Centuria Industrial REIT
and its subsidiaries

ARSN 099 680 252

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

Centuria Property Funds No. 2 Limited ABN 38 133 363 185 is the Responsible Entity for Centuria Industrial REIT.

Centuria Industrial REIT
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For the half-year ended 31 December 2024

Directors' report

For the half-year ended 31 December 2024

The Directors of Centuria Property Funds No. 2 Limited, the Responsible Entity of Centuria Industrial REIT (CIP) present their report, together with the consolidated interim financial report of CIP 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 No. 2 Limited during or since the end of the half-year are:

Name	Appointed
Roger Dobson	01 Oct 2017
Peter Done	26 Jun 2017
Natalie Collins	29 Jul 2020
Jennifer Cook	01 Jul 2021

The company secretary of Centuria Property Funds No. 2 Limited during or since the end of the half-year is:

Name	Appointed
Anna Kovarik	05 Jul 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 is investment in industrial 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 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 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 profit from continuing operations for the half-year ended 31 December 2024 was $62,599,000 (31 December 2023: $12,178,000).

As at 31 December 2024, the Trust's Net Tangible Assets ('NTA') was $3.89 per unit, representing a two cents per unit ('cpu') increase (30 June 2024: $3.87).

Review of operations (continued)

Results (continued)

The Funds From Operations ('FFO') for the half-year ended 31 December 2024 were $56.6 million (30 June 2024: $54.1 million). This was a 4.6% increase compared to the previous half-year.

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

	31 December 2024 $'000	31 December 2023 $'000
Net profit for the half year	**62,599**	12,178
Adjustments:		
Net (gain)/loss on fair value of investment properties	**(21,238)**	31,969
Straight-lining of rental income	**(3,827)**	(3,005)
Rent free and abatement	**11,282**	5,352
Amortisation of incentives and leasing fees	**3,311**	2,274
Loss on fair value of derivative financial instruments	**4,520**	7,840
Transaction costs	**44**	38
Adjustment for non FFO equity accounted items	**(97)**	(2,526)
Funds from operations	**56,594**	54,120

Investment property valuations

The Trust has externally revalued 40 investment properties as at 31 December 2024. The total value of the Trust's portfolio including investment properties held for sale and co-owned assets as at 31 December 2024 was $3,803.4 million (30 June 2024: $3,834.2 million), a decrease of 0.8% for the half-year period as a result of sales. The weighted average capitalisation rate for the portfolio softened two basis points to 5.83% as at 31 December 2024 (30 June 2024: 5.81%).

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 secured 79,038 square metres ('sqm') of leasing across 13 transactions for the half-year ended 31 December 2024. This represented 6% of the portfolio’s gross lettable area.

At 31 December 2024 the Trust’s portfolio was 96.6% occupied and the remaining lease expiry for the year ending 30 June 2025 represents 7.4% of portfolio income. CIP's weighted average lease expiry ('WALE') as at 31 December 2024 was 7.3 years (30 June 2024: 7.6 years).

Capital management

As at 31 December 2024, the Trust had debt facilities and Exchangeable Notes totalling $1,498.3 million (30 June 2024: $1,494.4 million) with a weighted average expiry of 3.1 years (30 June 2024: 3.0 years).

Drawn borrowings and Exchangeable Notes totalled $1,289.3 million (30 June 2024: $1,337.4 million), and the all-in interest cost (made up of interest expense and line fees) as at 31 December 2024 was 4.2% (30 June 2024: 3.9%). The Trust had 77.0% of its drawn debt hedged (30 June 2024: 92.7%) through a combination of swaps and fixed rate borrowings. The Trust has two swaps starting in the second half of this financial year. Total fixed rate borrowings of the Trust increase to 84.8% when the two new swaps commence in March 2025. The Trust's gearing ratio as at 31 December 2024 was 33.5% (30 June 2024: 34.4%).

Moody's Investor Services has maintained the Trust at a Baa2 issuer rating with a stable outlook.

Review of operations (continued)

Outlook

The Responsible Entity's strategy and ongoing focus remains unchanged. Management continues to focus on portfolio leasing to ensure occupancy and income are maximised, active asset management, risk mitigation and repositioning strategies. The Responsible Entity is focused on acquiring quality assets in order to enhance existing stable and secure income streams.

The Responsible Entity reiterates FFO guidance for the year ending 30 June 2025 to be 17.5 cpu. The distribution guidance remains unchanged at 16.3 cpu and will be paid in quarterly instalments.

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	**4.075**	**25,873**	4.000	25,397
December quarter	**4.075**	**25,873**	4.000	25,397
Total	**8.150**	**51,746**	8.000	50,794

Key dates in connection with the December quarter distribution are:

Event	**Date**
Ex-distribution date	30 Dec 2024
Record date	31 Dec 2024
Distribution payment date	31 Jan 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 developments

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 industrial property in Australia. These investments are located across a diverse range of geographic locations across 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 the Trust's performance.

For any new acquisitions, the Trust has access to an experienced team of property specialists who ensure that each proposed acquisition is subject to a robust due diligence process.

Co-investments

The Trust has some investments with joint venture partners and co-owners. These investments are expected to continue to deliver returns to the Trust in line with the anticipated performance of the property investment which it wholly owns. The joint venture partners have influence, and the co-owners have joint control with the Trust on the financial and operational decision making of these co-owned assets and disagreement may impact 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 investment disagreements are managed.

Likely developments (continued)

Developments

The Trust's existing investment property portfolio may include further development or redevelopment potential. Key risks to the future prospects for the Trust's development potential include the ability to execute projects that meet a feasibility assessment criteria. Increased costs, project overruns and the ability of building contractors to deliver against contracted obligations are material risks that may impact the financial performance of the Trust. Management seeks to manage these risks by having a highly experienced development team assessing opportunities, applying a stringent feasibility assessment process, closely monitoring the progress of development projects and partnering with well-regarded and capitalised building contractors.

Leasing and occupancy

Potential 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.

Capital management

The Trust accesses capital markets and borrowings to fund acquisitions as well as capital improvement activities. The Trust borrows funds from several sources and across a number of financial instruments including, loans, Australian dollar medium term notes and Exchangeable Notes. 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 levels, applying a strong risk management framework supported by a robust risk culture. An experienced specialist management team, and the Audit, Risk and Compliance Committee provide oversight of the management of material risks within the risk appetite set by the Board.

Auditor's independence declaration

The auditor's independence declaration required under Section 307C of the Corporations Act 2001 is set out on page 6 and forms part of the Directors' report for the half-year ended 31 December 2024.

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 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.

Roger Dobson
Director

Peter Done
Director

Sydney
25 February 2025

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

To the Directors of Centuria Property Funds No.2 Limited, the Responsible Entity of Centuria Industrial REIT

I declare that, to the best of my knowledge and belief, in relation to the review of Centuria Industrial 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

KPMG

Travis Bowman

Partner

Sydney

25 February 2025

Centuria Industrial REIT
Interim Financial Report

For the half-year ended 31 December 2024

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
Revenue			
Rent and recoverable outgoings	B2	**118,941**	108,515
Total revenue		**118,941**	108,515
Other income			
Interest income		**832**	646
Net gain on fair value of investment properties		**21,238**	-
Other income		**-**	2,026
Share of net profit of equity accounted investments	C3	**1,701**	3,894
Total other income		**23,771**	6,566
Total revenue and other income		**142,712**	115,081
Expenses			
Rates, taxes and other property outgoings		**33,566**	24,140
Finance costs	B3	**28,192**	25,267
Management fees	D2	**11,609**	11,633
Net loss on fair value of derivative and other financial instruments		**4,520**	7,840
Other expenses		**2,226**	2,054
Net loss on fair value of investment properties		**-**	31,969
Total expenses		**80,113**	102,903
Net profit for the period		**62,599**	12,178
Other comprehensive income			
Other comprehensive income for the period		**-**	-
Total comprehensive income for the period		**62,599**	12,178
Basic and diluted earnings per unit			
Basic and diluted earnings per unit (cents per unit)		**9.86**	1.92

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
ASSETS			
Current assets			
Cash and cash equivalents		**23,873**	16,536
Trade and other receivables		**12,947**	19,488
Derivative financial instruments	C5	**1,297**	6,880
Investment properties held for sale	C2	**-**	61,600
Total current assets		**38,117**	104,504
Non-current assets			
Investment properties	C1	**3,732,950**	3,702,400
Equity accounted investments	C3	**71,900**	71,015
Derivative financial instruments	C5	**1,840**	5,500
Total non-current assets		**3,806,690**	3,778,915
Total assets		**3,844,807**	3,883,419
LIABILITIES			
Current liabilities			
Borrowings*	C4	**293,250**	289,350
Trade and other payables		**42,722**	35,575
Distributions payable		**25,873**	25,397
Total current liabilities		**361,845**	350,322
Non-current liabilities			
Borrowings*	C4	**993,169**	1,045,528
Derivative financial instruments	C5	**21,230**	29,859
Total non-current liabilities		**1,014,399**	1,075,387
Total liabilities		**1,376,244**	1,425,709
Net assets		**2,468,563**	2,457,710
EQUITY			
Issued capital	C6	**1,840,488**	1,840,488
Retained earnings		**628,075**	617,222
Total equity		**2,468,563**	2,457,710

* See note C4 for details in relation to the restatement of Exchangeable Notes to current liabilities.

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	Retained earnings $'000	Total $'000
Balance at 1 July 2024		1,840,488	617,222	2,457,710
Net profit/(loss) for the period		-	62,599	62,599
Total comprehensive income for the period		**-**	**62,599**	**62,599**
Distributions provided for or paid	B1	-	(51,746)	(51,746)
Balance at 31 December 2024		**1,840,488**	**628,075**	**2,468,563**

	Notes	Issued capital $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2023		**1,840,488**	**670,661**	**2,511,149**
Net profit/(loss) for the period		-	12,178	12,178
Total comprehensive loss for the period		**-**	**12,178**	**12,178**
Distributions provided for or paid	B1	-	(50,794)	(50,794)
Balance at 31 December 2023		**1,840,488**	**632,045**	**2,472,533**

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
Cash flows from operating activities			
Receipts from customers		**132,559**	120,282
Payments to suppliers		**(46,498)**	(43,129)
Interest received		**832**	645
Interest paid		**(27,271)**	(24,722)
Distribution received		**1,377**	1,562
Net cash generated by operating activities		**60,999**	54,638
Cash flows from investing activities			
Payments for investment properties		**(35,425)**	(64,166)
Proceeds from sale of investment properties		**86,019**	68,398
Net cash generated by investing activities		**50,594**	4,232
Cash flows from financing activities			
Distribution paid		**(51,270)**	(50,794)
Proceeds from borrowings		**15,000**	51,000
Repayment of borrowings		**(67,000)**	(45,000)
Payments for borrowing costs		**(986)**	(168)
Net cash used in financing activities		**(104,256)**	(44,962)
Net increase in cash and cash equivalents		**7,337**	13,908
Cash and cash equivalents at beginning of the period		**16,536**	20,868
Cash and cash equivalents at end of period		**23,873**	34,776

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 Industrial 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 of the Trust 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 No. 2 Limited, the Responsible Entity, on 25 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.

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

As at the reporting date, the Trust has current liabilities which exceed its current assets primarily due to the Trust's Exchangeable Notes which have been classified as a current liability. The Exchangeable Notes may be converted into units at the option of the Noteholders, at their face value, at any time up until 10 days prior to their final maturity on 2 March 2028. If converted this will result in a reduction in liabilities of the Trust matched by an equal increase in its equity, increasing the net assets of the Trust by the face value of the notes converted. Alternatively, the Noteholders may exercise an option commencing from 2 March 2026 to redeem the Exchangeable Notes at face value, resulting in an outflow of cash and a reduction of liabilities, and potentially a reduction in the net assets of the Trust in the event that the carrying value of the Exchangeable Notes at the exercise date are less than face value.

The reclassification of the Exchangeable Notes as a current liability is due to the first time adoption of AASB 2020-1, effective for annual periods beginning on or after 1 July 2024 and does not reflect a change in the Trust's cash settled obligations, liquidity nor impact on the Trust's covenant calculations.

The Trust forecast that it has adequate liquidity to meet its liabilities.

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 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:

A1 General information (continued)

Additional information (continued)

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

A2 Significant accounting policies

The accounting policies and methods of computation in the preparation of the consolidated interim financial report are consistent with those adopted in the previous financial year ended 30 June 2024 with the exception of the adoption of new accounting standards outlined below or in the relevant notes to the consolidated interim financial report.

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.

The Trust applied AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current for the first time in its interim financial report for the half year ended 31 December 2024. The adoption of the amendment resulted in a change in the classification of Exchangeable Notes that can be settled in a Trust entity's own units. See Note C4 explaining the nature and effect of this change. The Trust does not have any transactions that are affected by the other newly effective accounting standards and amendments.

A3 Segment reporting

The Trust operates in one segment, being investments in Australian industrial 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	**4.075**	**25,873**	4.000	25,397
December quarter	**4.075**	**25,873**	4.000	25,397
Total	**8.150**	**51,746**	8.000	50,794

Key dates in connection with the December quarter distribution are:

Event	**Date**
Ex-distribution date	30 Dec 2024
Record date	31 Dec 2024
Distribution payment date	31 Jan 2025

B2 Revenue

	31 December 2024 $'000	**31 December 2023 $'000**
Rental income	**92,466**	86,920
Recoverable outgoings	**22,648**	18,590
Straight-lining of lease revenue	**3,827**	3,005
	118,941	108,515

B3 Finance costs

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

	31 December 2024 $'000	**31 December 2023 $'000**
Interest expense	**27,573**	24,782
Amortisation of borrowing costs	**619**	485
	28,192	25,267

C Trust's assets and liabilities

C1 Investment properties

	31 December 2024 $'000	30 June 2024 $'000
Opening balance	**3,702,400**	3,709,950
Purchase price of investment properties (1)	**8,000**	61,250
Stamp duty and other transaction costs	**645**	3,760
Capital improvements and associated costs	**12,026**	8,010
Capital developments and associated costs	**4,793**	41,111
	25,464	114,131
Net gain/(loss) on fair value of investment properties	**21,238**	(37,880)
Add back: sale costs and other investment properties activities for properties sold during the period	**6,867**	3,809
Gain/(loss) on fair value of investment properties	**28,105**	(34,071)
Change in deferred rent and lease incentives	**1,509**	3,898
Change in capitalised leasing fees	**2,222**	2,542
Disposals at sale price (2)	**(26,750)**	(32,450)
Closing gross balance	**3,732,950**	3,764,000
Transfer to investment properties held for sale	**-**	(61,600)
Closing balance*	**3,732,950**	3,702,400

* The carrying amount of investment properties includes components related to deferred rent, capitalised lease incentives and leasing fees amounting to $75.0 million (30 June 2024: $71.2 million).

(1) Investment property acquired by the Trust during the half year:

Acquisition	**Date**	**31 December 2024 $'000**
876 Lorimer Street, Port Melbourne VIC	4 October 2024	**8,000**
		8,000

(2) Investment property disposed by the Trust during the half year:

Disposal	**Date**	**31 December 2024 $'000**
616 Boundary Road, Richlands QLD	15 October 2024	**26,750**
		26,750

Properties portfolio	**31 December 2024 $'000**	**30 June 2024 $'000**
Consolidated investment properties	**3,732,950**	3,764,000
Investment properties equity accounted	**70,431**	70,175
Investment properties portfolio	**3,803,381**	3,834,175
Portfolio valuation		
Total properties externally valued as at period end	**2,151,400**	2,477,150
Consolidated investment properties	**3,732,950**	3,764,000
	57.63%	65.81%

C1 Investment properties (continued)

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.

• 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. The table below illustrates the impact on valuation of movements in capitalisation rates:

Fair Value	Capitalisation rate impact	
at 31 December 2024	+0.25%	-0.25%
$'000	$'000	$'000
3,732,950	(153,500)	167,200

C2 Investment properties classified as 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.

	31 December 2024 $'000	30 June 2024 $'000
54 Sawmill Cct, Hume ACT	-	28,100
75-79 and 105 Corio Quay Rd, North Geelong VIC	-	33,500
	-	61,600

The Trust sold 54 Sawmill Cct, Hume ACT for a gross sale price of $28.1 million on 20 August 2024, and 75-79 and 105 Corio Quay Rd, North Geelong VIC on 15 November 2024 for a gross sale price of $33.5 million.

C3 Equity accounted investments

Set out below are the associates of the Trust as at 31 December 2024 which, in the opinion of the Directors, were material to the Trust and were accounted for using the equity method. The entities listed below have share capital consisting solely of ordinary units, which are held directly by the Trust. The country of incorporation or registration is Australia which is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

	31 December 2024 %	30 June 2024 %	Principal activity	Carrying amount 31 December 2024 $'000	Carrying amount 30 June 2024 $'000
AIR Erskine Park Trust	**51**	51	Property investments	**20,006**	19,833
AIR Glendenning 2 Trust	**51**	51	Property investments	**34,424**	34,034
CIP Sub Trust No. 33	**51**	51	Property investments	**17,470**	17,148
				71,900	71,015

The tables below show the movement in carrying amounts of equity accounted investments for the half year ended 31 December 2024.

31 December 2024 Carrying amount of equity accounted investments	**AIR Erskine Park Trust $'000**	**AIR Glendenning 2 Trust $'000**	**CIP Sub Trust No. 33 $'000**	**Total $'000**
Opening balance	**19,833**	**34,034**	**17,148**	**71,015**
Share of profit	**403**	**772**	**526**	**1,701**
Distributions received/receivable	**(230)**	**(382)**	**(204)**	**(816)**
Closing balance	**20,006**	**34,424**	**17,470**	**71,900**

30 June 2024 Carrying amount of equity accounted investments	**AIR Erskine Park Trust $'000**	**AIR Glendenning 2 Trust $'000**	**CIP Sub Trust No. 33 $'000**	**Total $'000**
Opening balance	16,211	35,614	18,276	70,101
Share of profit	4,063	(255)	(691)	3,117
Distributions received/receivable	(441)	(1,325)	(437)	(2,203)
Closing balance	19,833	34,034	17,148	71,015

C4 Borrowings

	31 December 2024 $'000	30 June 2024 $'000
Current		
Exchangeable Notes at fair value*	**293,250**	289,350
Total current borrowings	**293,250**	289,350
Non-current		
Unsecured loan - variable	**546,000**	598,000
Unsecured Medium Term Note (A$MTN) - fixed	**350,000**	350,000
Unsecured loan - fixed	**100,000**	100,000
Borrowing costs	**(2,831)**	(2,472)
Unsecured borrowings at amortised cost	**993,169**	1,045,528
Total non-current borrowings	**993,169**	1,045,528
Total borrowings	**1,286,419**	1,334,878

• The Exchangeable Notes are embedded with option contracts which allow the Trust or Noteholders to redeem at 100% of the principal amount. The Trust can call for redemption to redeem all and not some only of the Notes, at their face value plus accrued and unpaid interest, if the closing price of the Trust's units at any time after 16 March 2026 to maturity is at least 130% of the applicable Exchange Price. Noteholders have an option to put the notes to the issuer for face value on or about 2 March 2026 or convert to units at any time commencing from 12 April 2023 to 10 days prior to the final maturity of the Notes on 2 March 2028.

Due to the recent amendments to AASB 2020-1 effective for annual periods beginning after 1 July 2024, the Trust has reclassified the Exchangeable Notes as current borrowings. This reclassification is based on the updated criteria for classifying liabilities as current or non-current, which emphasise the holder's option to redeem the notes within 12 months. As the standard requires the amendments to be applied retrospectively, The Trust has also restated the 30 June 2024 comparative information.

Moody's Investor Services maintains the Trust with a Baa2 issuer rating with a stable outlook.

As at 31 December 2024, the Trust had the following debt facilities:

	31 December 2024 $'000	30 June 2024 $'000
Unsecured loan facility		
Facilities limit	**1,205,000**	1,205,000
Facilities unused	**(209,000)**	(157,000)
Unsecured loan facilities used	**996,000**	1,048,000
Exchangeable Notes	**293,250**	289,350
Total loan facility	**1,289,250**	1,337,350

At the end of the half year period, the Trust had 77.0% of its drawn debt hedged (30 June 2024: 92.7%).

As at 31 December 2024, the Trust had $743.3 million (30 June 2024: 739.4 million) of fixed rate borrowings of which $350.0 million has been swapped into a floating rate exposure. At the end of the reporting period, the Trust's drawn debt which is on a fixed basis, after the impact of hedging, is $993.3 million (30 June 2024: $1,239.4 million).

C4 Borrowings (continued)

The loan has covenants in relation to Interest Coverage Ratio ('ICR'), Gearing Ratio, Priority Debt Ratio, Unencumbered Asset Ratio, Development Ratio and Guarantor Coverage 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.

C5 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.

C6 Issued capital

	31 December 2024		30 June 2024	
	Units '000	$'000	Units '000	$'000
Opening balance	**634,931**	**1,840,488**	634,931	1,840,488
Closing balance	**634,931**	**1,840,488**	634,931	1,840,488

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 interim financial report. All financial instruments are measured at amortised cost with the exception of the derivative financial instruments and the Exchangeable Notes. Derivative financial instruments are measured at fair value and have a level 2 designation in the fair value hierarchy. Exchangeable Notes are measured at fair value and have a level 1 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:

Roger Dobson
Natalie Collins
Jennifer Cook
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 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 0.65% of the gross value of assets held plus GST, in accordance with the Trust's constitution. The Responsible Entity has elected to charge 0.60% of the gross value of assets held plus GST.

D2 Related parties (continued)

Responsible entity fees and other transactions (continued)

The following fees were paid and/or payable to the Responsible Entity and its related parties from the Trust and all subsidiaries during the period:

	31 December 2024 $'000	31 December 2023 $'000
Management fees	**11,609**	11,633
Development management fees	**2,027**	689
Leasing fees	**1,908**	672
Property management fees	**1,439**	1,063
Facility management fees	**1,178**	817
Custodian fees	**908**	910
Project management fees	**295**	408
Due diligence acquisition fees	**25**	-
	19,389	16,192

At reporting date an amount of $1,034,079 (30 June 2024: $793,837) 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.

All transactions with related parties are conducted on arms-length commercial 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.

Some of the related party fees, in particular to leasing fees and development management fees, are related to specific transactions and may change year to year depending on the number of transactions and the size of these transactions incurred during the year.

Related party investments held by the Trust

At 31 December 2024, the Trust did not hold any units in the related parties of the Responsible Entity (30 June 2024: nil).

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
31 December 2024		
Centuria Capital No. 2 Industrial Fund	**77,319,885**	**12.18%**
Centuria Capital No. 5 Fund	**21,593,800**	**3.40%**
Centuria Property Funds No. 2 Limited	**2,181,086**	**0.34%**
Centuria Growth Bond Fund	**895,191**	**0.14%**
Centuria Balanced Fund	**385,129**	**0.06%**
Roger Dobson	**101,746**	**0.02%**
John McBain	**13,404**	**-%**
Simon Holt	**6,535**	**-%**
Jennifer Cook	**5,729**	**-%**
Natalie Collins	**5,464**	**-%**
	102,507,969	**16.14%**

D2 Related parties (continued)

Units in the Trust held by related parties (continued)

30 June 2024		
Centuria Capital No. 2 Industrial Fund	77,319,885	12.18%
Centuria Capital No. 5 Fund	21,593,800	3.40%
Centuria Property Funds No. 2 Limited	2,181,086	0.34%
Centuria Growth Bond Fund	895,191	0.14%
Centuria Balanced Fund	385,129	0.06%
Roger Dobson	101,746	0.02%
John McBain	13,404	-%
Simon Holt	6,535	-%
Jennifer Cook	5,729	-%
Natalie Collins	5,464	-%
Garry Charny*	5,000	-%
	102,512,969	16.14%

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

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 No. 2 Limited, the Responsible Entity of Centuria Industrial REIT, 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; and

(b) in the directors' opinion, the attached interim 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.

Roger Dobson
Director

Peter Done
Director

Sydney
25 February 2025

Independent Auditor's Review Report

To the unitholders of Centuria Industrial REIT

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Centuria Industrial 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 Industrial 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 A1-D4, including selected explanatory notes; and
- The Directors' Declaration.

The ***Group*** comprises of the Trust and the entities it controlled at the half year 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 Trust and 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 No.2 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

KPMG

Travis Bowman

Partner

Sydney

25 February 2025