

Nikko AM Property Strategy

Monthly Update 31 July 2025

Applies to the Nikko AM Wholesale Property Fund.

Market Overview

- Global equity markets moved higher over the month assisted by US companies reporting solid earnings results and several trade deals finalised by the US ahead of the 1 August tariff implementation date.
- The United States S&P 500 index rose 2.2%, the Japanese Nikkei 225 increased 1.4%, the UK FTSE 100 index added 4.2%, the Australian ASX 200 index gained 2.4%, while the S&P/NZX 50 index was up 1.8%.
- The S&P/NZX Real Estate Index had a strong month, up 5.7%, while the S&P/ASX 300 A-REIT index ended the month up 3.4%.

Fund Highlights

- The fund rose 5.7% over the month, in-line with the index return.
- July was a quiet month for news flow ahead of a busy reporting period in August. KPG announced a major lease renewal to ASB, eliminating its largest near-term leasing risk, while VHP's independent revaluation saw a 1% reduction in the value of its portfolio over 2H25. WPR's independent revaluations for the six months ending 30 June 2025 delivered a 3.4% increase in the value of its portfolio and a 4.7% increase in NTA/share.
- Overweight positions in Kiwi Property and Stride Property, along with an underweight in Property for Industry added relative value over the month. Overweight positions in Ingenia Communities, Centuria Industrial REIT, and Waypoint REIT negatively impacted relative performance.

Performance

	One month	Three months	One year	Three years (p.a.)	Five years (p.a.)	Ten years (p.a.)
Wholesale¹	5.73%	15.33%	9.84%	1.12%	1.91%	6.33%
Benchmark²	5.68%	15.79%	9.33%	0.39%	0.93%	5.73%

1. Returns are before tax and before the deduction of fees and including tax credits (if any).

2. Benchmark: from 1/6/2023 S&P/NZX All Real Estate Sector Group Gross with Imputation Credits Index. No tax or fees.

Five Year Cumulative Performance, \$10,000 invested^{1,2}



Portfolio Manager

Owen Batchelor,
Portfolio Manager

Owen joined Nikko in 2020 and covers the Utilities, Healthcare, Infrastructure, and Property sectors.



Owen has over 10 years' experience in the finance industry, most recently covering listed property at Jarden in New Zealand. Owen holds a Bachelor of Commerce and a Bachelor of Science from Victoria University.

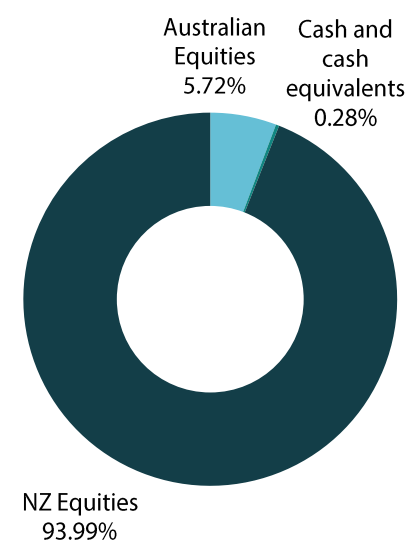
Overview

The Property Strategy provides investors with an exposure to New Zealand listed property securities and, on an opportunistic basis, Australian listed property securities from an actively managed investment portfolio.

Objective

The fund aims to outperform the benchmark return by 1.5% per annum before fees, expenses and taxes over a rolling three-year period.

Asset Allocation



Attribution To Performance			
What Helped:		What Hurt:	
Kiwi Property	OW	Ingenia Communities	OW
Property For Industry	UW	Centuria Industrial REIT	OW
Stride Property	OW	Waypoint REIT	OW

OW: overweight; UW: underweight; NH: no holdings

Top 10 Holdings (% of fund)			
Kiwi Property	18.00	Stride Stapled	8.23
Goodman Property	17.97	Property For Industry	7.56
Precinct Properties	16.68	Investore Property	3.29
Argosy Property	10.78	Ingenia Communities	1.38
Vital Healthcare	8.79	Centuria Industrial REIT	1.34
		Number of holdings	17

Market Commentary

All key global equity market indices moved higher over the month. Markets have been helped by good results from companies in the US reporting their earnings. Markets tended to ignore the continued tariff noise during the month as minimum tariff rates appear to be moving to 15% from 10% but also several deals being finalised between the US and other countries. Central bank rate decisions remain a focus for investors and politicians. Against market expectations, the Reserve Bank of Australia kept rates on hold, with the board split (six for holding and three for cutting), although remained united in its view on the direction of rates (but not the timing of cuts). The US Federal Reserve also kept rates unchanged, as did the Reserve Bank of New Zealand. The Federal Reserve Chair received strong criticism from President Trump for not cutting rates. It was a relatively quiet month for corporate news flow in New Zealand as companies prepare results to be released in August for the period ending June.

Fund Commentary

The largest positive contributors to the fund's relative return over the month were overweight positions in **Kiwi Property** (KPG) and **Stride Property** (SPG), as well as an underweight position in **Property for Industry** (PFI). KPG was one of the strongest performers in the sector over the month, up 9.6%, after announcing that ASB Bank has extended its lease for a further 9-years at KPG's property in Wynyard Quarter. SPG also performed well, up 9.7%, materially outperforming the index after having lagged the sector YTD. PFI delivered a solid 4.3% return over the month after reiterating its guidance in late June, although it underperformed the index after some solid outperformance the month prior.

The largest detractors from relative performance over the month were some of our Australian holdings, **Ingenia Communities** (INA), **Centuria Industrial REIT** (CIP), and **Waypoint REIT** (WPR). INA fell 3.8% in July, possibly impacted by negative investor sentiment following Lifestyle Communities (another Land lease provider) announcing the Victorian Civil and Administrative Tribunal (VCAT) has determined its Deferred Management Fees (DMF) in residential site agreements breached the Residential Tenancies Act 1997 and are therefore void and unable to be enforced. Positively, INA has since confirmed the value of its attributed DMF represents less than 1% of its investment property value. WPR rose 2.4% over the month as it announced a 3.4% increase in the value of its portfolio and a 4.7% increase in NTA/share following its independent valuations for the six months ended 30 June 2025. CIP rose a respectable 1.9% on no specific news, although underperformed the strong NZ index return.

Portfolio changes over the month included adding to our positions **Waypoint REIT** (WPR), **Centuria Industrial REIT** (CIP), and **Ryman Healthcare** (RYM).

(**Bold** denotes stocks held in the portfolio).

Key Fund Facts

Estimated annual fund charges (incl. GST)		Hedging: Foreign currency exposures may be hedged to NZD at the Manager’s discretion within an operational range of 0% to 105%. Currently the fund’s foreign currency exposure is 91.2% hedged.	Strategy Launch:	February 2010	
Wholesale:	Negotiated outside of the unit price.		Exclusions: Controversial weapons (including but not limited to cluster munitions and chemical, biological and nuclear weapons).	Strategy size:	\$28.5m
Distributions:				Buy / Sell spread:	0.20%/0.20%
Wholesale:	Calendar quarter				
		Restrictions: Tobacco stocks, fossil fuels. For more information, please refer to the Statement of Investment Policy and Objectives (SIPO) on our website https://www.nikkoam.co.nz/invest/institutional .			

Compliance

The wholesale fund complied with its investment mandate and trust deed during the month.

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