



PLP – Quarterly Client Update – 31 March 2021

16 April 2021

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 March 2021.

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:

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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 \$4.0 billion on behalf of more than 120,000 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

Portfolio Performance

The Private Land and Property Fund (PLPF) returned 2.8% for the three months to 31 March 2021 and 7.3% for the last year (after fees and before tax). PLPF invests through the wholesale Booster Private Land and Property Portfolio (PLPP)¹.

The Fund is currently generating annual cash based pre-tax earnings of 3.43% from its lease income and grape supply contracts, plus also continues to benefit from valuation gains on its land under development, which is reflected in the net asset value of the units.

Property revaluation review

Over the quarter, The Manager undertook a review of the properties in PLPP. Following that review, the net valuation adjustment reflected in the unit price increased by \$922,000 which represented a change of 1.44% in the net asset value of PLPF.

The primary driver of the change was in respect to the value of the kiwifruit orchard in Northland which was purchased by PLPP in September 2019. As the kiwifruit orchard was, at the time of purchase, recently planted/ grafted, the Manager recognised the increase in the value of the orchard as the plants approach maturity.

The Manager has also reviewed the expected yield and long-term grape prices of the vineyards owned in Awatere and has adjusted its estimates accordingly.

Spotlight on Hops

The global beer market is worth around US\$500 billion each year. Around 5% of this is captured by the fast-growing craft and specialty brewing sector. There is strong demand for new beers and unique flavours and brewers are focused on new hops that can deliver the desired flavours and aromas.

The New Zealand hops industry exports more than 90% of its hops and currently is only 1% of the world hops market.

Portfolio addition – Waimea West Hops

Over the quarter a hop garden was added to the wholesale Private Land & Property Portfolio, and therefore into the retail Private Land and Property Fund (PLPF).

The investment into hop growing land alongside an existing operator provides further geographic and crop diversification to the Fund which is currently invested in viticulture and kiwifruit land. New Zealand hops are known and sought after for their unique aromatic character and demand has been increasing due to the rise in the consumption of craft beer, which requires greater quantities of hops.

The Private Land and Property Portfolio made a cash investment of \$7 million for a 50% shareholding in Waimea West Hops Limited ('WWH') which currently farms 28.5 hectares of mature hops in Brightwater, near Nelson.

Further development is planned to expand the farm to total approximately 83 hectares of hop gardens. This development, which is budgeted to cost up to \$15 million, will be funded from the \$7 million capital introduced by the Private Land and Property Portfolio in combination with new bank funding to WWH. The planned development includes the purchase of additional land (most of which is under contract), as well as an upgrade to the existing picking and processing equipment to improve the quality and processing capacity of the plant. The fast-growing nature of hop plants means the new gardens will be fully mature within 3 years of initial planting.

The expected returns from this investment are forecast to be accretive to the overall return generated by the Fund, though it is recognised that the over the 4-year development phase of the additional gardens the cash return from the overall investment will be relatively modest.

Following this transaction, PLPF (through its investment in the Private Land and Property Portfolio) will have property related assets of over \$80 million, which, after borrowings, have a net asset value of over \$62 million.

PLPP Investment Holdings (%)²

Vineyard property in Awatere Valley, Marlborough	23%
Vineyard property in Hope, Nelson	19%
Kiwifruit Orchard property in Kerikeri, Northland	20%
Vineyard property in Hawke's Bay	10%
Waimea West Hops, Brightwater, Nelson	8%
Vineyard property in Mahana, Nelson	5%
NZ Cash (BNZ Bank Trust Account)	15%

Vineyard property in Awatere Valley, Marlborough

This investment is in three properties situated in the Awatere Valley being Barewood Vineyard, Upton Downs, and Flemings Road. These vineyards have grape supply agreements (GSA) with Booster Wine Group. The GSA structure sees PLPP take the risk and return of crop volumes for these properties, versus a fixed rental.

Barewood Vineyard and Upton Downs properties are yet to reach full maturity having been developed in 2018 and 2019 and are expected to deliver increased harvest volumes as they mature.

¹For further information of how PLPF invests through PLPP refer to the Private Land and Property Fund Other Material Information document on the booster.co.nz website.

²ANZ Bank New Zealand Limited (ANZ) has provided a loan facility of up to 50% of the value of the secured properties for use by the Private Land and Property Portfolio to affect its gearing strategy which results in ANZ holding a security interest over a portion of the assets held by the Private Land and Property Portfolio.

Booster Investment Scheme 2 Private Land and Property Fund

Update as at 31 March 2021

Vineyard property in Hope, Nelson

This investment is in the former Waimea winery and associated vineyards in Nelson. The vineyard and winery are leased to Booster Wine Group on a long-term lease.

Vineyard property in Hawke's Bay

This investment is in three vineyards formerly part of Sileni Estates, including Talbot, Wedd and Winery vineyard properties and a winery building. All are leased to Booster Wine Group on a long-term lease.

Vineyard property in Mahana, Nelson

The property at Mahana is a state-of-the-art gravity fed winery. This, and the surrounding vineyard is leased to Booster Wine Group on a long-term lease.

Kiwifruit orchard, Kerikeri, Northland

The ~50 ha property encompasses 20 canopy hectares of G3 or gold kiwifruit, most of which was grafted onto existing stumps in 2019. Another ~11 ha is planted in lemons and 3-4 ha remains available for horticultural use.

The property is under lease to Seeka for 15 years (from 2019) at a fixed rental linked to capital values and incorporating an option at year 5 for PLPP to assume the risks and rewards of operatorship.

Key Facts (PLPF)

Fund Size (net asset value)	\$64.8 million
Inception Date	7/01/2019
Manager	Booster Investment Management Limited
Supervisor	Public Trust
Fund Type	Portfolio Investment Entity (PIE)

Key Facts (PLPP)

Fund Size (net asset value)	\$64.9 million
Gross Asset Value ³	\$83.4 million
Inception Date	13/06/2017
Manager	Booster Investment Management Limited
Supervisor	Public Trust
Fund Type	Portfolio Investment Entity (PIE)
Gearing ratio	23.1%

Risk Indicator

The Risk Indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the Fund's assets go up and down (volatility). A higher risk generally means higher potential returns over time, but more ups and downs along the way.



PLPF Performance as at 31 March 2021⁴

	Before Tax	After Tax at 28%
Last month	1.7%	1.7%
Last 3 months	2.8%	2.6%
Last 6 months	4.0%	3.6%
Last 12 months	7.3%	6.3%
Last 2 years (p.a.) ⁴	8.0%	7.0%
Last 3 years (p.a.) ⁴	9.9%	8.8%
Since Inception 13/06/2017 (p.a.) ⁴	9.0%	7.9%

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

³Gross Asset Value comprises the net asset value of the investments held and the drawn portion of the ANZ loan facility.

⁴Returns prior to the PLPF inception date are based on the underlying wholesale Private Land and Property Portfolio return. Past performance is not an indicator of future performance.

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