



PLP – Quarterly Client Update – 30 September 2023

11 October 2023

Booster Investment Management Limited as Manager of the Fund (the Manager), has provided a copy of the Quarterly Client Update for the quarter ended 30 September 2023.

For further information regarding the Private Land and Property Fund visit www.booster.co.nz/booster-investments/private-land-and-property-fund

For more information, please contact:

Gary Scott
Company Secretary
Booster Investment Management Limited
04 8944300

About Booster

Booster Investment Management Limited (Booster) is the manager and issuer of the Fund, and part of the Booster Group which has been helping New Zealanders save since 1998. The group currently administers superannuation and investment funds of over \$5 billion on behalf of more than 190,000 New Zealanders.

PLP is a managed investment fund that invests in land and property-based investments by investing in units in Booster's Private Land and Property Portfolio. PLP only holds these units.

For more information, including a copy of the Product Disclosure Statement and the latest net asset value per unit, please visit www.booster.co.nz

Private Land & Property Fund

Quarterly Client Update

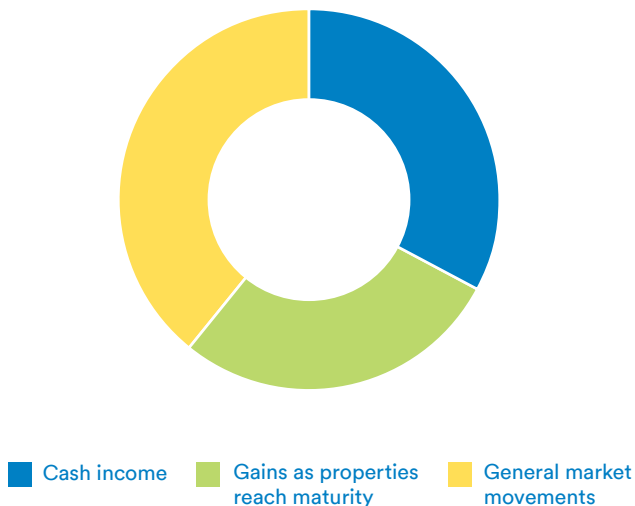
Update as at and for the quarter ending 30 September 2023

Looking to the future – what's next?

The Fund derives returns from three key sources – cash income from rent and sale of crops, gains in the value of properties where new crops have been planted as they reach full maturity, and general changes in market value. The first two sources of returns are the key goals of the Fund (with cash income received typically distributed to investors), while market movements are incidental to the core aims.

Where have our returns come from historically? This graph breaks down the 12.6% 3-year pre tax return of the Fund (as at 30 September 2023) to illustrate what drove returns:

3 year return summary



Investment performance

The Fund returns were as expected for the quarter ended 30 September 2023, aside from a manager initiated write down in the value of our Northland and Bay of Plenty avocado orchards in August.

Over the past 2 seasons, the overall size of the NZ avocado crop has grown but severe weather events have meant that the proportion of fruit that is export quality has dropped significantly. The resulting significant increase in fruit that is sold domestically has negatively affected tray price returns to growers. We believe some of these dynamics are behind the recent downward movements in market valuations.

As signaled in August, we are currently commissioning updated independent valuations to verify our carrying value of our orchards.

Returns from cash income

The majority of this revenue is from lease incomes (rather than crop receipts), which absent any unexpected issues can be a more stable or predictable form of ongoing income. Going forward, we are looking to take advantage of the higher interest rate environment we are currently in - we are actively searching for new properties to add to the portfolio that have the characteristics we look for – a yield above or at our target return, strong, long term tenants and land uses that have good long-term prospects. We believe in some sectors current market lease terms offer good value for lessors in the long run.

Gains in value as properties reach maturity

In the past, just over one quarter of the 12.6% 3-year pre-tax return (the green section of the pie chart) have been from gains in the value of properties as new plantings of crops grow towards full productive capability. This approach has helped enhance the overall return of the fund.



Marlborough vineyards: We purchased a series of vineyards in 2017, some of which we planted in new vines. Those vines are now reaching full maturity.



Kerikeri Kiwifruit: Our 20 Ha orchard in Kerikeri is nearing full maturity, after a setback due to the extreme weather over the past season.



Waimea West Hops: The development included a new processing facility commissioned in March 2023, and a doubling of the garden size to around 62 Ha. All plants are in the ground and the processing facility ran above expectations last harvest.

These 3 key areas of improved productive capacity are either at or near full maturity. We have enjoyed the contribution these assets have made to the Fund over the past 3-5 years. However, looking forward, we will be exploring new properties where the productive capacity of the land can be enhanced, to help maintain overall returns for the fund. We have several exciting projects under consideration that may convert into new assets for the Fund.

General market movements

Unlike the other two types of returns, we have comparatively less (or no) control over market movements that affect the value of the Fund. We have in the past enjoyed several substantial market value increases across multiple assets, as land prices in general experienced rapid growth. This was particularly prevalent where we held land in areas that generally became more attractive e.g. vineyards in the Awatere Valley, and where the success of those crops has provided support for returns which have been quite different to other types of property (like residential or commercial property investments). More recently, these market movements have slowed and in some cases reversed as central banks have increased interest rates to dampen inflation. Historically productive land has delivered upward market movements. However, the primary objective of the fund remains focused on delivering cash income and enhancements to value from properties reaching full productive capability, rather than general gains from property price movements.

Overall, the Fund has achieved its long term objective of 6.5%p.a. from these sources, setting aside the additional general increase in market values.

So where to from here?

Our medium term plan is to:

- Increase the scale of the Fund, by finding accretive market opportunities that boost Fund returns and or increase the resilience and its diversity.
- Add new properties where the potential exists to enhance the productive capability of the land, after the maturing of the Marlborough vineyards, Kerikeri Kiwifruit orchard and investment in Waimea West Hops.
- Look to capitalise on the high interest rate environment: We are now starting to see a cross over between our target fund returns and market lease rates for certain productive land assets.

There are several sectors of interest to us. We are currently exploring solar, apple and cherry opportunities for the Fund (as well as other land uses) however, as always, selecting the right operator and partner for our expected long-term relationship is a key part of our due diligence.

Key Facts

Private Land and Property Fund (Fund)

Fund Size (net asset value)	\$130.8 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)	\$129.4 million
Inception Date	13/06/2017
Manager	Booster Investment Management Ltd
Supervisor	Public Trust
Fund Type	Portfolio Investment Entity (PIE)

Fund Performance as at 30 September 2023

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	0.3%	0.2%
Last 6 months	0.4%	0.2%
Last 12 months	10.4%	10.5%
Last 2 years (p.a)	11.0%	10.8%
Last 3 years (p.a)	12.6%	12.2%
Last 5 years (p.a)*	10.7%	10.0%
Since inception 13/06/2017 (p.a)*	10.7%	9.9%

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>	\$28.9	19.8
Hope, Nelson Region <i>Vineyard properties</i>	\$18.9	12.9
Hawke's Bay <i>Winery building</i>	\$3.2	2.2
Hawke's Bay <i>Vineyard property</i>	\$5.9	4.0
Mahana, Nelson region <i>Winery building & Vineyard property</i>	\$3.7	2.5
Kerikeri, Northland <i>Kiwifruit orchard property</i>	\$23.1	15.8
Waimea, Nelson region <i>Waimea West Hops Ltd</i>	\$10.4	7.1
Southland <i>Dairy farmland</i>	\$32.8	22.4
Bay of Plenty & the Far North <i>Avocado orchards</i>	\$18.0	12.3
Total property assets	\$144.9	
Other Assets		
Cash / Income	\$0.2	
Accrued income	\$1.1	
Total Assets	\$146.2	
Total Liabilities (millions)		
Borrowings with BNZ	\$16.8	
Other liabilities (incl Property Operating Costs)	\$0.0	
Total liabilities	\$16.8	
Net asset value	\$129.4	
Gearing Ratio		11.5

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.