

Centuria expands into real estate debt space

- ***\$24m cash consideration for 50% stake in real estate debt fund provider, Bass Capital***
- ***Bass Capital provides real estate secured non-bank finance for development projects, bridge finance and residual stock***
- ***c.\$270m committed loan book with over \$300m of pipeline opportunities***
- ***Bass Capital has c.300 high net worth investor clients***
- ***Centuria will help grow the Bass Capital platform by offering real estate debt products to its extensive investor base***
- ***The transaction will be accretive for FY22 earnings.***

SYDNEY (Thursday, 22 April 2021) – Centuria Capital Group (ASX: **CNI** or “**Centuria**”) is pleased to announce it has secured a 50% interest in experienced real estate debt fund provider, Bass Capital Partners Pty Ltd (“**Bass Capital**”), for \$24m with the option to fully acquire the remaining 50% interest in five years.

The JV will continue to be led by Bass Capital’s founding partners – former UBS European Head of Leveraged Finance and Debt Capital Markets, Giles Borten, and former Managing Director of Wingate and Gresham Partners, Nicholas Goh. Supplementing Centuria’s deep real estate expertise, Bass Capital’s management team average 20 years experience each across debt capital markets, investment banking and asset finance.

Established in 2016, Bass Capital has a strong track record as a real estate secured non-banking finance provider for development projects, bridge finance and residual stock loans throughout Australia.

It has established and executed on 42 short-term debt funds with terms ranging between six-months and 36 months. While each fund will have a different risk appetite, across the portfolio of funds, Bass Capital has delivered an average internal rate of return (IRR) of more than 12% pa¹. Its strong financial performance has translated to an average 100%+ Compound Annual Growth Rate (CAGR) in EBITDA² since the business was established.

The JV will have a c.\$270m committed loan book with more than \$300m of pipeline opportunities as well as a \$107m open-ended debt fund.

Jason Huljich, Centuria Joint CEO, said, “For the past three years we have partnered with Bass Capital across a number of lending opportunities and have confidence in the team’s abilities and its business model. Our investment in this platform is an opportunity to capitalise on strong demand from our high-net-worth investors for debt products, as they seek a diversified investment risk profile.

“This investment brings a new business line to Centuria, which helps expand our unlisted platform, diversify our recurring revenues and provides further investment opportunities to our investor clients.”

Giles Borten and Nicholas Goh, Bass Capital Founding Partners, continued, “We are very pleased to be joining the Centuria team to expand our debt offering. We will leverage Centuria’s Australasian scale, balance sheet and the team’s deep real estate relationships and expertise across traditional and alternative real estate sectors, to grow the platform.

“To date, based upon the strength of our track record and how we have grown our investor base by word-of-mouth, we are excited to proactively deliver our debt offerings to a new group of loyal high net worth investors with the backing of Centuria.”

The JV expects financing demand from the non-banking financial sector will continue to grow. Currently in Australia the big-four banks alone dominate all lending with over 75% market share³. This compares with estimates of less than 40% for all banks in the US⁴.

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Other key transaction terms:

- The transaction results in a jointly owned vehicle to be known as Centuria Bass Capital Pty Ltd
- Centuria holds a 50% interest in the vehicle
- Centuria's interest is governed by a shareholders deed containing customary provisions. Under the shareholders deed, Centuria has a call option exercisable in July 2026 for all or some of the remaining shares⁵. Additionally, if Centuria Capital Limited is subject to a 'change of control event'⁶ and the management shareholders hold 25% or more of the shares in Bass Capital, the management shareholders may exercise a call option to buy all of the shares held by Centuria. The pricing methodology is consistent across both call options.
- The transaction has been funded from CNI balance sheet.
- The board of Centuria Bass Capital will initially constitute two directors from Centuria and two management directors (Giles Borten and Nicholas Goh).

-ENDS-

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Authorised for release by the CNI Board of Directors.

About Centuria Capital Group

Centuria Capital Group (CNI) is a leading real estate funds manager with a unique Australasian focus and more than \$10 billion¹ of assets under management. We offer a range of investment opportunities including listed and unlisted real estate funds as well as tax-effective investment bonds. Our drive, allied with our in-depth knowledge of these sectors and intimate understanding of our clients, allows us to transform opportunities into meaningful investments.

www.centuria.com.au

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This announcement may contain forward-looking statements, guidance, forecasts, estimates, prospects, projections or statements in relation to future matters ('Forward Statements'). No independent third party has reviewed the reasonableness of any such statements or assumptions. No member of CNI represents or warrants that such Forward Statements will be achieved or will prove to be correct or gives any warranty, express or implied, as to the accuracy, completeness, likelihood of achievement or reasonableness of any Forward Statement contained in this announcement.

¹ Past performance is not indicative of future performance. The average return is not indicative of the returns for any particular fund. Each fund should be assessed on its specific features and risk.

² CAGR measured between FY16 and FY21 year to date and based on unaudited accounts of Bass Capital

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³ According to the Australian Government Productivity Commission's Competition in the Australian Financial System, Productivity Commission Inquiry Report Overview and Recommendations (No. 89, 29 June 2018)

⁴ According to the US Federal Deposit Insurance Corporation (FDIC) Quarterly – Bank and Nonbank Lending over the past 70 years, Chart 1

⁵ The call option must be exercised for at least 25% of the shares. If only partially exercised, another call option is granted in favour of Centuria which can be exercised in July 2027 for the remaining shares.

⁶ A change of control event will be taken to occur if a person (together with its associates) acquires directly or indirectly an interest in Centuria Capital Limited of 50% or more of the issued voting shares in Centuria Capital Limited.