Cash and cash equivalents at end of financial year	C9	**17,287**	26,558

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 30 June 2023

A About the report

A1 General information

Centuria Office REIT is a registered managed investment scheme under the *Corporations Act 2001* and domiciled in Australia. The principal activity of the Trust is disclosed in the directors' report.

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

For the purposes of preparing the financial statements, the Trust is a for-profit entity.

The financial report was authorised for issue in accordance with a resolution of the board of directors of Centuria Property Funds Limited, the Responsible Entity, on 17 August 2023.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for investment property and derivative financial instruments which have been measured at fair value at the end of the reporting period. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, which is the Trust’s functional currency, unless otherwise noted.

(i) Going concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The principal accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year and corresponding reporting period.

The directors of the Responsible Entity note that the Trust is in a net current asset position of $28.7 million as at 30 June 2023. Given the Trust has the headroom in existing loan covenants and the ability to draw from the $114 million of available funds in the facility to fund working capital requirements, has a 3.2 year weighted average debt expiry, and the future cash generating potential of the Trust, the directors of the Responsible Entity expect the Trust will be able to pay its debts as and when they fall due.

After taking into account all available information, the directors of the Responsible Entity have concluded that there are reasonable grounds to believe the basis of preparation of the financial report on a going concern basis is appropriate.

Rounding of amounts

The Trust is a scheme of a kind referred to in ASIC Legislative Instrument 2016/191, related to the ‘rounding off’ of amounts in the Directors’ Report and financial statements. Amounts in the Directors’ Report and financial statements have been rounded off, in accordance with the instrument to the nearest thousand dollars, unless otherwise indicated.

A2 Significant accounting policies

The accounting policies and methods of computation in the preparation of the consolidated financial statements are consistent with those adopted in the previous financial year ended 30 June 2022 unless specifically outlined below or in the relevant notes to the consolidated financial statements.

When the presentation or classification of items in the consolidated financial statements has been amended, comparative amounts are also reclassified, unless it is impractical.

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.

These financial statements contain all significant accounting policies that summarise the recognition and measurement basis used and which are relevant to provide an understanding of the financial statements. Accounting policies that are specific to a note to the financial statements are described in the note to which they relate.

Use of estimates and judgements

In the application of the Trust's accounting policies, the Responsible Entity is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The judgements, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; or in the period of the revision and future periods if the revision affects both current and future periods. The key estimates and judgements in the financial report relate to the valuation of investment properties (Note C2) and derivative financial instruments (Note E2).

Judgements made by the Responsible Entity that have significant effects on the financial statements and estimates with significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Segment reporting

The Trust operates in one segment, being investments in Australian office property. The Trust has determined its one operating segment based on the internal information that is provided to the chief operating decision maker and which is used in making strategic decisions. The Responsible Entity has been identified as the Trust’s chief operating decision maker.

B Trust performance

B1 Distribution

	30 June 2023		30 June 2022	
	Cents per unit	$'000	Cents per unit	$'000
September quarter	**3.525**	**21,056**	4.15	24,689
December quarter	**3.525**	**21,056**	4.15	24,719
March quarter	**3.525**	**21,058**	4.15	24,753
June quarter	**3.525**	**21,056**	4.15	24,789
Total	**14.10**	**84,226**	16.60	98,951

Key dates in connection with the 30 June 2023 distribution are:

Event	Date
Ex-distribution date	29 June 2023
Record date	30 June 2023
Distribution payment date	18 August 2023

Distribution and taxation

Under current Australian income tax legislation, the Trust is not liable for income tax for the financial year as the Trust has fully distributed its distributable income as determined under the Trust's constitution, whilst its unitholders are presently entitled to the income.

Distributions paid and payable are recognised as distributions within equity. A liability is recognised where distributions have been declared but have not been paid. Distributions paid are included in cash flows from financing activities in the consolidated statement of cash flows.

B2 Revenue

	30 June 2023 $'000	30 June 2022 $'000
Rental income	**136,938**	138,548
Recoverable outgoings	**30,568**	24,168
Straight-lining of lease revenue	**(684)**	4,289
	166,822	167,005

Recognition and measurement

Revenue is measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured.

(i) Rental income

Rental income from investment property is recognised in profit or loss on a straight line basis over the term of the lease. Rental income not received at reporting date is reflected in the consolidated statement of financial position as a receivable. If rents are paid in advance these amounts are recorded as payables in the consolidated statement of financial position.

Lease incentives granted are recognised as an integral part of the net consideration agreed for the use of the leased premises, irrespective of the incentive's nature or form or the timing of payments. The aggregate cost of lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term.

Contingent rents based on the future amount of a factor that changes other than with the passage of time are only recognised when charged.

(ii) Recoverable outgoings

The Trust recovers the costs associated with general building and tenancy operation from lessees in accordance with specific clauses within lease agreements. These are invoiced monthly based on an annual estimate. The consideration is due 30 days from the invoice date. Should any adjustment be required based on actual costs incurred, this is recognised in the statement of profit or loss and other comprehensive income within the same reporting period and billed annually.

(iii) Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding using the effective interest rate method.

(iv) Sale of properties

Any gain or loss arising on the sale of an investment property is recognised when the control of the asset is passed on to the buyer, which normally coincides with the settlement of the contract for sale.

B3 Expenses

Recognition and measurement

Finance costs are recognised in the profit or loss statement as they accrue. Finance costs are recognised using the effective interest rate applicable to the financial liability.

(i) Finance costs

Finance costs include interest expense and amortised borrowing costs.

	30 June 2023 $'000	30 June 2022 $'000
Interest expense	**35,481**	18,523
Amortisation of borrowing costs	**1,347**	754
	36,828	19,277

(ii) Other expenses

All other expenses, including rates, taxes and other property outgoings and management fees are recognised in profit or loss on an accruals basis. Other operating expenses include legal, accounting and audit fees.

(iii) Goods and services tax

Revenues, expenses and assets are recognised exclusive of goods and services tax (GST) which is recoverable from the Australian Taxation Office (ATO) as an input tax credit (ITC).

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included in receivables or payables in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows with the amount of GST included. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as operating cash flows.

B4 Earnings per unit

	30 June 2023	30 June 2022
Basic earnings per COF unit (cents per unit)	**(15.40)**	19.90
Earnings used in calculating basic earnings per unit ($'000)	**(91,931)**	115,019
Weighted average number of COF units ('000)	**597,337**	577,675

Notes to the financial statements

C Trust's assets and liabilities

C1 Trade and other receivables

	30 June 2023 $'000	30 June 2022 $'000
Current		
Trade receivables	**2,895**	3,449
Expected credit loss provision	**(768)**	(2,568)
Other receivables	**6,873**	6,569
	9,000	7,450

Refer to Note E2 for details on fair value measurement and the Trust's exposure to risks associated with financial assets (other receivables are not considered to be financial assets).

Recognition and measurement

Loans and receivables are initially recognised at fair value and subsequently amortised cost using the effective interest rate method less any allowance under the expected credit loss (ECL) model.

Refer to the policy application below for further details.

Recoverability of loans and receivables

At each reporting period, the Trust assesses whether financial assets carried at amortised cost are 'credit-impaired'. A financial asset is 'credit-impaired' when one or more events that has a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Trust recognises loss allowances at an amount equal to lifetime ECL on trade and other receivables. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the trade receivables and are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between cash flows due to the Trust in accordance with the contract and the cash flows that the Trust expects to receive.

C2 Investment properties

	30 June 2023 $'000	30 June 2022 $'000
Opening balance	**2,366,770**	2,046,221
Purchase price of investment properties	**-**	284,593
Stamp duty and other transaction costs	**-**	17,354
Capital improvements and associated costs	**54,737**	24,470
	54,737	326,417
(Loss)/gain on fair value	**(162,157)**	14,697
Change in deferred rent and lease incentives	**4,470**	(1,421)
Change in capitalised leasing fees	**4,734**	1,756
Disposal at fair value	**-**	(20,900)
Transfers to held for sale	**(63,000)**	-
Closing balance^	**2,205,554**	2,366,770

^ The carrying amount of investment properties includes components related to deferred rent, capitalised lease incentives and leasing fees amounting to $52,982,000 (30 June 2022: $43,778,000) and a right of use asset of $31,164,000 (30 June 2022: $31,567,000).

Leases as lessor

The Trust leases out its investment properties under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	30 June 2023 $'000	30 June 2022 $'000
Less than one year	**135,094**	139,602
Between one and five years	**311,568**	385,330
More than five years	**98,474**	148,332
	545,136	673,264

	Fair Value $'000		Capitalisation rate %		Discount rate %			
Property	**30 Jun 2023**	**30 Jun 2022**	**30 Jun 2023**	**30 Jun 2022**	**30 Jun 2023**	**30 Jun 2022**	**30 Jun 2023 valuer**	**Last independent valuation**
NSW								
8 Central Ave, Eveleigh*	**201,000**	210,000	**5.38**	5.00	**6.38**	6.00	Directors	Dec 2022
203 Pacific Hwy, St Leonards^	**129,000**	138,000	**6.13**	5.62	**6.75**	6.25	Colliers	Jun 2023
9 Help St, Chatswood	**96,700**	97,000	**5.75**	5.25	**6.50**	6.00	KF	Jun 2023
201 Pacific Hwy, St Leonards*	**92,500**	107,500	**6.00**	5.50	**7.00**	6.37	C&W	Jun 2023
77 Market St, Wollongong	**37,000**	37,100	**6.75**	6.50	**6.55**	6.75	Directors	Dec 2022
ACT								
2 Phillip Law St, Canberra^	**234,000**	253,500	**5.50**	5.00	**6.13**	5.75	M3	Jun 2023
60 Marcus Clarke St, Canberra^	**63,000**	63,000	**6.75**	6.50	**7.00**	6.75	Directors	Dec 2022
54 Marcus Clarke St, Canberra^**	**-**	24,900	**-**	6.75	**-**	6.75	Directors	Dec 2022
QLD								
825 Ann St, Fortitude Valley	**152,400**	161,000	**6.25**	5.75	**6.25**	6.00	Colliers	Jun 2023
154 Melbourne St, South Brisbane	**86,000**	81,000	**6.38**	6.00	**6.50**	6.25	C&W	Jun 2023
100 Brookes St, Fortitude Valley	**82,900**	89,500	**6.25**	5.75	**6.13**	6.00	Colliers	Jun 2023
438-517 Kingsford Smith Dr, Hamilton	**77,500**	79,500	**6.38**	6.00	**6.75**	6.50	Directors	Dec 2022
555 Coronation Dr, Brisbane	**41,000**	45,600	**6.75**	6.00	**7.00**	6.50	Directors	Dec 2022
35 Robina Town Ctr Dr, Robina^**	**-**	45,000	**-**	7.00	**-**	7.25	Directors	Dec 2022
VIC								
818 Bourke St, Docklands	**202,000**	215,000	**5.50**	5.12	**6.50**	6.00	C&W	Jun 2023
101 Moray, South Melbourne	**190,000**	203,700	**5.25**	4.87	**6.00**	5.87	Colliers	Jun 2023
584 Swan St, Richmond	**70,500**	71,500	**5.88**	5.25	**6.38**	6.00	Directors	Dec 2022
2 Kendall St, Williams Landing	**70,000**	72,000	**6.00**	5.62	**6.50**	6.25	C&W	Jun 2023

Property	Fair Value $'000 30 Jun 2023	Fair Value $'000 30 Jun 2022	Capitalisation rate % 30 Jun 2023	Capitalisation rate % 30 Jun 2022	Discount rate % 30 Jun 2023	Discount rate % 30 Jun 2022	30 Jun 2023 valuer	Last independent valuation
WA								
235 William St, Northbridge	**155,000**	172,500	**6.75**	6.50	**7.25**	6.75	C&W	Jun 2023
144 Stirling St, Perth	**73,000**	73,250	**6.50**	6.00	**6.88**	6.75	Directors	Dec 2022
46 Colin St, Perth^~	**69,454**	70,067	**6.50**	6.25	**7.00**	6.25	C&W	Jun 2023
SA								
1 Richmond Rd, Keswick	**44,500**	44,000	**6.75**	6.50	**7.00**	7.25	Directors	Dec 2022
57 Wyatt St, Adelaide**	**38,100**	12,153	**5.75**	-	**6.50**	-	KF	Jun 2023
	2,205,554	2,366,770						

* The Trust owns 50% of these properties.
** This property achieved practical completion on 6 July 2023.
*** 54 Marcus Clarke S, Canberra ACT and 35 Robina Town Ctr Dr, Robina QLD have been classified as investment properties held for sale. Refer to Note C3.
^ The Trust holds a leasehold interest in these properties.
~ A right of use asset on the ground lease at 46 Colin St is included in the fair value of the property. The carrying value of the lease liability as at 30 June 2023 was $32,548,000 (30 June 2022: $32,594,000).

The Trust's weighted average capitalisation rate for the year is 6.00% (2022: 5.58%).

Recognition and measurement

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are initially recorded at cost which includes stamp duty and other transaction costs. Subsequently, the investment properties are measured at fair value with any change in value recognised in profit or loss. The carrying amount of investment properties includes components relating to deferred rent, lease incentives and leasing fees.

An investment property is derecognised upon disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Valuation techniques and significant unobservable inputs

The fair values of the investment properties were determined by the directors of the Responsible Entity or by an external, independent valuation company having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The current economic climate is uncertain. In response to this, the Trust independently valued 13 out of 23 assets at 30 June 2023.

All valuations were undertaken having regard to a best estimate of the information available at reporting date, noting there has been limited recent transactional evidence, and the valuations have been prepared in accordance with the fair value principles outlined in AASB13 Fair value measurement, which assumes a price that would be paid in an orderly transaction between market participants.

In the event that the current economic conditions are more prolonged, then there may be a more adverse impact on the value of the Trust's investment properties.

The valuations were prepared by considering the following valuation methodologies:

- Capitalisation approach: the annual net rental income is capitalised at an appropriate market yield to arrive at the property's market value. Appropriate capital adjustments are then made where necessary to reflect the specific cash flow profile and the general characteristics of the property.
- Discounted cash flow approach: this approach incorporates the estimation of future annual cash flows over a 10 year period by reference to expected rental growth rates, ongoing capital expenditure, terminal sale value and acquisition and disposal costs. The present value of fu-ture cash flows is then determined by the application of an appropriate discount rate to derive a net present value for the property.
- Direct comparison approach: this approach identifies comparable sales on a dollar per square metre of lettable area basis and compares the equivalent rates to the property being valued to determine the property's market value.

The valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between the lessor and lessee; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and, where appropriate, counter notices have been served validly and within the appropriate time.

Fair value measurement

The fair value measurement of investment property has been categorised as a Level 3 fair value as it is derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs).

Significant unobservable inputs	Fair value measurement sensitivity to significant increase in input	Fair value measurement sensitivity to significant decrease in input	Range of inputs 30 June 2023	Range of inputs 30 June 2022
Net market rent	Increase	Decrease	**$338 - $785**	$324 - $801
Capitalisation rate	Decrease	Increase	**5.25% - 7.375%**	4.87% - 7.00%
Discount rate	Decrease	Increase	**6.00% - 7.375%**	5.75% - 7.25%

Capitalisation and discount rates are considered significant Level 3 inputs. Refer to Note E2 for further information.

A further sensitivity analysis was undertaken by the Trust to assess the fair value of investment properties from movements in capitalisation rates:

Fair value at 30 June 2023 $'000	Capitalisation rate impact +0.25% $'000	Capitalisation rate impact -0.25% $'000
2,205,554	95,843	(88,254)

C3 Investment properties held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

	30 June 2023 $'000	30 June 2022 $'000
54 Marcus Clarke St, Canberra ACT	**23,000**	-
35 Robina Town Ctr Dr, Robina QLD	**40,000**	-
	63,000	-

On 23 June 2023, the Trust entered into a contract to sell 54 Marcus Clarke St, Canberra ACT for $23 million. Settlement is scheduled for January 2024.

On 11 May 2023, the Trust entered into a put and call option agreement to sell 35 Robina Town Centre Drive, Robina QLD for $40 million. The buyer exercised the call option and the sales contract was executed on 24 July 2023. The sale was settled on 31 August 2023.

Recognition and measurement

Investment properties are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. These investment properties are carried at fair value. The valuation techniques to determine the fair value of investment properties held for sale are the same as the valuation techniques of investment properties described in Note C2.

Where sale completion is delayed by events outside the control of the Trust, and the sale is not completed within one year from the date of classification, the Trust may still classify the asset as held for sale. In this circumstance, there must be sufficient evidence the Trust is committed to sell the asset, and as such obtain a firm purchase commitment from the buyer along with a favourable resolution for the Trust. A favourable resolution for the Trust would be the right to receive rental income for the period, up until the date any sale was completed.

C4 Trade and other payables

	30 June 2023 $'000	30 June 2022 $'000
Current		
Trade creditors and expenses payable	**28,933**	16,177
Other current creditors and accruals	**18,560**	16,208
	47,493	32,385

Refer to Note D2 for amounts payable to related parties.

Recognition and measurement

Trade payables and other accounts payable are recognised when the Trust becomes obliged to make future payments resulting from the purchase of goods and services and are recorded initially at fair value, net of any attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost.

Distributions paid and payable are recognised as distributions within equity. A liability is recognised where distributions have been declared but have not been paid. Distributions paid are included in cash flows from financing activities in the consolidated statement of cash flows.

A provision is recognised if, as a result of a past event, the Trust has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

C5 Borrowings

	30 June 2023 $'000	30 June 2022 $'000
Non-current		
Secured loan	**897,004**	832,004
Borrowing costs	**(3,428)**	(3,500)
	893,576	828,504

At 30 June 2023, the Trust had the following secured debt facilities:

	30 June 2023 $'000	30 June 2022 $'000
Secured loan facility		
Facility limit	**1,012,500**	912,500
Facilities used - bank loans	**(897,004)**	(832,004)
Facilities used - bank guarantee	**(1,496)**	(1,496)
Facilities unused	**114,000**	79,000

As at 30 June 2023, the Trust had $620.0 million (2022: $465.0 million) of interest rate swaps hedged against its drawn floating rate debt. Refer to Note C6 for further details on interest rate swap contracts held at 30 June 2023.

The debt facilities are secured by first mortgages over the Trust's investment properties and a first ranking fixed and floating charge over all assets of the Trust.

The secured loan has covenants in relation to Loan to Value Ratio ('LVR') and Interest Coverage Ratio ('ICR') which the Trust has complied with during the year.

Recognition and measurement

Borrowings are recorded initially at fair value, net of any attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method with any difference between the initial and recognised amount and redemption value being recognised in profit or loss over the period of borrowing and are derecognised when the contractual obligations are discharged, cancelled or expire.

Refer to Note E2 for details on the Trust's exposure to risks associated with financial liabilities.

C6 Derivatives

Interest rate swap contracts

Under interest rate swap contracts, the Trust agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Trust to mitigate the risk of changing interest rates on the cash flow exposures on the debt held. The following table details the specific instruments held at reporting date, showing the notional principal amounts and contracted fixed interest rate of each contract:

Type of contract	Classification	Maturity date	Contracted interest rate	Notional amount of contract $'000	Fair value of contracts $'000
30 June 2023					
Interest rate swap	Current	16 Oct 2023	2.90%	40,000	223
Interest rate swap	Current	16 Oct 2023	2.90%	40,000	223
Interest rate swap	Current	15 Nov 2023	3.35%	40,000	169
Interest rate swap	Current	16 May 2024	1.27%	60,000	1,902
Interest rate swap	Current	15 Jun 2024	3.10%	50,000	718
Interest rate swap	Current	25 Jun 2024	0.70%	50,000	1,893
Interest rate swap	Non-current	15 Nov 2024	3.25%	30,000	545
Interest rate swap	Non-current	15 Dec 2024	2.90%	30,000	498
Interest rate swap	Non-current	15 Jun 2025	3.43%	25,000	499
Interest rate swap	Non-current	16 Jun 2025	3.44%	75,000	1,486
Interest rate swap	Non-current	15 Sep 2025	3.00%	30,000	876
Interest rate swap	Non-current	15 Sep 2025	3.00%	50,000	1,364
Interest rate swap	Non-current	15 Jun 2026	3.10%	50,000	1,673
Interest rate swap	Non-current	15 Jun 2026	3.39%	50,000	1,267
				620,000	**13,336**

Type of contract	Classification	Maturity date	Contracted interest rate	Notional amount of contract $'000	Fair value of contracts $'000
30 June 2022					
Interest rate cap	Current	15 Jun 2023	2.25%	55,000	512
Extendable interest rate swap	Current	26 Sep 2022	0.93%	50,000	111
Extendable interest rate swap	Current	22 Nov 2022	0.75%	50,000	267
Interest rate swap	Current	22 Nov 2022	0.69%	75,000	403
Extendable interest rate swap	Current	24 Feb 2023	0.64%	100,000	1,323
Interest rate swap	Current	15 Jun 2023	4.65%	25,000	(365)
Interest rate swap	Non-Current	16 May 2024	1.27%	60,000	2,305
Interest rate swap	Non-Current	25 Jun 2024	0.70%	50,000	2,577
				465,000	**7,133**

Recognition and measurement

Derivatives are initially recognised at fair value and attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and the resulting gain or loss is recognised in profit or loss.

The fair value of interest rate swaps is the estimated amount that the entity would receive or pay to transfer the swap at reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The Trust has not applied hedge accounting to its derivative financial instruments.

Refer to Note E2 for details on the Trust's exposure to risks associated with financial liabilities.

C7 Issued capital

	30 June 2023		30 June 2022	
	Cents per unit	$'000	Cents per unit	$'000
Opening balance	**597,336**	**1,484,579**	514,522	1,283,138
Units issued	**-**	**-**	80,398	200,996
Distribution reinvestment plan ('DRP')	**-**	**-**	2,416	5,562
Equity raising costs	**-**	**-**	-	(5,117)
Closing balance	**597,336**	**1,484,579**	597,336	1,484,579

All units in the Trust are of the same class and carry equal rights to capital and income distributions.

An equity instrument is any contract that evidences a residual interest in the assets of a Trust after deducting all of its liabilities. Equity instruments issued by the Trust are recognised at the proceeds received, net of direct issue costs.

C8 Contingent assets, liabilities and commitments

Unless otherwise stated in this report, the Trust has no contingent assets, liabilities or commitments as at 30 June 2023.

C9 Cash and cash equivalents

	30 June 2023 $'000	30 June 2022 $'000
Cash and bank balances	**17,287**	26,558
	17,287	26,558
RECONCILIATION OF PROFIT FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit for the year	**(91,931)**	115,019
ADJUSTMENTS		
Net loss/(gain) on fair value of investment properties	**162,157**	(14,697)
Gain on fair value of derivatives	**(2,769)**	(14,144)
Change in deferred rent and lease incentives	**6,535**	6,931
Change in capitalised leasing fees	**2,780**	2,295
Borrowing cost amortisation	**1,347**	754
CHANGES IN OPERATING ASSETS AND LIABILITIES		
Increase in receivables	**(1,341)**	(2,080)
Decrease/(increase) in other assets	**424**	(833)
(Decrease)/increase in payables	**(4,277)**	2,785
Net cash generated by operating activities	**72,925**	96,030

Cash and cash equivalents comprise of cash on hand and cash in banks.

Notes to the financial statements

D Trust structure

D1 Interest in material subsidiaries

Recognition and measurement

(i) Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Trust elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Trust acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Trust and entities controlled by the Trust. Control is achieved where the Trust is exposed to, or has rights to, the variable returns from its involvement with an entity and has the ability to affect these returns through its power over the entity.

The Trust accounts for business combinations using the acquisition method when control is transferred to the Trust. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. When the Trust loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date on which control commences until the date on which control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the consolidated group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets attributable to unit holders of consolidated subsidiaries are identified separately from the Trust's unit holders. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

(iii) Subsidiaries

The consolidated financial statements include the assets, liabilities and results of Centuria Office REIT and the subsidiaries it controls. Subsidiaries are entities controlled by the Trust in accordance with AASB 10. Control exists when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the financial report from the date that control commences until the date that control ceases.

The Trust uses the purchase method of accounting to account for the acquisition of subsidiaries. Intercompany transactions, balances and recognised gains on transactions between Trust entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Trust.

			Equity interest	
	Country of domicile	Class of units	30 June 2023 %	30 June 2022 %
Centuria Urban REIT	Australia	Ordinary	100	100
Centuria Urban REIT Sub Trust	Australia	Ordinary	100	100
Centuria Urban REIT Sub Trust No. 2	Australia	Ordinary	100	100
Centuria Metropolitan REIT No. 2	Australia	Ordinary	100	100
Centuria Metropolitan Property Trust	Australia	Ordinary	100	100

D2 Related parties

Key management personnel

The Trust does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Trust and this is considered the key management personnel. The directors of the Responsible Entity are key management personnel of that entity and their names are:

Peter Done
Matthew Hardy
Darren Collins
Elizabeth McDonald

No compensation is paid directly by the Trust to any of the directors or key management personnel of the Responsible Entity.

Key management personnel loan disclosures

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

Responsible entity fees and other transactions

The Responsible Entity is entitled to a management fee which is calculated at 0.60% of the gross value of assets held plus GST, however, the Responsible Entity has elected to charge a management fee calculated at 0.55% of the gross value of assets held plus GST.

Centuria Property Services Pty Limited undertakes property and facility management services of all properties in the Trust. These fees are benchmarked to market rates at least every 2 years. These fees are calculated as a percentage of annualised gross income between 2.5% up to a total of 4.0% and vary based on the service level and scope required of each property. The fees are outlined in the relevant property and facility management services agreements in place for each property and are sometimes are recovered from tenants depending on the lease agreements.

Custodian fees are paid to the custodians. Custody fees paid to Centuria Property Funds Limited and Centuria Property Funds No.2 Limited are calculated in relation to some of the Trust's assets and in accordance with the constitution at a rate of 0.05% of the Trust's gross assets.

At reporting date, an amount of $2,486,990 (2022: $2,107,940) owing to the Responsible Entity and its related parties was included in trade and other payables. The payables are non-interest bearing with payment terms and conditions consistent with normal commercial practices. The following fees were paid and/or payable to the Responsible Entity and its related parties from the Trust and all subsidiaries during the financial year:

	30 June 2023 $'000	30 June 2022 $'000
Management fees	**13,189**	12,668
Property management fees	**4,338**	3,219
Facility management fees	**2,499**	1,906
Leasing fees	**2,428**	940
Project management fees	**1,666**	746
Custodian fees	**989**	859
Administration fees	**646**	334
Due diligence transaction fees	**50**	50
	25,805	20,722

During FY22, the Trust entered into an agreement with a subsidiary of Centuria Capital Group to acquire 57 Wyatt Street, Adelaide SA, a fund through development, for a contract price of $40.2 million. As at 30 June 2023, the Trust had contributed $23.4 million towards the development, with the balance of $17.2 million payable post completion in FY24.

All transactions with related parties are conducted on normal commercial terms and conditions. From time to time Centuria Property Funds Limited, its directors or its director-related entities may buy or sell units in the Trust. These transactions are on the same terms and conditions as those entered into by other Trust investors.

Related party investments held by the Fund

At 30 June 2023, the Trust did not hold any units in related parties to the Responsible Entity (30 June 2022: nil).

Units in the Trust held by related parties

At 30 June 2023, the following related parties of the Responsible Entity hold units in the Trust:

30 June 2023	Closing units held	Closing interest held
Centuria Capital No. 2 Office Fund	**85,433,773**	**14.30%**
Over Fifty Guardian Friendly Society Limited	**14,861,980**	**2.49%**
Centuria Growth Bond Fund	**5,808,906**	**0.97%**
Centuria Capital No. 2 Fund	**3,396,219**	**0.57%**
Centuria Property Funds Limited	**2,263,375**	**0.38%**
Centuria Balanced Bond Fund	**957,413**	**0.16%**
Peter Done	**328,614**	**0.06%**
Simon Holt	**81,519**	**0.01%**
Darren Collins	**75,000**	**0.01%**
John McBain	**73,027**	**0.01%**
Matthew Hardy	**52,336**	**0.01%**
Jason Huljich	**47,646**	**0.01%**
Total	**113,379,808**	**18.98%**

30 June 2022		
Centuria Capital No. 2 Office Fund	85,433,773	14.30%
Over Fifty Guardian Friendly Society Limited	14,861,980	2.49%
Centuria Growth Bond Fund	5,808,906	0.97%
Centuria Capital No. 2 Fund	3,396,219	0.57%
Centuria Property Funds Limited	2,263,375	0.38%
Centuria Balanced Bond Fund	957,413	0.16%
Peter Done	268,614	0.04%
Simon Holt	81,519	0.01%
Darren Collins	65,000	0.01%
John McBain	73,027	0.01%
Matthew Hardy	37,366	0.01%
Jason Huljich	3,896	0.01%
Total	**113,251,088**	**18.96%**

No other related parties of the Responsible Entity held units in the Trust.

D3 Parent entity disclosures

As at 30 June 2023, and throughout the current and previous financial year, the parent entity of the Trust was Centuria Office REIT. The table below represents the stand alone financial position and performance of Centuria Office REIT. This table does not include the performance and financial position of its subsidiaries and the parent entity's investment in underlying subsidiaries are measuring at fair value. Accordingly, the amounts reflected below may be different from the consolidated financial statements.

	30 June 2023 $'000	30 June 2022 $'000
Results of parent entity		
(Loss)/profit for the year	**(91,931)**	115,019
Total comprehensive (loss)/income for the year	**(91,931)**	115,019

At reporting date, Centuria Office REIT has not entered into any guarantees or commitments to purchase property plant and equipment.

Financial position of parent entity at year end	30 June 2023 $'000	30 June 2022 $'000
ASSETS		
Current assets	**460**	428
Non-current assets	**1,354,550**	1,530,880
Total assets	**1,355,010**	1,531,308
LIABILITIES		
Current liabilities	**1,827**	1,919
Non-current liabilities	**36,841**	36,887
Total liabilities	**38,668**	38,806
EQUITY		
Issued capital	**1,484,579**	1,484,579
Retained earnings	**(168,235)**	7,922
Total equity	**1,316,344**	1,492,501

E Other notes

E1 Auditor's remuneration

	30 June 2023 $'000	30 June 2022 $'000
KPMG		
Audit and review of financials	**231**	161

E2 Financial instruments

The directors of the Responsible Entity consider that the carrying amount of the financial assets and financial liabilities approximate their fair value in the financial statements. All financial instruments are measured at amortised cost with the exception of the derivative financial instruments. Derivative financial instruments are measured at fair value and have a level 2 designation in the fair value hierarchy. There were no transfers between levels of the fair value hierarchy during the period.

Independent valuations are obtained from third parties to support the fair value measurement of financial instruments at each reporting date to meet the requirements of International Financial Reporting Standards.

(i) Valuation techniques

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of interest rate swaps are determined using a discounted cash flow analysis. The future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.

The Trust classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: derived from quoted prices (unadjusted) in active markets for identical assets or liabili-ties that the Trust can access at the measurement date.
- Level 2: derived from inputs other than quoted prices included within Level 1 that are observa-ble for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Capital management

The capital structure of the Trust consists of cash and cash equivalents and the proceeds from the issue of the units of the Trust.

The Trust's overall investment strategy remains unchanged from the prior year.

Financial risk management objectives

The Trust is exposed to a variety of financial risks as a result of its activities. These potential risks include market risk (interest rate risk), credit risk and liquidity risk. The Trust's risk management and investment policies seek to minimise the potential adverse effects of these risks on the Trust's financial performance.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust's activities expose it primarily to the financial risks of changes in interest rates. The Trust enters into derivative financial instruments to manage its exposure to interest rate risk and these include interest rate swaps that the Trust has entered into to mitigate the risk of rising interest rates.

There has been no change to the Trust's exposure to market risks or the manner in which it manages and measures the risk from the previous year.

Interest rate risk management

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at reporting date:

	30 June 2023		30 June 2022	
	Effective interest rate	Total $'000	Effective interest rate	Total $'000
Financial assets				
Cash and cash equivalents	**3.95%**	**17,287**	0.01%	26,558
Trade and other receivables	**-%**	**9,000**	-%	7,450
Interest rate swaps	**2.78%**	**13,336**	0.56%	7,133
		39,623		41,141
Financial liabilities				
Borrowings (excluding borrowing costs)	**4.30%**	**897,004**	2.17%	832,004
		897,004		832,004

Interest rate sensitivity

The sensitivity analysis below has been determined based on the Trust's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period, in the case of financial assets and financial liabilities that have variable interest rates.

At reporting date, if variable interest rates had been 100 (2022: 100) basis points higher or lower and all other variables were held constant, the impact to the Trust would have been as follows:

		Sensitivity impact	
	Variable + / -	Rate increase $'000	Rate decrease $'000
30 June 2023			
Net (loss)/profit	100 bps	**7,520**	**(7,778)**
		7,520	**(7,778)**
30 June 2022			
Net (loss)/profit	100 bps	3,070	(3,100)
		3,070	(3,100)

The Trust's sensitivity to interest rates calculated above is after taking into account the impact of interest rate changes on the interest rate swap fair values. The methods and assumptions used to prepare the sensitivity analysis have not changed during the year.

Credit risk

The Trust has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the financial risk of financial loss from default. The Trust's exposure and the credit ratings of its counterparties are continuously monitored by the Responsible Entity.

At 30 June 2023, the main financial assets exposed to credit risk are trade receivables. There were no significant concentrations of credit risk to counterparties at 30 June 2023. Refer to Note C1 for details of trade receivables.

The credit risk on receivables is minimal because of the proven remittance history of the counterparties. Credit risk from balances with banks and financial institutions is managed by the Responsible Entity in accordance with the Trust's investment policy. Cash investments are made only with approved counterparties.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

Liquidity risk

The Trust's strategy of managing liquidity risk is in accordance with the Trust's investment strategy. The Trust manages liquidity risk by maintaining adequate banking facilities and through the continuous monitoring of forecast and actual cash flows and aligning the profiles of financial assets and liabilities.

The following tables summarise the maturity profile of the Trust's financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Trust can be required to pay. The tables include both interest and principal cash flows:

	Effective interest rate	Total principal and interest $'000	Less than 1 year $'000	1 to 5 years $'000	5+ years $'000
30 June 2023					
Trade and other payables	**-%**	**28,933**	**28,933**	**-**	**-**
Borrowings	**4.30%**	**1,074,835**	**55,427**	**1,019,407**	**-**
		1,103,768	**84,360**	**1,019,407**	**-**
30 June 2022					
Trade and other payables	-%	16,177	16,177	-	-
Borrowings	2.17%	918,588	24,222	819,277	75,089
		934,765	40,399	819,277	75,089

The principal amounts included in the above borrowings are $897 million (2022: $832 million).

E3 Events subsequent to reporting date

On 11 May 2023, the Trust entered into a put and call option agreement to sell 35 Robina Town Centre Drive, Robina QLD for $40 million. Subsequent to 30 June 2023, the buyer exercised the call option and the sales contract was executed on 24 July 2023. The sale was settled on 31 August 2023.

Other than the above, there are no other matters or circumstances which have arisen since the end of the period and the date of this report, in the opinion of the Responsible Entity, which significantly affect the operations of the Trust, the results of those operations, or the state of affairs of the Trust, in future financial years.

E4 Additional information

The registered office and principal place of business of the Trust and the Responsible Entity are as follows:

Registered office:
Level 41, Chifley Tower, 2 Chifley Square
SYDNEY NSW 2000

Principal place of business:
Level 41, Chifley Tower, 2 Chifley Square
SYDNEY NSW 2000

Directors' declaration

For the year ended 30 June 2023

In the opinion of the Directors' of Centuria Property Funds Limited, the Responsible Entity of Centuria Office REIT (the Trust):

a. the consolidated financial statements and notes set out on pages 38 to 61 are in accordance with the *Corporations Act 2001*, including:
   i. complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
   ii. giving a true and fair view of the Trust's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, and

b. there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Note A1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of Directors.

Matthew Hardy Director	Darren Collins Director

Sydney
17 August 2023

584 SWAN STREET, RICHMOND VIC

Independent Auditor's report

Independent Auditor's Report

To the unitholders of Centuria Office REIT

Opinion

We have audited the ***Financial Report*** of Centuria Office REIT (the Trust).

In our opinion, the accompanying Financial Report of the Trust is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2023;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Trust and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code)* that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of investment property ($2,205.6m)

Refer to Note C2 to the Financial Report

The key audit matter	How the matter was addressed in our audit
The valuation of investment properties is a key audit matter as they are significant in value (being 95.4% of total assets) and contain assumptions with estimation uncertainty. The properties being valued at fair value increased the judgment applied by us when evaluating evidence available. The Group approached the uncertainty risk, including consideration of the recent economic uncertainties, using internal methodologies and through the use of external valuation experts. We focused on the significant forward-looking assumptions the Group applied in external and internal valuation models with a consideration to the impact of economic uncertainty including: • Discount rates: these are complicated in nature and differ due to the asset classes, geographies and characteristics of individual investment properties; • Capitalisation rates (cap rates): reflects the yield that an investor would look to recover their investment in a particular class of asset; and • Forecast cash flows: net market rent assumptions . In assessing this Key Audit Matter, we involved our real estate valuation specialists, who understand the Group's investment profile and business, and the economic environment it operates in. We paid particular attention to knowledge and sources of information available regarding market conditions specific to year end.	Our procedures included: • Understanding the Group's process regarding the valuations of investment property, including specific considerations of the impact of recent changes in interest rates and inflation and the resulting valuation approach; • Assessing the Group's methodologies used in the valuations of investment property for consistency with accounting standards and Group policies; • Assessing the scope, competence and objectivity of external experts engaged by the Group and internal valuers. Working with our real estate valuation specialists we: • Gained an understanding of prevailing market conditions, including existence of market transactions, and • Performed a risk assessment of the investment property portfolio by assessing key assumptions and metrics including the capitalisation rate, discount rate, weighted average lease expiry and market rents to identify investment properties with significant valuation movements and outliers in key assumptions. For externally valued investment properties: • Taking into account the asset classes, geographies and characteristics of individual investment properties, we assessed the appropriateness of adopted discount and cap rates through comparison to market analysis published by industry experts, recent market transactions, other market data points available, inquiries with the Group and historical performance of the investment properties; • We also tested, on a sample basis, other key inputs to the investment property valuations such as net market rent, occupancy rate, lease terms, for consistency to existing lease contracts. • We assessed sources of information for what reasonable expectations existed at year end date versus those issues or observations emerging since year end, and their impact to the Group's investment properties values;

	• Enquired with the external valuers on a sample basis to challenge the investment property valuation methodology and the assumptions applied in the external valuations. For internally valued investment properties: • Taking into account the asset classes, geographies and characteristics of individual investment properties, we assessed the appropriateness of adopted discount and cap rates through comparison to market analysis published by industry experts, recent market transactions, other market data points available, inquiries with the Group and historical performance of the investment properties; • Compared the advice obtained from the external valuers on the weighted average change in capitalisation rates, including any outliers, to the capitalisation rates applied in the Directors' internal valuations of investment properties For financial statement disclosure: • Assessed the disclosures in the financial report including checking the sensitivity analysis calculations, using our understanding obtained from our testing, against accounting standard requirements. This was considered in light of changes and economic uncertainty that existed at balance date and up until issuance of our audit report.

Other Information

Other Information is financial and non-financial information in Centuria Office REIT's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Centuria Property Trusts Limited (the Responsible Entity) are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report, Corporate Governance Statement and Additional stock exchange Information. The Letter from the Chairman & Trust Manager, portfolio overview and portfolio profile are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Independent Auditor's report

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Trust's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

KPMG

Peter Zabaks
Partner

Sydney
17 August 2023

Corporate governance statement

The corporate governance statement for the Trust was last updated on 8 September 2023 and is available on the Centuria website at **centuria.com.au/centuria-capital/corporate/sustainability/governance**.

101 MORAY ST, SOUTH MELBOURNE VIC

Additional stock exchange information

As at 30 June 2023

Distribution of units	Number of units	Number of holders	Percentage of total (%)
1 - 1000	506,103	1,264	0.1
1,001 - 5,000	7,131,900	2,319	1.2
5,001 - 10,000	13,741,723	1,803	2.3
10,001 - 100,000	89,093,889	3,321	14.9
100,001 and over	486,863,316	231	81.5
Total	**597,336,931**	**8,938**	**100.0**

Substantial unitholders	Number of units	Percentage of total (%)
CENTURIA CAPITAL GROUP	112,721,666	18.90
PEJR INVESTMENTS PTY LTD	68,246,846	11.43
THE VANGUARD GROUP, INC.	53,421,706	8.94
BLACKROCK INC.	38,658,027	6.47
MONDRIAN INVESTMENT PARTNERS LIMITED	37,774,754	6.32
Total	**310,822,999**	**52.06**

Top 20 unitholders	Number of units	Percentage of total (%)
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	195,121,406	32.67
CENTURIA INVESTMENT HOLDINGS PTY LIMITED	85,433,773	14.30
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	72,237,113	12.09
CITICORP NOMINEES PTY LIMITED	39,648,094	6.64
BNP PARIBAS NOMS LTD	9,921,509	1.66
NATIONAL NOMINEES LIMITED	5,144,622	0.86
CENTURIA FUNDS MANAGEMENT LIMITED	3,396,219	0.57
BINET PTY LTD	3,379,593	0.57
BNP PARIBAS NOMINEES PTY LTD	2,811,204	0.47
ELEGANT GEORGE PTY LTD	2,431,859	0.41
CENTURIA PROPERTY FUNDS LIMITED	2,263,375	0.38
CITICORP NOMINEES PTY LIMITED	1,893,121	0.32
HORRIE PTY LTD	1,850,000	0.31
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	1,514,166	0.25
G C F INVESTMENT PTY LTD	1,400,000	0.23
K NORMAN NOMINEES PTY LTD	1,315,000	0.22
KOLL PTY LTD	1,270,000	0.21
CHARTER HALL WHOLESALE MANAGEMENT LIMITED	1,250,000	0.21
SWORD EQUITY INVESTMENTS PTY LTD	1,250,000	0.21
NCH PTY LTD	1,209,093	0.20
	434,740,147	**72.78**

Voting rights

All units carry one vote per unit without restriction.

Corporate directory

Contact us

Unitholder Inquiries
Centuria Investor Services
GPO Box 3993
Sydney NSW 2000

T. 1800 182 257

Mail to

Centuria Capital Limited
Level 41, Chifley Tower,
2 Chifley Square
SYDNEY NSW 2000

Centuria Head Office

Level 41, Chifley Tower,
2 Chifley Square
SYDNEY NSW 2000

T. (02) 8923 8923
F. (02) 9460 2960

contactus@centuria.com.au

Group Chief Risk Officer and Company Secretary

Anna Kovarik
Level 41, Chifley Tower,
2 Chifley Square
SYDNEY NSW 2000

T. (02) 8923 8923
F. (02) 9460 2960

Disclaimer

Centuria Property Funds Limited (ABN 11 086 553 639, AFSL 231149) (CPFL) is the Responsible Entity of Centuria Office REIT (ARSN 124 364 718) (COF).

This report has been prepared for general information purposes only. It is not a product disclosure statement, pathfinder document or any other disclosure document for the purposes of the *Corporations Act* and has not been, and is not required to be, lodged with the Australian Securities & Investments Commission.

The information contained in this report does not constitute financial product advice. Before making an investment decision, the recipient should consider its own financial situation, objectives and needs, and conduct its own independent investigation and assessment of the contents of this report, including obtaining investment, legal, tax, accounting and such other advice as it considers necessary or appropriate.

This report may contain forward-looking statements, guidance, forecasts, estimates, prospects, projections or statements in relation to future matters ('Forward Statements'). Forward Statements can generally be identified by the use of forward looking words such as "anticipate", "estimates", "will", "should", "could", "may", "expects", "plans", "forecast", "target" or similar expressions. Forward Statements including indications, guidance or outlook on future revenues, distributions or financial position and performance or return or growth in underlying investments are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Past performance is not a reliable indicator of future performance.

Opt in to electronic Annual Report

If you would prefer to receive this digitally, you can opt in by emailing cof.enquiry@centuriainvestor.com.au and requesting to receive the annual report via email. We recommend using your personal email address. Not only will you be helping the environment, you will also help reduce costs and increase profitability for all unitholders in the fund. You can update your email, or change your annual report delivery method back to post at any time by emailing cof.enquiry@centuriainvestor.com.au with your request.

If you have any questions, please contact Centuria Investor Services on 1800 182 257.

Centuria

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