

Centuria Bass Credit Fund

Q1 investor update as at
31 March 2024

Summary/highlights

As at 31 March 2024 the Centuria Bass Credit Fund (CBCF/the Fund) is forecasting a gross internal rate of return (IRR) on deployed funds of 10.35%, generated over a lowly geared, diversified portfolio of 51 first mortgage investment positions. The annualised IRR of the Fund net of all fees was 9.7%¹. Underlying loans are backed by first mortgage and originated by the Centuria Bass team providing risk adjusted returns to the Fund.

Fund highlights include (as at 31 March 2024):

- The Fund currently has positions in 51 first mortgage property debt transactions.
- The Fund has a weighted average loan to value ratio (LVR) of 62.3%, with 100% of transactions secured by first mortgages.
- During the quarter, \$32.3m was deployed across two new investments.
- Total distribution for the quarter was 2.33 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 51 loans, diversified across investment type and geography, with a gross average return on deployed funds of 10.35%. 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. Return profiles are expected reduce slightly throughout 2024 from a reduction in the weighted average interest rate in the loan book, as money markets are pricing in no further rate rises. However, the Fund's loan investments incorporate interest rate floors which should delay decreasing interest rates impact on investor returns in the medium term.

Over the quarter, the Fund increased its allocation to Victoria by entering into two new loan investments in the state and also continued to diversify across loan type including increasing allocations to bridge loans and subdivision construction. In addition to funding new deals during the quarter, two investment facilities were repaid with returns either meeting or surpassing the original forecasted return.

Centuria Bass continues to monitor the property market for lending opportunities and have noted conflicting trends in the residential property market throughout 2024. Headwinds created by rising costs of housing and decreasing affordability due to relatively high interest rates have been largely offset by the tailwinds from record low vacancy rates and strong immigration in respect of loan demand. These market trends have resulted in a new national peak housing price established, recording a 1.6% increase for the quarter ending 31 March 2024.

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 for the rest of 2024.

Important updates

On 10 April 2024, Centuria Capital Group further increased its holding in Centuria Bass to a controlling stake of 80% following its initial investment of 50% in April 2021. The investment followed an ongoing review to meaningfully scale Centuria's platform into the real estate finance business. Centuria Capital's increased investment provides evidence of their confidence in the Fund and Centuria Bass Credit's current loan positions, strong pipeline and future growth.

Over the past quarter, updates were made to the investment strategy of the Centuria Bass Credit Fund, to allow for further diversification and enhancement of portfolio returns. The Fund's mandate now allows for investments into first mortgage warehouse facilities which will provide the Fund with a holding in a diversified pool of CBC managed first mortgages through a structure incorporating subordinated and unsubordinated loans or loan notes. Where first mortgage warehouse financing is subordinated to senior lenders, these leveraged arrangement may incur priority risk however this is mitigated as CBC retains the ability to transfer or reallocate the underlying Loan so that the Fund has first priority and control.

Further information regarding the changes can be found in the latest version of the Centuria Bass Credit Fund Information Memorandum (re-issued in April 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:

January 2024	0.79 cpu
February 2024	0.74 cpu
March 2024	0.80 cpu
Total distribution for quarter	2.33 cpu

Outlook

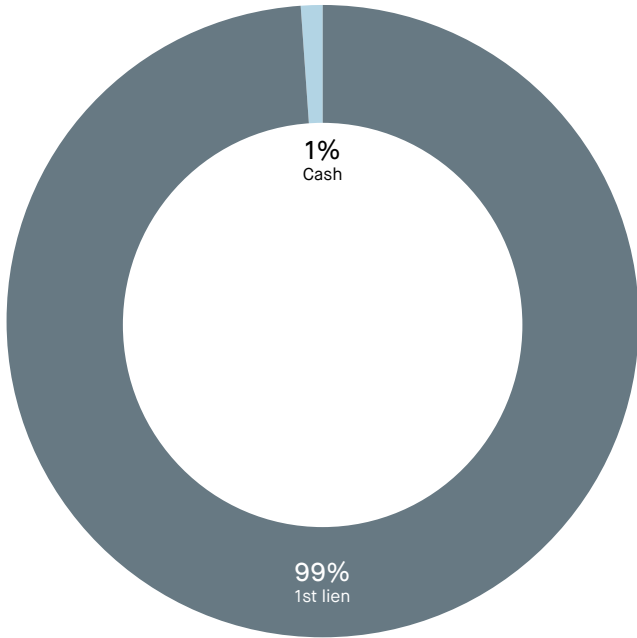
There will be future opportunities for investors to continue to invest both in and alongside the CBCF. The Fund remains open for new and/or increasing investor commitments.

contactus@centuria.com.au

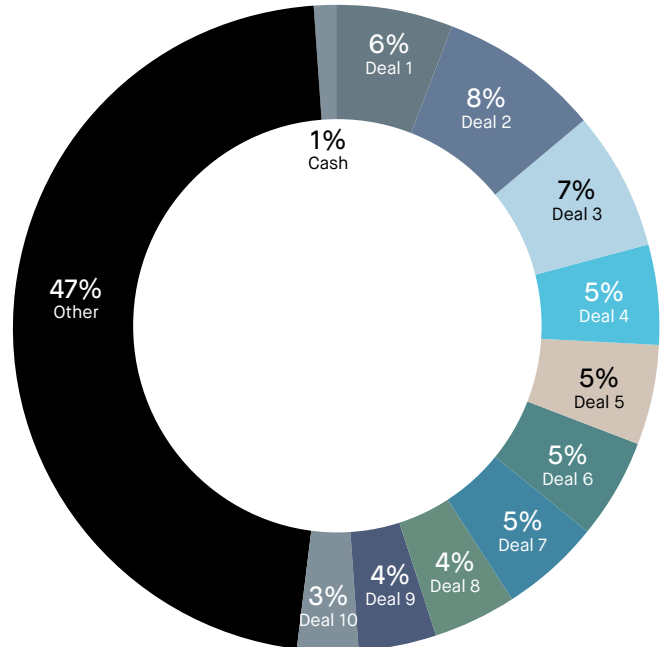
¹ Fund IRR based on annualised March 2024 performance figures calculated on a daily compounding basis.

Fund portfolio metrics¹

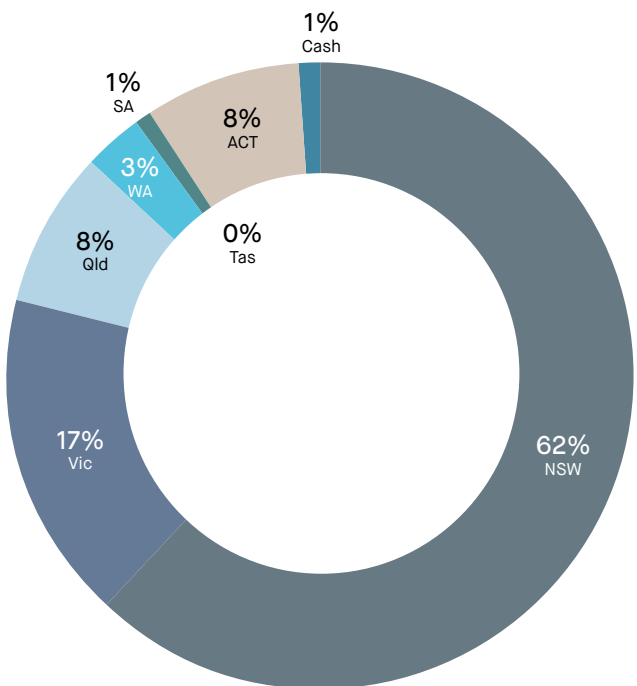
SECURITY



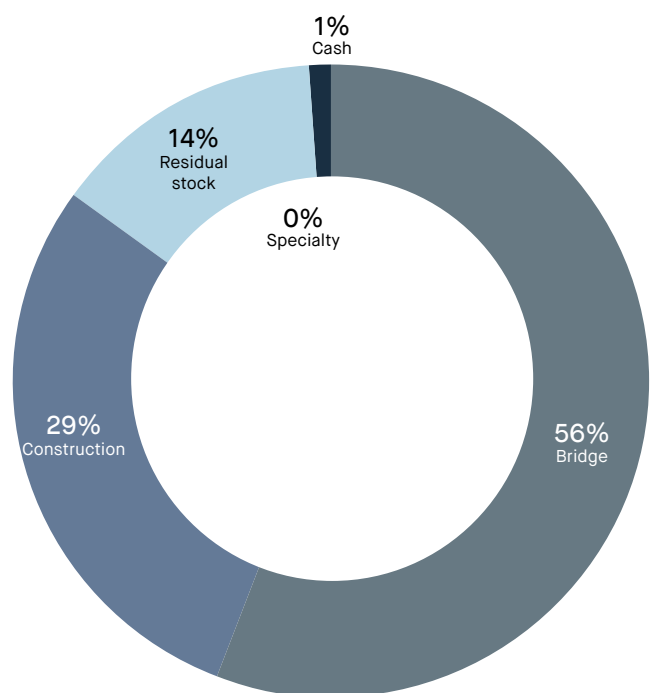
INVESTMENT COMPOSITION



GEOGRAPHY

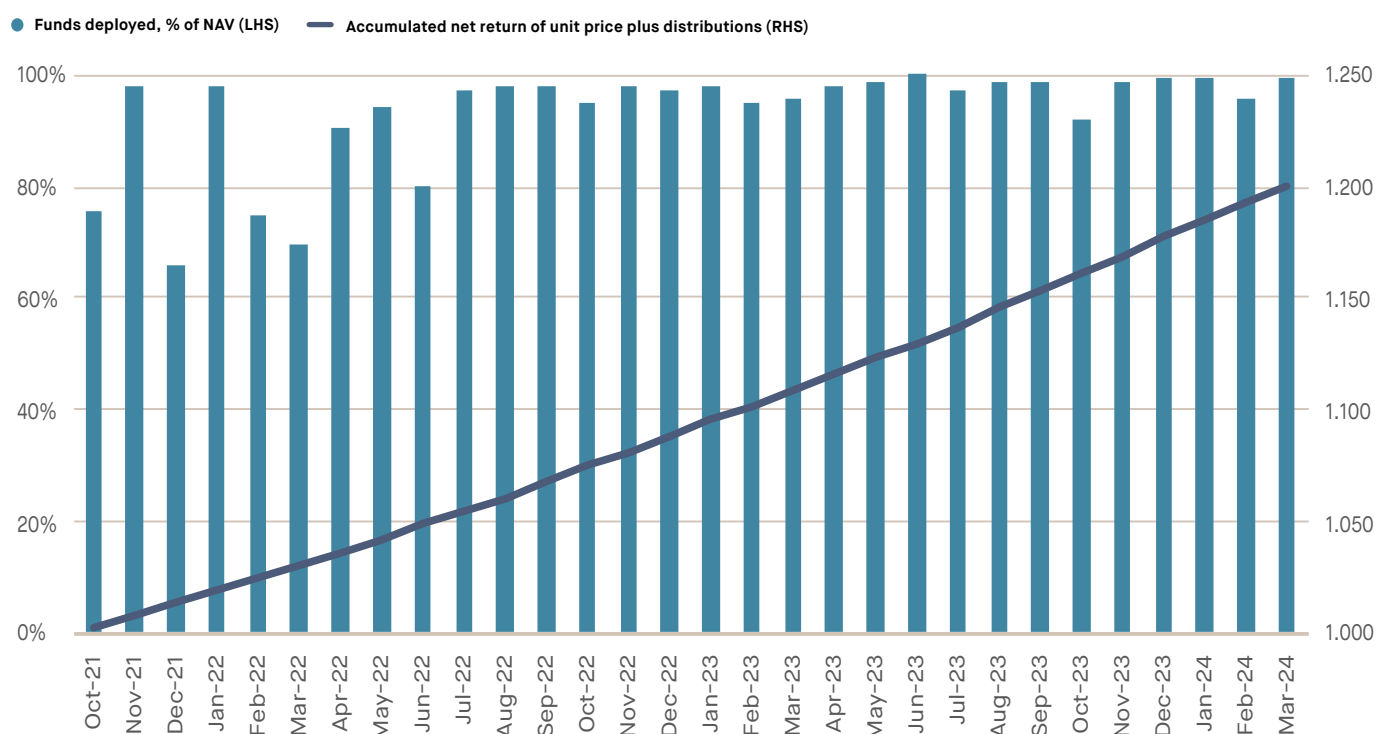


FACILITY TYPE



¹ As at 31 March 2024

Fund performance



Deal summary

TOP TEN DEALS	LOCATION	SECURITY	EXPECTED RETURN (IRR)	LVR	TERM REMAINING (MONTHS)	% OF TOTAL FUND	COMMENTS
1 Subdivision	NSW	1st lien	11.00%	64%	5	6%	Land bridge facility for a 561-lot approved residential subdivision project in Bellbird, NSW
2 Residential	NSW	1st lien	10.50%	68%	6	8%	Residual stock loan across two properties for 103 residential land lots in Box Hill, NSW
3 Subdivision	Vic	1st lien	11.00%	68%	12	7%	Subdivision construction of 200 residential lots in Deanside, VIC
4 Residential	Vic	1st lien	10.25%	65%	12	5%	Land bridge facility for a 270 residential land lot project across 5 stages in Officer, VIC
5 Residential	NSW	1st lien	10.50%	65%	1	5%	Bridge loan secured by a property portfolio in Chatswood, NSW
6 Subdivision	NSW	1st lien	11.35%	82%	5	5%	Land bridge facility for a 561-lot approved residential subdivision project in Bellbird, NSW
7 Residential	NSW	1st lien	9.25%	65%	2	5%	Construction of a multi storey residential apartment development in Kellyville, NSW
8 Residential	ACT	1st lien	11.00%	68%	7	4%	Residual stock loan for 56 townhouse lots in Throsby, ACT
9 Specialised office/data centre	Qld	1st lien	8.75%	65%	3	4%	Refinance of a commercial property in Teneriffe, QLD
10 Residential	NSW	1st lien	9.00%	56%	5	3%	Refinance of 4 hectare englobo land parcel in Austral, NSW
Total top 10						52%	
11-51 Other	-	-	-			47%	40 first mortgage transactions diversified by sector and geography
Weighted average			10.4%	62.3%	5		
% funds deployed at 31/03/2024						99%	
% fund cash and other assets						1%	
Total						100%	

Fund snapshot

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	2.3%
Annualised IRR net of fees ¹	9.7%

KEY FUND HIGHLIGHTS AS AT 31 MARCH 2024

Deployed Funds	98.5%
Expected gross return on deployed funds (pre-tax)	10.35%
Weighted Average LVR including Cash	62.3%
Weighted average remaining term (months)	5.4

CBCF class net performance

Monthly %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annualised*
2024	0.78%	0.73%	0.79%										9.70%
2023	0.67%	0.62%	0.76%	0.69%	0.68%	0.70%	0.71%	0.79%	0.76%	0.80%	0.78%	0.82%	9.35%
2022							0.56%	0.67%	0.69%	0.67%	0.66%	0.69%	N/A

Excluding first 6 months of ramp up period.

*Annualised returns may not total the sum of the monthly returns as they are calculated using monthly figures compounding daily.

Simple return

Gross Fund deployed IRR 10.36%

Net return	1 month	3 months	6 months	12 months	Since inception	Managers forecast
Total net return ¹	0.79%	2.31%	4.70%	9.04%	18.96%	9.70%
Annualised²	9.70%	9.68%	9.82%	9.43%	8.94%³	

1. Simple rate of return (i.e. simple percentage increase by month).

2. Annualised returns calculated as the average annualised return for the prior months for the relevant period.

3. Excludes first 6 months of ramp up period.

NAV

	Mar-24
CBCF	\$171,999,857
Total	\$171,999,857

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.

1 Fund IRR based on annualised March 2024 performance figures calculated on a daily compounding basis.