Salt Enhanced Property Fund Fact Sheet – June 2025

Manager Profile

Salt Funds Management is a boutique investment management firm wholly owned by its employees which specialises in actively seeking to maximise returns while managing the risks of the investment. Salt examines investments for their environmental and social impact as well as the quality of their governance.

Investment Strategy

The Salt Enhanced Property Fund targets a portfolio of shares of New Zealand and Australian property trusts, companies and other property-related securities with exposure to commercial, residential, retail, tourism, industrial, medical, educational, rural, retirement, and other property sectors. The Fund may also, at our discretion, short sell securities, hold cash, lever its assets and utilise active currency management to generate returns.

Fund Facts at 30 June 2025

Benchmark	S&P/NZX All Real Estate Gross Index
Fund Assets	$19.0 million
Inception Date	11 November 2014
Portfolio Managers	Matthew Goodson, CFA Nicholas Falconer, MBA

Unit Price at 30 June 2025

Application	1.3639
Redemption	1.3584

Investment Limits

The limits for the Enhanced Property Fund are shown below:

Gross Equity Exposure[1]	70% – 200%
Net Equity Exposure[1]	70% – 100%
Unlisted Securities[1]	0% – 5%
Cash or Cash Equivalents	0% – 30%

1. To NZ and Australian property and property-related securities.

Fund Exposures at 30 June 2025

Long Exposure	102.66%
Short Exposure	3.71%
Gross Equity Exposure	106.37%
Net Equity Exposure	98.94%

Fund Allocation at 30 June 2025

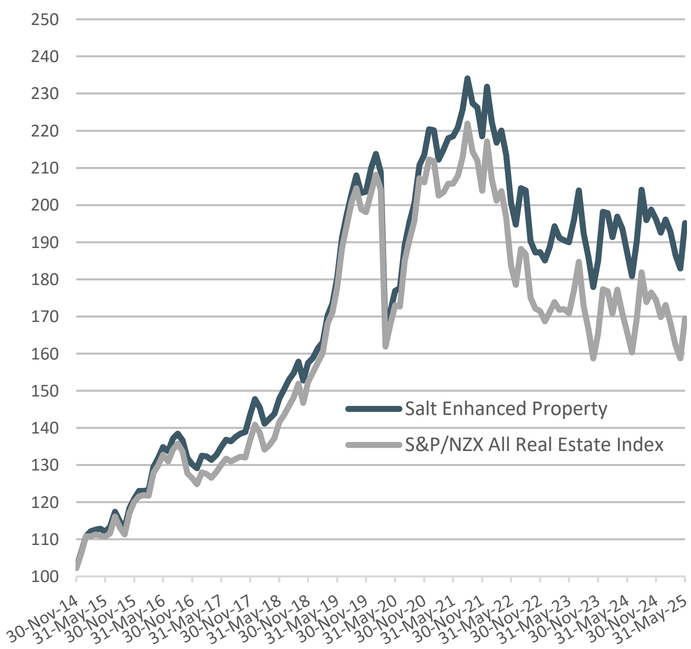
NZ Listed Property Shares	90.67%
AU Listed Property Shares	6.71%
Cash & Cash Equivalents	2.62%

Fund Performance to 30 June 2025

Period	Fund Return	Benchmark Return
1 month	2.20%	2.54%
3 months	6.96%	7.10%
6 months	3.59%	2.31%
1 year	10.29%	8.67%
2 years p.a.	0.86%	-0.16%
3 years p.a.	0.34%	-0.36%
5 years p.a.	2.06%	0.56%
7 years p.a.	3.91%	3.09%
10 years p.a.	5.67%	4.76%
Inception p.a.	6.57%	5.55%

Performance is after all fees and does not include imputation credits or PIE tax.

Cumulative Strategy Performance to 30 June 2025



Fund performance has been rebased to 100 from inception.
Past performance is not a reliable indicator of future performance and no representation or warranty, express or implied, is made regarding future performance.

Top Overweights	Top Underweights/Shorts
GDI Property Group	Precinct Properties
Servcorp	Property for Industry
Dexus	Kiwi Property Group
Asset Plus	Goodman Property Trust
New Zealand Rural Land Company	Argosy

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Property Market Commentary

The S&P/NZX All Real Estate Gross Index had another good month in June and ended up +7.0% for the quarter. This performance comfortably outperformed the broader local S&P/NZX50 Gross Index which gained +2.7% and the global FTSE EPRA/NAREIT Index which rose +3.5%. However, Australian property had an even stronger quarter, with the S&P/ASX200 A-REIT Accumulation Index gaining +11.5% (although this was ~4% excluding Goodman Group (GMG, +21%).

Over the quarter, the RBNZ made two 25 basis point rate cuts as was generally expected. Nonetheless, NZ 5-year and 10-year government bond yields have stayed stubbornly around the same levels.

The best returning of the main NZ REITs in the quarter was Vital Healthcare (VHP, +17.1%) which appears to have moved on from some of the negativity towards Australian hospitals. Both Investore (IPL, +13.4%) and Argosy (ARG, +11.6%) also had double-digit returns. The most disappointing REIT this quarter was Stride Property (SPG, +2.6%).

The quarter saw a number of results and updates from IPL, SPG, ARG, Goodman (GMT, +4.1%), and Asset Plus (APL, +3.8%) as well as VHP providing a third quarter update. It is promising that REITs are starting to see the first (small) signs of AFFO growth and in some cases are now guiding to dividend growth. We believe this is the first step of the property up-cycle and continued evidence of rental growth flowing through to distribution growth (as interest costs decline) will be positively received by investors.

In other news, an updated offer was made by the majority owner of Millenium & Copthorne Hotels (MCK, +16.7%) lifting the price to $2.80 from the initial $2.25 in January. A number of institutional investors (including ourselves) advised their intention to accept the offer – which was conditional on these acceptances. We have now exited the position, with just a small holding remaining in the MCKPA preferreds.

A notable update came through from GMT announcing the establishment of a fund alongside institutional capital from the now independent GMG and an international investor. This fund will comprise all of the fully developed Highbrook industrial estate. GMT retains a 72% stake but receives a significant level of capital return. This does enable them to fund new developments but opportunities are fairly thin at present so it will be worth following how they manage the position.

Smaller updates came from PFI – lower construction costs and better conditions increasing expected yields on developments underway; IPL – acquisition of another large Bunnings to further diversify their portfolio away from Woolworths; and Precinct (PCT, +8.7%) – progress on their living strategy developing apartments and student accommodation.

Salt Enhanced Property Fund Commentary

The fund slightly underperformed our NZ benchmark by 14 basis points, in an otherwise very strong quarter, providing returns to investors of 6.95% over the period.

Areas of outperformance were our positions in Servcorp (SRV, +5.1%) and GDI Property (GDI, +3.9%) which performed in line with other A-REITs, and material upside came from the sale of our position in MCK.

On the negative side, our underweights in PCT and PFI dragged given they performed in line with the strong NZ index. In a strong quarter, we unsurprisingly lost around 20bps from our short positions, particularly Stockland (SGP, +12.9%), which was fully offset by gains across our positions in large cap AREITs.

We again repriced our very small holding in Elanor (ENN) to reflect the impact of ongoing interest expense while it continues to sell down assets in order to reset its balance sheet.

We estimate that the Fund's year-ahead gross dividend yield is 6.9% for a NZ investor.

Nicholas Falconer, Co-Portfolio Manager, MBA