

PLP – Conversion of Waimea Vineyard and Wine Market Update

27 February 2025

Conversion of Waimea Vineyard to Apple Orchard

Booster Investment Management Limited (BIML), the manager of the Private Land & Property Portfolio (PLPP, the wholesale fund into which the PLP invests) has entered into a Heads of Agreement to redevelop approximately 46 hectares of existing vineyard land on the Waimea Plains to a multi-variety apple orchard of approximately 40 canopy hectares. The new development includes the planned planting of five varieties with established and strong demand in international markets. The orchard will include both licensed and license-free varieties suited to the local climactic conditions and soil profile of the orchard. The orchard will use the latest growing techniques, including a two-dimensional “fruit wall” to increase plant concentration and full hail protection. Water for the orchard will be secured through the purchase of additional shares in Waimea Irrigators Limited.

The planned development includes the partial surrender of vineyard leases currently held by a wholly owned subsidiary of Booster Wine Group LP (BWG) following the 2026 grape harvest, though this is yet to be finally agreed / documented. BWG is a related party of BIML and is majority owned by Booster Tahi LP. PLPP will continue to lease the remaining Waimea vineyards (approximately 69 hectares), as well as a smaller vineyard and the Gravity Winery at Mahana to BWG entities. PLPP’s Marlborough Grape Supply Agreement (GSA) and Hawke’s Bay lease arrangements with BWG entities are unaffected by the proposal.

The forecast funding requirement for the orchard development is \$15.7 million over six years, excluding financing costs. The development will be funded from within existing debt facilities. Development is expected to commence in April 2026.

The orchard will be owned by a new special purpose Limited Partnership, with BIML as the General Partner and PLPP as the sole Limited Partner. The orchard will be managed by a third party and offtake arrangements will be established with a vertically integrated apple exporter.

Based on an independent horticultural assessment and current market conditions, the orchard development ensures that the land will be put to its highest and best use, as well as retaining a real option on future land use change within the Tasman District Council’s long-term plan. The development is expected to be value accretive to PLP and to make a material contribution to PLP’s return objective of an average annual long-term return of about 6.5% (before tax and after all fees) over rolling seven-year periods from income and development gains as properties reach full productive capability (as outlined in the PLP Product Disclosure Statement). Taking account of the historic volatility of returns to apple growers, the expected returns represent an attractive return premium over current agricultural and horticultural lease rates. The development also provides improved crop and counter-party diversification to PLPP. Following the conversion and at maturity of the development, approximately 19% of PLPP’s assets by value will be invested in vineyards and winery assets, down from approximately 25% currently, assuming no other changes across PLPP.

Wine Industry Update

The 2025 harvest produced a near record volume of production at a time of uncertain demand. Combined with surplus from prior vintages, there is currently a material oversupply of New Zealand wine relative to total demand. Since the 2025 harvest, marginal prices for New Zealand wine (uncontracted or “spot” bulk wine) have reached record lows that are well below the average cost of production. This is flowing through to expected grape prices for the 2026 harvest.

BIML is closely monitoring market conditions. According to New Zealand Winegrowers, total New Zealand wine sales for calendar year 2025 were 354.9 million litres, up 15% on 2024. While this is undoubtedly positive, there is likely a portion of this increase in demand that is price driven and possibly resulting in increased stock levels inside the global supply chain.

In this market context, BWG has imposed market-based price and volume limits on PLPP on Marlborough volumes in accordance with the existing long-term GSA in place between the parties. BIML now expects returns on the 2026 harvest from the Awatere vineyards to be broadly cash neutral. Whilst this is immaterial to the value of the fund overall, the expected returns to the Awatere vineyards in the short term are expected to be below PLP’s long term (seven year) return objective.

Given industry conditions, BIML expects that within the wine industry discussions around lease arrangements and lease payment deferrals are occurring, and does not expect to be immune from this. Any deferral of lease payment receipts would likely impact the level of PLP’s cash distributions.

BIML regularly receives independent valuations of its vineyard and winery assets. PLPP’s Hawke’s Bay and Awatere properties were independently valued in October 2025. An independent valuation of PLPP’s Nelson vineyard and winery assets is underway and will be completed in March 2026. In addition, BIML continuously monitors market evidence of vineyard and winery transactions in Hawke’s Bay, Nelson and Marlborough. BIML has reflected all known information regarding the general market conditions and specific comparable transactions in the current net asset value and unit price.

Other Risks

BIML draws investors’ attention to PLP’s Product Disclosure Statement (PDS) and Other Material Information, lodged with the NZX contemporaneously with this release as a separate announcement. These disclosures note that PLPP has exposure to counterparties within the wine and avocado industries which are as at the date of the PDS experiencing challenging trading conditions, which in turn has led to an increase in credit risk for these counterparties. BIML has reflected all known information regarding the general market conditions and specific counterparty risk in the current net asset value and unit price.

PLPP is well diversified and is achieving positive returns from its other investments, including dairy, kiwifruit and industrial assets. A key part of PLPP’s investment strategy is diversification of property assets and income streams across different sectors and we continue to assess these opportunities to grow PLP’s long-term returns. Any material impact relating to specific counterparties or important industry developments will be addressed in future updates as required.

For further information regarding PLP visit 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 \$8 billion on behalf of more than 200,000 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