

Centuria Bass Credit Fund

Q3 investor update as at 30 September 2024

Summary/highlights

As at 30 September 2024 the Centuria Bass Credit Fund (CBCF/the Fund) is forecasting a gross internal rate of return (IRR) on deployed funds of 10.4%, generated over a lowly geared, diversified portfolio of 53 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 30 September 2024):

- The Fund currently has positions in 53 first mortgage property debt transactions.
- The Fund has a weighted average loan to value ratio (LVR) of 64.4%, with 100% of transactions secured by first mortgages.
- During the quarter, \$54.9m was deployed across eight new investments.
- Total distribution for the quarter was 2.34 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 at the higher end of the target IRR range with a mature portfolio of 53 loans, diversified across investment type and geography, with a gross average IRR on deployed funds of 10.4%. In the medium term, returns are expected to be maintained despite money markets pricing in interest rate cuts, as a number of loans in the Fund include interest rate floors.

During the quarter, the Fund continued to invest into the eastern seaboard by entering into eight new loan transactions in Victoria and New South Wales. CBCF has capitalised on an opportunity in the pubs and hospitality sector which has seen traditional banks reduce their appetite with stringent, inflexible covenants. Centuria Bass' view, supported by the expertise of Centuria Capital Group, is that the recovery in trading conditions subsequent to COVID lockdowns will be sustained and financial metrics will continue to improve. In addition to funding nine new deals, two investment facilities were repaid with returns either meeting or surpassing the original forecasted return.

Centuria Bass remains vigilant in monitoring the property market for further opportunities. While challenges such as rising housing costs and decreasing affordability from elevated interest rates persist, these factors have largely been mitigated by substantial population growth in Australia driven by immigration, along with a decrease in average household size which has fallen from 2.8 in the mid-1980's to 2.5 today.² These factors combined with a Wage Price Index³ being at its peak since 2008 has resulted in a 1.3% increase in the Home Value Index for the quarter ending 30 September 2024⁴.

Over the past quarter, Centuria Bass has identified that construction costs are a key risk area with over 20% of recent insolvencies arising from the construction industry⁵. In response to the heightened risks, Centuria Bass



has strategically focussed its allocation over the past year to bridging and residual stock transactions. As at 30 September 2024, the Fund has two loans with expected interest recovery below originally forecast levels. The Manager continues to expect full recovery of principal for these loans, and is comfortable recognising that these amounts represent an immaterial exposure to the overall portfolio. Centuria Bass' track record in the private credit landscape and deep knowledge of risk management, origination, portfolio investing as well as funding capabilities establishes a promising outlook for the Fund in the upcoming FY24-25 financial year.

Centuria Bass anticipates sustained demand for property in the short to medium term which will in turn lead to further opportunities for financiers and investors in the sector. Centuria Bass is well-positioned with a strong pipeline of commercial real estate debt opportunities with strong risk-adjusted returns, which will continue to appeal to investors, especially in a declining interest rate environment.

Fund Manager of the Year Awards 2024

In September 2024, the Centuria Bass Credit Fund won the Fund Manager of the Year award for the Mortgage Trust category at the prestigious annual Financial Newswire/SQM Award ceremony. This recognition is particularly meaningful as finalists were selected from the entire property credit sector. Centuria Bass are proud to have emerged as the winner, evaluated on both return and risk metrics.



Distribution and outlook

Distribution

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

July 2024	0.78 cpu
August 2024	0.79 cpu
September 2024	0.77 cpu
Total distribution for quarter	2.34 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.

¹ Fund IRR based on annualised September 2024 performance figures.

² RBA – Housing Market Cycles and Fundamentals ([Housing Market Cycles and Fundamentals \(rba.gov.au\)](https://www.rba.gov.au/publications/housing-market-cycles-and-fundamentals))

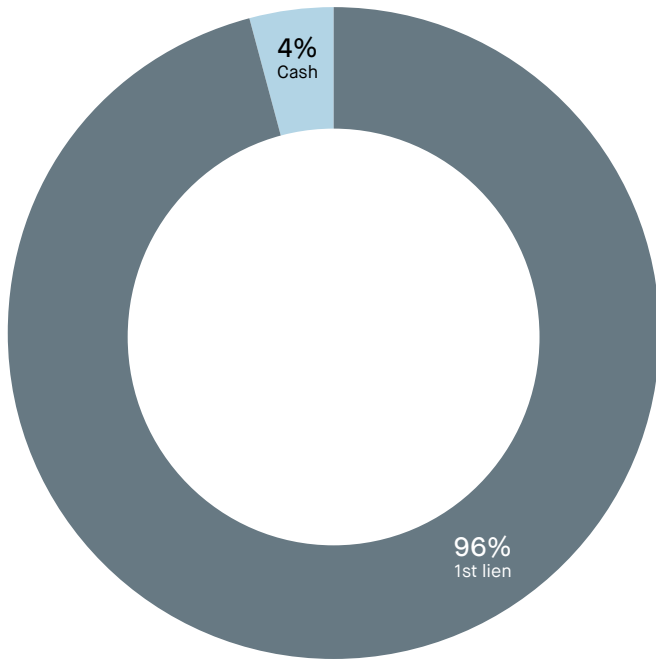
³ Wage Price Index, Australia ([Wage Price Index, Australia, June 2024 | Australian Bureau of Statistics \(abs.gov.au\)](https://www.abs.gov.au/statistics/economy/price-indices/wage-price-index-australia))

⁴ CoreLogic Hedonic Home Value Index, September 2024.

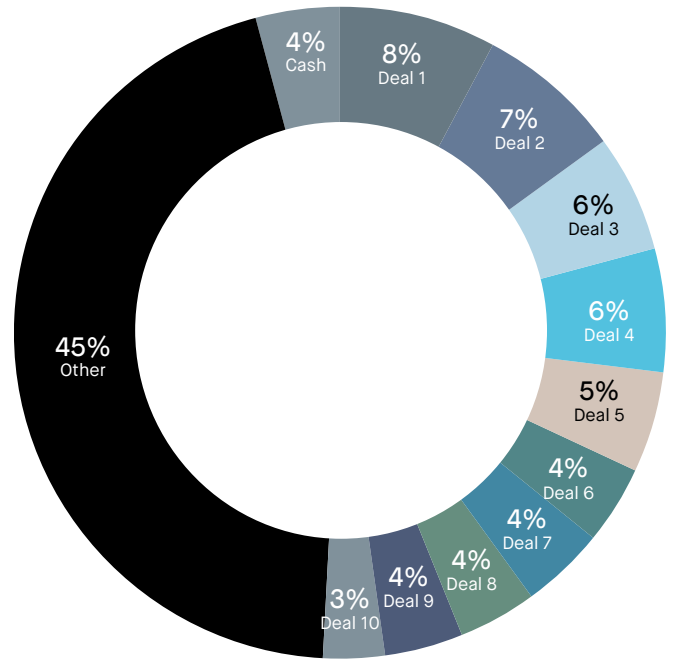
⁵ Financial Stability Review – RBA ([Resilience of Australian Households and Businesses | Financial Stability Review – March 2024 | RBA](https://www.rba.gov.au/publications/financial-stability-review))

Fund portfolio metrics¹

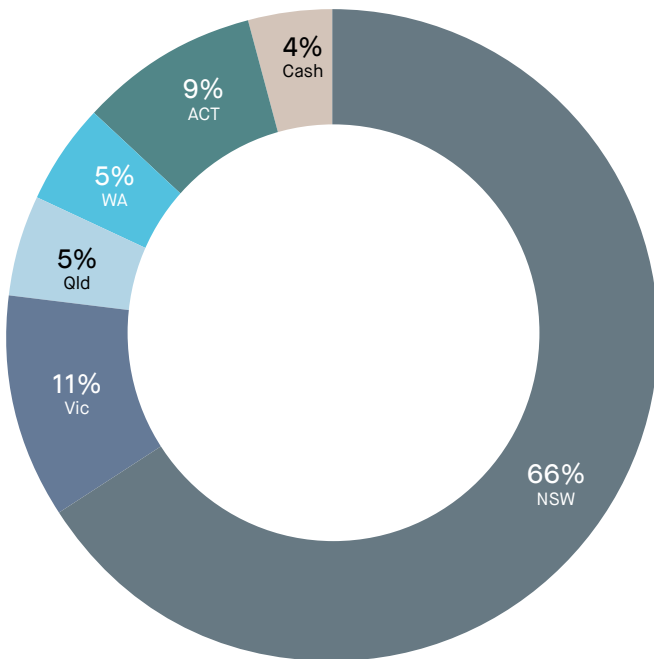
SECURITY



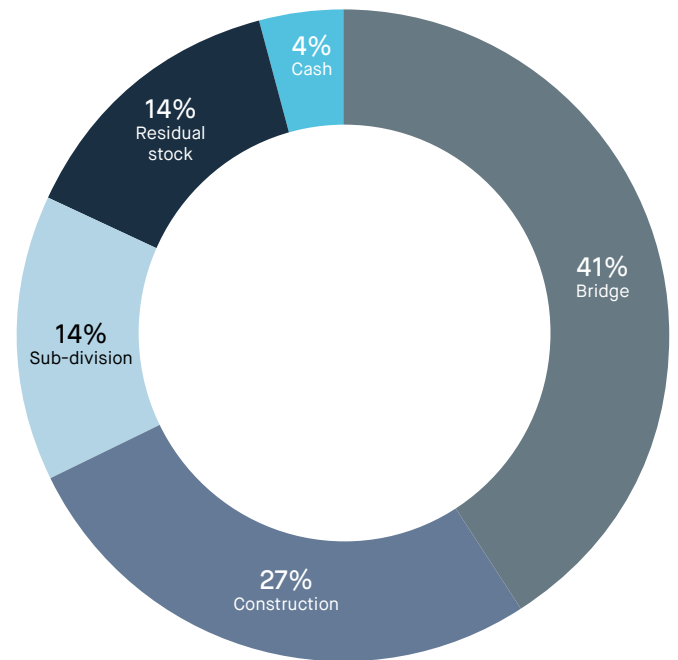
INVESTMENT COMPOSITION



GEOGRAPHY

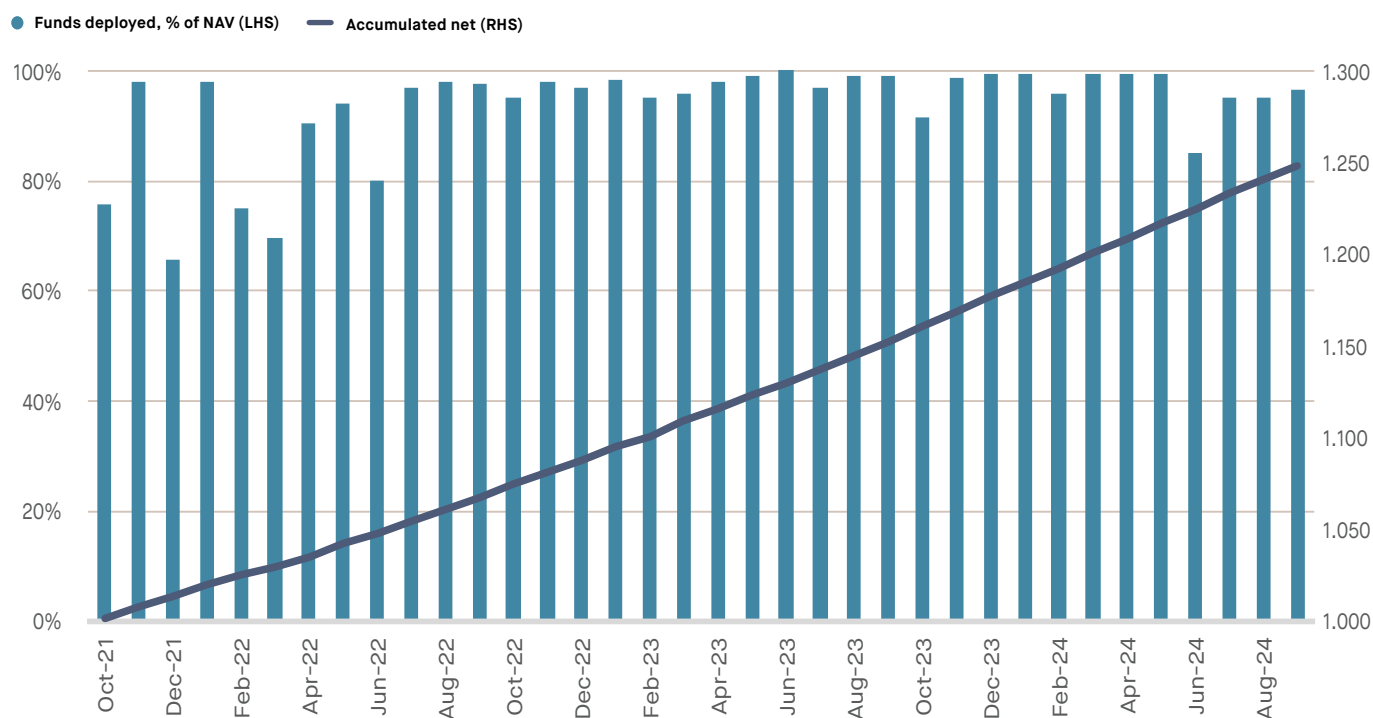


FACILITY TYPE



¹ As at 30 September 2024.

CBCF Fund performance



Deal summary

Top 10 deals	Type	Location	Security	Expected return (IRR)	LVR	Term remaining (months)	% of total fund	Comments
1	Residential	NSW	1st lien	10.00%	65%	9	8%	Residual stock facility for 61 residential lots and 1 residue lot located in The Ponds, NSW.
2	Residential	ACT	1st lien	10.50%	65%	7	7%	Development under construction consisting of 66 townhouses and 32 apartments known as Debut, located at Wright, ACT.
3	Residential	NSW	1st lien	11.35%	66%	4	6%	Construction facility for a 561-lot approved residential subdivision project in Bellbird, NSW.
4	Residential	NSW	1st lien	11.00%	78%	2	6%	Construction of a multi storey residential apartment development in Kellyville, NSW.
5	Commercial	NSW	1st lien	9.95%	64%	11	5%	Construction facility for the subject properties in Warwick Farm and East Balina, NSW.
6	Commercial	NSW	1st lien	10.25%	64%	11	4%	Bridge facility for a part single and two-storey licenced hotel constructed in 1930 in Warwick Farm, NSW.
7	Mixed Use	WA	1st lien	11.50%	70%	1	4%	Construction of a 13-level mixed use development located in South Perth, WA.
8	Residential	NSW	1st lien	11.35%	68%	4	4%	Construction facility for a 561-lot approved residential subdivision project in Bellbird, NSW.
9	Residential	NSW	1st lien	7.50%	65%	0	4%	Construction facility to assist with the land acquisition and subdivision of 39 residential lots located in Oakville, in the Hawkesbury region of NSW.
10	Residential	VIC	1st lien	9.75%	68%	11	3%	Residual stock loan facility to assist with the refinance of 9 luxury apartments located in Toorak, Vic.
Total top 10							50%	
11-52 other		-	-	-	-	-	46%	42 first mortgage transactions diversified by sector and geography
Weighted average				9.7%	64.4%	6		
% funds deployed at 30/09/2024							96%	
% fund cash and other assets							4%	
Total							100%	

Fund snapshot

Fund size and pricing		Key fund highlights as at 30 September 2024	
Unit price (NAV)	\$1.02	Deployed funds	96.4%
Historical performance net of fees – 1 month	0.8%	Expected gross return on deployed funds (pre-tax)	10.4%
Historical performance net of fees – 3 months	2.3%	Weighted average LVR including cash	64.4%
12-month average annualised monthly IRR ¹	9.9%	Weighted average remaining term (months)	6.1

¹ Average annualised Internal Rate of Return (IRR) over the period corresponding to the table. Annualised IRRs are calculated based on monthly Net Asset Value changes and assumes reinvestment of distributions. The 1-month annualised IRR is not an average but calculated by annualised monthly performance data assuming distributions are reinvested.

CBCF class net performance

Gross Fund deployed IRR 10.39%¹

Net return	1 month	3 months	6 months	1 year	Since inception	Managers forecast ²
Total net return ³	0.77%	2.32%	4.76%	9.45%	20.38%	9.5% to 10.0%
Average annualised monthly IRR⁴	9.72%	9.59%	9.92%	9.85%	9.08%⁵	

¹ The IRR on deployed funds is calculated using the blended IRR for each Loan Facility and excludes cash holdings.

² Fund target as per the IM is 6%-10% IRR. Target indicated above is based on current portfolio and expected pipeline and is a forecast only and is not guaranteed.

³ Simple rate of return (i.e. simple percentage increase by month).

⁴ Average annualised Internal Rate of Return (IRR) over the period corresponding to the table. Annualised IRRs are calculated based on monthly Net Asset Value changes and assumes reinvestment of distributions. The 1-month annualised IRR is not an average but calculated by annualised monthly performance data assuming distributions are reinvested.

⁵ Excluding first 6 months ramp up period.

NAV

	Sep-24
CBCF	\$213,723,737
Total	\$213,723,737

Platforms

Hub24
 Macquarie Wrap
 Mason Stevens
 Netwealth
 Praemium
 Powerwrap

Research



How to invest

Step 1: Read the Information Memorandum (IM) in full before making any investment decision. The IM can be obtained by visiting the Fund's website centuria.com.au/cbcf, or by calling the Investor Services Team on 1300 22 44 24 or emailing contactus@centuria.com.au.

Step 2: Complete the online application found on the Fund's website centuria.com.au/cbcf.

Step 3: Make payment for your application documents via EFT, BPay or cheque.

Centuria investor website

You can access all information relating to your Centuria investments at centuriainvestor.com.au.

Contact details

Centuria wholesale investors: Please contact the Investor Services Team Phone: 1300 22 44 24 Email: contactus@centuria.com.au

Financial advisers: Please contact your Distribution Team representative directly or phone: 02 8923 8923 or email: contactus@centuria.com.au

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.