



## PLP – Quarterly Client Update – 31 December 2021

20 January 2022

Booster Investment Management Limited as Manager of the Fund (the Manager), has provided a copy of the Quarterly Client Update for the quarter ended 31 December 2021.

For further information regarding the Private Land and Property Fund visit [www.booster.co.nz/booster-investments/private-land-and-property-fund](http://www.booster.co.nz/booster-investments/private-land-and-property-fund)

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### 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 \$4.5 billion on behalf of more than 130,000 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, please visit [www.booster.co.nz](http://www.booster.co.nz)

## Overview & Performance

The Private Land and Property Fund's investments have broadened over the past three years, to include investment in Hops, Kiwifruit and over 250 canopy hectares of vineyard land across the country. The growing breadth of the fund across horticulture and viticulture gradually adds to the diversity of its income sources and property exposure around New Zealand.<sup>1</sup>

The Portfolio continues to earn income from a mix of lease income on 60% of its land holdings, and proceeds from the sale of crops from the remainder. The crop supply arrangements provide the opportunity to enhance the return over and above the solid base that the portfolio's fixed leases provide, albeit with some more variability expected from year to year.

Over the past year, the Fund distributed income to investors amounting to a cash yield of 2.5% before tax. While this compares favourably to other traditional sources of investment income, it was in an environment of lower than usual grape harvest volumes across the viticulture industry (seen as a one in 10 year type event for Marlborough, New Zealand's largest grape producing region). Although it is early days yet, looking ahead the first signs are emerging of an average or above average grape harvest for 2022, based on the initial bud burst and vineyard assessments, subject to any adverse conditions or events between now and harvest in March/April.

A gradual recognition is also made in the Fund's unit price of capital gains from parcels of the land increasing in value as new plantings mature towards full productive capacity.

The Fund's return objective is to generate a 6.5% annualised return from these sources on average over rolling 7-year periods. Recent returns have generally tracked in line with this objective.

On top of this ongoing portfolio management activity, the final result to investors has been strongly supported by higher general property prices amidst solid investor demand for viticultural properties and buoyant conditions for gold kiwifruit. This has been reflected in upward independent revaluations on both vineyard and kiwifruit investments within the Fund, contributing to an overall return of 15.5% in 2021, after tax and fees. Although returns at this level should not be relied on, this pleasing result shows that investors have been well-rewarded.

The Fund has continued to grow in popularity with investors. This has placed it in a strong position to broaden its investments further, and selectively progressing this will be a key focus for us in 2022.

## Expansion on track at Waimea West Hops

A new addition to the Portfolio last year was a 50% stake in Waimea West Hops, which owns and operates an established hop garden near Nelson. The garden includes 28 canopy hectares of mature aroma hops, with the key varieties being the sought-after Nelson Sauvignon and Motueka. Our investment helps Waimea West Hops expand, including the planting of an additional 34-hectare site at nearby Teapot Valley. This commenced late last year and is progressing to plan, with 3 hectares planted, and a further 7 hectares currently underway. Plants have been secured for the full 34 hectares and will be in the ground before the 2023 harvest.



*Year 1 Nectarone<sup>®</sup> Hop plants at Teapot Valley*

Despite significant supply and cost pressures faced in sourcing raw materials and labour for the garden infrastructure, we are pleased to report costs are near or on budget which is a testament to the management and team we have partnered with.

The processing infrastructure and associated buildings are contracted with work on the shed expected to start in February.

The new development will be weighted towards the in-demand Nectarone<sup>®</sup> Hop, which should become more commonplace in NZ craft brewer recipes post the 2022 harvest in March when more volume of the hop becomes available.

<sup>1</sup> The Private Land & Property Fund obtains its property exposure by investing into the into the wholesale Private Land and Property Portfolio (PLPP).

# Booster Investment Scheme 2 Private Land and Property Fund

Quarterly Update as at 31 December 2021

## Private Land and Property Portfolio (PLPP)

Fund Size (net asset value)	\$90.1 million
Gross Asset Value*	\$102.1 million
Inception Date	13/06/2017
Manager	Booster Investment Management Limited
Supervisor	Public Trust
Fund Type	Portfolio Investment Entity (PIE)
Gearing ratio*	11.7%

\*ANZ Bank has provided a loan facility to the PLPP which results in ANZ holding a security interest over a portion of its assets. The Gross Asset Value includes the Portfolio's net asset value and the amount borrowed from ANZ.

### PLPP Investment Holdings

	\$	%
NZ Cash (BNZ Bank Trust Account)	\$23.1m	22.6%
Vineyard property in Awatere Valley, Marlborough	\$22.4m	22.0%
Kiwifruit orchard property in Kerikeri, Northland	\$20.6m	20.2%
Vineyard property in Hope, Nelson	\$16.0m	15.6%
Vineyard property in Hawke's Bay	\$8.2m	8.0%
Waimea West Hops, Brightwater, Nelson	\$7.9m	7.7%
Vineyard property in Mahana, Nelson	\$4.1m	3.9%
<b>Total</b>	<b>\$102.1m</b>	<b>100%</b>

## Private Land and Property Fund (PLPF)

Fund Size (net asset value)	\$92.3 million
Inception Date	7/01/2019
Manager	Booster Investment Management Limited
Supervisor	Public Trust
Fund Type	Portfolio Investment Entity (PIE)

The Private Land and Property Fund obtains its property exposure by investing into the into the wholesale Private Land and Property Portfolio (PLPP).



Pictured above: The Portfolio's Gravity winery in Mahana, Nelson. The winery's unique gravity-fed design reduces energy usage while producing high quality wines, with its 'living roof' blending into the surrounding landscape. The Portfolio's purchase of the property in 2019 brought this unique winery back into kiwi ownership.

## PLPF Performance as at 31 December 2021

	Before Tax	After Tax at 28% PIR	Equivalent Return at 30%*	Equivalent Return at 33%*	Equivalent Return at 39%*
Last month	0.4%	0.4%	0.6%	0.6%	0.7%
Last 3 months	1.4%	1.3%	1.9%	1.9%	2.1%
Last 6 months	6.6%	6.2%	8.9%	9.3%	10.2%
Last 12 months	16.3%	15.5%	22.1%	23.1%	25.4%
Last 2 years (p.a.)*	10.9%	10.0%	14.3%	14.9%	16.4%
Last 3 years (p.a.)*	10.2%	9.3%	13.3%	13.9%	15.2%
Since Inception 13/06/2017 (p.a.)*	10.4%	9.4%	13.4%	14.0%	15.4%

\*All figures are after fees. Please see the Product Disclosure Statement for further details. Returns prior to the inception of PLPF in January 2019 are based on the underlying wholesale PLPP return. Past performance is not an indicator of future performance.

The Equivalent Return is the rate of return you would need to have achieved from a similar non-PIE investment in order to obtain the same after tax return as PLPF, based on a PIR of 28% and an income tax rate of either 30%, 33% or 39%, and assuming the return received was fully taxable.

**Disclaimer** This document is for information purposes only. The information is derived from sources believed to be accurate as at the date of issue and may change. The content is of a general nature and does not take into account your financial situation or goals and is not financial advice.

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