

Private Land & Property Fund

Quarterly Client Update

Update as at and for the quarter ending 31 March 2024

Investment performance

While returns of the Private Land and Property Fund (Fund) have been 8% on an annualised basis over the two year period to 31 March 2024, and 8.8%p.a. since inception (after fees and tax), the past quarter and year have both been moderately negative, due to a below average grape harvest expected this year and lower valuations on some properties - mainly on the kiwifruit orchard in Kerikeri and avocado orchard investments earlier during the year.

We expect the level of income on properties that sell crops to vary from year to year, and we manage the effect of this by holding most of the portfolio in properties that generate income via fixed rate leases. On average, we generally expect the rate of return from crop revenue to be higher than from entering fixed leases – however, this measured approach has helped support the Fund's income throughout the year.

This quarter's returns include the impact of updated independent valuations which we commissioned for several of our properties, which have been reflected in the Fund's value. While the updated assessment for the Gisborne-based citrus orchard was

materially in line with the existing carrying value, and the Waimea vineyards had a small reduction, the most notable change was for the kiwifruit orchard in Kerikeri (with a downwards revision of 3.2% of the net asset value of the Fund at the time).

It's important to note that property values do vary over time, though a longer-term perspective is important.

Taking the kiwifruit orchard for example, overall there remains a net increase in the value of the asset since acquisition, in line with our original investment thesis. The Wholesale Portfolio (into which the Fund invests) purchased the orchard in 2019 for \$15.6m – and despite the recent reduction, the current valuation places it at just under \$19m.

Further, throughout these market fluctuations, cash income from the property has been underpinned by the fixed rate lease in place to Seeka.

We continue to actively explore opportunities to broaden and diversify the portfolio and support its income, including taking advantage of opportunities that the move higher in interest rates is now presenting.



Property updates

Vineyards

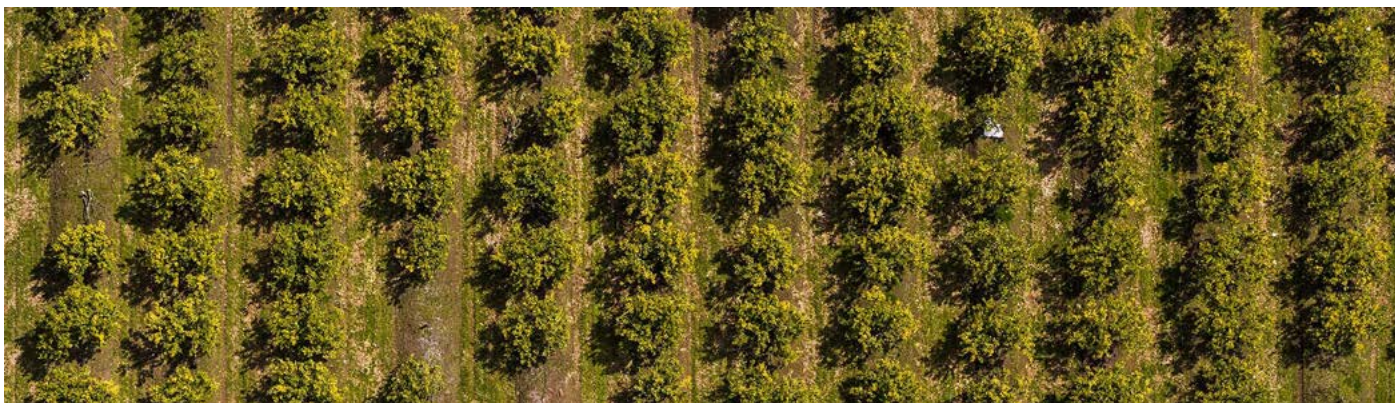
The grape harvest is nearing completion and the overall picture across New Zealand (mirrored by the properties owned by the Wholesale Portfolio) was a mixed bag.

Marlborough experienced some frost events late last year which combined with a very dry summer affected fruit quantity. It is expected that volumes will be around 20-30% down when compared to average crop volumes.

Nelson fared better, with more stable growing conditions and a volume expected to be slightly above historic averages.

In Hawke's Bay, fruit quantity was very low, with similar dry summer conditions faced, and likely some stressed vines after the abnormal weather patterns last year.

As noted the lower crop in Marlborough will result in less income than originally forecast for these properties (the current estimates have been factored into valuations, which has contributed to the lower returns for the year), while income on the Nelson and Hawkes Bay properties is underpinned by fixed rate leases.



Kiwifruit – Kerikeri

Our kiwifruit orchard in Kerikeri has experienced settled, more normalised growing conditions this year. Several initiatives on the orchard have been implemented to improve production, including a significant pest trapping programme to address pest damage to the vines, as well as the addition of further drainage in some areas that experienced more flooding last year. It is pleasing to note that crop estimates are up on last year, which also reflects the maturing of the orchard.

In addition, the planting out of bare land into lemons is now complete, resulting in a total of ~14 Ha of lemon trees now supplementing the 19.6 Ha of kiwifruit vines.

We commissioned and received an updated independent valuation of the property in March. This resulted in a downwards revaluation of \$4.3m, with the key reasons being:

- The past two growing seasons have been impacted by reduced quality impacting export markets and extreme weather events.
- The general economic conditions have toughened over the past two years with higher interest rates and inflationary pressure on operating costs.

Each of these factors has resulted in a reduction of buyer demand for kiwifruit land, resulting in a softening of prices paid for kiwifruit orchards.

However on a more positive note, we have seen improved pricing forecast for the upcoming season, with Zespri indicating an expected price per tray for SunGold to be \$12.62 (up from \$9.97 last year).

The income from the property has remained steady due to the lease in place to Seeka.



Hop garden

Our hop garden in Brightwater, Nelson also had a mixed bag this season. Growing conditions reflected a very dry summer which started to place some stress on the crop, before being alleviated by the first release from the Waimea dam, of which Waimea West Hops holds shares in to enhance its access to irrigation. The processing infrastructure performed above expectations, processing our hops in addition to another hop garden's crop.

Overall, the crop yield was below average but to be expected given the growing conditions.

Key Facts

Private Land and Property Fund (Fund)

Fund Size (net asset value)	\$127.2 million
Inception Date	07/01/2019
Manager	Booster Investment Management Ltd
Supervisor	Public Trust
Fund Type	Portfolio Investment Entity (PIE)

The Fund obtains its property exposure by investing into the Wholesale Portfolio alongside some cash held within the Fund.

Private Land and Property Portfolio (Wholesale Portfolio)

Fund Size (net asset value)	\$126.1 million
Inception Date	13/06/2017
Manager	Booster Investment Management Ltd
Supervisor	Public Trust
Fund Type	Portfolio Investment Entity (PIE)

Fund Performance as at 31 March 2024

The Fund has a minimum suggested investment timeframe of four years, and its performance aims are measured over a 7-year horizon. The return information below includes returns due to property market movements which vary over time, so the range of returns may be different over a longer period. However the Fund aims to achieve a long-run return of 6.5% pa (before tax, after fees) from a combination of rental and crop income, and capital gain from improvements in property productive capacity. Past performance is not an indicator of future performance.

	Before Tax	After Tax at 28% PIR
Last 3 months	-3.1%	-3.1%
Last 6 months	-2.4%	-2.4%
Last 12 months	-2.1%	-2.2%
Last 2 years (p.a)	8.1%	8.0%
Last 3 years (p.a)	10.3%	10.0%
Last 5 years (p.a)*	9.4%	8.7%
Since inception 13/06/2017 (p.a)*	9.5%	8.8%

All figures are after fees. Please see the Product Disclosure Statement for further details on fees.

*Returns prior to the inception of PLPF in January 2019 are based on the underlying wholesale PLPP return.

Disclaimer: The Private Land and Property Fund (Fund) is part of the Booster Investment Scheme 2 which is issued and managed by Booster Investment Management Limited. The Fund's Product Disclosure Statement is available at www.booster.co.nz, by contacting your financial adviser or by calling Booster on 0800 336 338.

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Investment Holdings

Wholesale Portfolio	\$	%
Total Assets (millions)		
Property Assets (location / region)		
Awatere Valley, Marlborough <i>Vineyard properties</i>	\$29.0	20.4
Hope, Nelson Region <i>Vineyard properties</i>	\$18.4	13.0
Hawke's Bay <i>Winery building</i>	\$3.2	2.2
Hawke's Bay <i>Vineyard property</i>	\$5.9	4.2
Mahana, Nelson region <i>Winery building & Vineyard property</i>	\$3.7	2.6
Kerikeri, Northland <i>Kiwifruit orchard property</i>	\$19.4	13.7
Waimea, Nelson region <i>Waimea West Hops Ltd</i>	\$10.8	7.6
Southland <i>Dairy farmland</i>	\$32.8	23.1
Bay of Plenty & the Far North <i>Avocado orchards</i>	\$17.8	12.6
Total property assets	\$141.0	
Other Assets		
Cash / Income	\$0.2	
Accrued income	\$0.7	
Total Assets	\$141.9	
Total Liabilities (millions)		
Borrowings with BNZ	\$15.8	
Other liabilities (incl Property Operating Costs)	\$0.0	
Total liabilities	\$15.8	
Net asset value	\$126.1	
Gearing Ratio		11.1

The investment objective and strategy of the Wholesale Portfolio allows it to borrow to invest in more land and properties or to develop land and properties it already holds. Bank of New Zealand (BNZ) has provided a loan facility of up to 50% of the value of the secured properties for use by the Wholesale Portfolio to effect its gearing strategy which results in BNZ holding a security interest over most of the assets held by the Wholesale Portfolio. For further information on the Wholesale Portfolio, please refer to the Fund's PDS and Other Material Information document.

The gearing ratio shows the level of borrowing the Wholesale Portfolio has undertaken as a percentage of total assets.