Meridian Mall, Dunedin

Collective wealth-building

Looking beyond sole ownership to unlock institutional-grade assets and passive income.

Fractional ownership is gaining market traction as property funds channel growing investor demand into institutional-grade commercial assets, with lower entry points and professionally managed structures making it easier for everyday investors to participate in high-quality property portfolios.

Traditional direct ownership of commercial and industrial property offers undeniable strengths, particularly around control and decision-making. But that autonomy comes with weight, and owners can quickly find themselves far more hands-on than expected. With substantial equity or a large commercial mortgage required upfront, and the added load of daily management, compliance, council rules, and vacancy risk, sole ownership frequently proves more demanding than many investors anticipate.

Syndicated or shared ownership via property funds on the other hand allows investors to participate in institutional-grade, professionally managed commercial assets like large-scale warehouses, supermarkets and healthcare facilities. This presents a wealth-building pathway at an accessible price point, and works well alongside direct ownership in diversified investment strategies.

RESPONSE TO MARKET

Founded in the early 1970s as a specialist commercial and industrial agency and later growing into New Zealand's largest full-service real estate firm, Bayleys recognised that many smaller investors were hesitant about the significant outlay required for direct property ownership and the perceived risk of having all their capital tied up in a single asset.


Bayleys is currently marketing the upcoming Centuria NZ Meridian Property Investment

"In response, our Funds and Investment Products division was established in 2003, enabling investors to access professionally structured property funds," says Mike Houlker, who heads this business arm for Bayleys.

"Bayleys' first such offering was the Vertex Pacific building in Hamilton in 2003, which marked Augusta Funds Management's (now Centuria NZ) market debut."

Houlker says selling the concept of property funds to investors back then was new territory as it was not a well-known product, and the country was operating in a much higher interest rate environment, with the OCR at around five percent.

"What began with a $1.85 million capital raise 23 years ago has subsequently progressed into offerings with capital raises exceeding $100 million reflecting market maturity, investor appetite and our proven partnership with Centuria NZ," he says.

"Bayleys' national and global reach and long-standing client relationships across market cycles means we've established strong capability in the funds and investment products space, and we're consistently delivering institutional-grade investment opportunities to retail investors."

Centuria NZ is part of ASX200-listed Centuria Capital Group, one of Australasia's largest property fund management platforms, with over A$20 billion of Trans-Tasman assets under management on behalf of investors.

Bayleys is the exclusive selling agent for all Centuria NZ investment opportunities in New Zealand.

Centuria NZ is the manager and product issuer, responsible for structuring each offer, preparing the product disclosure statement, managing investors and overall asset management. Bayleys distributes offer material, organises and promotes presentations across New Zealand, answers investor questions, assists with applications and supports investors throughout the onboarding process. The relationship also extends into property management, with Bayleys' national network managing the day-to-day dealings of all Centuria NZ's assets across the country.

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>
> **MIKE HOULKER**
> BAYLEYS HEAD OF FUNDS AND INVESTMENT PRODUCTS

Bayleys funds and investment products manager, Samara Phillips, says since 2003 the team has managed the marketing and sales of around 75 property funds, both single asset and multiple asset structures, with a total combined property value of circa-$3 billion.

"In that time, we've helped thousands of our clients invest around $1.5 billion with leading property fund managers,

In 2025, strong investor demand saw the Centuria Shands Road Property Trust oversubscribed, giving investors a stake in Woolworths New Zealand's main South Island distribution centre in Christchurch

> We've helped thousands of our clients invest around $1.5 billion with leading property fund managers, sharing in the ownership of properties across the commercial, industrial, agricultural and healthcare sectors.

SAMARA PHILLIPS
BAYLEYS FUNDS AND INVESTMENT PRODUCTS MANAGER

sharing in the ownership of properties across the commercial, industrial, agricultural and healthcare sectors.

"A highlight last year was the demand for Centuria Shands Road Property Trust which was oversubscribed before the majority of our New Zealand-wide presentation schedule had even commenced. By investing in this trust, investors shared in the ownership of Woolworths New Zealand's main South Island distribution centre on Shands Road, Hornby, Christchurch.

"We're currently marketing the upcoming Centuria NZ Meridian Property Investment offering a nine percent per annum forecast pre-tax cash distribution for the financial periods ending 31 March 2027, 2028 and 2029[1], paid into investors' bank accounts monthly.

"This offer will be open to everyone in New Zealand who, with as little as $25,000, can share in the ownership of a substantial shopping centre (see page 28). With feedback from some investors indicating they prefer a defined investment horizon, this opportunity has a five-year investment term[2]".

Potential investors who would like to access more information, including the Product Disclosure Statement once available and details of upcoming presentations near them, can contact the team on 0800 BAYLEYS.

AHEAD OF THE GAME

Chief executive of property fund manager Centuria NZ, Mark Francis, says the alliance with Bayleys is grounded in longevity, trust, and operational alignment.

"Our working relationship with Bayleys has grown into a genuine legacy partnership with real depth and collaboration, with their equity raising team among the best in the country.

"As we have assets all over the country, it's been really useful and effective to have access to the 100-plus Bayleys national office network."

As one of New Zealand's largest and most diversified property fund managers, Centuria NZ has gained a reputation for delivering structured, income-focused investment opportunities across multiple commercial sectors. The company's breadth of product is deliberate, designed to give private investors choice, diversification and access to high-quality assets that would be out of reach as a direct acquisition.

"Some assets are strong enough to stand alone, while others have qualities that may mean they better suit being bundled together. In the early days we had some single-tenant property funds, and although they were high-quality assets, the structural drawback was that all the income expired on the one day when that single lease came to an end.

"That's what drove us to move toward more multi-asset funds, where lease-expiry risk is spread across properties rather than having all your rent stop at once.

"Today, we still offer many single-asset funds, although these tend to be reserved for properties with a robust sole occupier with clear growth prospects, or genuine tenant diversification. The new Centuria NZ Meridian Property Investment opportunity certainly provides this with a broad mix of over 50 tenants, including many household names, providing a multitude of income streams. This substantial asset also benefits from a prime CBD location."

Centuria's product suite now spans almost every major commercial sector, with exposure to industrial, office, healthcare, agriculture and retail.

"Industrial is still the darling sector, but it's very difficult to buy good industrial property at a yield that is actually attractive," Francis says.

"We're currently seeing better value in large-scale retail assets, which is shown in the Centuria NZ Meridian Property Investment's very attractive forecast return.

"Agriculture also presents good value given the strength of the primary sector, but there's just not a huge amount of appropriate stock that comes to market. Healthcare we love as well, but again, opportunities are limited."

Stock availability is a broader challenge in New Zealand, but Centuria's scale helps mitigate this, and also underpins consistent deal flow.

"We'd love more stock to choose from to be honest," Francis says. "But it's also why we've broadened across all the different sectors. If you were just a specialist industrial fund manager, that would be really difficult. By covering multiple sectors, we can find good opportunities in five or six areas rather than one.

"We would back ourselves to get, if not the first look, certainly an early look at most opportunities in the market. Bayleys' agency network brings a lot of opportunities to us and we're able to move quickly which is a real advantage for our investors.

"Emerging asset classes are on the radar, but only where the metrics make sense. We're keen on the accommodation sector and we're working on something now. Data centres are interesting too, but the challenge is the sheer quantum as you're talking many hundreds of millions to get involved, and the opportunities are just too big."

> We're currently seeing better value in large-scale retail assets, which is shown in the Centuria NZ Meridian Property Investment's very attractive forecast return.

MARK FRANCIS
CENTURIA NZ CHIEF EXECUTIVE

Geographically, Centuria remains open-minded. "Everyone loves Auckland, and Christchurch and Queenstown are very popular, but you can find opportunities everywhere.

"Some of our best-performing assets have been in provincial New Zealand, so it's about pricing risk accordingly," says Francis.

Centuria's investor base is also evolving, and where historically an investor would typically be a provincial retiree or semi-professional farmer in their sixties or seventies, Francis says the target market is much broader today.

"We still have many retirees and farmers, but we're starting to see a younger audience. Lowering the minimum investment level from $50,000 to $25,000 or as low as $10,000 on some funds, absolutely opened the door to younger investors, and we've seen that work.

"Liquidity expectations have shifted as well, and where early offerings tended to be perpetual schemes with investors buying for cashflow and often assuming the investment would outlive them and pass to their estate, today attitudes have changed.

"Investors now want liquidity and certainty and most of what we're doing now has a five-year investment term[2], with a defined liquidity event at the end. That's the sweet spot at the moment."


Earlier this year investors were offered the opportunity to share in the ownership of Hornby Mega Centre, Christchurch & Southgate Shopping Centre, Auckland via investment in Centuria NZ Large Format Retail No.1

The case for shared ownership

Unlisted commercial property funds offer investors a way to access professionally managed institutional-grade commercial real estate assets without the responsibilities of direct ownership. By pooling capital, these funds can provide passive exposure to multiple properties, sectors and tenants.

Investors benefit from regular distribution income, with Centuria-backed assets typically delivering monthly cash returns. The cash distributions are underpinned by rental income, and the properties also carry potential for long-term capital growth.

A number of the investment structures benefit from qualifying as a Portfolio Investment Entity (PIE), meaning income is taxed at the investor's Prescribed Investor Rate, capped at 28 percent, which can be favourable for those in higher tax brackets. Some offerings apply PIE status to part of their income, but even partial PIE benefits can improve after-tax returns for investors on higher marginal tax rates.

Investors also gain professional management, with experienced teams overseeing tenant selection, lease negotiations, maintenance and debt management. This removes the administrative burden of being a landlord while giving access to institutional-grade assets such as warehouses, supermarkets and healthcare facilities.

Minimum investment levels have, in many instances, fallen, allowing everyday investors to build diversified exposure across multiple funds for relatively modest amounts. Some funds have minimum investment levels of around $10,000, giving income-focused investors with a long-term horizon access to professionally managed commercial property exposure with far fewer day-to-day demands than direct ownership.

Managed property funds now draw an exceptionally wide investor base, ranging from university students to high-net-worth individuals, family and charitable trusts, iwi groups, sports clubs and investors contributing anything from the minimum entry level to many millions across multiple funds.

1. *Details of how the forecast pre-tax cash distribution is calculated and the risks associated with this investment will be set out in the Product Disclosure Statement, once available. Cash distributions are not guaranteed. Actual distribution rates may vary.*
2. *There is a risk that investors do not receive back some or all of their investment at the end of the investment term and returns are not guaranteed. Details of the circumstances in which investors may agree to extend the investment term, the manner in which liquidity will be offered to investors at the end of the investment term and the risks associated with this investment will be set out in the Product Disclosure Statement, once available.*

Centuria Funds Management (NZ) Limited is considering making an offer of financial products in New Zealand. No money is currently being sought. No financial products can currently be applied for or acquired. If the offer is made, it will be made in accordance with the Financial Markets Conduct Act 2013. No indication of interest will involve an obligation or commitment to invest. Prospective investors are recommended to seek professional advice from a financial advice provider which takes into account their personal circumstances before making an investment decision. The selling agents are not providing personalised advice. Important information about the financial advice service provided by Bayleys Real Estate Limited is available at bayleys.co.nz/funds.