Salt Enhanced Property Fund Fact Sheet – December 2024

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 December 2024

Benchmark	S&P/NZX All Real Estate Gross Index
Fund Assets	$20 million
Inception Date	11 November 2014
Portfolio Managers	Matthew Goodson, CFA Nicholas Falconer, MBA

Unit Price at 31 December 2024

Application	1.3613
Redemption	1.3557

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 December 2024

Long Exposure	101.27%
Short Exposure	3.54%
Gross Equity Exposure	104.81%
Net Equity Exposure	97.74%

Fund Allocation at 31 December 2024

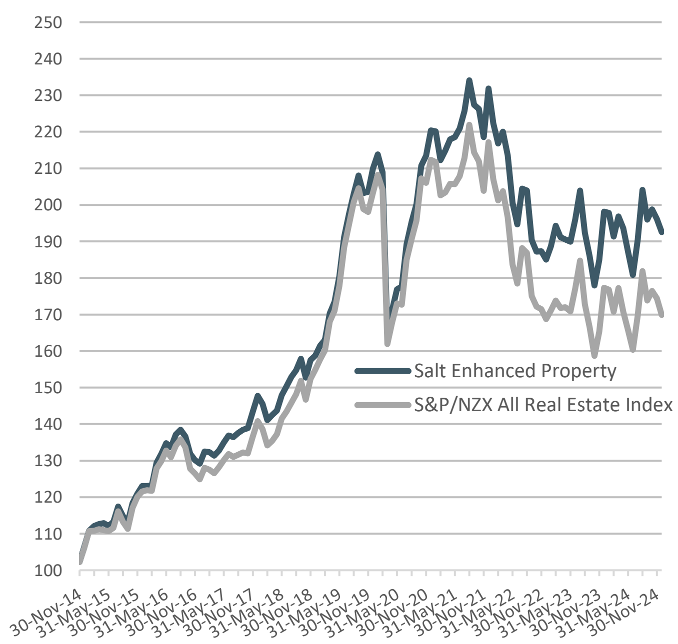
NZ Listed Property Shares	88.59%
AU Listed Property Shares	9.25%
Cash & Cash Equivalents	2.16%

Fund Performance to 31 December 2024

Period	Fund Return	Benchmark Return
1 month	-1.85%	-2.63%
3 months	-1.74%	-2.06%
6 months	6.47%	6.22%
1 year	-2.82%	-3.03%
2 years p.a.	1.29%	1.13%
3 years p.a.	-6.45%	-7.38%
5 years p.a.	-1.99%	-3.11%
7 years p.a.	3.65%	3.03%
10 years p.a.	5.96%	5.04%
Inception p.a.	6.53%	5.59%

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

Cumulative Strategy Performance to 31 December 2024



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 Trust
Servcorp	Precinct Properties NZ
Asset Plus	Property for Industry
Elanor Commercial Property Fund	Goodman Property Trust
Millennium & Copthorne Hotels	Scentre Corp

SALT FUNDS MANAGEMENT
Level 3, The Imperial Buildings, 44 Queen Street | PO Box 106-587, Auckland 1143
Email: info@saltfunds.co.nz | www.saltfunds.co.nz

Property Market Commentary

Our local benchmark, the S&P/NZX All Real Estate Gross Index ended the December quarter down -2.1%, underperforming the wider NZX50 Gross Index which rose +5.5%. Local markets outperformed the offshore benchmarks with the Australian S&P/ASX200 A-REIT Accumulation Index weak over the quarter to end down -6.0% and the global FTSE EPRA/NAREIT Index having a poor quarter declining -10.8%.

The Reserve Bank cut rates twice by 50 basis points to bring the official cash rate to 4.25%. Despite this, the NZ 10-year government bond yields have remained at or above 4.5% throughout the quarter, generally reflecting higher interest rates around the world.

Property For Industry (PFI, +1.1%) and Investore (IPL, +0.1%) were the only REITs in the top 50 to post positive returns this quarter, while Stride (SPG, -4.5%) and Precinct (PCT, -5.0%) had the weakest performance.

Better results were to be had amongst the smaller REITs with Asset Plus (APL, +17.9%), CDL Investments (CDI, +8.7%) and Winton (WIN, +7.2%) all performing strongly.

APL's performance was driven by its cash distribution via a special dividend following settlement on its second to last asset. The vehicle has now repaid all debt and is still in a net cash position. However, the final windup is dependent on the sale of its last remaining asset, which in turn likely requires further leasing before this can be realised.

Vital Healthcare (VHP, -0.5%) released a proposal to move to a dual-listing structure between Australia and NZ. Further details are still to come but the likely outcome is that ~2/3 of the listing would move to the ASX in return for an improved tax situation. We have had discussions with the manager and independent directors but reserve our judgment until we see more information.

In other news, WIN announced the 12-month deferral of its first Northbrook retirement village in Auckland. They stated a desire to focus on their current village projects in Arrowtown and Wanaka.

Salt Enhanced Property Fund Commentary

The fund outperformed our NZ benchmark for the quarter by just over 30 basis points, with strength in December offsetting weaker performance earlier in the period. The return to investors over the quarter was -1.74%.

The single largest contributor to our performance was our position in GDI Property (GDI, -11.8%) which weakened this quarter after a strong run last period. On the positive side we benefitted from our underweight in NZ's worst performing REIT over the period, PCT; the special dividend from APL; and our small position in AV Jennings (AVJ, +104.8%) who received a takeover offer – we have sold out of AVJ now. We also gained a positive contribution on the short side with all three current stocks declining to add over 25 basis points.

At time of writing, we estimate that the Fund offers a year-ahead gross dividend yield of 6.9% to a NZ investor.

Nicholas Falconer, MBA