

# Private Land and Property Fund

Of the Booster Investment Scheme 2

---

**Other material information**

8 October 2020

# Table of contents

---

|     |  |         |
|-----|--|---------|
| 1   | <b>Introduction</b>                                      | Page 3  |
| 2   | <b>Summary - Private Land and Property Fund</b>          | Page 3  |
| 2.1 | <b>Investment Structure</b>                              | Page 3  |
| 2.2 | <b>Key Financial Ratios</b>                              | Page 4  |
| 2.3 | <b>Further Information</b>                               | Page 5  |
| 3   | <b>Information on the Private Land and Property Fund</b> | Page 6  |
| 3.1 | <b>Investing in the Fund</b>                             | Page 6  |
| 3.2 | <b>Risk Indicator</b>                                    | Page 6  |
| 3.3 | <b>Interest in the Fund</b>                              | Page 7  |
| 3.4 | <b>Calculation of Fund value and unit value</b>          | Page 7  |
| 3.5 | <b>Income Distributions</b>                              | Page 8  |
| 4   | <b>Information on the Wholesale Portfolio</b>            | Page 9  |
| 4.1 | <b>Property Investments of the Fund</b>                  | Page 9  |
| 4.2 | <b>Property Development Projects</b>                     | Page 15 |
| 4.3 | <b>Borrowing</b>   | Page 17 |
| 4.4 | <b>Basis of Estimates for costs</b>                      | Page 18 |
| 5   | <b>Guarantees</b>  | Page 19 |
| 6   | <b>Taxation</b>  | Page 20 |
| 6.1 | <b>Portfolio Investment Entity (PIE) Tax</b>             | Page 20 |
| 6.2 | <b>Tax Reporting</b>                                     | Page 21 |
| 7   | <b>Information about the Scheme</b>                      | Page 22 |
| 7.1 | <b>Suspension</b>  | Page 22 |
| 7.2 | <b>Amendment to the Trust Deed</b>                       | Page 22 |
| 7.3 | <b>Winding up a Fund and the Scheme</b>                  | Page 22 |
| 7.4 | <b>Market Indices</b>                                    | Page 22 |
| 8   | <b>Who is involved with the Scheme</b>                   | Page 23 |
| 9   | <b>Conflicts of interest</b>                             | Page 26 |
| 9.1 | <b>Related Party Transactions</b>                        | Page 27 |
| 10  | <b>Other Material Contracts</b>                          | Page 28 |

# 1. Introduction

---

The **Private Land and Property Fund** is a fund offered under the **Booster Investment Scheme 2**.

This document is designed to provide potential investors with information on the **Private Land and Property Fund** (the **Fund**) and the Booster Investment Scheme 2 (**Scheme**) that we believe may be material to a decision to invest in the Fund.

The information provided complements the Product Disclosure Statement (**PDS**) for the Fund that the investor received so it is important that these documents are read together.

Additional information regarding the operation of the Scheme can be found in the Scheme's Trust Deed which can be viewed [at www.booster.co.nz/documents-and-forms/booster-investment-scheme-documents-and-forms](http://www.booster.co.nz/documents-and-forms/booster-investment-scheme-documents-and-forms).

Where the term "we", "us", "our", "ourselves" or "Booster" is used, we mean Booster Investment Management Limited, the Manager of the Scheme.

It is not possible to include full information on all aspects of the Fund and the Scheme in the PDS and/or this document and you may have further questions about the suitability of the Fund as an investment for you.

If you do have any questions, we would be pleased to hear from you. You can contact us on 0800 40 40 50. You can also discuss your personal situation with your financial adviser.

## 2. Summary - Private Land and Property Fund

---

The Private Land and Property Fund (the **Fund**) is a managed fund and investors purchase units which gives them an interest in the Fund that is proportionate to the number of units that the investor holds. The number of units that an investor receives is dependent on the amount of money invested and the unit price of each unit issued in the Fund.

The Fund is listed on the NZX Main Board (code **PLP**). You can view the Fund's NZX page at [www.nzx.com/companies/PLP](http://www.nzx.com/companies/PLP).

An investor can choose to make an investment in the Fund, either by purchasing units through the Booster wrap administration system or via the NZX through an NZX Participant (such as a broker).

Go to section 3.1 - *Investing in the Fund* for further information on the ways to invest into the Fund.

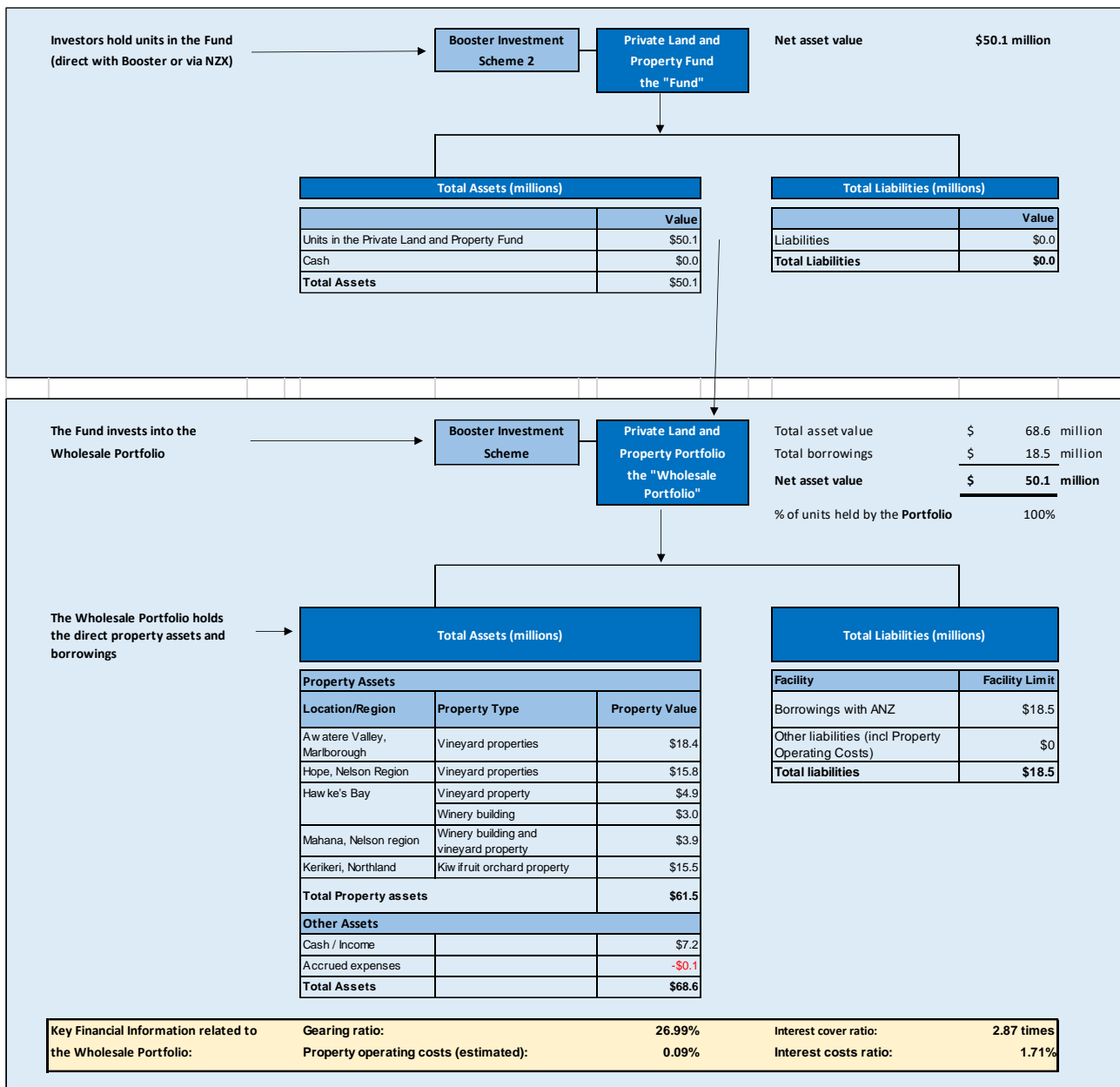
### 2.1. Investment Structure

The Fund fully invests into a separate wholesale portfolio which is also managed by Booster – the Private Land and Property Portfolio (**Wholesale Portfolio**). The Wholesale Portfolio is a managed fund established under the Booster Investment Scheme, a separate scheme also managed by Booster Investment Management Limited (**BIML** or the **Manager**).

The Fund holds 100% of the units of the Wholesale Portfolio, and the Wholesale Portfolio holds the direct property investments, assets, borrowings and liabilities that the investors in the Fund are exposed to. This also means the unitholders of the Fund are exposed to the costs and charges incurred by the Wholesale Portfolio as part of the management of the property investments and borrowings.

As the Fund increases in size, it will obtain more investment exposure to direct unlisted Property by buying units in the Wholesale Portfolio. The Wholesale Portfolio Manager is constantly looking for further suitable investment opportunities, consistent with its investment strategy, and to increase its level of diversification.

As the Fund wholly invests into the Wholesale Portfolio, investors should have oversight of how their money is being invested by the Wholesale Portfolio. The diagram below illustrates the relationship between the Fund and the Wholesale Portfolio and provides a high level overview of the key financial information that we consider relevant to investor's decision to invest in the Fund:



The financial information included in the diagram above is as at 5 October 2020 and will change from time to time.

## 2.2. Key Financial Ratios

The above diagram outlines the **key financial ratios** of the Wholesale Portfolio, an explanation of these ratios is as follows:

- **Gearing ratio** – this ratio shows the level of borrowing the Wholesale Portfolio has undertaken as a percentage of total assets.
- **Interest cover ratio** – this ratio shows how many times earnings would be able to pay the interest debt incurred on borrowings.
- **Interest costs ratio** – similar to the interest cover ratio, this ratio shows the amount of interest as a proportion of net assets.
- **Property operating expenses** – this ratio shows the costs incurred to operate and maintain the properties as a percentage of net assets.

## 2.3. Further Information

*Section 4.0 - Information on the Wholesale Portfolio* outlines further information in respect of the direct assets and liabilities of the Wholesale Portfolio, including specific details regarding the:

- Direct Property Investments of the Wholesale Portfolio;
- Borrowings of the Wholesale Portfolio; and
- Estimated costs of investing in the Wholesale Portfolio.

## 3. Information on the Private Land and Property Fund

---

### 3.1. Investing in the Fund

An investor can choose to make an investment in the Fund, either through:

- the Booster wrap administration system (the **System**); or
- an NZX Participant (such as a broker).

#### Investing through the System

To invest in the Fund through the System, an investor must first enter into a Client Custody agreement (**Agreement**) for the Booster Wrap Administration System (System) by either:

- applying directly to Booster at [www.booster.co.nz/booster-investments/private-land-and-property-fund](http://www.booster.co.nz/booster-investments/private-land-and-property-fund); or
- applying via a financial adviser or a financial adviser authorised to provide a Discretionary Investment Management Service (**DIMS**).

The Agreement enables the investor to invest in the Fund through an account in the System and sets out the terms and conditions upon which access is provided through the System. Under the Agreement all of the investor's investments are held by, and in the name of, a custodian to the System to ensure that beneficial ownership of the investments remain with the investor, not the financial adviser or us. The custodian is Asset Custodian Nominees Limited (**ACNL**), a bare trust established solely for this purpose, and is owned by Booster Financial Services Limited. The custodian of the System can change from time to time without prior notification.

#### Buying units on the NZX Main Board (code PLP)

You can buy units in the Fund on market at the quoted price through an NZX Participant (such as a broker). In order to trade quoted units, you will need to have a Common Shareholder Number (CSN) an Authorisation Code (FIN) and a relationship with an NZX Participant. See [www.nzx.com/services/market-participants](http://www.nzx.com/services/market-participants) for a list of current NZX Participants.

You can view the Fund's NZX page at [www.nzx.com/companies/PLP](http://www.nzx.com/companies/PLP), including all announcements made on the NZX at [www.nzx.com/companies/PLP/announcements](http://www.nzx.com/companies/PLP/announcements)

#### Applications

We may accept or decline applications at our discretion. No interest will be paid on applications that are declined in whole or in part (except as required by law). We may invite offers for investments in the Fund and any offer may be underwritten. We may set minimum application amounts and balances and may waive or vary the minimum application and balance amounts at any time. See the PDS for further information.

### 3.2. Risk Indicator

Information on the risk indicator for the Fund has been included in the PDS. In the PDS section 4 "*What are the risks of investing?*" it is noted that the risk indicator will be based on the returns data for the Fund for the most recent period of five years before the PDS was prepared. Each quarter, fund updates will tell you what the most recent risk indicator for the Fund is, again based on returns data for the previous five years.

As the Fund has not been offered for a full period of five years, five years of returns data will not be available. There will be a note in the PDS or the fund update for the Fund that will tell you that an index return has been used for the initial months of the five-year period, to give you an indication of what the risk indicator is likely to have been.

The risk indicator has been calculated using a mix of actual returns of the Wholesale Portfolio for the period of 1 October 2017 to 31 March 2020, and historical returns obtained from the Property Council/IPD New Zealand Property Index for the period of 1 January 2015 to 30 June 2017. Actual Fund returns were used for the remaining period to 30 September 2020. As a result, the risk indicator may provide a less reliable indication of the potential future volatility of the Fund. The Property Council/IPD New Zealand Property Index is not a securities index, but we have used it in the risk indicator calculation because there is no appropriate securities index or peer group index available for the

Portfolio. We consider the Property Council/IPD New Zealand Property Index allows the risk indicator to reflect the potential future volatility of the Portfolio, although not as reliably as if actual returns were available for the entire period. You can find more information about the Property Council/IPD New Zealand Property Index here:

<https://www.propertynz.co.nz/msci-property-council-new-zealand-quarterly-property-index>.

The Property Council/IPD New Zealand Property Index is a property index rather than a securities index, but we have used it in the risk indicator calculation because there is no appropriate securities index or peer group index (an index based on the performance of a group of funds that invest in a particular sector or sectors) available for the Fund. This is due to the Fund's investment strategy being able to obtain an investment exposure primarily in a specialised portfolio of directly held, unlisted, agricultural and horticultural land and other property investments in New Zealand; a strategy for which no appropriate securities index or peer group index exists. We consider the Property Council/IPD New Zealand Property Index allows the risk indicator to reflect the potential future volatility of the Fund, although not as reliably as if actual returns were available for the entire period. The absence of an appropriate securities index or peer group index also means that the Fund's performance will not be benchmarked against a reference return in the fund updates.

If you would like more information on the risk indicators for the Fund and of the methodology used, please contact us on **0800 40 40 50**.

### 3.3. Interest in the Fund

#### Investments expressed in units

The Fund is divided into units. Each unit confers an equal interest in the Fund, although investors do not acquire any direct right or interest in any of the investments held by the Fund.

Investments and other credits to the Scheme are used to purchase units in the Fund by the investor. Similarly, withdrawal payments and other deductions are made by selling units.

The value of each investor's units from time to time will depend on the value of the Fund and the number and unit price of units held in the Fund. Investment returns (whether gains or losses) will be reflected by changes in unit prices.

A register of unitholders in the Fund is maintained by Link Market Services Limited (Unit Registrar) which record all of the investment details of each unitholder, including (but not limited to) number of units held, contributions, withdrawals, tax and imputation credit information.

### 3.4. Calculation of Fund value and unit value

The Fund's value (known as the 'net asset value' of the Fund) is calculated by deducting from the aggregate of:

- the cash forming part of the assets of the Fund; and
- the redemption value of the units held by the Fund in the Wholesale Portfolio;

the aggregate of:

- the liabilities of the Fund; and
- all unpaid costs, fees, charges and other material outgoings of the Fund (including the Supervisor's and our fee, and expenses) accrued to that date.

The unit value (unit price) for the Fund is calculated for each working day by dividing the net asset value by the number of units on issue at the relevant time in the Fund. The Fund's unit prices are published on Booster's website at [www.booster.co.nz/booster-investments/private-land-and-property-fund](http://www.booster.co.nz/booster-investments/private-land-and-property-fund). The unit value calculated by Booster may differ from the quoted price on the NZX Main Board.

### 3.5. Income Distributions

The Fund will aim to pay quarterly distributions to investors of any net cash income received from the Wholesale Portfolio (after allowing for expenses). The payment of distributions are at the discretion of the Manager.

#### **Distribution Reinvestment Plan (DRP)**

Investors who are a resident in New Zealand and have an address in New Zealand on the Fund registers are eligible to and can choose to reinvest their distribution- by participating in the DRP. As participation in the DRP is voluntary, eligible investors are free to opt-in or opt-out of the DRP at any time with prior notice to the Manager (for direct investors) or Link Market Services Limited (for NZX investors).

The following additional conditions apply to the DRP:

1. When the Fund announces a distribution, the Fund will also confirm whether the DRP will apply to that distribution (i.e. the Fund can revert to paying only cash distributions at any time).
2. The price of the units issued under the DRP will be the latest available unit price on the morning of the payment date.
3. The New Zealand tax status of the distribution will not change.
4. Any new units issued under the DRP will rank equally in all respects with existing units.
5. The Manager retains the right to determine that the DRP will not apply to a particular distribution, or will not apply to some of a particular distribution (rather than all), with the result being that all or the relevant proportion of that distribution will be paid in cash instead of the DRP applying.
6. Investors must complete an DRP Election Notice if they are to opt into the DRP or cease participating in the DRP.
7. All DRP Election Notices must be received by the Manager (for investors who hold their units through Booster) or by Link Market Services Limited (for investors investing directly on the NZX) by the Record Date of the relevant distribution. Record Date means 5:00pm on the date fixed by the Manager for determining entitlements to distributions payable or credited on Fund units. An election will remain in force for all future distributions to which the DRP applies, unless an updated DRP Election Notice is received advising the investor no longer wants to participate in the DRP. A copy of the DRP Election Notice is available from the Manager or if you invested in to the Fund directly on the NZX, you can make your election on-line at <https://investorcentre.linkmarketservices.co.nz>

#### **Partial Units:**

- Investors who hold units through Booster's custodial service are able to hold partial units, resulting in the full value of the distribution being reinvested without any residual cash left over.
- For investors investing directly on the NZX, the number of additional units received under the DRP will be rounded down to the nearest whole unit (to comply with NZX rules). Any residual cash left-over shall be carried over and applied under the DRP the next time the DRP operates. You will not accrue interest on this residual cash balance. Should you cease to participate in the DRP; or cease to be a unitholder of the Fund, any residual cash balances that have been carried over shall be forfeited.

#### **Statements:**

- For investors who hold units through the System, Booster will provide you with reporting in respect of all of your investments with Booster on at least an annual basis, including details of the distribution and the number of units received under the DRP.
- For investors investing directly on the NZX, Link Market Services Limited (Unit Registrar), will send a statement within five trading days of the allotment of additional units issued, including details of the distribution and the number of units received under this DRP as well as any residual cash balances carried over.



## 4. Information on the Wholesale Portfolio

---

The Private Land and Property Portfolio (the **Wholesale Portfolio**) is a managed fund established under the Booster Investment Scheme, a separate wholesale scheme managed by the Manager. The Private Land and Property Fund (the **Fund**) is the sole investor in the Wholesale Portfolio and holds 100% of the units issued by the Wholesale Portfolio.

This section outlines the information that is relevant to investors in the Fund, but directly relates to the operations of the Wholesale Portfolio.

### 4.1. Property Investments of the Fund

Details of the investments held by the Wholesale Portfolio as at the date of this document are provided below.

In addition to the investments listed below, the Wholesale Portfolio will from time to time consider further investment opportunities. Booster undertakes a due diligence process for each prospective investment to assess the sustainable long term cashflows and its potential match with the investment criteria for the Wholesale Portfolio.

## 1. Vineyard Properties in Awatere Valley, Marlborough

| Property Details  |   |
|---|---|
| Property Value <sup>1</sup>   | \$18, 287,000   |
| Planted Land Area   | 111.3 canopy hectares of the total 195.8 hectares                             |
| Basis of Property Return  | Sale of grapes  |
| Primary customers <sup>2</sup>  | Awatere River Wines Limited Partnership and Treasury Wine Estates (Matua) Ltd |
| Weighted average contract term  | 9 years   |
| Last independent valuation <sup>3</sup>   | February 2018 and June 2019   |
| <p><b>Notes on the Property:</b></p> <p>Planted across land to the south of Awatere River, these vineyards feature 111.3 developed and developing canopy hectares of predominantly Sauvignon Blanc with some Pinot Gris, Pinot Noir, and Viognier.</p> <p>Established on free-draining river silt loams with various plant spacing configurations, the vineyards source irrigation water from a mix of an infiltration trench in the river, an irrigation scheme and dams. Frost fans provide frost protection.</p> <p>With 30% of the canopy hectares fully mature and highly productive, a further 14% is expected to mature by 2022, 18% by 2023, and the remaining 38% by 2024.</p> |   |



## 2. Vineyard Properties in Hope in the Nelson region

| Property Details                        |   |
|---|---|
| Property Value <sup>1</sup>             | \$15,455,000                                      |
| Planted Land Area                       | 105.5 canopy hectares of the total 116.8 hectares |
| Basis of Property Return                | Fixed price lease                                 |
| Lessee <sup>2</sup>                     | Waimea Estates (Nelson) Limited                   |
| Weighted average contract term          | 19 years  |
| Last independent valuation <sup>3</sup> | September 2018                                    |

### Notes on the Property:

Planted as far back as 1993 in land near Richmond, these vineyards comprise 105.5 fully developed canopy hectares of predominantly Sauvignon Blanc with some Albarino, Cabernet Franc, Chardonnay, Gewurztraminer, Gruner Veltliner, Pinot Gris, Pinot Noir, Riesling, Sauvignon Gris, Syrah, and Viognier.

Established in the stony alluvial soils of the Waimea Plains with various plant spacing configurations and very low frost risk, the vineyards source irrigation water from the Waimea East Irrigation Scheme.

In early 2018, a presence of Leaf Roller Virus was identified in part of one of the five vineyard blocks that has the potential to reduce grape harvest yields over the medium to longer term. As a result, roughly 11.4 canopy hectares were removed shortly after harvest, to be replanted in 2019 after land remediation and are expected to reach full maturity by 2025.





### 3. Winery Building and Vineyard Property in Hawke's Bay

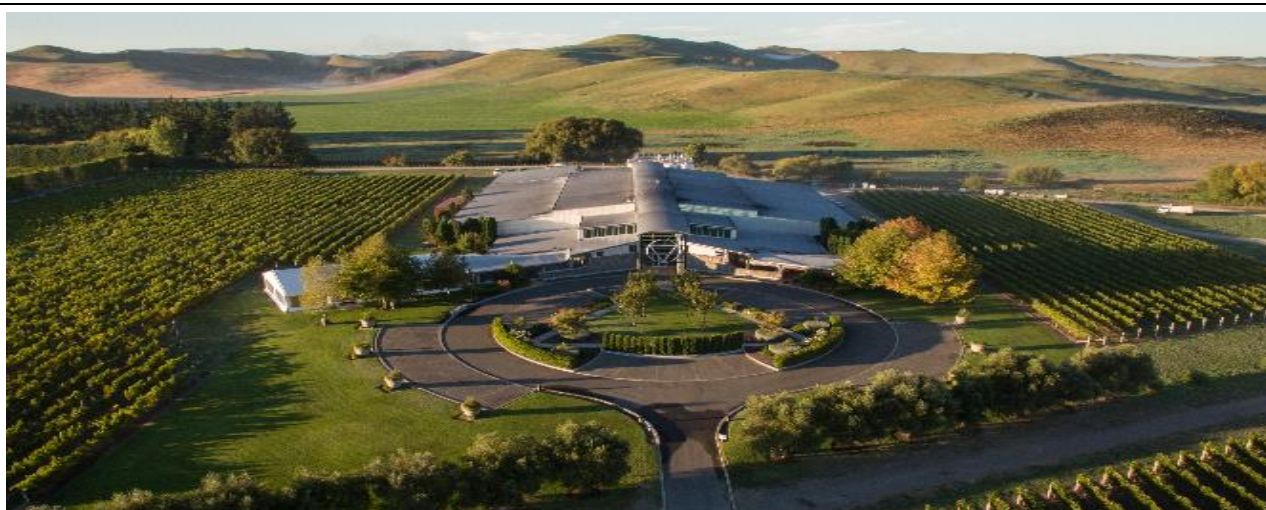
| Property Details                        |   |
|---|---|
| Total Property Value                    | \$7,951,000   |
| Land Value <sup>1</sup>                 | \$4,833,000   |
| Planted Land Area                       | 35.9 canopy hectares of the total 45.42hectares     |
| Basis of Property Return                | Fixed Price Lease                                   |
| Lessee <sup>2</sup>                     | Booster Wine Group Limited Partnership <sup>4</sup> |
| Weighted average contract term          | 20 years  |
| Last independent valuation <sup>3</sup> | On original purchase – September 2018               |
| Other Property Value <sup>1</sup>       | \$2,863,000   |
| Nature of Other Property                | Winery building                                     |
| Basis of Property Return                | Fixed Price Lease                                   |
| Lessee <sup>2</sup>                     | Booster Wine Group Limited Partnership <sup>4</sup> |
| Weighted average contract term          | 20 years  |
| Last independent valuation <sup>3</sup> | On original purchase – September 2018               |

#### Notes on the Property:

The winery and vineyard properties are situated in the Bridge Pa Triangle, a recognised vineyard sub region of the Hawke's Bay. The vineyards comprise 35.9 fully developed canopy hectares planted in the late 1990's of predominantly Pinot Noir, Merlot, Sauvignon Blanc, Syrah, Chardonnay varieties.

The availability of water and adequacy of the Resource Consent to provide water when required are key benefits in this area, with the vineyards and winery sourcing their water from wells. Wind machines provide frost protection to the vineyards.

The winery was architecturally designed to offer a functioning commercial winery plus retail, dining and administration activities.



#### 4. Winery Building and Vineyard Property in Mahana in the Nelson region

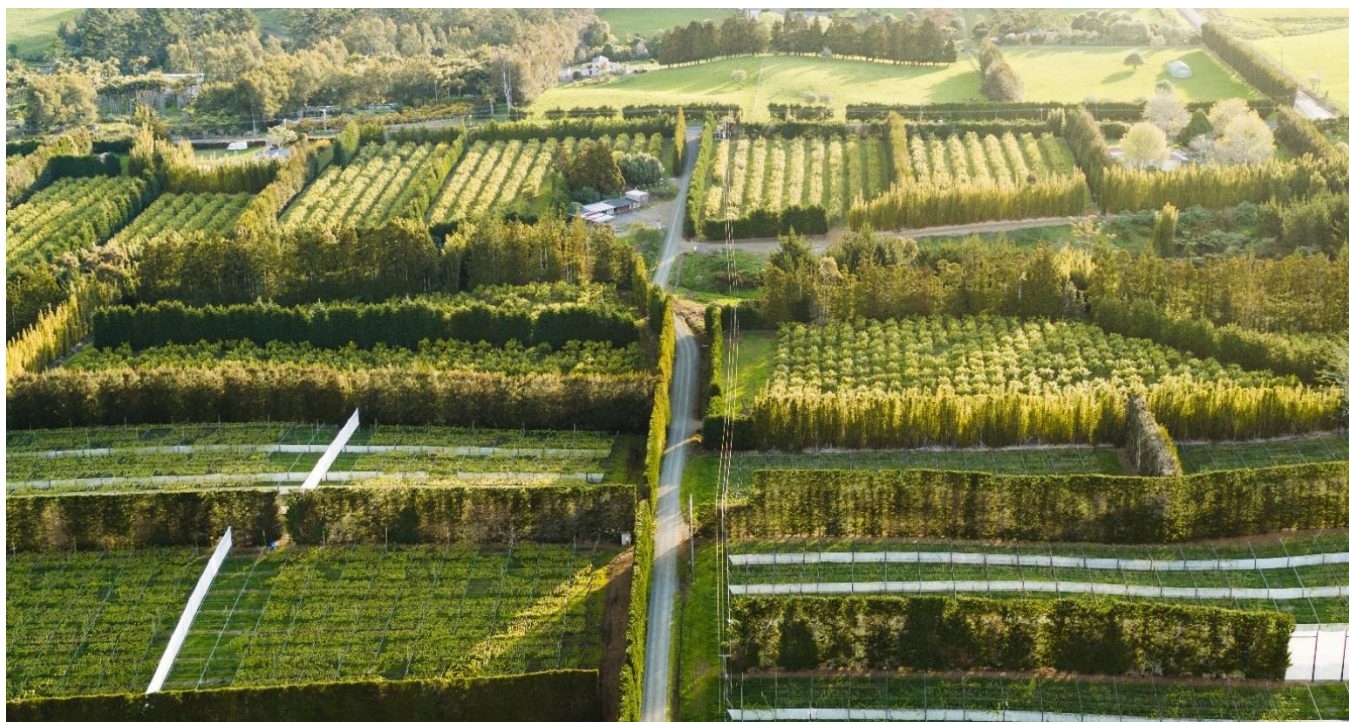
| Property Details   |  |
|--|--|
| Property Value (at cost) <sup>1</sup>  | \$3,923,000  |
| Planted land Area  | 21.2 canopy hectares of the total 34.5 hectares  |
| Basis of Property Return   | Fixed Price Lease  |
| Lessee <sup>2</sup>  | Waimea Estates (Nelson) Limited  |
| Weighted average contract term   | 20 years (with 4 rights of renewal at the lessee's option – each right being for a 20-year term) |
| Last independent valuation <sup>3</sup>  | On original purchase – January 2019  |
| <b>Notes on the Property:</b>  |  |
| <p>The vineyard is a 21.2 hectare in Mahana, Upper Moutere. The wine varietals produced are Pinot Noir, Pinot Gris, Riesling and Chardonnay. The land has a 130 metre deep well which provides irrigation for the vines.</p> <p>The unique architecturally designed 4-level gravity-fed winery was set in to the hillside to reduce energy usage, and enable high quality wines to be produced, whilst its 'living roof' also allows it to blend gently with the surrounding landscape. The winery building has a function cellar, tasting room, bottling hall and office.</p> |  |





## 5. Orchard property in Kerikeri

| Property Details  |   |
|---|---|
| Property Value (at cost) <sup>1</sup>   | \$15,567,000 <sup>4</sup>   |
| Planted land Area   | 29.8 canopy hectares of the total 50.41 hectares                    |
| Basis of Property Return  | Fixed Price Lease   |
| Lessee <sup>2</sup>   | Seeka Limited   |
| Weighted average contract term  | 15 years (with no right for Lessor termination before 30 July 2024) |
| Last independent valuation <sup>3</sup>   | On original purchase - July 2019                                    |
| <p><b>Notes on the Property:</b></p> <p>The orchard is situated in Northland close to Kerikeri and is a total area of 50.4 ha and is used for horticultural purposes and is historically known for kiwifruit and citrus with current plantings of 20 canopy hectares of planted Sun Gold kiwifruit under licence from Zespri, and 9.8 canopy hectares of lemons.</p> <p>The availability of water from community schemes is a benefit in this area as primary infrastructure and maintenance requirements are addressed by the scheme.</p> <p>Due to the buoyancy of the sector and international market in this area, further development works are planned for the orchard over the next five years to remove the citrus and increase the Sun Gold canopy and production.</p> |   |



### Notes on the Property investments:

1. The value of the Property is at 30 September 2020 based on the Manager's assessment of the most recent independent valuation (or at cost as at the purchase date where purchased within the last 12 months). The Manager reviews the valuation of Property on at least a quarterly basis and the Manager's valuation assessment is supported by the independent valuations received for each Property.
2. The key terms of each of the material contracts related to the Property of the Wholesale Portfolio can be found in *section 10.0 – Other Material Contracts* of this document.
3. Independent valuations have been obtained for each of the properties as noted.
  - In the case of the Awatere based land, the Manager's valuations are supported by the latest independent valuations other than the increase in value recognised for land under development, for which our valuation policy is described below.
  - For Hope, Nelson based land, the Manager's valuation is fully supported by the latest independent valuation.
  - For Hawke's Bay based land, buildings and fixed assets, the Manager's valuation is fully supported by the latest independent valuation.
  - For Mahana, Nelson based land and buildings, the Manager's valuation is fully supported by the latest independent valuation.
4. The purchase price for the Orchard property in Kerikeri was \$15,500,000 and was the First Instalment of agreed consideration. Under the Sale and Purchase Agreement, an additional sum of up to \$950,000 may be payable on or around 30 September 2024 based on the production of the established canopy hectares (Second Instalment).

## 4.2. Property Development Projects

There are various property development projects currently in place to maintain, improve and enhance the Properties. The Manager of the Wholesale Portfolio approves all property development and the associated capital expenditure required to complete the development. The project work completed on the Properties is expected to affect the valuation of the property, which is reflected in the unit price of the Wholesale Portfolio.

A summary of the material project development projects that are currently underway are detailed below:

### Barewood Block

A parcel of land in the Awatere Valley in Marlborough was purchased at an original cost of approximately \$4 million. The land was partially planted in vines and included 28 hectares of bare land. A development project was undertaken in respect of the bare land, with a total expected cost of \$2 million. The scope of the development includes the planting of vines, vineyard infrastructure including irrigation and frost protection, as well as building an irrigation dam on site. The project management is provided by Awatere River Vineyards Limited, which is (indirectly) majority owned by the Booster Tahi Limited Partnership that is managed by another company in the Booster Group. The project is substantially complete as at the date of this document. Based on an independent valuation report, the Manager considers that the vineyard's value will increase by \$0.9m once the vines mature and reach full productive capacity (excluding any general market driven increases in land values over that time). It is expected the vines will reach full maturity over a 7-year period ending in 2024.

For unit pricing of the Wholesale Portfolio, the value of the land is valued daily based on the internal rate of return calculated at the outset of the development project. The internal rate of return is calculated as the sum of expected capital value appreciation of the land plus the expected net earnings from the land over the development period. This means a large portion of the expected development capital gain is recognised in the earlier years when grape yields are low and reduces over time as the grape yields approach that of a mature vineyard. The daily unit price will also reflect any changes in the value of the land on full maturity or the forecasted operating cash flows over the remainder of the development period, which are reassessed on a periodic basis.

### Upton Downs Block

Another block of land in the Awatere Valley in Marlborough was purchased in February 2018 for \$8 million following the completion of a substantial development project by the vendor on 34 of the resulting total 59 canopy hectares. It is expected the developing vineyards will reach full maturity in 2024. Based on the same expected market value per mature canopy hectare of the Barewood block, the Manager considers that Upton's vineyard value will increase by \$0.6m (excluding any general market driven increase in land values over that time).

For unit pricing purposes, the net asset value of the land is increased at the internal rate of return calculated at the outset of the development project, on the same basis as described for Barewood above.

### **Hope Block**

In Hope, Nelson, as noted on page 12 above, part of the Hope block originally purchased in July 2017 for \$5 million was redeveloped and replanted due to a high prevalence of the Leaf Roller Virus disease, at a cost of \$0.6 million. This project commenced after the 2018 harvest and the replanted vines are expected to reach maturity in 2025. The affected area of land will return to a fixed return lease arrangement and market value of a mature vineyard once it produces an adequate tonnage. In the meantime, the income to the Fund would be represented by an expected increase in the value of the land as it approaches maturity, and any net income / expense in managing the land over that period.

The key terms of the project can be found in *section 10.0 – Other Material Contracts* of this document.

### **Sileni Winery and Vineyard**

The Sileni winery building and surrounding vineyards located in the Hawke's Bay were purchased in September 2018. The winery building is being developed to include a new refurbished cellar door to help build brand awareness, build local relationships by supporting local producers at the new cellar door and increase local support. The vineyards surrounding the winery building have been undergoing some general maintenance and development work to replace aging canopies.

These improvements in the winery building and vineyards is reflected in an increase in their investment value which is used as a basis for setting the lease income, as per the terms of the existing lease agreement.

The key terms of the Land and Building Lease Agreement can be found in *section 10.0 – Other Material Contracts* of this document.

### **Gravity Winery and Vineyard**

The Gravity winery building and surrounding vineyards located in the Mahana region of Nelson were purchased in January 2019. The vineyards are undergoing general maintenance and improvement works to bring it up to optimal operational standard and an additional 2 hectares of vines are being established, which will take the vineyard from a size of 21 to 23 canopy hectares. The winery building is being developed to incorporate a restaurant and cellar door. The development of the winery building also included an upgrade to the waste water management system.

These improvements in the winery building and vineyards is reflected in an increase in their investment value which is used as a basis for setting the lease income via the existing lease arrangements.

The key terms of the Land and Building Lease Agreement can be found in *section 10.0 – Other Material Contracts* of this document.



### 4.3. Borrowing

The Fund may not borrow, but it has an indirect exposure to borrowings via the Wholesale Portfolio which has its own borrowing facility. The Wholesale Portfolio may gear up to 65% of its total assets and has a target of 40%.

The Wholesale Portfolio has entered into an interest-only bank loan facility with ANZ Bank New Zealand Limited (**ANZ**) where the facility provides for two commercial loans (Commercial Loan Facility A and Commercial Loan Facility B). As security for the borrowings, ANZ has a first ranking security interest over a number of specific assets (the Property, the lease/income agreements and water rights related to those Properties). The unpaid principal and interest in respect of these borrowings is taken into account in the unit value of units in the Wholesale Portfolio. In the event of a wind up of the Wholesale Portfolio, any unpaid principal and interest in respect of the borrowings will rank ahead of the interests of investors in the Wholesale Portfolio and will need to be paid before any payment of the residual value can be paid to its investors, which is currently just the Retail Fund.

As at the date of this document, a summary of the loans in place are as follows:

| Facility                   | Facility Limit      | Drawn down          | Interest Rate    | Expiry Date |
|----------------------------|---------------------|---------------------|------------------|-------------|
| Commercial Loan Facility A | \$12,000,000        | \$12,000,000        | 4.54% pa (fixed) | 25 May 2023 |
| Commercial Loan Facility B | \$6,540,000         | \$6,540,000         | 4.48% pa (fixed) | 6 May 2022  |
| <b>Total borrowings</b>    | <b>\$18,540,000</b> | <b>\$18,540,000</b> |                  |             |

The repayment of principal falls due on the expiry date noted above, however an extension or refinance of each facility is likely to be required. The Manager of the Wholesale Portfolio will seek to arrange an extension or refinance prior to the end of each facility's term.

In order to maintain the loan facilities, certain financial covenants must be met. The financial covenants for the loans, and their ratios are as follows:

| Financial Covenant  | As at 5 October 2020                |
|---|-------------------------------------|
| Loan to value ratio is not to exceed 50% of the value of the secured land | Gearing ratio of 26.99%             |
| Interest cover ratio (EBITA to interest costs) is to exceed 2 times)      | Interest cover ratio was 2.87 times |

**Note:**

- The gearing ratio or loan to value ratio is how much the Wholesale Portfolio owes (interest bearing debt/ borrowings) as a portion of its property assets.
- The interest cover ratio of the Wholesale Portfolio is calculated as the prevailing annualised earnings before interest, tax, depreciation and amortisation plus unrealised gains less unrealised losses all divided by the interest and borrowing costs.

For further information on this loan facility, refer to *section 10.0 - Other Material Contracts* below.

## 4.4. Basis of Estimates for Costs

### Property Operating Expenses

These are the direct costs of ownership and operating the individual Properties of the Wholesale Portfolio. This includes (but is not limited to) valuations and other property related costs and associated professional fees.

The estimate of the property operating expenses has been prepared on the following basis:

- The expenses have been assessed for the next 12 months from the date of this document for existing property
- Reasonable estimates made for costs such as valuations based on current or past costs and other property related costs and associated professional fees.

Note the actual costs may differ from estimated, including if additional properties are purchased.

## 5. Guarantees

---

No person, including us, the Supervisor, the Government or any other party, guarantees the performance, returns or repayment of capital of the Scheme, the Fund or of the Wholesale Portfolio.

## 6. Taxation

---

The information in this section is intended as general guidance only and is based on legislation in effect at the date of this document. There may be various non-New Zealand tax consequences which affect the Scheme and non-New Zealand resident investors that are not addressed here. We recommend that investors seek professional tax advice regarding their individual circumstances, to clarify any of the following, prior to investing. Investors should also periodically monitor the tax implications of investing in the Scheme and should not assume that the position will remain the same as it was when they started investing.

**Neither of the Supervisor nor ourselves accepts any responsibility for the taxation consequences of an investor's investment in the Scheme.**

The Private Land and Property Fund (the **Fund**) is a Listed Portfolio Investment Entity (**Listed PIE**). The following information is based on the Fund being a Listed PIE.

### 6.1. Portfolio Investment Entity (PIE) Tax

Under the PIE regime for Listed PIEs, the Fund will pay tax at 28% on all taxable income it earns.

When the Fund pays a distribution to its investors then, to the extent that it has imputation credits as a result of income tax it has paid, it will attach those imputation credits to the distribution to the maximum extent permitted by law.

To the extent a distribution does not have imputation credits attached (referred to as excluded income), the distribution is not taxable to the investor. The effect is that any income earned by the Fund that is not taxable to the Fund can be distributed to investors free from any further tax.

For that portion of the distribution that has imputation credits attached at 28%, a New Zealand tax resident individual or trustee (other than a trustee of a unit trust) can choose to include this in their tax return. By including the distribution in their tax return, an investor that has a marginal tax rate of less than 28% can apply the benefit of any surplus tax credits against their other taxable income (or carry forward those tax credits to future tax years). For a New Zealand resident individual or trustee (other than a trustee of a unit trust) with a marginal tax rate of 28% or more, this income does not need to be included in their tax return, as the tax paid by the Listed PIE at 28% is deemed a final tax. Other investors (e.g. a company, charity or unit trust) are taxed on Fund distributions that have imputation credits attached.

For investors who are not resident in New Zealand for New Zealand tax purposes, non-resident withholding tax (**NRWT**) of up to 15% will be withheld from that portion of a distribution that is fully imputed, although the NRWT rate may be reduced to the extent that the non-resident investor has a direct voting interest of 10% or more of the units in the Fund or, in some cases, under an applicable double tax agreement.

#### **Tax on investments made by the Fund**

As the Fund is registered as a PIE, any capital gains made by the Fund in respect to shares in New Zealand resident companies and certain Australian resident listed companies are excluded from the calculation of taxable income. Most overseas shares and interests in managed funds held by the Fund will be taxed under the foreign investment fund (**FIF**) regime, generally using the fair dividend rate (**FDR**) method.

Under the FDR method, the Fund will be deemed to have derived income equal to 5% of the market value of its overseas shares and interests in managed funds calculated on a daily basis (any dividends or other returns flowing from overseas shares and interests in managed funds will not be separately taxed in New Zealand). Also under the FDR method, tax deductions may not be made for any losses in respect of holdings in overseas shares and interests in managed funds.

Other income of the Fund (e.g. interest on bank deposits) is subject to the relevant normal tax rules. Tax may be imposed in overseas jurisdictions in relation to overseas investments (although this may give rise to a tax credit in New Zealand).

The Fund also currently receives an indirect tax timing benefit from the depreciation the Wholesale Portfolio claims on its Property.

## 6.2. Tax Reporting

Under various agreements and treaties the Fund and/or the Manager may be required to provide information to tax authorities in jurisdictions outside of New Zealand. We may request this information from you in order to discharge those obligations.

### ***The Foreign Account Tax Compliance Act (FATCA)***

FATCA is legislation that was introduced by the United States Government as a means of preventing tax evasion by US citizens and tax residents. FATCA has been adopted by the New Zealand Government through an Intergovernmental Agreement with the US Government (the 'IGA') and enabling domestic legislation. Under the IGA, certain New Zealand financial institutions, such as the Trust, are required to identify investors that are US persons (or certain entities controlled by US persons), and to report certain information about those investors and their financial accounts to Inland Revenue. This information is collated by Inland Revenue and passed to the US Internal Revenue Service. For more information on FATCA, please refer to the Inland Revenue website:

<https://www.ird.govt.nz/international-tax/exchange-of-information/fatca/about-fatca>. The Scheme has been registered for FATCA purposes.

### ***Automatic Exchange of Financial Account Information in Tax Matters (AEOI) and Common Reporting Standard (CRS)***

AEOI and CRS imposes global rules for the purpose of avoiding offshore tax evasion through the exchange of financial information between tax authorities in different overseas jurisdictions. Additional information must be obtained from investors to determine whether any investor are non-tax residents of New Zealand (i.e. resident for tax in another country) and for any non-tax residents of New Zealand, report certain information such as tax residency, account balances and interest earned, to the New Zealand Inland Revenue. Accordingly, we may require additional information from investors in order to comply with these obligations. For more information on AEOI and CRS, please refer to the Inland Revenue website:

<https://www.ird.govt.nz/international-tax/exchange-of-information/crs/important-documents>

### **General Comments**

Tax law is complex and changes frequently. Investors should periodically monitor the tax implications of investing in the Scheme and should not assume that the position will remain the same as it is when they start investing. In addition, if the Fund ceases to qualify as a Listed PIE then the tax consequences will be different from what is set out above. The comments under this section "Taxation" are provided as general background only and are not a comprehensive discussion of tax issues.

## 7. Information about the Scheme

---

### 7.1. Suspension

There will be times when we believe that it is not practicable for a unit price to be calculated fairly. This may happen where, for example, there is significant disruption in the relevant property markets and market valuations are unable to be reliably assessed, or where the Fund (or any underlying fund) has had a significant request for withdrawals beyond the level of liquidity it can make available. If we are not able to calculate the unit price for the Fund, the issue of units and the payment of withdrawals, in relation to the Fund, will be suspended.

The period of suspension can be up to 90 days. This can be extended by agreement between us and the Supervisor. Investors who have provided a withdrawal notice will be notified of the suspension.

Units in respect of investments received during a period of suspension will be allocated at the unit price calculated at the end of the suspension period. Similarly, payments in respect of any withdrawals will be made at the unit price calculated at the end of the suspension period.

### 7.2. Amendment of the Trust Deed

We and the Supervisor may amend the Trust Deed in certain circumstances where we believe this to be necessary or desirable. Any amendment will be carried out in accordance with the Trust Deed and investors will be notified of such amendments in the Annual Report for the Scheme. For further information, please refer to the Trust Deed.

### 7.3. Winding up a Fund and the Scheme

The Scheme can be wound up in accordance with the Trust Deed. For further information, refer to the Trust Deed.

If we believe that it is in investors' best interests, we can propose to wind up the Fund at any time by giving notice. If the wind up of the Fund goes ahead, investors may be given the opportunity of switching to an alternative Fund. If this is the case, any investor who does not advise us that they have chosen an alternative Fund will be switched to a default Fund nominated by us. Upon the winding up of the Fund, the assets of the Fund are realised and, after payment of all liabilities, the proceeds are distributed to the investors that held units in that Fund in proportion to the numbers of units held by them immediately prior to winding up.

### 7.4. Market Indices

Generally, each asset class in which any of the Scheme's investments are held is measured, for performance purposes, against an appropriate benchmark index.

The purpose of a benchmark index is to reflect the performance of the Fund in comparison to that of the overall market for the asset class or asset classes in which the Fund is invested. Such benchmark indices are widely recognised in financial markets and are administered independently from us.

The indices used are generally included in the Scheme's Statement of Investment Policies and Objectives ('SIPO'), which can be found at [www.booster.co.nz/documents-and-forms/booster-investment-scheme-documents-and-forms](http://www.booster.co.nz/documents-and-forms/booster-investment-scheme-documents-and-forms). However, as described in *section 3.2 - Risk Indicator*, due to the specialised nature of the investment strategy of the Fund no appropriate securities index or peer group index exists. The absence of an appropriate securities index or peer group index means that the Fund's performance will not be benchmarked against a reference return in the fund updates.

## 8. Who is involved with the Scheme?

---

### Manager

The manager of the Scheme is Booster Investment Management Limited (**Manager**) and our address is Level 19, Aon Centre, 1 Willis Street, Wellington 6011. Our ultimate holding company is Booster Financial Services Limited.

We have been granted a licence under Part 6 of the Financial Markets Conduct Act 2013 to act as a manager in respect of managed funds such as this Scheme. The conditions of our licence imposed by the Financial Markets Authority are published on <https://fsp-register.companiesoffice.govt.nz>

We are also the administration manager and investment manager of the Scheme.

The names of our directors and senior managers, and a summary of their relevant skills, experience and expertise, is set out below. Directors and senior managers may change from time to time without notice.

The key personnel involved in the management of the Scheme, the Fund and Wholesale Portfolio, and a summary of their relevant skills, experience and expertise, is set out below:

#### ***John Ross Selby, Mt Maunganui (Independent Director).***

BC, CA (Chartered Accountants Australia and New Zealand), Member of NZ Institute of Directors

Mr Selby is the Chair of the board of directors of the Manager and an independent director. He brings a wealth of experience from his 37-year career with PricewaterhouseCoopers, of which 25 years has been as a partner in advisory and assurance. John has experience across a range of industries, including the financial services industry and, in the more recent past, has taken on a number of governance roles in various industries.

Remuneration is made up of fees.

#### ***Brendon Hugh Doyle, Wellington (Director)***

BBS, COP Management Accounting and Auditing

Mr Doyle is a director on the board of directors of the Manager. He brings 30 years of financial markets experience, working in both the private and government sectors. Brendon has held senior roles with New Zealand Treasury, Westpac Banking Corporation, and the Rural Bank.

Remuneration is made up of fees.

#### ***Bruce Adrian Edgar, Wellington (Director).***

BCA

Mr Edgar, is a director on the board of directors of the Manager and has recently joined Booster as a relationship manager in respect of Booster's wholesale offering. He has 30 years' direct experience across a range of roles in the funds management industry with companies including Southpac Investment Management Limited/National Bank of New Zealand Limited, Trustees Executors Limited, BNZ Investment Management Limited, State Street Global Advisors and BlackRock Investment Management (Australia) Limited.

Remuneration is made up of salary and fees.

#### ***Paul Gerard Foley, Wellington (Director).***

BCA/LLB, Chartered Fellow, Member of NZ Institute of Directors

Mr Foley is a director on the board of directors of the Manager and the Chairman of the board of directors of the Manager's parent company, Booster Financial Services Limited. Paul is a consultant with MinterEllisonRuddWatts following 28 years as a partner of that and another firm. He has over 30 years' experience working with companies in the financial services, manufacturing and energy fields and is a past director of NZX and ASX listed

companies.

Remuneration is made up of fees.

***Allan Seng Tong Yeo, Brisbane, Australia (Director).***

BCA (Hons), BA

Mr Yeo is a director on the board of directors of the Manager and the Managing Director of the Manager's parent company, Booster Financial Services Limited. He has held a number of senior banking roles with Barclays Bank PLC in New Zealand, Australia and the United Kingdom and was previously the Managing Director of Tranzact Financial Services Limited.

Remuneration is made up of salary.

***David Ian Beattie, Wellington (Principal and Chair of the Investment Committee).***

BMS

Mr Beattie is a Principal with the Booster Group and is chair of the Investment Committee. He has over 30 years' experience in investment management and portfolio research, including 16 years at a major Australasian bank where he was responsible for the management of \$1.5 billion of managed funds.

Remuneration is made up of salary.

***Alison Louise Payne, Wellington (Chief Operating Officer).***

Ms Payne is the Chief Operating Officer for the Booster Group and has been with Booster since 2007. Alison has over 20 years' experience in investment banking and energy markets, focusing on settlement and administration, and also has a strong business analyst background from the various roles she has performed during her career.

Remuneration is made up of salary.

***Nic Craven, Wellington (Senior Manager, Research)***

CFA, BSc, BCA(Hons)

Mr Craven has over 10 years' experience in investment analysis, having originally joined Booster in 2004. He has held a number of specialist portfolio management and analysis roles covering fixed interest portfolios, equities, currencies and overall asset allocation. Mr Craven is a CFA Charterholder.

Remuneration is made up of salary and shares.

## **Supervisor**

The supervisor of the Scheme is Public Trust (**Supervisor**), and Public Trust is independent of us. Their address is Level 8, 22 Willeston Street, Wellington 6011.

The Supervisor has been granted a licence under section 16(1) of the Financial Markets Supervisors Act 2011 to act as a supervisor in respect of managed funds such as this Scheme for a term expiring on 16 January 2023. A copy of its licence, including the conditions on the licence, can be obtained at the Financial Markets Authority's website: [www.fma.govt.nz](http://www.fma.govt.nz).

Public Trust is a statutory corporation and Crown entity established and constituted in New Zealand on 1 March 2002 under the Public Trust Act 2001.



## **Custodian**

The custodian of the Scheme is PT (Booster Investments) Nominees Limited (**Custodian**), which has been nominated by the Supervisor to act on its behalf as its nominee. The Custodian is wholly-owned by the Supervisor. The Supervisor may change the custodian where it deems it appropriate or desirable to do so.

Under a Custodian Administration Services Agreement entered into between the Manager, the Supervisor, the Custodian and Booster Custodial Administration Services Limited (a related company of the Manager), the Custodian has engaged Booster Custodial Administration Services Limited to provide administration services to it in respect of the investments and other property subject to the Scheme.

## **Auditor**

It is intended that the auditor of the Scheme will be Ernst & Young (**Auditor**). The Auditor is a registered audit firm under the Auditor Regulation Act 2011. The Auditor's licence is not subject to any conditions. The Auditor has no relationship with or interests in the Scheme other than in its capacity as auditor.

## **Unit Registrar**

Link Market Services Limited provides unit registry services.

## 9. Conflicts of interest

---

Conflicts of interests are circumstances where some or all of the interests of investors for whom we, as Manager of the Scheme, provide financial services, are inconsistent with, or diverge from, some or all of the interests of the Manager or its representatives. This includes actual, apparent and potential conflicts of interest.

We recognise that conflicts of interest can arise at any time. We also recognise that we are responsible for identifying any conflicts and for ensuring that adequate arrangements are in place to ensure that they are managed.

The following are situations where conflicts of interest may arise. This is not an exhaustive list; it includes examples that we have identified:

- Investment values artificially inflated to increase fees based on net asset values.
- Investments into related party products.
- Outsourcing, servicing and leasing arrangements between related entities and products.
- Individuals may be influenced to direct investments to specific securities.
- Investment knowledge used by an individual employee to their own benefit (insider trading).
- Intra month applications or withdrawals available to the Booster Funds but not external investors may have a detrimental impact to external investors.
- Internal trading between Booster Funds which could be detrimental to one or other.
- Other Booster Funds may buy or sell units on the NZX Main Board at trading prices that may be a premium or discount to the unit price issued by the Manager.
- Historic performance misrepresented to attract/retain investors.
- Staff are inadequately resourced or trained to provide high level of service.

A comprehensive policy has been developed relating to the management of conflicts of interest. Procedures and processes have been put in place for:

- Identifying conflicts of interest.
- Controlling conflicts of interest.
- Avoiding conflicts of interest.
- Disclosing conflicts of interest.

As part of the conflict of interest procedures, the Manager will not buy or sell units in circumstances where its directors or senior management is aware of material information that is not known to the market or reflected in the unit price. This will also apply where redemptions from the Fund are suspended due to being unable to determine a fair redemption price.

## 9.1. Related Party Transactions

Conflicts of interest may arise with regard to services that are, or that may be, provided by related parties of ourselves or the Supervisor to the Scheme.

The Trust Deed governing the operation of the Scheme includes provisions that generally prevent us, as Manager, from entering into arrangements with a related party other than when transactions are completed on an arm's length basis. In addition, both we and the Supervisor must, at all times, act in the best interests of investors when performing any duties in relation to the Scheme.

The Fund is permitted to invest in cash and cash equivalents and units in the Wholesale Portfolio, a fund we also manage and a related party to the Fund. All investment activity between the Fund and the Wholesale Portfolio is completed on an arm's length basis.

### **Fund – Related party contracts**

The following contractual arrangements for the provision of services by related parties are currently in place:

- the Custodian, which is a related company of the Supervisor, has been appointed by the Supervisor to act as custodian and to hold the investments of the Scheme. Booster Custodial Administration Services Limited, which is a related company of ours, has been engaged by the Custodian and the Supervisor to provide custodial administration services to it in respect of the investments and other property of the Scheme.

This contract has been entered into on an arm's length basis with any conflicted directorships abstained from the decision to enter into the contract.

### **Wholesale Portfolio – Related party contracts**

A number of the material contracts in respect of the investments of the Wholesale Portfolio have been entered into with parties associated with Booster, as another company in the Booster group manages the Booster Tahī Limited Partnership - an unlisted equity fund in which a number of the investee businesses have contractual relationships with the Wholesale Portfolio (and subsequently the Fund).

*Section 10.0 – Other Material Contracts* below, outlines a summary of the material contracts in respect of the Wholesale Portfolio, including details on the nature of the contract, whether the contract is between related parties and the key terms of the contract.

All material contracts have been entered into on an arm's length basis, and where the contract is between related parties, any conflicted directorships abstained from the decision to enter into the contract on behalf of Booster.

## 10. Other material contracts

The following is a summary of the nature and key terms of material contracts that have been entered into in respect of the Wholesale Portfolio. Where a contract is between related parties, a description of how these parties are associated is detailed.

### Vineyard Management Agreement

|                               |  |
|-------------------------------|--|
| <b>Nature of the Contract</b> | The Wholesale Portfolio sells grapes from its Marlborough based land, and this contract is for the provision of vineyard management services by Awatere River Vineyards Limited ( <b>ARVL</b> ), a related party to Booster, that manages the land and the production of the grapes.   |
| <b>Description</b>            | <p>This agreement relates to the provision of vineyard management services for the following vineyards owned by the Wholesale Portfolio:</p> <ul style="list-style-type: none"> <li>• 2 Flemings Road, Seddon, Marlborough</li> <li>• 75 Barewood Road, Seddon, Marlborough</li> <li>• 206 Upton Downs Road, Seddon, Marlborough</li> </ul> <p>The Owner grows grapes on these vineyards, which are then supplied to winemakers and used in the production of different wine varieties.</p>  |
| <b>Parties</b>                | <p><b>Awatere River Vineyards Limited (ARVL)</b><br/>ARVL is the appointed manager of the vineyards.</p> <p><b>PT (Booster Investments) Nominees Limited (Owner)</b><br/>The Owner is the custodian of the vineyards held by the Wholesale Portfolio.</p> <p><b>Booster Investment Management Limited (BIML)</b><br/>BIML is the manager of the Wholesale Portfolio and is responsible for ensuring that the obligations of the Owner under this agreement are met.</p>  |
| <b>Related Parties</b>        | <p>ARVL is 50% owned by Awatere River Wines Limited Partnership (<b>ARWLP</b>) and 50% by Waimea Estates (Nelson) Limited (<b>WENL</b>), both of which are wholly owned subsidiaries of the Booster Wine Group Limited Partnership (<b>BWG</b>).</p> <p>BWG is 94% owned by the Booster Tahiti Limited Partnership (<b>BTLP</b>).</p> <p>BTLP is managed by Booster Funds Management Limited (<b>BFML</b>).</p> <p>Both BFML and BIML (the Manager of this Fund and the Wholesale Portfolio) are 100% owned by Booster Financial Services Limited (<b>BFS</b>).</p> <p>Due to the nature of the relationship between the parties, the arrangements are entered into on an arm's length commercial basis.</p> |
| <b>Commencement Date</b>      | 1 July 2017  |

|                                |  |
|--------------------------------|--|
| <b>ARVL's Responsibilities</b> | <ul style="list-style-type: none"> <li>• ARVL is responsible for providing the vineyard management services (which are outlined in the agreement) to the Owner of the vineyards.</li> <li>• Each year ARVL is required to provide the Owner with: <ul style="list-style-type: none"> <li>- an intended work plan for the following annual period and the expected production and quality levels for the forthcoming annual period and the following two annual periods; and</li> <li>- a budget of anticipated capital expenditure for the forthcoming annual period for the Owner's approval. Any capital expenditure not contemplated under this budget will usually require the approval of the Owner before any purchases are made.</li> </ul> </li> <li>• ARVL is also responsible for all operating costs in the provision of the services under the agreement.</li> </ul> |
| <b>ARVL's Remuneration</b>     | ARVL is paid a management fee for its services, which is reviewed by the parties annually. The management fee is based on an agreed annual price per hectare of vineyard land, the age of the vines (from the time the vines are planted), and the number of hectares planted.   |
| <b>Termination</b>             | This agreement can be terminated with one year's written notice of termination by either party, or earlier by the Owner, if there is a significant or repeated default by ARVL that has not been rectified within the agreed timeframes.   |

## Grape Supply Agreement

|                               |   |
|-------------------------------|---|
| <b>Nature of the Contract</b> | The Wholesale Portfolio sells the grapes it produces from its Marlborough based land to Awatere River Wines Limited Partnership ( <b>ARWLP</b> ), a related party to Booster.   |
| <b>Description</b>            | <p>This agreement relates to the sale of grapes grown on the following vineyards owned by the Wholesale Portfolio:</p> <ul style="list-style-type: none"> <li>• 2 Flemings Road, Seddon, Marlborough</li> <li>• 75 Barewood Road, Seddon, Marlborough</li> <li>• 206 Upton Downs Road, Seddon, Marlborough</li> </ul> <p>Under this agreement, the Grower agrees to sell, and ARWLP agrees to buy, the contracted tonnes of grapes produced on the contracted blocks on these vineyards for its winemaking business.</p>  |
| <b>Parties</b>                | <p><b>PT (Booster Investments) Nominees Limited (Grower)</b></p> <p>The Grower is the custodian of the vineyards held by the Wholesale Portfolio.</p> <p>Awatere River Wines Company Limited on behalf of the <b>Awatere River Wines Limited Partnership (ARWLP)</b></p> <p>ARWLP is securing a supply of grapes for its winemaking business.</p> <p><b>Booster Investment Management Limited (BIML)</b></p> <p>BIML is the manager of the Wholesale Portfolio and is responsible for ensuring that the obligations of the Grower under this agreement are met.</p> |
| <b>Related Parties</b>        | <p>ARWLP is a wholly owned subsidiary of the Booster Wine Group Limited Partnership (<b>BWG</b>).</p> <p>BWG is 94% owned by the Booster Tahī Limited Partnership (<b>BTLP</b>).</p> <p>BTLP is managed by Booster Funds Management Limited (<b>BFML</b>).</p> <p>Both BFML and BIML (the Manager of this Fund and the Wholesale Portfolio) are 100% owned by Booster Financial Services Limited (<b>BFS</b>).</p> <p>Due to the nature of the relationship between the parties, the arrangements are entered in to on an arm's length commercial basis.</p>        |
| <b>Term</b>                   | 1 June 2017 to 31 May 2030  |
| <b>Pricing Principles</b>     | <b>Establishment of the Grape Price</b>   |

|                    |  |
|--------------------|--|
|                    | <p>ARWLP will establish a price to be paid for the grapes annually, which will be based on certain factors outlined in the agreement. These factors include:</p> <ul style="list-style-type: none"> <li>• The price paid for grapes of the same varietal as reported by the 'Viticulture Model Benchmarking Report' for Marlborough (produced by New Zealand Wine) from the previous vintage (or any other industry report that the parties agree to use); and</li> <li>• The current supply and demand for grapes of the same varietal and bearing similar characteristics as the relevant grapes.</li> </ul> <p>The final price paid will ultimately be agreed by both parties.</p> <p><b>Sub-Standard Grapes</b></p> <p>The grapes grown on these vineyards must meet the Viticultural Standards outlined in this agreement.</p> <p>However, if any of the grapes do not meet the required standards, ARWLP can propose a price for the sub-standard grapes, which the Grower can either choose to accept or reject the price. If the Grower rejects the price, ARWLP will be deemed to have rejected the sub-standard grapes and the Grower will then be able to find another buyer for these grapes.</p> <p><b>Excess Tonnes</b></p> <p>If the Grower produces more than the contracted tonnes, ARWLP may choose to purchase the additional tonnes. The price for any additional tonnes of grapes will be 50% of the agreed price of the contracted tonnes.</p> |
| <b>Termination</b> | <p>The agreement may be terminated with immediate effect by either party if an event of default occurs as outlined in the agreement, and the party not in default has given notice in writing to the defaulting party. A default event includes the failure to deliver the grapes to ARWLP (unless ARWLP has provided prior approval in writing), changes to the legal status of a party (for example a party ceases to do business), or a party breaches the terms of the agreement and they are not remedied within the agreed timeframes.</p>   |

## Grape Supply Agreement

|                               |   |
|-------------------------------|---|
| <b>Nature of the Contract</b> | The Wholesale Portfolio sells some of the grapes it produces from its Marlborough based land to Treasury Wine Estates (Matua) Limited ( <b>Matua</b> ).   |
| <b>Description</b>            | <p>This agreement relates to the sale of grapes grown on the following vineyard owned by the Wholesale Portfolio:</p> <ul style="list-style-type: none"> <li>• 206 Upton Downs Road, Seddon, Marlborough</li> </ul> <p>Under this agreement, the Grower agrees to sell, and Matua agrees to buy, the contracted tonnes of grapes produced on the contracted blocks on the vineyard for its winemaking business.</p>   |
| <b>Parties</b>                | <p><b>PT (Booster Investments) Nominees Limited (Grower)</b></p> <p>The Grower is the custodian of the vineyards held by the Wholesale Portfolio.</p> <p><b>Treasury Wine Estates (Matua) Limited (Matua)</b></p> <p>Matua is securing a supply of grapes for its winemaking business.</p> <p><b>Booster Investment Management Limited (BIML)</b></p> <p>BIML is the manager of the Wholesale Portfolio and is responsible for ensuring that the obligations of the Grower under this agreement are met.</p>                        |
| <b>Related Parties</b>        | Nil   |
| <b>Term</b>                   | <p>The original agreement commenced on 1 July 2015 (<b>Commencement Date</b>) for an initial term of four years covering the 2016 to 2019 vintages.</p> <p>Following the expiry of the initial term, on each anniversary of the Commencement Date, this agreement will extend for successive further terms of two years until either party gives the other party two year's notice in writing to terminate the agreement or the agreement is terminated earlier in accordance with the termination provisions of the agreement.</p> |

|                                  |   |
|----------------------------------|---|
| <p><b>Pricing Principles</b></p> | <p><b>Establishment of the Grape Price</b></p> <p>Matua will determine the price to be paid for the grapes, which will be based on market prices for grapes from contracted growers (not spot prices) paid by reputable companies and Matua’s demand for grapes. The final grape price paid will ultimately be agreed by both parties.</p> <p><b>Sub-Standard Grapes</b></p> <p>The grapes grown on this vineyard must meet the Minimum Brix Standards and Grape Specification and Standards outlined in the agreement.</p> <p>However, if any of the grapes do not meet the required standards, Matua can either reject the grapes or can determine a different price for these grapes. The final grape price paid will ultimately be agreed by both parties.</p> <p><b>Excess Tonnes</b></p> <p>If the Grower produces more than the contracted tonnes, Matua may choose to either purchase the additional tonnes on the same terms and conditions as the contracted tonnes, offer to purchase the additional tonnes at a different price, or choose not to purchase additional tonnes. If Matua chooses not to purchase the additional tonnes or offer to purchase the additional tonnes at a different price, the Grower may sell the additional tonnes to a third party.</p> |
| <p><b>Termination</b></p>        | <p>The agreement may be terminated with immediate effect by either party, in accordance with the termination provisions of the agreement. Reasons for the termination of the agreement include where a party breaches the terms of the agreement and they are not remedied within the agreed timeframes, changes to the legal status of a party (for example the party ceases to do business), the Grower fails to deliver and load the Grapes to Matua or fails to maintain satisfactory viticultural practices and fails to remedy the default within 30 days after receiving a notice of default from Matua.</p>   |

## Land Lease Agreement

|                               |   |
|-------------------------------|---|
| <b>Nature of the Contract</b> | The Wholesale Portfolio leases its Hope, Nelson based land to Waimea Estates (Nelson) Limited ( <b>WENL</b> ), a related party to Booster, who utilises it for the production of grapes for its wine making business.   |
| <b>Parties</b>                | PT (Booster Investments) Nominees Limited ( <b>Lessor</b> )<br>Waimea Estates (Nelson) Limited ( <b>Lessee</b> )  |
| <b>Related Parties</b>        | Waimea Estates (Nelson) Limited ( <b>WENL</b> ) is a wholly owned subsidiary of the Booster Wine Group Limited Partnership ( <b>BWG</b> ).<br><br>BWG is 94% owned by Booster Tahi Limited Partnership ( <b>BTLP</b> ).<br><br>BTLP is managed by Booster Funds Management Limited ( <b>BFML</b> ).<br><br>Both BFML and BIML (the Manager of this Fund and the Wholesale Portfolio) are 100% owned by Booster Financial Services Limited ( <b>BFS</b> ).<br><br>Due to the nature of the relationship between the parties, the arrangements are entered in to on an arm's length commercial basis. |
| <b>Land</b>                   | Lansdowne Vineyard, Lansdown Road, Appleby<br><br>288 Ranzau Road, Hope, Nelson<br><br>57 Appleby Highway, Hope, Nelson<br><br>148 Main Road, East Hope, Nelson<br><br>Productive block of 416 Main Road, East Hope, Nelson   |
| <b>Term</b>                   | 20 years  |
| <b>Commencement Date</b>      | 1 August 2017   |
| <b>Expiry Date</b>            | 31 July 2037  |
| <b>Annual Rent</b>            | \$892,587 plus GST per annum.   |
| <b>Rent Reviews</b>           | CPI Rent Review – CPI adjustment on every anniversary of the Commencement Date (except the Market Rent Review Dates).<br><br>Market Rent Review – every fifth anniversary of the Commencement Date.   |
| <b>Outgoings</b>              | All usual outgoings are recoverable from the lessee in addition to the rent.  |
| <b>Guarantor</b>              | None.   |
| <b>Other Key Terms</b>        | Right of first refusal – the Lessee has a right of first refusal over any part of the Land for a period of three months following the expiry of the lease agreement.<br><br>A force majeure event occurs where the vineyard is destroyed or partially destroyed and impacts the productivity of the vineyard. In this circumstance, the Lessor pays to reinstate the vineyard, or if uneconomic to do so may terminate the lease, and rent is reduced accordingly in the intervening period.  |



## Project Management Agreement

|                               |   |
|-------------------------------|---|
| <b>Nature of the Contract</b> | The Wholesale Portfolio has entered in to a development project in respect of 416 Main Road, East Hope, Nelson, to re-establish a productive vineyard. The project is managed by Awatere River Vineyards Limited ( <b>ARVL</b> ) who is a related party to Booster.   |
| <b>Description</b>            | <p>This agreement relates to the provision of project management services and delivery of the project to develop the following vineyard owned by the Wholesale Portfolio:</p> <ul style="list-style-type: none"> <li>• 416 Main Road, East Hope, Nelson</li> </ul> <p>The agreement covers the services to be provided by the project manager, and the scope, timing, budget and outcomes of the project that have been agreed by the parties.</p>  |
| <b>Parties</b>                | <p><b>Awatere River Vineyards Limited (ARVL)</b><br/>ARVL is the appointed project manager.</p> <p><b>PT (Booster Investments) Nominees Limited (Owner)</b><br/>The Owner is the custodian of the vineyards held by the Wholesale Portfolio.</p> <p><b>Booster Investment Management Limited (BIML)</b><br/>BIML is the manager of the Wholesale Portfolio and is responsible for ensuring that the obligations of the Owner under this agreement are met.</p>  |
| <b>Related Parties</b>        | <p>ARVL is 50% owned by Awatere River Wines Limited Partnership (<b>ARWLP</b>) and 50% by Waimea Estates (Nelson) Limited (<b>WENL</b>), both of which are wholly owned subsidiaries of the Booster Wine Group Limited Partnership (<b>BWG</b>).</p> <p>BWG is 94% owned by the Booster Tahī Limited Partnership (<b>BTLP</b>).</p> <p>BTLP is managed by Booster Funds Management Limited (<b>BFML</b>).</p> <p>Both BFML and BIML (the Manager of this Fund and the Wholesale Portfolio) are 100% owned by Booster Financial Services Limited (<b>BFS</b>).</p> <p>Due to the nature of the relationship between the parties, the arrangements are entered in to on an arm's length commercial basis.</p> |
| <b>Project Dates</b>          | <p><b>Project Start Date</b> – May 2018</p> <p><b>Project End Date</b> – December 2019 – as at the date of this document the Project is substantively complete but yet to be finalised.</p>   |
| <b>Project Outcomes</b>       | <ul style="list-style-type: none"> <li>• Removal of 11.4ha of infected vines and hardware.</li> <li>• Cultivate the land, remove all roots and treat soil.</li> <li>• Install hardware and replant 11.4ha in agreed varieties.</li> </ul>   |
| <b>Project Budget</b>         | <ul style="list-style-type: none"> <li>• The agreed budget for the project is \$696,350 (inclusive of a 10% contingency and the project management fee).</li> <li>• Periodic payments will be made to pay for costs during the project timeframe in accordance with the payment schedule included in the agreement.</li> <li>• If the total cost of the project is greater than the agreed project budget, unless otherwise agreed to in writing by the parties, ARVL will pay the additional costs itself to achieve the agreed outcomes described in the agreement.</li> </ul>  |

|                            |  |
|----------------------------|--|
| <b>ARVL's Remuneration</b> | ARVL will be paid a project management fee of \$30,000 + GST for completion of each of the 2 stages expected to fall in the years ended 30 June 2019 and 2020.<br><br>If the total cost of the project is less than the agreed budget (not including the contingency), ARVL will also be entitled to a bonus project management fee of half of the amount of the underspend. |
| <b>Termination</b>         | The agreement can be terminated by the Owner if there is a significant or repeated default by ARVL that has not been rectified within the agreed timeframes.   |

## Loan Facility Agreement

|                                     |  |
|-------------------------------------|--|
| <b>Nature of the Contract</b>       | The Wholesale Portfolio has entered into a loan agreement with the ANZ Bank New Zealand Limited to borrow monies using the properties as security.   |
| <b>Lender</b>                       | ANZ Bank New Zealand Limited ( <b>ANZ</b> )  |
| <b>Other Parties</b>                | PT (Booster Investments) Nominees Limited ( <b>Custodian, Borrower</b> ) of the Wholesale Portfolio<br><br>Booster Investment Management Limited ( <b>Manager</b> )<br><br>Public Trust ( <b>Supervisor</b> )  |
| <b>Related Parties</b>              | Nil  |
| <b>Facility Limit</b>               | 50% of the value of the secured property, initially assessed and drawn to<br><br>\$12, 000,000.00 (Commercial Loan A) with a further draw down of<br><br>\$6,540,000.00 (Commercial Loan B).   |
| <b>Security</b>                     | ANZ holds a security interest over a number of specific properties held by the Wholesale Portfolio and the lease/income agreements and water rights related to those properties.   |
| <b>Loan Term</b>                    | <b>Commercial Loan A - \$12,000,000.00</b><br><br>A term of five years from the date of the full draw-down of the facility, being 25 May 2018. The end date of the facility is 25 May 2023.<br><br><b>Commercial Loan B - \$6,540,000.00</b><br><br>A term of 3 years from the date of the full draw-down of the facility, being 6 May 2019. The end date of the facility is 6 May 2022. |
| <b>Interest Rate</b>                | <b>\$12,000,000.00</b><br><br>A 5-year fixed rate of 4.54% per annum which ends on 25 May 2023.<br><br><b>\$6,540,000.00</b><br><br>A 3-year fixed rate of 4.48% per annum which ends on 6 May 2022.   |
| <b>Principal Repayments</b>         | The loan facility is interest only and principal repayments are required at the end of the loan term.  |
| <b>Loan to Value Ratio Covenant</b> | The loan to value ratio is not to exceed 50% of the value of the secured property for the term of the loan.  |
| <b>Interest Cover Covenant</b>      | Not less than 1.5 times the interest cover (earnings before interest, taxes, depreciation and amortisation to interest costs) up to 30 June 2020 and 2 times the interest cover after that date.   |

## Land and Building Lease Agreement

|                           |  |
|---------------------------|--|
| <b>Nature of Contract</b> | The Wholesale Portfolio leases its Hawke's Bay based land and winery building to Booster Wine Group Limited Partnership ( <b>BWG</b> ), a related party to Booster, who utilises the Property for the growing of grapes and production of wine.  |
| <b>Parties</b>            | PT (Booster Investments) Nominees Limited ( <b>Lessor</b> )<br>Booster Wine Group Limited Partnership ( <b>Lessee</b> )  |
| <b>Related Parties</b>    | Booster Wine Group Limited Partnership ( <b>BWG</b> ) is 94% owned by Booster Tahī Limited Partnership ( <b>BTLP</b> ).<br>BTLP is managed by Booster Funds Management Ltd ( <b>BFML</b> ).<br><br>Both BFML and BIML (the Manager of this Fund and the Wholesale Portfolio) are 100% owned by Booster Financial Services Ltd ( <b>BFS</b> ).<br><br>Due to the nature of the relationship between the parties, the arrangements are entered in to on an arm's length commercial basis.      |
| <b>Land and building</b>  | <ul style="list-style-type: none"> <li>• Winery vineyard (including the winery building)</li> <li>• Talbot vineyard</li> <li>• Wedd vineyard</li> </ul> <p>All of the above land and building is located in the Bridge Pa Triangle, a recognised vineyard sub region of the Hawke's Bay.</p>   |
| <b>Term</b>               | 20 years   |
| <b>Commencement Date</b>  | 14 September 2018  |
| <b>Expiry Date</b>        | 14 September 2038  |
| <b>Annual Rent</b>        | \$605,580 plus GST per annum.  |
| <b>Rent Reviews</b>       | CPI Rent Review – CPI adjustment on every anniversary of the Commencement Date (except the Market Rent Review Dates).<br><br>Market Rent Review – every fifth anniversary of the Commencement Date.  |
| <b>Outgoings</b>          | All usual outgoings are recoverable from the lessee in addition to the rent.   |
| <b>Guarantor</b>          | None.  |
| <b>Other Key Terms</b>    | Right of first refusal – the Lessee has a right of first refusal over any part of the Land for a period of three months following the expiry of the lease agreement.<br><br>A force majeure event occurs where the vineyard is destroyed or partially destroyed and impacts the productivity of the vineyard. In this circumstance, the Lessor pays to reinstate the vineyard, or if uneconomic to do so may terminate the lease, and rent is reduced accordingly in the intervening period. |

## Land and Building Lease Agreement

|   |  |
|---|--|
| <b>Nature of Contract</b>                     | The Wholesale Portfolio leases its Mahana, Nelson based land and buildings to Waimea Estates (Nelson) Limited ( <b>WENL</b> ), a related party to Booster, who utilises the Property for the growing of grapes and production of wine.   |
| <b>Parties</b>                                | PT (Booster Investments) Nominees Limited ( <b>Lessor</b> )<br>Waimea Estates (Nelson) Limited ( <b>Lessee</b> )   |
| <b>Related Parties</b>                        | Waimea Estates (Nelson) Limited ( <b>WENL</b> ) is a wholly owned subsidiary of Booster Wine Group Limited Partnership ( <b>BWG</b> ).<br>BWG is 94% owned by Booster Tahī Limited Partnership ( <b>BTLP</b> ).<br>BTLP is managed by Booster Funds Management Limited ( <b>BFML</b> ).<br>Both BFML and BIML (the Manager of this Fund and the Wholesale Portfolio) are 100% owned by Booster Financial Services Limited ( <b>BFS</b> ).<br>Due to the nature of the relationship between the parties, the arrangements are entered in to on an arm's length commercial basis.  |
| <b>Land, building and plant and equipment</b> | Mahana vineyard (including the winery and other buildings)<br>All of the above property is located in the Mahana area in the Nelson region.  |
| <b>Term</b>                                   | 20 years (with 4 rights of renewal at the lessee's option – each right being for a 20-year term)   |
| <b>Commencement Date</b>                      | 31 January 2019  |
| <b>Expiry Date</b>                            | 31 January 2039*   |
| <b>Annual Rent</b>                            | \$271,636 plus GST per annum.  |
| <b>Rent Reviews</b>                           | Rent Review Date – occurs every fifth anniversary of the Commencement Date, where the rent will be reset based on the change in the independent valuation of the Property relative to the initial independent valuation (subject to not being lower than the previous rent)  |
| <b>Outgoings</b>                              | All usual outgoings are recoverable from the lessee in addition to the rent.   |
| <b>Guarantor</b>                              | None.  |
| <b>Other Key Terms</b>                        | Lessee purchase option – at each rent review period, should the independent valuation of the winery building increase by more than 10% than the independent five years prior, the lessee has the option to purchase the winery building at the price of the independent valuation from the previous rent review period plus 10%. Should the option be exercised, the rent on the remaining property will be 7% of the purchase price (adjusted for subsequent independent valuations).<br><br>A force majeure event occurs where the vineyard is destroyed or partially destroyed and impacts the productivity of the vineyard. In this circumstance, the Lessor pays to reinstate the vineyard, or if uneconomic to do so may terminate the lease, and rent is reduced accordingly in the intervening period. |

## Land Lease Agreement

|                           |  |
|---------------------------|--|
| <b>Nature of Contract</b> | The Wholesale Portfolio leases its Kerikeri based kiwifruit orchard to Seeka Limited who utilises the Property for the growing and production of Sungold kiwifruit.  |
| <b>Parties</b>            | PT (Booster Investments) Nominees Limited ( <b>Lessor</b> )<br>Seeka Limited ( <b>Lessee</b> )   |
| <b>Related Parties</b>    | Nil  |
| <b>Land</b>               | 2624 State Highway 10 Kerikeri   |
| <b>Term</b>               | 15 years   |
| <b>Commencement Date</b>  | 30 September 2019  |
| <b>Expiry Date</b>        | 30 September 2034  |
| <b>Annual Rent</b>        | \$1,085,000 plus GST per annum.  |
| <b>Rent Reviews</b>       | Market Rent Review – on the fifth anniversary of the Commencement Date and every three years thereafter.   |
| <b>Outgoings</b>          | All usual outgoings are recoverable from the lessee in addition to the rent.   |
| <b>Guarantor</b>          | None.  |
| <b>Other Key Terms</b>    | <p>Lessor’s termination right – the Lessor may terminate this lease as at 30 July in any year during the Term, but in no circumstances earlier than 30 July 2024, by giving the Lessee sufficient written notice. Should a termination notice be issued, the Lessor and Lessee will enter into good faith negotiations to agree on commercial terms an agreement for the Lessee to provide management and post-harvest services in respect of the orchard. If a notice of termination was made as at 30 July 2024, an early termination cost may apply and be paid by the Lessor.</p> <p>A force majeure event occurs where the orchard is destroyed or partially destroyed and impacts the productivity of the orchard. In this circumstance, the Lessor pays to reinstate the orchard, or if uneconomic to do so may terminate the lease, and rent is reduced accordingly in the intervening period.</p> |