Salt Enhanced Property Fund Fact Sheet – March 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 31 March 2025

Benchmark	S&P/NZX All Real Estate Gross Index
Fund Assets	$18.6 million
Inception Date	11 November 2014
Portfolio Managers	Matthew Goodson, CFA Nicholas Falconer, MBA

Unit Price at 31 March 2025

Application	1.3184
Redemption	1.313

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 31 March 2025

Long Exposure	102.97%
Short Exposure	4.99%
Gross Equity Exposure	107.96%
Net Equity Exposure	97.98%

Fund Allocation at 31 March 2025

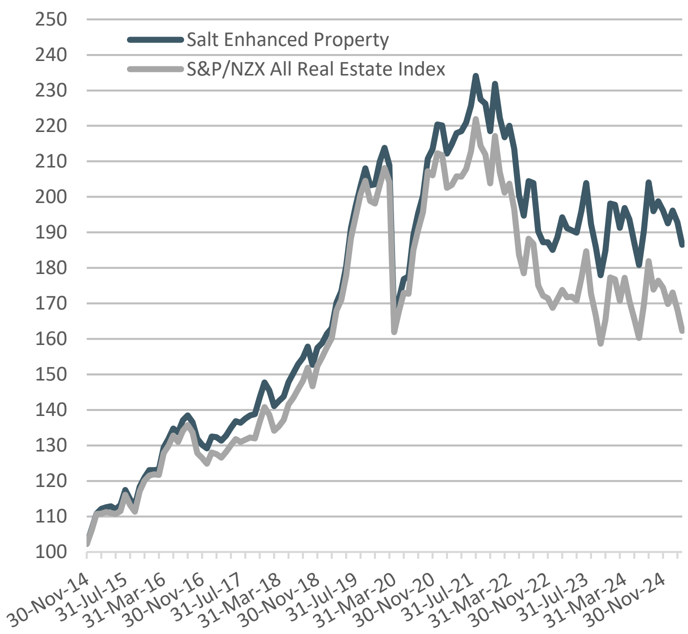
NZ Listed Property Shares	89.36%
AU Listed Property Shares	8.45%
Cash & Cash Equivalents	2.19%

Fund Performance to 31 March 2025

Period	Fund Return	Benchmark Return
1 month	-3.28%	-3.56%
3 months	-3.15%	-4.47%
6 months	-4.83%	-6.44%
1 year	-5.27%	-7.33%
2 years p.a.	-1.23%	-2.04%
3 years p.a.	-5.81%	-6.82%
5 years p.a.	2.21%	0.48%
7 years p.a.	3.71%	2.94%
10 years p.a.	5.02%	4.07%
Inception p.a.	6.04%	4.99%

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

Cumulative Strategy Performance to 31 March 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	Kiwi Property Group
Servcorp	Precinct Properties
Asset Plus	Property For Industry
Elanor Commercial Property	Goodman Property Trust
Millenium & Copthorne Hotels	Stockland

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Property Market Commentary

Our local S&P/NZX All Real Estate Gross Index ended the March quarter down -4.4% outperforming the wider NZX50 Gross Index, which declined -6.4% and the Australian S&P/ASX200 A-REIT Accumulation Index which was similarly down -6.8%. The global FTSE EPRA/NAREIT Index had a positive quarter, gaining +1.3%.

The Reserve Bank cut rates in February by 50 basis points to bring the official cash rate to 3.75%. Despite this, the NZ 10-year government bond yields averaged 4.6% throughout the quarter and never dropped below 4.5%.

Returns in the quarter were disappointing overall, with Argosy (+0.4%) the only positive of the major REITs. There was a wide dispersion to returns, from ARG down to a poor quarter from Stride (SPG, -12.7%).

The most recent events for local REITs were Precinct's (PCT, -3.6%) sale of the Intercontinental Hotel in the Deloitte Building at One Queen St, Auckland. We view this as a very good transaction as it was at a good price and removes the operating risk of the hotel. Investore (IPL, -6.1%) sold a Woolworths supermarket in Auckland for an 11% premium to book value – also a good outcome.

In February, four REITs – PCT, Property For Industry (PFI, -0.7%), Vital Healthcare (VHP, -7.2%) and Winton (WIN, +1.0%) – provided half-year updates. The trends worth noting are weaker occupancy/activity levels in the portfolios alongside interest expenses that appear to have peaked and valuations that may have bottomed. Hopefully an indication of the bottoming of this property cycle.

The most interesting news in the quarter has been in the hotel owner-operator Millenium & Copthorne Hotels (MCK, +31.9%). They received a takeover offer from their majority offshore investor that currently owns ~75% of the shares. The stock initially rallied to the offer price and then increased further following the independent directors' report, which recommended against the offer, given an independent valuation range of $4.40 to $5.00 per share. The stock has since fallen back to a little above the offer price of $2.25 as the market waits for any update from the potential acquirer.

Also worth noting that VHP withdrew their dual-listing proposal in February, citing a lack of investor support.

Salt Enhanced Property Fund Commentary

The fund outperformed our NZ benchmark for the quarter by a very strong 132 basis points. This was particularly pleasing given the weakness in the NZ REIT space and market more broadly.

Our outperformance was primarily driven by diversifying away from the weaker large-cap REITs and having a range of smaller investments across NZ and Australia. While we have not been overly pleased with ARG's performance the last few months, it was a somewhat pleasant surprise that our largest relative holding of the NZX50 REITs was the best performing.

The largest positive contributors came from GDI Property (GDI, +12.2%) with solid trading, MCK based on above mentioned offer, and Servcorp (SRV, +11.2%) also continuing to trade well.

The main detractor was Asset Plus (APL, -13.5%), which drifted down over the month on large selling by a single holder.

Our positions in the large cap AREITs showed the benefits of timing, where despite the AREIT sector being well down over the quarter, we added over 20pts of performance through establishing a number of new long and short positions, with 10 of 12 holdings adding value in the quarter.

Also worth noting, we repriced our small holding in Elanor (ENN) during the quarter to reflect the ongoing impact of higher interest expenses while it continues to sell down assets in order to reset its balance sheet.

At the time of writing, with the recent share price weakness, we estimate that the Fund's year-ahead gross dividend yield has increased to 7.3% for a NZ investor.

Nicholas Falconer, Co-Portfolio Manager, MBA