

Centuria Bass Credit Fund

Q4 investor update as at
31 December 2023

Summary/highlights

As at 31 December 2023 the Centuria Bass Credit Fund (CBCF/the Fund) is forecasting a gross internal rate of return (IRR) on deployed funds of 10.3%, generated over a lowly geared, diversified portfolio of 48 first mortgage investment positions. The annualised IRR of the Fund net of all fees was 10.1%¹ which is a function of the increasing number of high-quality deals backed by strong fundamentals being originated by the Centuria Bass team providing risk adjusted returns to the Fund.

Fund highlights include (as at 31 December 2023):

- The Fund currently has positions in 48 first mortgage property debt transactions.
- The Fund has a weighted average loan to value ratio (LVR) of 62.6%, with 100% of transactions secured by first mortgages.
- During the quarter, \$31m was deployed across three new investments.
- Total distribution for the quarter was 2.42 cents per unit and was paid (or reinvested as per investor election) on a monthly basis during the quarter.

The Fund continues to achieve returns which sit comfortably at the higher end of the target IRR range and has now successfully established itself with a mature portfolio of over 48 loans, diversified across investment type and geography, with a gross average return on deployed funds of 10.25%. The higher return rates can be attributed to the rapid rise in interest rates throughout 2023 as rates charged to borrowers have shifted from fixed rates to floating rates, allowing the Funds to pass on any increases to investors. Strong return profiles are expected to continue throughout 2024, despite money markets pricing in no further rate rises, as the Fund's loan investments incorporate interest rate floors which will protect investors from downside interest rate risk.

Over the quarter, the Fund continued to find value in NSW by entering into three new loan investments in the state and also continued to diversify across loan type including increasing allocations to residual stock and bridge loans. In addition to funding new deals during the quarter, two investment facilities were repaid with returns either meeting or surpassing the original forecasted return.

The proceeds from these investments were reinvested prior to the end of the month, with the Fund being close to fully deployed by quarter end. This showcases the manager's ability to deploy capital efficiently, minimising cash drag, as the pipeline is carefully matched to ensure optimal allocation of capital and maximise risk-adjusted returns.

Centuria Bass continues to monitor the property market for lending opportunities and have noted conflicting trends in the residential property market throughout 2023. Headwinds created by rising costs of housing and decreasing affordability due to interest rate rises have been largely offset by the tailwinds from record low vacancy rates and strong immigration in respect of loan demand. Centuria Bass have seen developers increasingly turn to non-bank lenders for bespoke solutions despite the higher cost as banks become increasingly strict in their lending criteria. Our macroeconomic view remains positive where the level of demand for housing stock is expected to continue to be robust,



due to low supply and strong population growth. Furthermore, subsiding labour and material cost escalations is providing more certainty to builders and developers, which is expected to continue to increase the quality of deal flow in the pipeline.

Investor sentiment remains strong with an increasing demand for commercial real estate debt investments for investors seeking strong risk-adjusted returns and consistent income streams. Centuria Bass' deep knowledge of risk management, origination, portfolio investing as well as funding capabilities establishes a promising outlook for the Fund in 2024.

Distribution and outlook

Distribution

Distributions to unit holders are made on a monthly basis. The distribution for each month during the quarter is below:

October 2023	0.81 cpu
November 2023	0.79 cpu
December 2023	0.83 cpu
Total distribution for quarter	2.42 cpu

Outlook

There will be future opportunities for investors to continue to invest both in and alongside the CBCF. The Fund remains open for new and/or increasing investor commitments. If you have interest, please be in contact with the distribution team via the below contact information.

contactus@centuria.com.au

Pricing and performance

FUND SIZE AND PRICING

Unit price (NAV)	\$1.01
Historical performance net of fees – 1 month	0.8%
Historical performance net of fees – 3 months	2.4%
Annualised IRR net of fees¹	10.1%

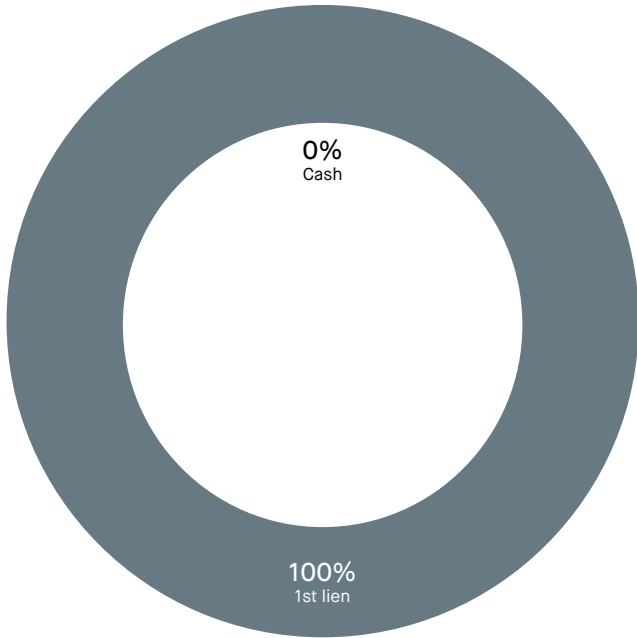
KEY FUND HIGHLIGHTS

Deployed funds	99.6%
Expected gross return on deployed funds (pre-tax)	10.3%
Weighted average LVR including cash	62.6%
Weighted average remaining term (months)	6

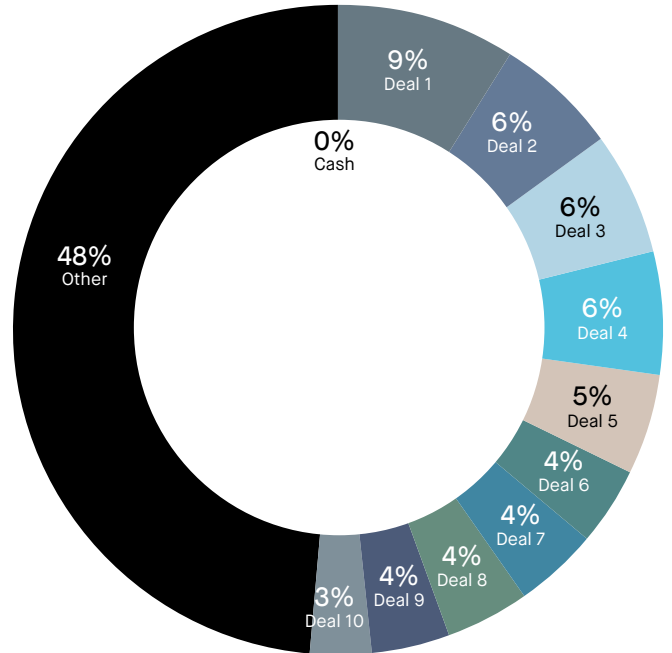
¹ Fund IRR based on annualised December 2023 performance figures.

Fund portfolio metrics¹

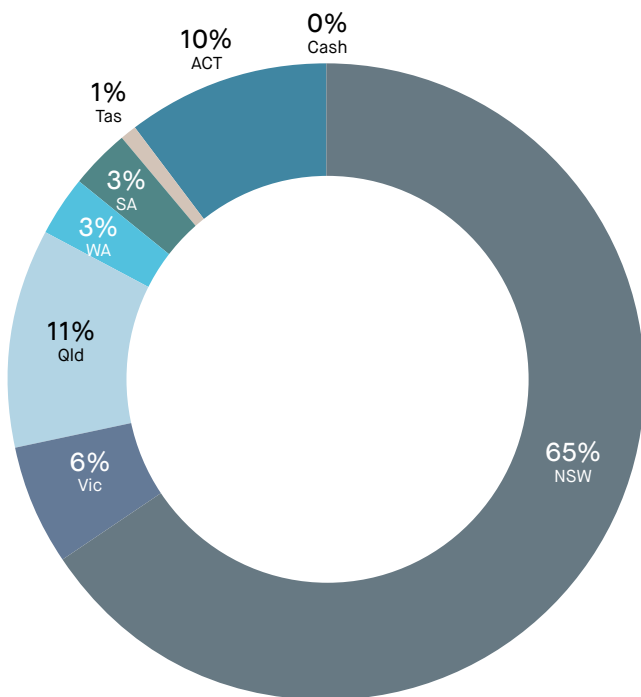
SECURITY



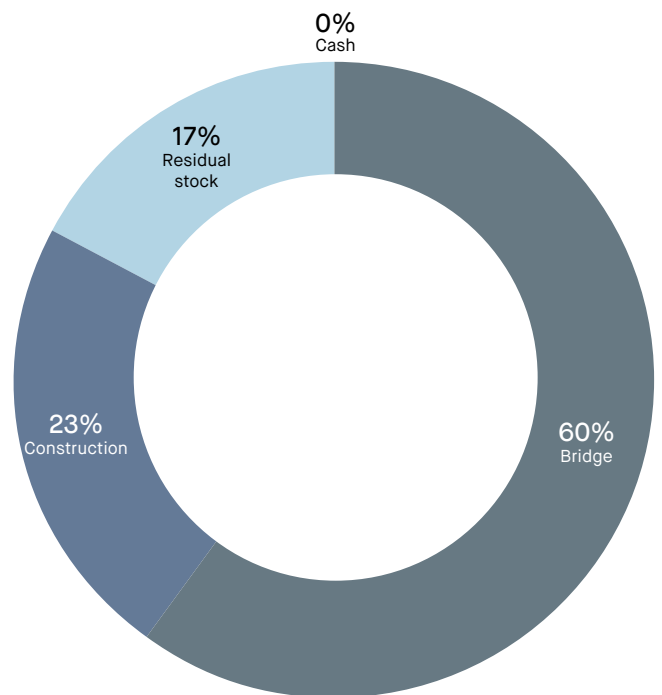
INVESTMENT COMPOSITION



GEOGRAPHY

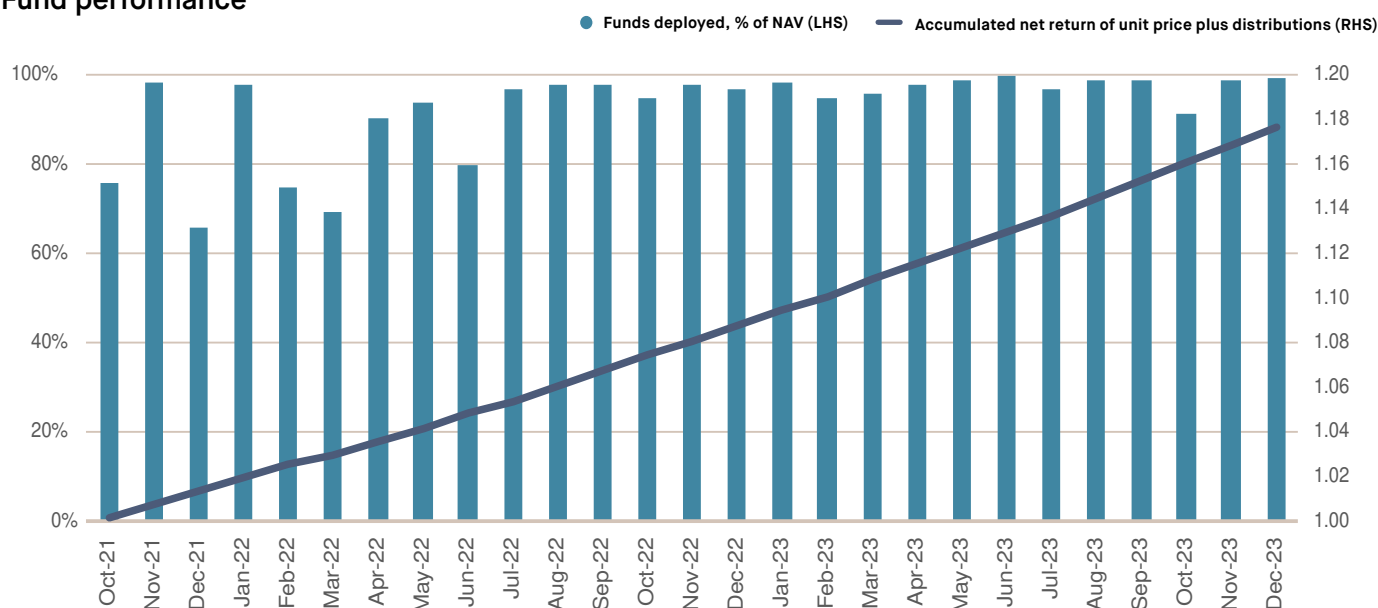


FACILITY TYPE



¹ As at 31 December 2023.

Fund performance



Deal summary

TOP TEN DEALS	LOCATION	SECURITY	EXPECTED RETURN (IRR)	LVR	TERM REMAINING (MONTHS)	% OF TOTAL FUND	COMMENTS	
1	Residual Stock	NSW	1st Lien	10.50%	68%	9	9%	Residual stock loan across two properties for 103 residential land lots in Box Hill, NSW
2	Bridging Finance	NSW	1st Lien	10.50%	65%	3	6%	Bridge loan secured by a property portfolio in Chatswood, NSW
3	Bridging Finance	NSW	1st Lien	9.00%	55%	1	6%	Bridge loan on 1,013 lot DA approved residential sub division project in the Hunter Valley, NSW
4	Construction	NSW	1st Lien	11.35%	82%	8	6%	Construction facility for a 561-lot approved residential subdivision project in Bellbird, NSW
5	Residual Stock	ACT	1st Lien	11.00%	68%	10	5%	Residual stock loan for 56 townhouse lots in Throsby, ACT
6	Construction	NSW	1st Lien	9.25%	65%	5	5%	Construction of a multi storey residential apartment development in Kellyville, NSW
7	Bridging Finance	QLD	1st Lien	8.75%	65%	2	4%	Refinance of a commercial property in Teneriffe, QLD
8	Bridging Finance	NSW	1st Lien	11.00%	64%	1	4%	Land bridge facility for a 561-lot approved residential subdivision project in Bellbird, NSW
9	Bridging Finance	NSW	1st Lien	9.00%	56%	8	4%	Refinance of 4 hectare engloblo land parcel in Austral, NSW
10	Bridging Finance	NSW	1st Lien	10.50%	60%	7	3%	Bridge loan over four contiguous lots in Port Macquarie over 1.6 hectares.
Total Top 10						52%		
11-48 Other		-	-	-	-	48%	38 First mortgage transactions diversified by sector and geography	
Weighted Average			10.3%	62.6%	6			
% Funds deployed at 31/12/2023						100%		
% Fund Cash and other assets						0%		
Total						100%		

Disclaimer: The Centuria Bass Credit Fund (CBCF) is an unregistered managed investment scheme available for investment from wholesale investors only. The Trustee of CBCF is Centuria Bass Financial Services Ltd ACN 617 409 588, AFSL 499339. This report has been issued jointly by Centuria Bass Credit Pty Ltd (Centuria Bass) and Centuria Funds Management Limited (AFSL 479 875). An investment in the CBCF carries risk. As the Fund invests in commercial property debt it carries the usual credit risks associated with investing in debt funds. Risks can impact on distribution and capital returns over the term of the Fund. It is important that you read the IM and understand the risks of investing. Centuria Bass and its associates will receive fees in relation to an investment in the Fund as disclosed in the IM. Investment in the Fund is subject to risk including possible delays in payment or loss of income and principal invested. Centuria Bass does not guarantee the performance of the Fund.