

**Centuria**

**Centuria Office REIT  
and its subsidiaries**

**ARSN 124 364 718**

**Interim Financial Report  
For the half-year ended 31 December 2024**

Centuria Property Funds Limited ABN 11 086 553 639 is the Responsible Entity for Centuria Office REIT.

# Centuria Office REIT

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# Directors' report

## For the half-year ended 31 December 2024

The directors of Centuria Property Funds Limited, the Responsible Entity of Centuria Office REIT ('COF') present their report, together with the consolidated interim financial report of the Trust and its subsidiaries ('the Trust') for the half-year ended 31 December 2024 and the independent auditor's review report thereon.

### Directors of the Responsible Entity

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

<b>Name</b>	<b>Appointed</b>
Matthew Hardy	4 July 2013
Darren Collins	10 March 2015
Elizabeth McDonald	1 March 2022
Peter Done	5 December 2007

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

<b>Name</b>	<b>Appointed</b>
Anna Kovarik	5 July 2018

Refer to Note D2 of the interim financial report for director's units holding 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 was 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 half-year.

### Significant change 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 half-year.

### Review of operations

#### Results

The results of the operations of the Trust are disclosed in the consolidated interim statement of profit or loss and other comprehensive income of this interim financial report. The Trust's statutory loss for the half-year ended 31 December 2024 was \$21,204,000 (31 December 2023: \$99,388,000 loss).

The Trust's Net Tangible Assets ('NTA') have decreased \$0.08 per unit or 4.4% to \$1.72 as at 31 December 2024 (30 June 2024: \$1.80 per unit).

The Funds From Operations ('FFO') for the half-year ended 31 December 2024 was \$34,697,000 (31 December 2023: \$41,789,000).

For the half-year ended 31 December 2024, total distributions of 5.05 cpu were declared which compared to 5.81 cents of FFO per weighted average unit, representing a payout ratio of 86.9% (31 December 2023: 85.7%).

**Review of operations (continued)**

**Results (continued)**

The following table provides a reconciliation from the consolidated interim statement of profit or loss and other comprehensive income to the FFO for the half-year:

	<b>31 December 2024</b>	31 December 2023
	<b>\$'000</b>	\$'000
<b>Net loss for the period</b>	<b>(21,204)</b>	(99,388)
<b>Adjustments:</b>		
Loss on fair value of investment properties	<b>36,167</b>	118,879
Loss on fair value of derivatives	<b>4,554</b>	8,751
Rent free and abatement	<b>8,552</b>	8,611
Straight-lining of rental income	<b>678</b>	142
Amortisation of incentives and leasing fees	<b>3,508</b>	4,825
Adjustments for AASB 16 Leases	<b>(33)</b>	(31)
One-off refinancing costs	<b>2,475</b>	-
<b>Funds From Operations</b>	<b>34,697</b>	41,789

**Investment property valuations**

The total value of the Trust's portfolio as at 31 December 2024 was \$1,918.0 million (30 June 2024: \$1,945.6 million), a decrease of 1.4% for the half year period.

The weighted average capitalisation rate for the portfolio was 6.8% as at 31 December 2024 (30 June 2024: 6.6%).

The detailed list of investment properties owned by the Trust is no longer included in the notes to the interim financial report. The Trust publishes a Property Compendium that includes valuation and other details of the Trust's property portfolio along with the interim financial report. The HY25 Property Compendium can be found on the Centuria website.

**Leasing and occupancy**

The Trust completed 12,611 square metres ('sqm') of leasing across 23 transactions for the half-year ended 31 December 2024. This represented 4.6% of the portfolio's net lettable area.

At 31 December 2024, the Trust's portfolio was 92.2% occupied with a Weighted Average Lease Expiry ('WALE') of 4.2 years. As at 31 December 2024, FY25 expiries represent 4.4% of portfolio income.

**Capital management**

As at 31 December 2024, the Trust had a multi-bank debt facility totalling \$912.5 million (30 June 2024: \$962.5 million) with a weighted average expiry of 3.6 years (30 June 2024: 2.1 years). Drawn borrowings totalled \$847.0 million (30 June 2024: \$827.0 million). The annualised all-in interest cost for the period (made up of interest expense and line fees) for the period was 5.3% (30 June 2024: 4.9%). For the period ended 31 December 2024, 98.0% of the average drawn debt was hedged (30 June 2024: 63.0%). The Trust's gearing at 31 December 2024 was 42.9% (30 June 2024: 41.3%).

**Outlook**

The Responsible Entity's strategy and ongoing focus remains unchanged. The Responsible Entity continues to focus on actively managing the Trust's portfolio, with an emphasis on tenant retention to ensure income and occupancy are maximised. This is coupled with the ongoing strategy to review asset allocations to provide a portfolio of quality 'fit for purpose' office real estate assets delivering quality and sustainable income streams.

The Responsible Entity confirms FFO guidance for the year ending 30 June 2025 is expected to be 11.8 cpu.

The 2025 financial year distribution guidance is 10.1 cpu which will be paid in quarterly instalments.

**Review of operations (continued)**

**Distributions**

Distributions paid or payable in respect of the half-year were:

	31 December 2024		31 December 2023	
	Cents per unit	\$'000	Cents per unit	\$'000
September quarter	2.525	15,083	3.000	17,920
December quarter	2.525	15,083	3.000	17,920
Total	5.050	30,166	6.000	35,840

Key dates in connection with the December quarter distribution are:

Event	Date
Ex-distribution date	30 December 2024
Record date	31 December 2024
Distribution payment date	31 January 2025

**Distribution reinvestment plan**

The Trust did not activate the Distribution Reinvestment Plan ('DRP') during the half year ended 31 December 2024.

**Events subsequent to balance date**

There are no 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.

**Likely development**

The Trust continues to pursue its strategy of focusing on its core operations, these operations along with key risks to the Trusts strategy are summarised below.

**Investment property portfolio**

The Trust invests in office property in Australia. These investments are located across a diverse range of geographic locations in a variety of states within Australia, enabling the optimisation of investment opportunities to support its growth objectives. The Trust will continue to identify appropriate investment opportunities to meet investment returns and to provide a strong distribution.

The key risk to the performance of the underlying assets in the Trust is primarily market risks that can impact on the value of the Trust's assets both positively and negatively. Whilst these are predominately market driven factors, the Trust seeks to actively manage its assets through the economic / asset cycle to maximise tenancy and other value add opportunities in order to best position its property assets and optimise fund performance.

In addition, for any new acquisitions, the Trust has access to an experienced team of property specialists who ensure that each asset is subject to a robust due diligence process and process for the analysis and approval of property acquisitions.

**Co-investments**

The Trust has some investments with co-owners. These investments are expected to continue to deliver returns to the Trust in line with the expected performance of the property investment were it wholly owned. The co-owners and the Trust have joint control on the financial and operational decision making on these co-owned assets and disagreement may impact on decisions made in relation to how an asset is managed. This risk is generally managed by regular and close engagement with co-investors and a co-owners agreement that sets out how investments disagreements are managed.

**Leasing and occupancy**

Reduced leasing activity may result in reduced rental income streams affecting the Trust's performance and distributions. Whilst these are predominately market driven factors, the Trust seeks to actively manage its assets through the economic / asset cycle to maximise tenancy and other value add opportunities in order to best position its property assets and optimise trust performance.

### Likely development (continued)

#### **Capital management**

The Trust accesses capital markets and borrowings to fund acquisitions as well as capital improvement activities. The Trust borrows funds from multi-bank debt facilities which 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 Trust is exposed to a variety of financial risks as a result of these borrowings. 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.

#### **Liability risk events**

Assets in the portfolio are exposed to the potential for risk incidents that may cause damage to the property or require rectification. The Trust seeks to manage these risks by way of a comprehensive insurance policy covering the Trust's assets. These policies are set in consultation with the Trust's Insurance Brokers.

Each of the Trust's material risks are monitored and managed at a consolidated as well as subsidiary entity level, applying a strong risk management framework supported by a robust risk culture. An experienced and specialist management team and Board and Committee provide oversight of the management of material risks within the risk appetite set by the management team, Board and Audit, Risk and Compliance Committee.

#### **Auditor's independence declaration**

The auditor's independence declaration required under Section 307C of the Corporations Act 2001 is set out on page 5 and forms part of the Directors' report for half-year ended 31 December 2024.

#### **Rounding of amounts**

The Trust is a scheme of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, related to the 'rounding off' of amounts in the Directors' report and interim financial report.

Amounts in the Directors' report and interim financial report 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  
5 February 2025



# 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 review of Centuria Office REIT  
for the half-year ended 31 December 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the  
*Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Travis Bowman

*Partner*

Sydney

5 February 2025

# Centuria Office REIT Interim Financial Report

For the half-year ended 31 December 2024

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# Consolidated interim statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2024

	Notes	31 December 2024 \$'000	31 December 2023 \$'000
<b>Revenue</b>			
Rent and recoverable outgoings	B2	75,299	84,623
<b>Total revenue</b>		<b>75,299</b>	<b>84,623</b>
<b>Other income</b>			
Interest income		400	317
<b>Expenses</b>			
Net loss on fair value of investment properties	C1	36,167	118,879
Rates, taxes and other property outgoings		24,584	26,614
Finance costs	B3	25,376	23,044
Management fees	D2	5,365	6,332
Loss on fair value of derivative financial instruments		4,554	8,751
Other expenses		857	708
<b>Total expenses</b>		<b>96,903</b>	<b>184,328</b>
<b>Net loss for the period</b>		<b>(21,204)</b>	<b>(99,388)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period		-	-
<b>Total comprehensive loss for the period</b>		<b>(21,204)</b>	<b>(99,388)</b>
<b>Basic and diluted loss per unit (cents per unit)</b>		<b>(3.55)</b>	<b>(16.64)</b>

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

# Consolidated interim statement of financial position

As at 31 December 2024

	Notes	31 December 2024 \$'000	30 June 2024 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		19,342	17,495
Trade receivables		3,500	7,302
Other assets		5,150	3,177
Derivative financial instruments	C3	1,043	1,768
<b>Total current assets</b>		<b>29,035</b>	<b>29,742</b>
<b>Non-current assets</b>			
Investment properties	C1	1,917,951	1,945,584
Derivative financial instruments	C3	-	2,520
<b>Total non-current assets</b>		<b>1,917,951</b>	<b>1,948,104</b>
<b>Total assets</b>		<b>1,946,986</b>	<b>1,977,846</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		28,262	26,972
Distributions payable		15,083	17,920
<b>Total current liabilities</b>		<b>43,345</b>	<b>44,892</b>
<b>Non-current liabilities</b>			
Borrowings	C2	845,333	824,551
Lease liability		32,451	32,484
Derivative financial instruments	C3	1,308	-
<b>Total non-current liabilities</b>		<b>879,092</b>	<b>857,035</b>
<b>Total liabilities</b>		<b>922,437</b>	<b>901,927</b>
<b>Net assets</b>		<b>1,024,549</b>	<b>1,075,919</b>
<b>Equity</b>			
Units on Issue	C4	1,484,579	1,484,579
Accumulated losses		(460,030)	(408,660)
<b>Total equity</b>		<b>1,024,549</b>	<b>1,075,919</b>

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

# Consolidated interim statement of changes in equity

For the half-year ended 31 December 2024

	Notes	Issued capital \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Balance at 1 July 2023</b>		1,484,579	(168,235)	1,316,344
Net loss for the period		-	(99,388)	(99,388)
<b>Total comprehensive income for the period</b>		-	<b>(99,388)</b>	<b>(99,388)</b>
Distributions provided for or paid	B1	-	(35,840)	(35,840)
<b>Balance at 31 December 2023</b>		<b>1,484,579</b>	<b>(303,463)</b>	<b>1,181,116</b>
<b>Balance at 1 July 2024</b>		1,484,579	(408,660)	1,075,919
Net loss for the period		-	(21,204)	(21,204)
<b>Total comprehensive loss for the period</b>		-	<b>(21,204)</b>	<b>(21,204)</b>
Distributions provided for or paid	B1	-	(30,166)	(30,166)
<b>Balance at 31 December 2024</b>		<b>1,484,579</b>	<b>(460,030)</b>	<b>1,024,549</b>

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

# Consolidated interim statement of cash flows

For the half-year ended 31 December 2024

	Notes	31 December 2024 \$'000	31 December 2023 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		88,751	97,283
Payments to suppliers		(36,450)	(39,669)
Interest paid		(21,730)	(21,400)
<b>Net cash generated by operating activities</b>		<u>30,571</u>	<u>36,214</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investment properties		-	38,149
Payments for investment properties		(13,810)	(30,023)
<b>Net cash (used in)/generated by investing activities</b>		<u>(13,810)</u>	<u>8,126</u>
<b>Cash flows from financing activities</b>			
Distribution paid		(33,003)	(38,976)
Proceeds from borrowings		20,000	32,000
Repayment of borrowings		-	(34,700)
Payments for borrowing costs		(1,911)	(53)
<b>Net cash used in financing activities</b>		<u>(14,914)</u>	<u>(41,729)</u>
<b>Net increase in cash and cash equivalents</b>		<b>1,847</b>	<b>2,611</b>
Cash and cash equivalents at beginning of financial period		<u>17,495</u>	<u>17,287</u>
<b>Cash and cash equivalents at end of period</b>		<u>19,342</u>	<u>19,898</u>

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

# Condensed notes to the interim financial report

For the half-year ended 31 December 2024

## A About the report

### A1 General information

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

#### Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with *AASB 134: Interim Financial Reporting* adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The interim financial report does not include all of the notes and information required for the annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2024.

For the purposes of preparing the interim financial report, the Trust is a for profit entity.

The interim 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 5 February 2025.

#### Basis of preparation

The interim financial report has been prepared on the basis of historical cost, except for investment properties and financial instruments which have been measured at fair value at the end of the reporting period. Cost is based on the fair value of the consideration given in exchange of assets.

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

#### Going concern

The interim 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.

#### Net current liability position

The directors of the Responsible Entity note that the Trust is in a net current liability position of \$14.3 million as at 31 December 2024. Given the Trust has the ability to drawdown funds from its available facility to fund working capital requirements and also the future cash generating potential of the Trust, the directors 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 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 the kind referred to in ASIC Legislative Instrument 2016/191, related to the 'rounding off' of amounts in the Directors' report and the interim financial report. Amounts in the Directors' report and the interim financial report have been rounded off, in accordance with the instrument to the nearest thousand dollars, unless otherwise indicated.

#### Functional and presentation currency

The interim financial report is presented in Australian dollars, which is the Trust's functional currency.

#### 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

## About the report

### **A2 Significant accounting policies**

In the current period, the Trust has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period. There was no material impact to the Interim Financial Report.

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

### **A3 Segment reporting**

The Trust operates in one segment, being investment 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 Distributions

	31 December 2024		31 December 2023	
	Cents per unit	\$'000	Cents per unit	\$'000
September quarter	2.525	15,083	3.000	17,920
December quarter	2.525	15,083	3.000	17,920
Total	5.050	30,166	6.000	35,840

Key dates in connection with the December quarter distribution are:

Event	Date
Ex-distribution date	30 December 2024
Record date	31 December 2024
Distribution payment date	31 January 2025

### B2 Rental income

	31 December 2024	31 December 2023
	\$'000	\$'000
Rental income	62,238	70,052
Recoverable outgoings	13,739	14,713
Straight-lining of lease revenue	(678)	(142)
	75,299	84,623

### B3 Finance costs

Finance costs include interest expense and amortised borrowing costs. Interest expense is recognised in profit or loss as it accrues. Finance costs are recognised using the effective interest rate applicable to the financial liability.

	31 December 2024	31 December 2023
	\$'000	\$'000
Interest expense	22,683	22,514
Amortisation of borrowing costs*	2,693	530
	25,376	23,044

\*This includes \$2,475,000 in relation to the write-off of previously capitalised borrowing costs as a result of refinancing undertaken during the period.

## C Fund's assets and liabilities

### C1 Investment properties

	31 December 2024 \$'000	30 June 2024 \$'000
Opening balance	1,945,584	2,205,554
Capital improvements and associated costs	8,313	18,361
	<u>8,313</u>	<u>18,361</u>
Net loss on fair value of investment properties	(36,167)	(211,282)
Add back: fair value loss on investment properties sold during the period	-	8,118
	<u>(36,167)</u>	<u>(203,164)</u>
Change in deferred rent and lease incentives	(278)	426
Change in capitalised leasing fees	499	7
Disposal at sale price	-	(75,600)
	<u>221</u>	<u>(75,167)</u>
<b>Closing balance</b>	<u><b>1,917,951</b></u>	<u>1,945,584</u>

The carrying amount of investment properties includes components related to deferred rent, capitalised lease incentives and leasing fees amounting to \$53,636,000 (30 June 2024: \$53,415,000) and a right of use asset of \$32,451,000 (30 June 2024: \$32,484,000) on the ground lease at 46 Colin Street and the related carrying value of the right of use lease liability as at 31 December 2024 is \$32,451,000.

The Trust's weighted average capitalisation rate for the period is 6.77% (30 June 2024: 6.58%).

Stamp duty and other associated costs incurred for property acquisitions are recognised and included in the initial measurement of the asset. However, these costs are written off on application of the fair value method through profit or loss.

	31 December 2024 \$'000	30 June 2024 \$'000
<b>Portfolio valuation</b>		
Total properties externally valued as at period end	1,503,000	1,459,100
Consolidated investment properties	1,917,951	1,945,584
	<b>78.36%</b>	75.00%

### 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 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 future cash flows is then determined by the application of an appropriate discount rate to derive a net present value for the property.



## Fund's assets and liabilities

### C1 Investment properties (continued)

#### Valuation techniques and significant unobservable inputs (continued)

- 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, as 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.

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).

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 31 December 2024 \$'000	Capitalisation rate impact	
	-0.25% \$'000	+0.25% \$'000
1,917,951	73,549	(68,351)

### C2 Borrowings

	31 December 2024 \$'000	30 June 2024 \$'000
<b>Non-current</b>		
Secured loans	847,026	827,026
Borrowing costs	(1,693)	(2,475)
<b>Total borrowings</b>	<b>845,333</b>	<b>824,551</b>
	31 December 2024 \$'000	30 June 2024 \$'000
Facility limit	912,500	962,500
Facilities used - bank loans	(847,026)	(827,026)
Facilities used - bank guarantee	(5,496)	(5,496)
Facilities unused at reporting date	<b>59,978</b>	129,978

As at 31 December 2024, the Trust had \$830.0 million (30 June 2024: \$520.0 million), or 98.0% (30 June 24: 63.0%) of interest rate swaps hedged against its drawn debt.

The 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 loans have covenants in relation to Loan to Value Ratio ('LVR') and Interest Coverage Ratio ('ICR') which the Trust has complied with during the period. The Trust remains in compliance with its loan covenants, maintaining significant headroom. Consequently, the likelihood of any non-current borrowings being reclassified as current due to a loan covenant breach within the next 12 months is low.

## Fund's assets and liabilities

### C3 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.

### C4 Issued capital

	31 December 2024		30 June 2024	
	Units '000	\$'000	Units '000	\$'000
Opening balance	597,336	1,484,579	597,336	1,484,579
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.

## D Other notes

### D1 Fair value of 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.

#### 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 liabilities that the Trust can access at the measurement date.
- Level 2: derived from inputs other than quoted prices included within Level 1 that are observable 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.

### 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:

Matthew Hardy  
Darren Collins  
Elizabeth McDonald  
Peter Done

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.

## Other notes

### D2 Related parties (continued)

#### Responsible entity fees and other transactions (continued)

At reporting date an amount of \$907,571 (30 June 2024: \$1,455,998) 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 during the period:

	31 December 2024 \$'000	31 December 2023 \$'000
Management fees	5,365	6,332
Property management fees	1,789	1,796
Facility management fees	1,033	1,158
Leasing fees	1,110	561
Custodian fees	436	484
Project management fees	116	417
Administration fees	221	345
	<b>10,070</b>	<b>11,093</b>

All transactions with related parties are conducted on arms-length terms and conditions. From time to time the Responsible Entity, 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.

#### Units in the Trust held by related parties

At 31 December 2024, the following related parties of the Responsible Entity hold units in the Trust:

	Closing units held	Closing interest held
<b>31 December 2024</b>		
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%
Darren Collins	75,000	0.01%
John McBain	73,027	0.01%
Matthew Hardy	52,336	0.01%
Jason Huljich	47,646	0.01%
	<b>113,298,289</b>	<b>18.97%</b>

#### 30 June 2024

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%
Garry Charny*	101,250	0.02%
John McBain	73,027	0.01%
Darren Collins	75,000	0.01%
Matthew Hardy	52,336	0.01%
Jason Huljich	47,646	0.01%
	<b>113,399,539</b>	<b>18.99%</b>

\*Ceased as a Director of Centuria Capital Group on 29 November 2024.

### **D2 Related parties (continued)**

#### **Units in the Trust held by related parties (continued)**

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

#### **Other transactions within the Trust**

No director has entered into a material contract with the Trust since the end of the previous year and there were no material contracts involving directors' interests subsisting at period end.

### **D3 Commitments**

Unless otherwise stated in this report, the Trust has no contingent assets, liabilities or commitments as at 31 December 2024.

### **D4 Events subsequent to reporting date**

There are no 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.

# Directors' declaration

## For the half-year ended 31 December 2024

The directors of Centuria Property Funds Limited, the Responsible Entity of Centuria Office REIT ('the Trust'), declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.
- (b) in the directors' opinion, the attached financial statements and notes A1 to D4 are in accordance with the *Corporations Act 2001*, including compliance with *AASB 134: Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and giving a true and fair view of the Trust's financial position as at 31 December 2024 and of its performance for the half-year ended on that date.

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



Matthew Hardy  
Director



Darren Collins  
Director

Sydney  
5 February 2025



# Independent Auditor's Review Report

To the unitholders of Centuria Office REIT

## Conclusion

We have reviewed the accompanying **Interim Financial Report** of Centuria Office REIT (the Trust).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Centuria Office REIT does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2024 and of its performance for the **half-year** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated interim statement of financial position as at 31 December 2024;
- Consolidated interim statement of profit or loss and other comprehensive income, Consolidated interim statement of changes in equity and Consolidated interim statement of cash flows for the half-year ended on that date;
- Notes, including material accounting policies; and
- The Directors' Declaration.

The **Group** comprises of the Trust and the entities it controlled at the half-year's end or from time to time during the half-year.

The **half-year** is the six months ended on 31 December 2024.

## Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



## Responsibilities of the Directors for the Interim Financial Report

The Directors of Centuria Property Funds Limited (the Responsible Entity of the Trust) are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

  
KPMG



Travis Bowman

*Partner*

Sydney

5 February 2025