

# Private Land & Property Fund

## Quarterly Client Update

Update as at and for the quarter ending 31 December 2024

### Investment outlook

Returns to the fund have been 6.5% on an annualised basis over the three-year period to 31 December 2024, and 8.8% p.a. since inception.

The Fund aims to generate an average long-term return of 6.5%p.a. after fees but before tax over a rolling 7yr period. This Fund objective is based on returns from income and development gains as properties reach full productive capability. Other returns to the Fund can arise from property revaluations.

Overall, we remain pleased with the long-term performance of the fund, and we remain optimistic about the medium-term prospects for most of our investments, aided by the positive effect that decreasing wholesale interest rates generally have on capital values.



### New acquisition: Woodland Road Orchard

Hot on the heels of our first investment in industrial property, we've completed a smaller horticultural acquisition in Katikati, Western Bay of Plenty. Woodland Road orchard is approximately evenly split between green & gold kiwifruit and avocados. The kiwifruit are grown and on-sold as part of the well-known Zespri collective and the avocados are delivered to a Just Avocados packhouse adjacent to the orchard.

The bulk of the orchard is mature fruit plants but there is also opportunity for harvest yields to increase as the smaller number of immature plantings reach their potential. For gold Kiwifruit this represents a possible 40% increase by 2026/27 and for avocados a possible 33% increase by 2027/28 season, though this depends on a number of factors. There is also the possibility of further conversion of green-to-gold Kiwifruit in future years, which may be attractive given the latter's higher retail price.

This development potential is something that we found attractive in considering the investment as the fund earns income via the net harvest proceeds on this asset, and along with such cash income, enhanced returns from development align with the fund's investment objective.



Kiwifruit plants are 'dioecious' which means they are either distinctly male or female varieties. Male plants produce pollen necessary for female plants to produce fruit (by wind or insect pollination), so a sufficient number is needed to be spread throughout an orchard. But an orchardist doesn't want too many males as they don't produce any fruit! The typical kiwifruit orchard male-to-female ratio is around 1:5 to ensure good pollen distribution.



## Dairy Farm Update

The stars are currently aligned for the NZ dairy industry. A record Fonterra forecast payout of \$9.85 beats the previous \$9.30 record from 2021/22, and when combined with a possible production record, 2024/25 is likely to be the best season ever. A number of factors have led to this result including good pasture growth, a low(ish) NZD/USD exchange rate, and lower production volumes from most of our global competitors.

Not to get too complacent, watchful eyes are looking at the possibility of a dry summer which could impact as the season progresses, and it's worth noting that farm input costs are also at a record as machinery, diesel, and fertiliser costs have increased faster than the general level of inflation.

Overall the Fund's farms in Southland should be well-placed to extract maximum benefit from the current operating environment. Our next Market Rent Review for these farms is scheduled for August 2025, with a full valuation having been completed in September 2024 which contributed a small positive result.



## Avocado Update

Looking for a bounce back after two challenging years, the avocado industry is quietly optimistic that this will be a good season. Readers will remember that Cyclones Dovi (2022) and Gabrielle (2023) led to the downgrading of fruit which led to reduced exports and lower returns to growers. This year the New Zealand avocado industry crop is forecast to total around 7 million trays, up from around 5 million last year.

## Valuation & Rent Reviews

Our team of independent valuers will be busy in the first quart of 2025. All of our wine building and vineyard assets are due for a valuation update, as are most of our Kiwifruit and Avocado orchards. Further, our new warehouse in Rolleston. Acquired late in 2024, is also being independently valued as part of the sale & purchase agreement.

Our next rent review is in August 2025 where we will get an agreed fixed increase in rent from our Southland Dairy Farms.



## Marlborough Weather; it doesn't rain it, hails?...

It appears our wine assets just can't catch a break. After two challenging seasons, recent favourable growing conditions in our Marlborough vineyards were interrupted by a damaging hailstorm that swept through the Awatere Valley in late November. The full extent of the impact will not be able to be seen until the bunch count in early 2025 as the extent of the bruising to the inflorescence flowering (a cluster of flowers arranged on a stem) is notoriously difficult to quantify.

This type of event once again highlights the importance of geographic diversification, with our vineyard assets spread between Marlborough, Nelson, and Hawke's Bay. The latter two regions were unaffected by this event.

## Key Facts

### Private Land and Property Fund (Fund)

Fund Size (net asset value)	\$222.4 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)	\$220.8 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 December 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	1.0%	0.8%
Last 6 months	1.5%	1.0%
Last 12 months	-1.2%	-1.4%
Last 2 years (p.a)	3.5%	3.5%
Last 3 years (p.a)	6.5%	6.3%
Last 5 years (p.a)	8.2%	7.8%
Last 7 years (p.a)*	9.1%	8.4%
Since inception 13/06/2017 (p.a)*	8.8%	8.1%

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.

## Investment Holdings

Wholesale Portfolio	\$	%
<b>Total Assets (millions)</b>		
<b>Property Assets (location / region)</b>		
Awatere Valley, Marlborough <i>Vineyard properties</i>	\$29.1	13.0
Hope, Nelson Region <i>Vineyard properties</i>	\$19.2	8.5
Hawke's Bay <i>Winery building</i>	\$3.1	1.4
Hawke's Bay <i>Vineyard property</i>	\$5.8	2.6
Mahana, Nelson region <i>Winery building &amp; Vineyard property</i>	\$3.7	1.7
Kerikeri, Northland <i>Kiwifruit orchard property</i>	\$20.1	9.0
Waimea, Nelson region <i>Waimea West Hops Ltd</i>	\$8.2	3.6
Bay of Plenty & the Far North <i>Avocado orchards</i>	\$18.1	8.1
Southland <i>Dairy farmland</i>	\$35.0	15.6
Rolleston <i>Logistics warehouse</i>	\$63.9	28.5
Bay of Plenty <i>Kiwifruit and Avocado orchards via Woodland Road Orchard Limited Partnership</i>	\$14.3	6.4
<b>Total property assets</b>	<b>\$220.5</b>	
<b>Other Assets</b>		
Cash / Income	\$2.3	
Accrued income	\$1.7	
<b>Total Assets</b>	<b>\$224.5</b>	
<b>Total Liabilities (millions)</b>		
Borrowings with BNZ	\$3.8	
Other liabilities (incl Property Operating Costs)	\$0.0	
<b>Total liabilities</b>	<b>\$3.8</b>	
<b>Net asset value</b>	<b>\$220.8</b>	
<b>Gearing Ratio</b>		<b>1.7</b>

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.

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](http://www.booster.co.nz), by contacting your financial adviser or by calling Booster on 0800 336 338.

Disclaimer: This document is for informational 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. Booster Investment Management Limited and its related companies do not accept any liability for any loss or damage arising directly or indirectly out of the use of, or reliance on, the information provided in this document. The Fund's performance, returns, or repayment of capital, are not guaranteed.