

## Centuria Bass Credit Fund

Q4 Investor Update as at 31 December 2024

### Summary/highlights

As at 31 December 2024 the Centuria Bass Credit Fund (CBCF/the Fund) returned 0.76%<sup>1</sup>, equating to 9.32%<sup>2</sup> on an annualised basis. The Fund has returned 9.8%<sup>3</sup> over the past twelve months and 9.14%<sup>4</sup> since inception. Underlying investments are backed by first mortgage loans and originated by the Centuria Bass team.

#### Fund highlights include (as at 31 December 2024):

- The Fund currently has positions in 49 first mortgage property debt transactions.
- The Fund has a weighted average loan to value ratio (LVR) of 64.0%<sup>5</sup>, with 100% of the underlying transactions secured by first mortgages.
- During the quarter, \$33.04m was deployed across five new investments.
- Total distribution for the quarter was 2.36 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 49 first mortgage investments, diversified across investment type and geography, with a gross average IRR on deployed funds of 10.4%<sup>6</sup>. In the medium term, returns are expected to be maintained despite money markets pricing in interest rate cuts in 2025, as most loans in the Fund include interest rate floors which protect Fund returns.

During the quarter, the Fund continued to invest in the eastern seaboard by entering into five new loan transactions across Victoria and New South Wales. The Manager continues to see opportunities with potential for solid risk adjusted returns in the eastern states, driven by their population growth and liveability. In addition to funding five new deals, six investment facilities were repaid with returns either meeting or surpassing the original forecasted return.

As at 31 December 2024, the Fund is currently accruing three investments below the originally forecast interest return. The Manager is actively managing these investments and expects full recovery on principal amounts for all three as well as the potential for partial or full recoupment of the original forecast interest. The Manager remains confident that these positions are unlikely to significantly impact future fund returns, recognising that each of these amounts represents an immaterial exposure to the overall portfolio.

The national property market over the quarter has recorded its first full quarter of negative capital growth, recording a decrease of 0.1% driven by Sydney and Melbourne.<sup>7</sup> Challenges of increased cost of living and strained affordability from continued elevated interest rates remain. CBC remains positive in its outlook on the Australian housing sector as the challenges outlined above are offset by low vacancy rates, strong immigration and low supply of housing.



### Outlook

Looking forward, expectations of growth in Australian property market entering 2025 is positive with dwelling values expected to rebound driven by:

- an expected reduction in cash rates. The RBA is anticipated to cut interest rates up to three times throughout 2025<sup>8</sup>, aligning with other major countries that have already begun reducing their cash rates. Increased certainty about the direction of interest rates is likely to improve demand, as home buyers are more inclined to purchase properties with financing more attainable. Furthermore, lower interest rates naturally lead to improved project feasibilities.
- potential changes to macroprudential policies such as mortgage serviceability buffers, and first home buyer incentives, and,
- an ongoing shortage of newly built housing with housing starts and approvals remaining historically low.

The national property market in 2025 will be further influenced by the Federal election with housing, migration and the economy expected to be key points of contention. Key proposals may include first home buyer incentives, negative gearing reforms, and replacing stamp duty with land tax. The Manager continues to monitor the current political and property landscape in order to identify and capitalise on future lending opportunities.

With expected interest rate cuts and stabilisation of construction costs, coupled with federal and state government support of the industry should see improving conditions and sentiment from both the demand and supply side. Centuria Bass continues to strategically focus its allocation to bridging and residual stock transactions, and sees the construction component as an opportunity going forward as the sector stabilises. Centuria Bass' experience in the private credit landscape and in-depth knowledge of risk management, origination, portfolio investing as well as funding capabilities establishes a promising outlook for the Fund in 2025.

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.

### Distribution

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

October 2024	0.81 cpu
November 2024	0.78 cpu
December 2024	0.77 cpu
<b>Total distribution for quarter</b>	<b>2.36 cpu</b>

1 Simple net return net of fees and costs.

2 Calculated by annualising the monthly IRR. Past performance is not necessarily indicative of future performance.

3 Calculated as the average monthly annualised IRR over the past 12 months. Past performance is not necessarily indicative of future performance.

4 Calculated as the average monthly annualised IRR since inception excluding the first 6 months ramp up period.

5 Loan LVRs based on the latest valuation report as at the date of the loan approval by the Investment Committee (IC).

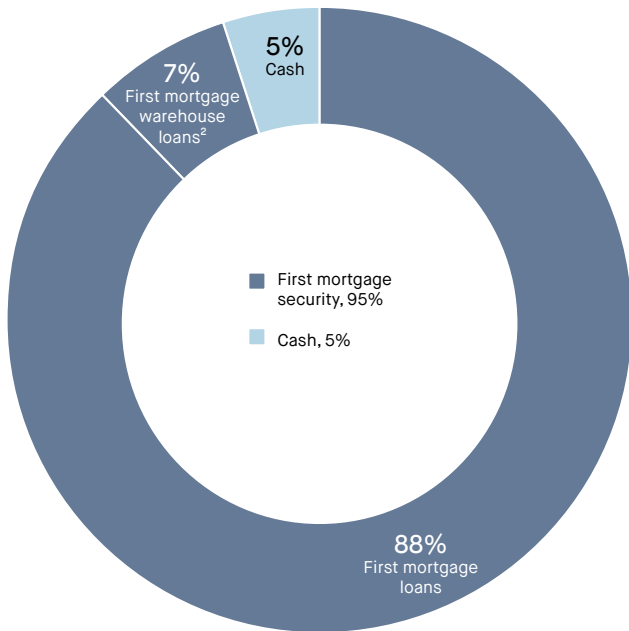
6 The IRR on deployed funds is calculated using the blended IRR for each Loan Facility and excludes cash holdings.

7 CoreLogic – Hedonic Home Value Index, December 2024 (Housing values record a subtle re-acceleration in February as sentiment improves).

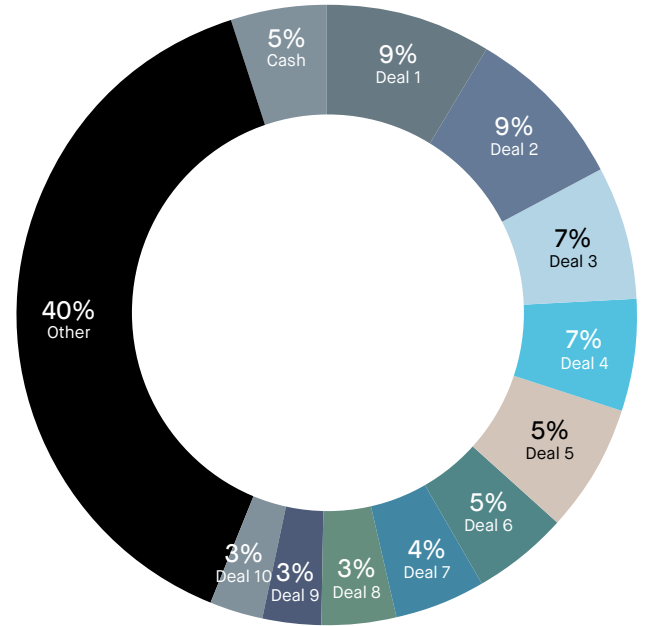
8 RBA Rate Tracker <https://www.asx.com.au/markets/trade-our-derivatives-market/futures-market/rba-rate-tracker>.

# Fund portfolio metrics<sup>1</sup>

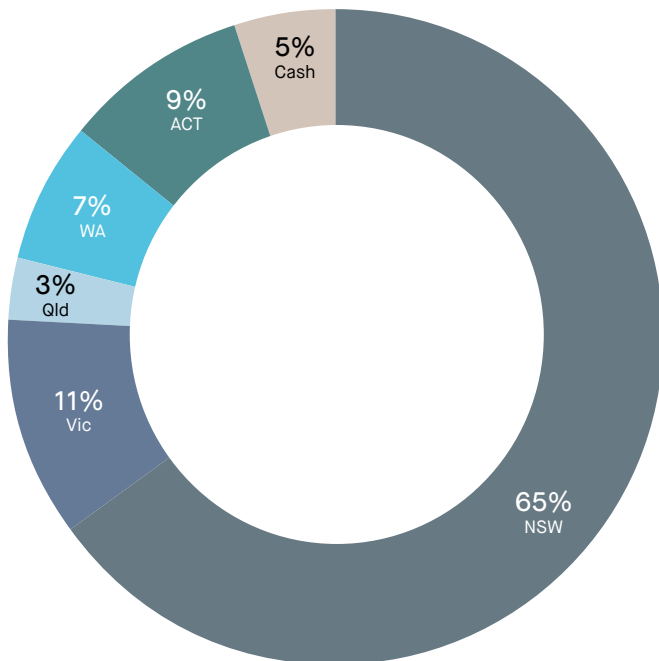
## SECURITY



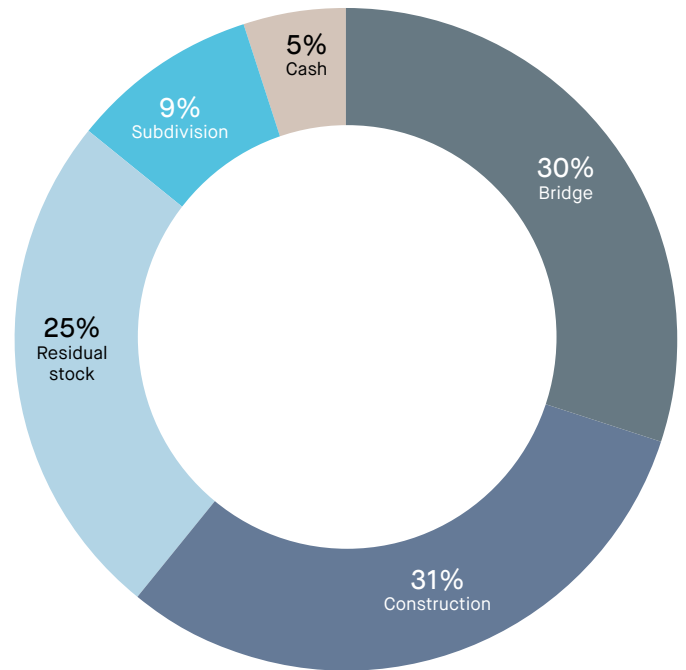
## INVESTMENT COMPOSITION



## GEOGRAPHY



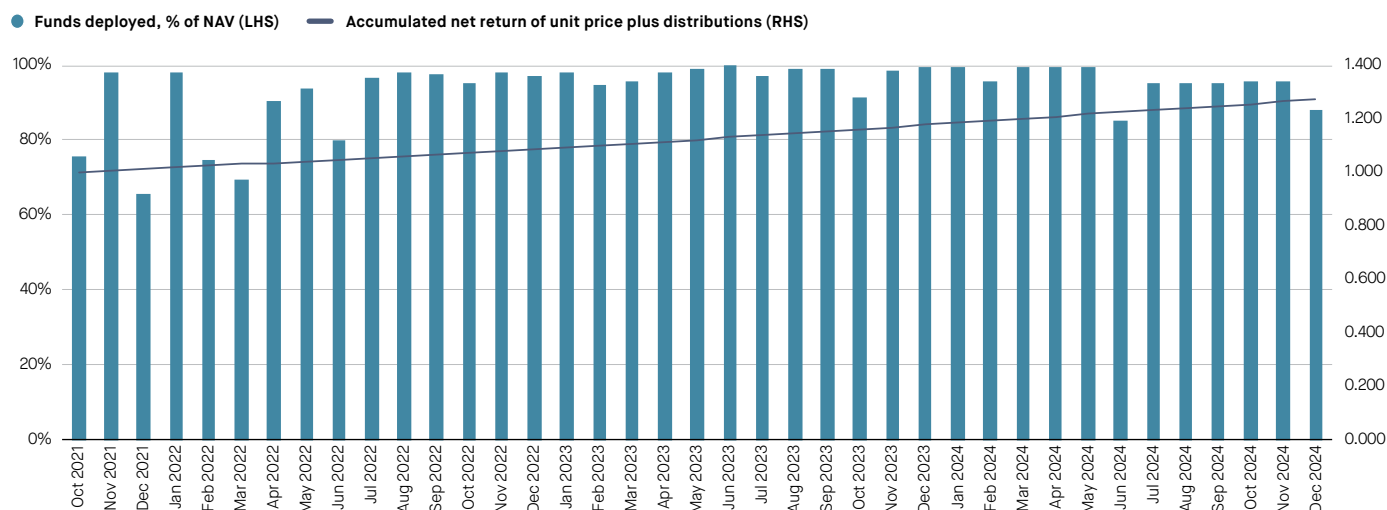
## FACILITY TYPE



<sup>1</sup> As at 31 December 2024.

<sup>2</sup> CBCF holds loans in a first mortgage warehouse facility that finances first mortgage land/bridge and residual stock loans originated and managed by Centuria Bass Credit. These loans rank behind UBS (the senior warehouse lender), however the underlying loans retain first mortgage security and CBCF or the Investment Manager has the ability to transfer underlying loans from the warehouse (if required to more effectively manage the loans) in accordance with its investment process and relevant policies so that CBCF has first priority.

## CBCF Fund performance



## Deal summary

Top 10 deals	Type	Location	Security	Expected return (IRR)	LVR <sup>1</sup>	Term remaining (months)	% of total fund	Comments
1	Residential	NSW	1st lien	10.00%	70%	11	9%	Residual stock facility to assist with the refinance and sale of 75 townhouses located in Box Hill, NSW.
2	Residential	NSW	1st lien	10.00%	65%	6	9%	Residual stock facility for 61 residential lots and 1 residue lot located in The Ponds, NSW.
3	Residential	ACT	1st lien	10.50%	69%	3	7%	Development under construction consisting of 66 townhouses and 32 apartments known as Debut, located at Wright, ACT.
4	Various		1st mortgage warehouse loans	11.71%	52% <sup>2</sup>	7 <sup>3</sup>	7%	First mortgage warehouse loans that funds underlying first mortgages that are either bridge or residual stock facilities.
5	Mixed Use	WA	1st lien	11.50%	70%	2	5%	Construction of a 13-level mixed use development located in South Perth, WA
6	Commercial	NSW	1st lien	10.25%	64%	8	5%	Construction facility to rebuild a hotel in East Ballina, NSW.
7	Residential	NSW	1st lien	11.35%	68%	1	4%	Land bridge facility for a 561-lot approved residential subdivision project in Bellbird, NSW
8	Commercial	NSW	1st lien	9.95%	64%	8	3%	Land bridge facility for a freestanding, part single and two-storey licensed hotel.
9	Residential	NSW	1st lien	11.00%	63%	3	3%	Construction of 4 luxury apartments in Bellevue Hill, NSW
10	Residential	NSW	1st lien	11.35%	51%	1	3%	Construction facility for a 561-lot approved residential subdivision project in Bellbird, NSW
<b>Total top 10</b>							<b>55%</b>	
<b>11-49 other</b>		-	-	-	-	-	<b>40%</b>	<b>38 first mortgage transactions diversified by sector and geography</b>
<b>Weighted average</b>				<b>10.4%<sup>4</sup></b>	<b>64.0%</b>	<b>5.8</b>		
<b>% funds deployed at 31/12/2024</b>							<b>95%</b>	
<b>% fund cash and other assets</b>							<b>5%</b>	
<b>Total</b>							<b>100%</b>	

1 Loan LVRs based on the latest valuation report as at the date of the loan approval by the Investment Committee (IC).

2 The LVR is based on the weighted average of the underlying loans in the warehouse facility as at the date of this report.

3 The term remaining is based on the weighted average of the underlying loans in the warehouse facility as at the date of this report.

4 The IRR on deployed funds is calculated using the blended IRR for each Investment and excludes cash holdings.

## Fund snapshot

Fund size and pricing		Key fund highlights as at 31 December 2024	
Unit price (NAV)	\$1.02	Deployed funds	94.7%
Historical performance net of fees – 1 month	0.8%	Expected gross return on deployed funds (pre-tax)	10.4% <sup>2</sup>
Historical performance net of fees – 3 months	2.3%	Weighted average LVR	64.0%
12-month average annualised monthly IRR <sup>1</sup>	9.8%	Weighted average remaining term (months)	5.8

1 Average annualised monthly Internal Rate of Return (IRR) over the past 12 months.

2 The IRR on deployed funds is calculated using the blended IRR for each Investment and excludes cash holdings.

## CBCF class net performance

Net return	1 month	3 months	6 months	1 year	Since inception	Managers forecast <sup>1</sup>
Total net return <sup>2</sup>	0.76%	2.33%	4.64%	9.39%	22.71%	9.0% to 9.5%
<b>Average annualised monthly IRR<sup>3</sup></b>	<b>9.32%</b>	<b>9.64%</b>	<b>9.61%</b>	<b>9.78%</b>	<b>9.14%<sup>4</sup></b>	

1 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.

2 Simple rate of return net of fees and costs (i.e. simple percentage increase by month).

3 Average annualised monthly Internal Rate of Return (IRR) over the period corresponding to the table.

4 Excluding first 6 months ramp up period.

## NAV

	Dec-24
CBCF	\$232,118,895
<b>Total</b>	<b>\$232,118,895</b>

## 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](http://centuria.com.au/cbcf), or by calling the Investor Services Team on 1300 22 44 24 or emailing [contactus@centuria.com.au](mailto:contactus@centuria.com.au).

**Step 2:** Complete the online application found on the Fund's website [centuria.com.au/cbcf](http://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](http://centuriainvestor.com.au).

## Contact details

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

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