

An aerial photograph of a coastal town, likely in New Zealand, showing a mix of residential buildings, green spaces, and a beach area in the distance under a clear blue sky.

Bayleys Real Estate are the New Zealand selling agents for Centuria Bass Credit, the highly experienced commercial real estate debt arm of ASX-listed Centuria Capital Group. Centuria Bass Credit have a strong track record with over 127 real estate debt investments made, with all exited deals having returned the original forecast return to investors, or above¹. Please see below some Frequently Asked Questions we have received regarding debt investments.

What is a “debt investment” and how does it differ from the types of investments you’ve seen from Centuria in the past?

The investments you usually see from Centuria are structured as “equity” investments where you share in the ownership of a property or properties, with investors’ funds pooled together and used along with bank debt to acquire the asset(s). In most cases your ongoing return comes from the tenants paying rent. The rest of your return then comes from either the proceeds left over when the property is sold and the bank debt is repaid, or the proceeds from selling your shares/units to another investor.

In a “debt” investment, you can think of it more from the side of a bank – you’re on the lending side. Your funds are combined with other investors’ funds to provide a loan to a borrower for a fixed period of time and at the end of the period the borrower repays the loan. Your original investment is paid back to you at this point. The return to investors is paid from the interest the borrower pays on the loan. Depending on the loan structure, the borrower will either pay interest on a regular basis, or the interest will be added to the loan balance and paid at maturity. The loan is secured by a mortgage over a specific property or properties.

What is the benefit of a debt investment?

Centuria Bass Credit’s investments are primarily structured as “first mortgage debt” which means there is greater protection of your investment as opposed to an “equity” investment. This is because investors benefit from a registered first mortgage over the underlying property that the borrower uses as security for the loan, and debt ranks ahead of equity. If the borrower does not repay the loan and interest, the property can be sold and the proceeds used to repay investors. You can think of this as similar to how a mortgagee sale works with a bank. The loan and interest gets repaid first, with anything left over going to the borrower.

Investors also benefit from a defined time period for their investment as the loan has a specific repayment date – often as short as 12 months.

Although debt investors do not benefit from any increase in the value of the property like an equity investor would, the mortgage security and priority payment position give debt investments defensive characteristics and can provide diversification to an investment portfolio.

What is the Loan to Value Ratio (LVR) and what does it mean in a debt investment?

In a debt investment, the Loan to Value Ratio (LVR) is the measure of the total amount borrowed under the loan, as a percentage of the total valuation of the property or properties that the loan is secured against. The lower the LVR, the smaller the loan is as a proportion of the property's value, meaning investors have a larger cushion of equity protecting their investment. With a low LVR, if the borrower did not repay the loan and interest, the properties could be sold for significantly less than their valuation and investors would still receive their originally invested capital and the forecast return.

Does Centuria offer real estate debt investments?

Yes, Centuria Bass Credit are the highly experienced commercial real estate debt arm of Centuria Capital Group. They have a strong track record in Australia with over 125 real estate debt investments made, all of which are returning the original target return to investors, or above. Centuria Bass Credit has recently launched into the New Zealand market to offer wholesale investors opportunities to benefit from secured real estate debt investments.

Why are Centuria offering debt investments?

The property markets in both Australia and New Zealand have faced headwinds recently with the higher interest rate environment, and major banks have tightened their lending criteria for borrowers/developers. This has created opportunities for non-bank lenders such as Centuria Bass Credit to meet the demands of proven borrowers with strong track records and this means our wholesale investors can benefit from the attractive returns available from debt investments.

For further information on debt investments please contact the below selling agents.

Mike Houlker

Head of Syndication &
Investment Products

P: 09 375 8437

M: 021 945 927

mike.houlker@bayleys.co.nz

Samara Phillips

Syndicated Investments
Manager

P: 09 375 8490

M: 021 027 61373

samara.phillips@bayleys.co.nz

Sarah Prebble

Syndication & Investment
Products

P: 09 375 6825

M: 027 635 3521

sarah.prebble@bayleys.co.nz

0800 BAYLEYS (229539)

syndications.co.nz

BAYLEYS REAL ESTATE LIMITED, AUCKLAND CENTRAL, LICENSED UNDER THE REA ACT 2008

The most recent debt offer, Centuria Bass NZ First Mortgage Fund No. 4 was made by Centuria Bass NZ Financial Services Limited. The full details of this investment opportunity were set out in the Investment Memorandum, which you can find at centuria.co.nz/cbnzfm4. We advise all potential investors to read the Investment Memorandum carefully and ask questions before investing. The Investment Memorandum is not a product disclosure statement, offering document or other form of disclosure document under New Zealand law (or any other law) and may not contain all the information which would be required to be disclosed in such a document or which investors may require to make an informed investment decision. As the offer was only made to persons who are 'wholesale investors' within the meaning of clause 3 of schedule 1 of the Financial Markets Conduct Act 2013 (FMCA), the Offer is not a regulated offer and is not an offer of financial products that requires disclosure under Part 3 of the FMCA.

You should undertake your own independent review, investigation and analysis of the offer and obtain any taxation, legal, financial or other professional advice in relation to the offer as appropriate in your circumstances. The selling agents are not providing personalised advice. Important information about the financial advice service provided by Bayleys Real Estate Limited is available at syndications.co.nz. Should you invest commission will be payable to Bayleys Real Estate from Centuria Bass Credit.

Nothing in this advertisement constitutes an offer to subscribe for, or an offer of securities or financial products to any person, in any country, in which it would be unlawful to do so. Terms used in this advertisement have the same meaning as defined in the Investment Memorandum, unless the context suggests otherwise.