



INVESTING THROUGH UNCERTAINTY

**INSIDE COMMERCIAL
PROPERTY INVESTMENT**

ABOUT US



- Commercial property syndication.
- Associated company of Classic Group, 25 years of experience.
- Portfolio value circa **\$250m.**

OUR FOUR PRINCIPLES

1. Premium assets
2. Growth potential
3. Low Risk
4. Transparency

"High, or UHNWI investors are commanding a growing slice of the prime commercial and industrial property market pie around the country"

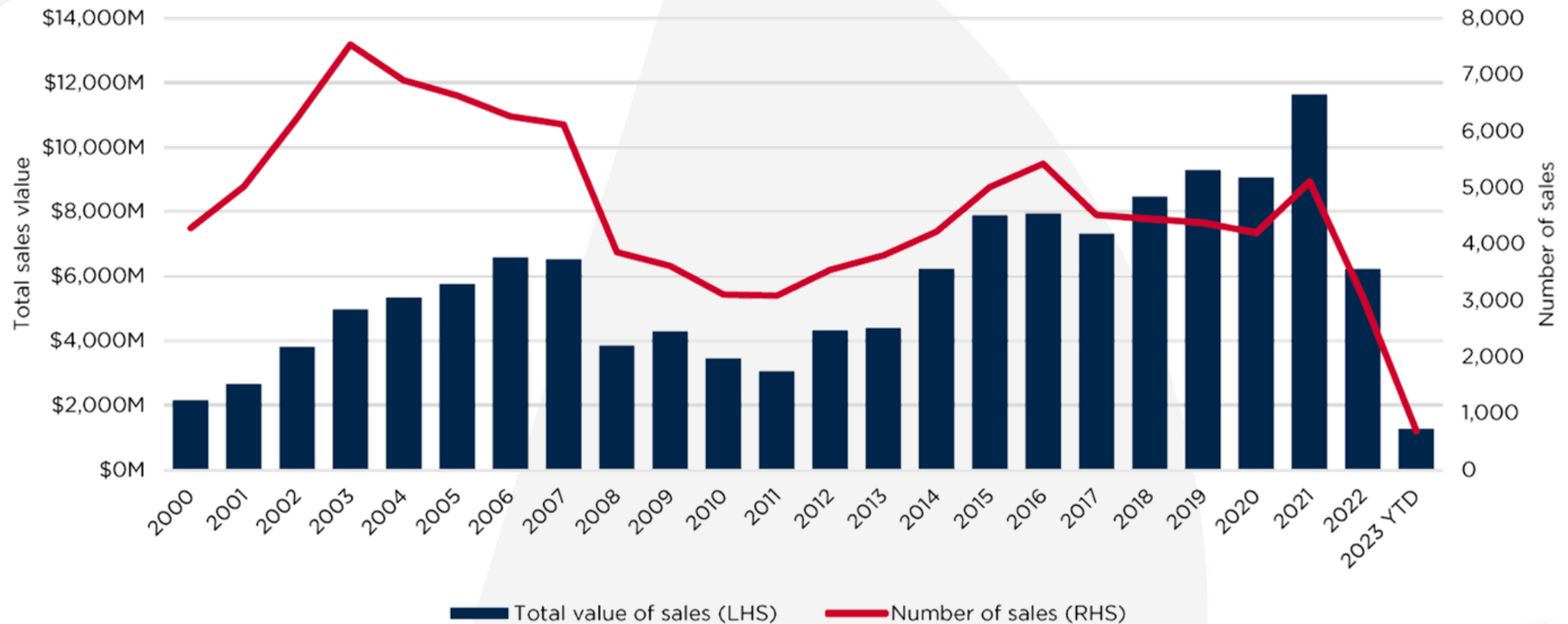
Ryan Johnson,
Bayleys National Director
Commercial and Industrial

DISCLAIMER

Before we go any further, please keep in mind the information provided here is general in nature, it's not financial advice. It does not take into account your situation, objectives, goals or risk tolerance. All investments are subject to risk and none are guaranteed so before you make any decisions you should always consult an investment advisor.

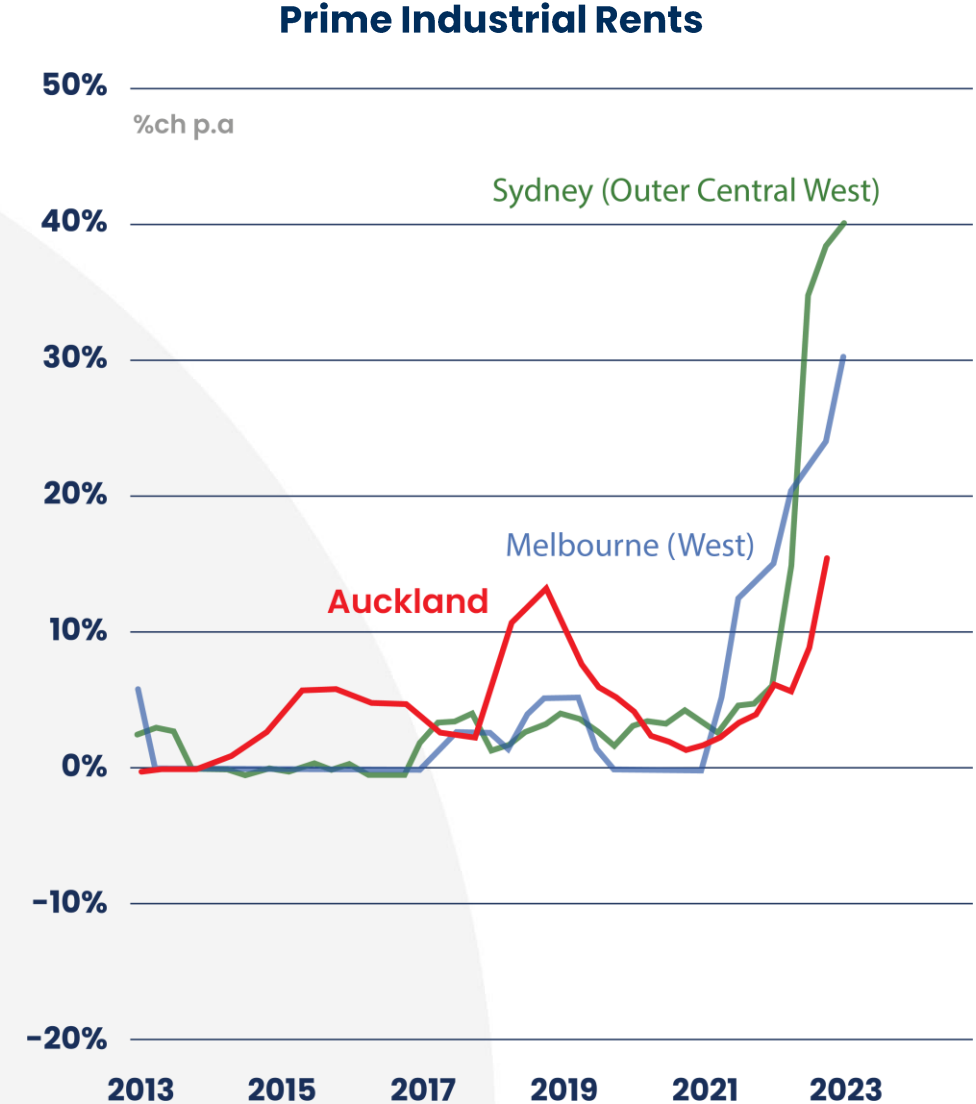
MARKET UPDATE

- Volume and value of commercial property sales



MARKET UPDATE

- Industrial rents are surging with robust demand and lagging supply
- High inflation is starting to be reflected in CPI rent reviews



Source: MaxCap Investment Management

MARKET UPDATE

- Capitalisation rates increasing with interest rates rising

Capitalisation Rate =

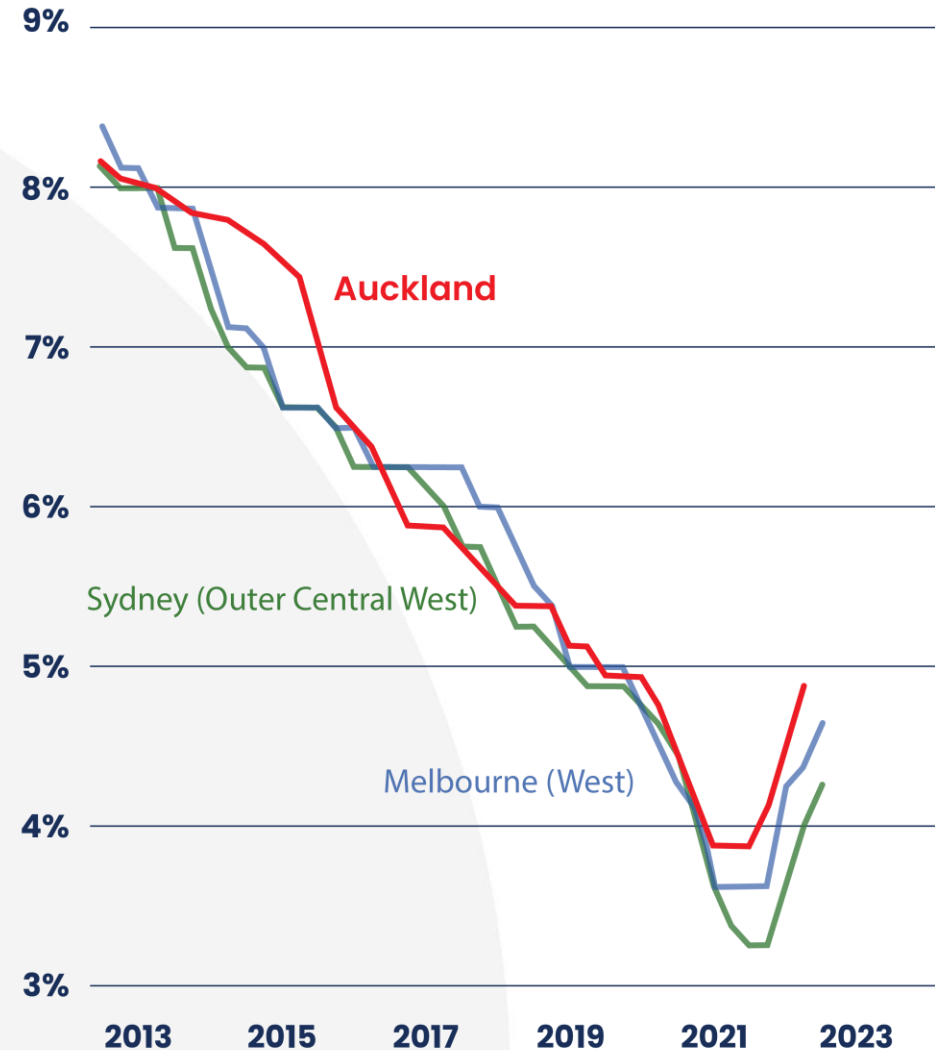


Rent



Property Value

Prime Industrial Cap Rates



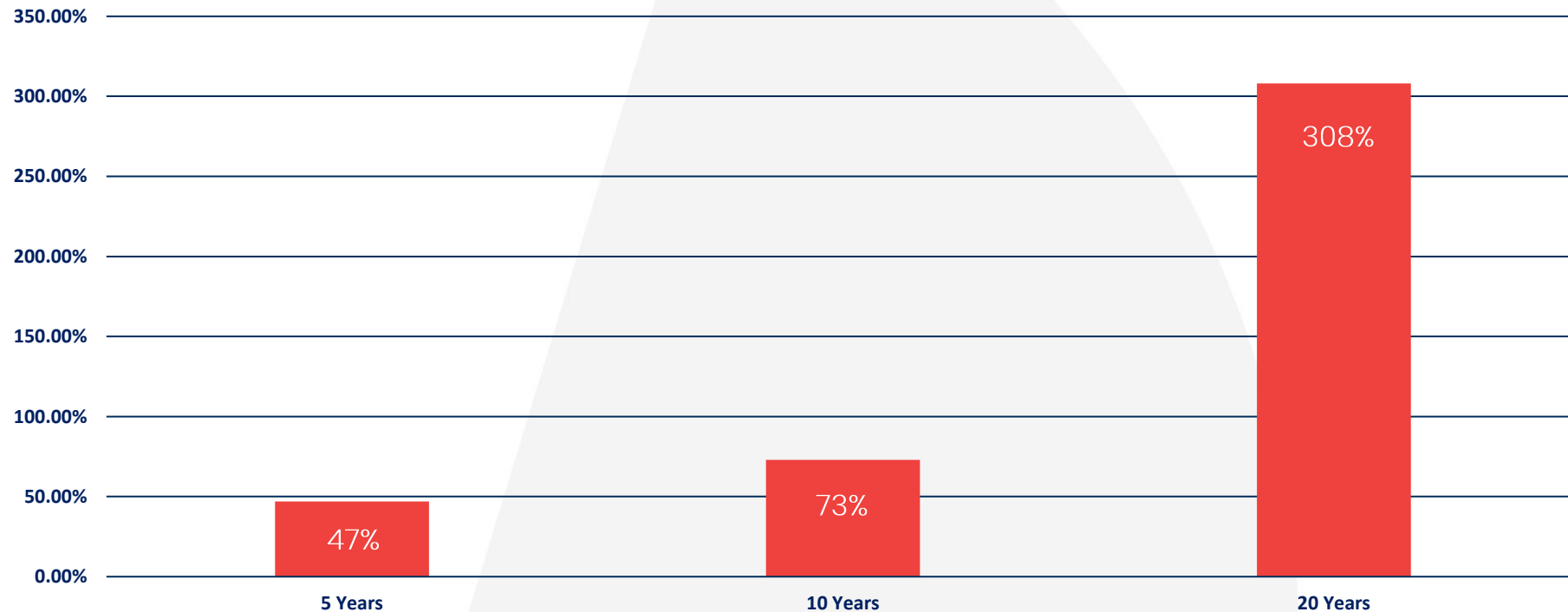
Source: MaxCap Investment Management

MARKET UPDATE

- Occupants are in search of modern buildings and improved amenities to pull staff back.
- Trend towards quality is leading to reduced vacancies and increased rental growth in prime properties.
- Office Cap rates are softening modestly with higher funding costs

HISTORIC PERFORMANCE

- Average increase in commercial property values



Source: REINZ

MARKET UPDATE

- Extended period of investor caution creates opportunities for proactive investors.
- Prime assets are forecast to produce strong capital returns.
- Rents are expected to lift by nearly 30% over the 2022-2026 period.

INFLATION

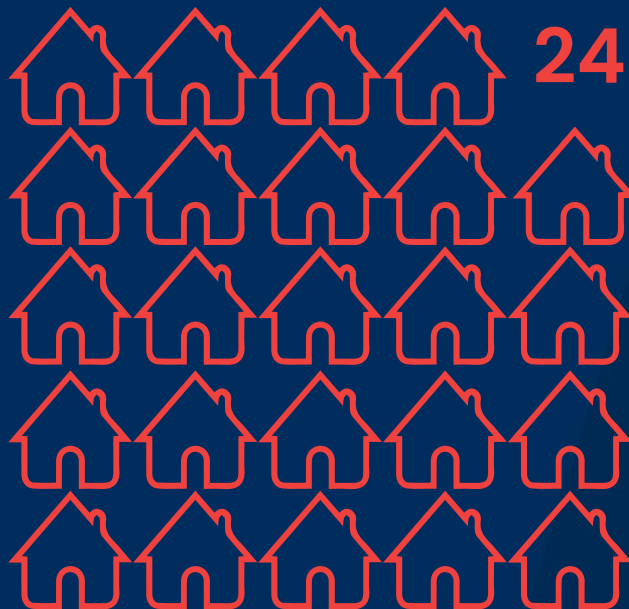
The true erosive nature of inflation is underestimated

| Cumulative impact on purchasing power | INFLATION RATE | |
|---------------------------------------|----------------|------|
| | 2% | 5% |
| After 5 Years | -9% | -22% |
| After 10 Years | -18% | -39% |
| After 20 Years | -33% | -62% |
| After 30 Years | -45% | -77% |

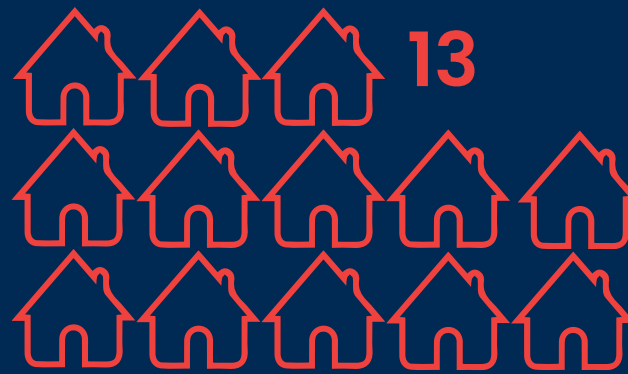
INFLATION

\$10m worth of residential property in 2013 vs today

2013



TODAY



Source: REINZ median house price in 2013 was \$415,000 compared to the 2023 median of \$762,000

Case Study

FRESH CHOICE

| | |
|----------------------------------|---------|
| 2018 valuation | \$8m |
| Investor contributions | \$2.81m |
| 2022 valuation | \$10.5m |
| Cashflow return | 9.33% |
| Capital gain on valuation | 31% |
| Investor capital gain | 88.96% |

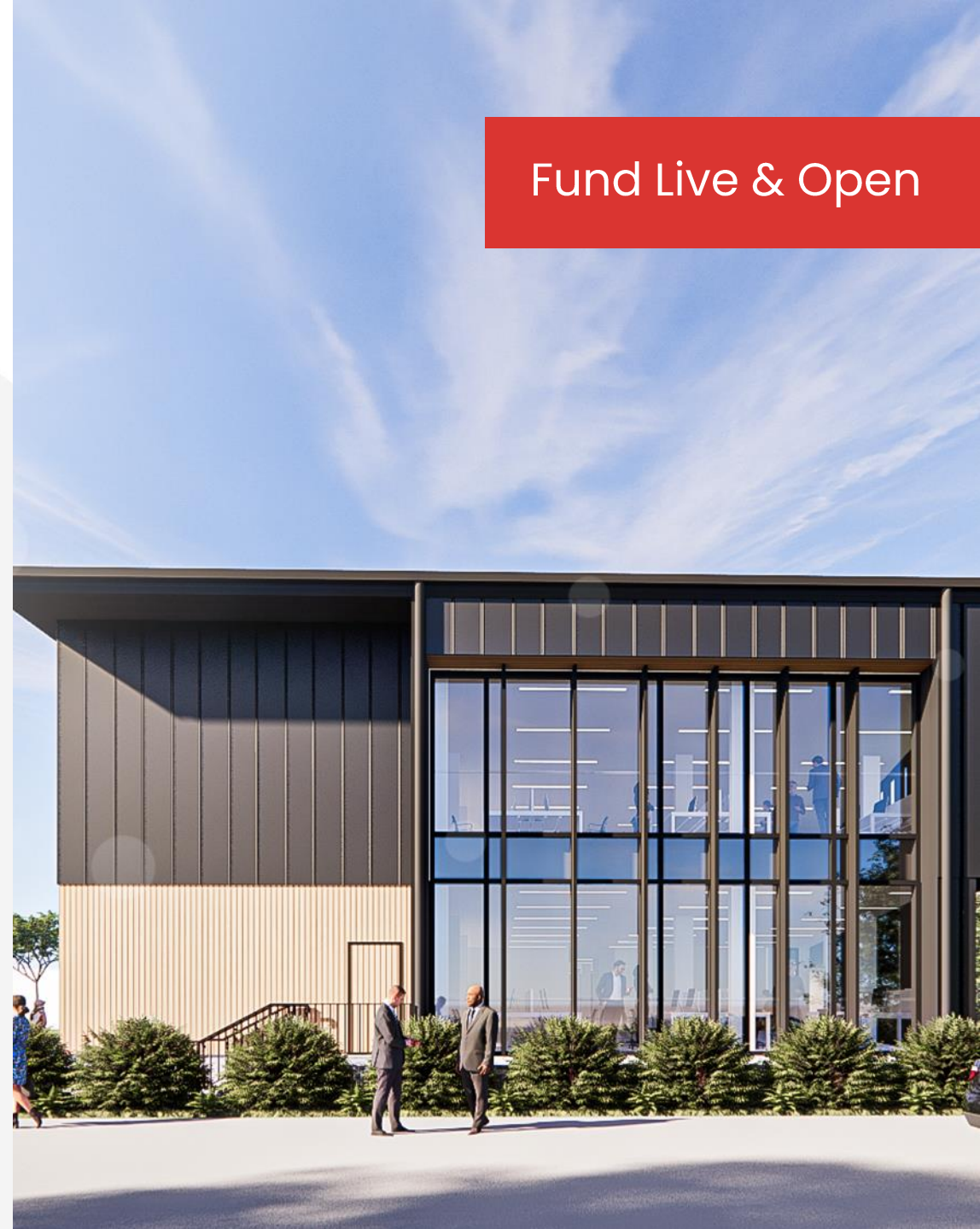


Current Opportunities

Tauranga Medical Fund

- HNZ building lease commencing August 1st
- **\$15.4m** capital raised
- Bay Radiology building construction underway
- Forecasted **5.93%** average estimated cash return over 10 years
- Forecasted **9.45%** cash and capital return over 10 years

Fund Live & Open



Current Opportunities

Central Childcare Fund

- Cambridge purchased; Hamilton resource consent granted
- The fund is **Zero Debt**
- Forecasted **6.38%** average estimated cash return over 10 years
- Forecasted **13%** cash and capital return over 10 years



PROVINCIAL
EDUCATION
GROUP

new
shoots

Fund Live & Open



5 Year Strategic Reviews

- Guaranteed exit after 5 years
- Shares can be sold to existing shareholders at any time
- Greater flexibility than typical syndications

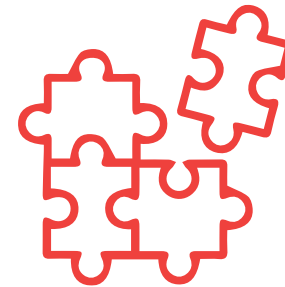
RECAP



**Inflation is
the silent
thief.**



**Growth assets
are an inflation
hedge.**



**Yield isn't
everything when
the principles
aren't right.**



Thank you

www.classiccollectives.co.nz